

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.

(6) The amount of financial assistance a borrower may receive under the buy-down program may be adjusted, at the discretion of the Department, based on the income of the borrower.

~~(f)~~ (g) The Department shall continue to explore and expand opportunities to provide reverse equity mortgages to those families who may choose to use this method of financing home rehabilitation and renovation projects, particularly those families whose homes were damaged by Hurricane Isabel.

SECTION 2. AND BE IT FURTHER ENACTED, That the Department of Housing and Community Development shall issue to the General Assembly, in accordance with § 2-1246 of the State Government Article, a preliminary report on or before September 30, 2004 and a final report on or before September 30, 2005 on the implementation of this Act. The reports shall include:

(a) with reference to loans provided by the Department, the amounts of the loans and the borrowers' counties of residence;