

(5) The Department shall ~~serve as guarantor~~ provide credit enhancement of a loan under this subsection for the amount of the loan proceeds that is over ~~90%~~ 80% and up to 115% of the ~~expected~~ fair market value of the ~~home~~ property after the rehabilitation ~~and~~, renovation, or onsite replacement is completed, as determined by an appraisal ~~at the time the loan is closed~~ used to process and approve the loan.

(6) (i) The Department shall ~~ensure~~ determine that the terms and provisions of a loan offered by a financial institution for which the Department ~~serves as guarantor~~ provides credit enhancement are reasonable and reflective of the mortgage market.

(ii) The payment of the principal and interest on loan proceeds paid out from time to time as renovations and rehabilitations are completed may be deferred until all loan proceeds have been paid out or until 12 months after the first disbursement of loan proceeds, whichever occurs first.

~~(iii) The payment of the principal and interest on a loan after all loan proceeds have been paid out or after 12 months following the first disbursement of loan proceeds, whichever occurs first, may not be deferred and shall be amortized over the remaining term of the loan.~~

(7) The Department may not charge a premium or administrative fee for credit enhancement provided under this subsection.

~~(f) (1) The Department is authorized to establish a buy-down program to assist families who may not be eligible for assistance from the Department under subsection (d) of this section.~~

(2) Financial assistance provided under the buy-down program shall reduce the amount a borrower pays on a loan obtained in the private market or from the Department for a defined period of time by making funds available that effectively reduce the interest rate or otherwise reduce the amount the borrower is required to pay.

(3) The buy-down program may be funded from:

(i) the Special Loan Programs Fund;

(ii) the Homeownership Programs Fund; or

(iii) any other source of funds available to the Department.

(4) The Department may set the terms and conditions for financial assistance under the buy-down program.

(5) The provisions of Article 83B of the Annotated Code of Maryland concerning eligibility requirements for or conditions or restrictions on the receipt of financial assistance from the Department, including maximum income limits, do not apply to financial assistance provided to borrowers under the buy-down program.