

(d) Mortgages or deeds of trust held as security for loans made under this subsection which are in default may be foreclosed by the Department in the same manner as provided by the Maryland Rules of Procedure for foreclosures in private transactions. The Department is authorized to take title in its name to any such property foreclosed as well as to convey title to such property to bona fide purchasers thereof.

(e) The term of the direct loan may not exceed 20 years.

(f) The applicant for a direct loan to finance a child care center must agree to operate the child care center for at least the term of the loan and to repay the outstanding loan in full upon transfer, sale, or refinancing of the facility prior to the end of the loan term; and the direct loan documents may provide for penalties for any applicant who fails to operate the child care centers for the entire term of the loan.

(g) The Department may make direct loans to child care centers whether or not they are located in applicants' homes but a minimum of a direct loan for a child care facility located in a home shall be \$15,000.

(h) The proceeds of the direct loans may be used for renovations, construction, or purchase of real property, fixtures, or equipment related to the child care facility, but not for refinancing existing loans, working capital, supplies, or inventory.

(i) (1) [A] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A direct loan may not exceed [20] 50 percent of the total amount of investment for renovations, construction, or purchase of real property, fixtures, or equipment affixed to the real estate and required to expand or develop the child care facility[;].

[(2) The funds put forth by the applicant may not be less than 80 percent of the total amount of investment needed to expand or develop the child care facility; and

(3) An applicant may apply for a guarantee from the Day Care Facilities Loan Guarantee Fund if:

(i) The applicant meets the requirements specified in paragraphs (1) and (2) of this subsection; and

(ii) The applicant meets the requirements specified in Subtitle 2 of this article.]

(2) AN APPLICANT FOR A DIRECT LOAN UNDER THIS SUBTITLE WHO IS ALSO RECEIVING A LOAN GUARANTEED BY THE DAY CARE FACILITIES LOAN GUARANTEE FUND UNDER SUBTITLE 2 OF THIS TITLE SHALL BE LIMITED TO A DIRECT LOAN OF NOT MORE THAN 20 PERCENT OF