Justification for Interim Rulemaking

This publication of this interim rule for effect upon issuance is required by MHPDRA section 101(f).

Regulatory Agenda

This interim rule was listed as item number 1802 in the Department's Semiannual Agenda of Regulations published on November 14, 1994 (59 FR 57632, 57657) under Executive Order 12866 and the Regulatory Flexibility Act.

The Catalog of Federal Domestic Assistance Program number and title is 14.156, Lower Income Housing Assistance Program (Section 8).

List of Subjects

24 CFR Part 290

Low and moderate-income housing, Mortgage insurance.

24 CFR Part 886

Grant programs—housing and community development, Lead poisoning, Rent subsidies, Reporting and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble, part 290 of chapter II and part 886 of chapter VIII of title 24 of the Code of Federal Regulations, are amended as follows:

1. Part 290 is revised to read as follows:

PART 290—DISPOSITION OF MULTIFAMILY PROJECTS AND SALE OF HUD-HELD MULTIFAMILY MORTGAGES

Subpart A—General Provisions

Sec.

- 290.1 What subjects does this regulation cover?
- 290.3 What are the goals of this regulation?290.5 What definitions apply in this regulation?
- 290.7 May any of the provisions of this regulation be waived?

Subpart B—Management and Maintenance Provisions

- 290.10 What maintenance and management standards apply to multifamily housing projects?
- 290.12 How may HUD contract for management services, or require the owner of a multifamily project to contract for management services?
- 290.14 What occupancy requirements apply under this regulation?
- 290.16 How will rental rates be set when HUD is mortgagee-in-possession (MIP) or owner of a multifamily housing project?

Subpart C—Notification Requirements

- 290.20 How will HUD provide the notifications that are required under this regulation?
- 290.22 What notification must be given before foreclosure?

- 290.24 Who has a right of first refusal for properties that HUD is selling, and what kind of notice must HUD provide?
- 290.26 What kind of notice must HUD provide to tenants and the community when HUD is selling a project?

Subpart D—Disposition Procedures

- 290.30 What are the different methods that may be used for the disposition of a multifamily housing project?
- 290.32 What qualities does HUD look for in a purchaser?
- 290.34 What kind of disposition plan will HUD prepare before selling a project?

Subpart E—All Multifamily Housing Projects—Required Actions

- 290.40 Are there any required actions that must be taken in the disposition of all multifamily housing projects?
- 290.42 What actions must be taken concerning tenants who are displaced by the disposition of a multifamily housing project?
- 290.44 What actions must be taken concerning very low-income tenants in the disposition of a multifamily housing project?
- 290.46 What restrictions concerning nondiscrimination against Section 8 certificate holders and voucher holders apply in the disposition of a multifamily housing project?

Subpart F—Subsidized Projects—Basic and Alternative Actions to Facilitate Disposition

- 290.54 What are the basic actions that may be taken in the disposition of a subsidized project?
- 290.56 What alternatives to the basic actions are available in the disposition of subsidized projects?

Subpart G—Unsubsidized Projects—Basic and Alternative Actions to Facilitate Disposition

- 290.64 What are the basic actions that may be taken in the disposition of an unsubsidized project?
- 290.66 What alternatives to the basic actions are available in the disposition of an unsubsidized projects?

Subpart H—All Multifamily Housing Projects—Additional Actions to Facilitate Disposition

- 290.70 What guidelines will HUD apply in determining which additional actions to take in the disposition of a multifamily housing project?
- 290.72 May HUD reduce the sales price for a project?
- 290.74 May HUD require additional use and rent restrictions?
- 290.76 May HUD provide short-term loans to facilitate the sale of a project?
- 290.78 Under what conditions may HUD provide up-front grants?
- 290.80 What additional tenant-based assistance may HUD offer?
- 290.82 How may HUD provide for alternative uses of units in the disposition of a multifamily housing project?

- 290.84 What disposition assistance may be available to rebuild a multifamily housing project?
- 290.86 What emergency assistance funds may be provided to tenants?
- 290.88 Under what circumstances may HUD make a determination not to preserve a project or a part of a project?

Subpart I—Sale of HUD-Held Multifamily Mortgages

- 290.100 What is the purpose of this subpart?
- 290.102 What affect does this subpart have on the applicability of Civil Rights requirements?
- 290.104 What tenant protections will apply in the sale of HUD-held subsidized mortgages?
- 290.106 How will HUD sell current subsidized mortgages?
- 290.108 How will HUD sell delinquent subsidized mortgages?
- 290.110 What is HUD's policy for selling HUD-held unsubsidized mortgages?
- **Authority:** 12 U.S.C. 1701z–11, 1701z–12, 1713, 1715b, 1715z–1b; 42 U.S.C. 3535(d).

Subpart A—General Provisions

§ 290.1 What subjects does this regulation cover?

(a) Except as provided in paragraph (b) of this section, this part applies to the sale of multifamily projects which are or were, before being acquired by the Department, assisted or had a mortgage insured under the National Housing Act, or which were subject to a loan or a capital advance under Section 202 of the Housing Act of 1959. Subpart I of this part applies to the sale of HUD-held multifamily mortgages.

(b) This part does not apply to multifamily projects being foreclosed by HUD for which the decision to foreclose has been made before the effective date of this part, nor to HUD-owned projects where the initial disposition program has been approved before the effective date of this part. For such projects, the procedures in the regulations at 24 CFR part 290 in effect immediately prior to the effective date of this regulation apply, unless HUD determines, on a case-by-case basis, to apply the new regulations.

(c) This part applies to the sale of multifamily projects which are or were, before being acquired by the Department, assisted or insured under the National Housing Act, or which were subject to a loan under section 202 of the Housing Act of 1959. It also applies to the sale of certain loans and mortgages, and to the management of certain multifamily properties.

§ 290.3 What are the goals of this regulation?

(a) The goals of this part are to provide for the management and