

(3) any other State or federal housing or community development program or fund.

(d) (1) This subsection applies to low interest loans ~~granted for second~~ provided for first or subordinate mortgages to rehabilitate or renovate primary residences.

~~(2) The Program is designed to provide "gap" funding for property damage incurred beyond the limits set by insurance and State, federal, or private market loans and grants for projects to rehabilitate or renovate primary residences damaged by Hurricane Isabel.~~

~~(3)~~ (2) The terms and provisions of a loan granted provided in accordance with this subsection shall ~~satisfy the terms and provisions under the program or fund from which the funds are utilized for the loan, except that~~ conform to the following conditions:

(i) the interest rate shall be set by the Department between 0.0% and 2.5%;

(ii) the payment of the principal on the loan shall be deferred;

1. until the sale or transfer of the primary residence or the refinancing of the ~~first~~ prior lien mortgage or deed of trust on the primary residence; ~~or~~

2. ~~as long as the borrower retains an undiminished fee simple interest in the property;~~

*(iii) notwithstanding the income eligibility requirements of the fund or program from which funds are utilized for providing a loan, the maximum income eligibility requirements for a loan shall be 125% of the maximum income limits under the Maryland Housing Rehabilitation Program for the Washington, D.C. Metropolitan Statistical Area;*

~~(iii)~~ (iv) ~~after satisfying the income eligibility requirements,~~ priority shall be given to families who have been relocated into temporary housing by or have received rental assistance from FEMA, and to families who have not obtained any assistance from FEMA but otherwise qualify for such assistance; and

~~(iv)~~ (v) the availability of comparable private market financing may not be an impediment to obtaining the loan.

(3) The Department may require local governments to demonstrate a contribution of resources satisfactory to the Department before the Department provides loans under this subsection.

(4) The Department may require an applicant for a loan under this subsection to demonstrate that the applicant has applied and received all possible assistance from FEMA, the Small Business Administration (SBA), or other governmental or commercial sources, including hazard insurance.