

(d) Each political subdivision certified by the Department as capable of administering a rehabilitation program may originate and administer loans made by the Department from the allocation or suballocation to the political subdivision, in accordance with regulations promulgated by the Department. The Department shall, by regulation, establish criteria for determining capability which shall include the size, training and experience of the professional staff responsible for the administration of a program and the capabilities of the staff for determining local rehabilitation needs, for establishing rehabilitation programs, for evaluating applications for rehabilitation loans, and for monitoring the loans and the rehabilitation work done under these loans. If the Department determines that a political subdivision is not capable or does not desire to administer a rehabilitation program, the Department may originate and administer loans from the allocation or suballocation to that political subdivision.

(e) The Department may assist in training employees of political subdivisions to help achieve and increase their capability to administer rehabilitation programs in accordance with the criteria determined by the Department. The Department may provide technical assistance and advice to the political subdivisions on the administration of their rehabilitation programs.

(f) [Loans made under the special loan programs may permit] THE DEPARTMENT MAY MAKE LOANS ON SUCH TERMS AS THE DEPARTMENT DEEMS NECESSARY TO MAKE THE HOUSING AFFORDABLE TO FAMILIES OF LIMITED INCOME, INCLUDING:

(1) Deferred payment of principal and interest until the maturity date or the date of any sale or other transfer of the building or an interest in the building;

(2) AS LONG AS THE INTEREST RATE DOES NOT VIOLATE ANY APPLICABLE FEDERAL REGULATIONS GOVERNING THE BORROWING OF MONEYS BY THE STATE, AN INTEREST RATE AS LOW AS 0.0 PERCENT OR AS HIGH AS IS REASONABLE GIVEN THE INCOMES OF THE PROPOSED OCCUPANTS;

[(2)] (3) Increased rate of interest or accelerated payment of principal and interest if the borrower no longer qualifies for the loan; [or] AND

[(3)] (4) Advance payment to a nonprofit sponsor for certain development costs including architects', engineers' and attorneys' fees.

(G) WITHIN THE MAXIMUM INCOME LIMITS ESTABLISHED FOR FAMILIES OF LIMITED INCOME, THE SECRETARY MAY ESTABLISH LOWER INCOME RANGES, INTEREST RATES TO BE AVAILABLE ON LOANS SERVING OCCUPANTS WITH INCOMES WITHIN SUCH LOWER RANGES, AND ANY PREFERENCE OR RESERVATION OF LOAN FUNDS FOR APPLICATIONS FOR