METHODS OF DISPOSITION

Foreclosure sales. (§ 290.30(a)).

Sale of HUD-owned

HUD may dispose of a project at a foreclosure sale:

1. In accordance with the Multifamily Mortgage Foreclosure Act, or

2. In accordance with other Federal or State foreclosure law. HUD may sell a HUD-owned project using any of the following procedures:

1. Competitive bid;

2. Auction:

3. Request for proposals;

4. Negotiated sale, as permitted under § 290.30(b)(1) and (2); or

5. Any other method, on such terms as HUD considers appropriate.HUD, under an agreement, may transfer a multifamily housing project:

1. To a public housing agency (PHA) for use of the project as public housing; or

2. To an entity eligible to own or operate 202 or 811 supportive housing.

Transfer for use under other HUD programs. (§ 290.30(c)).

projects. (§ 290.30(b)).

2. To an entity eligible to own or operate 202 or 611 supportive flousing

Subpart D—Disposition Procedures

§ 290.30 What are the different methods that may be used for the disposition of a multifamily housing project?

HUD may use any of the following methods, as appropriate, for the disposition of a multifamily housing project:

(a) Foreclosure sales. Foreclosure sales will be conducted, at HUD's discretion, in accordance with the Multifamily Mortgage Foreclosure Act, or other Federal or State foreclosure law, on such terms as HUD considers appropriate to further the purpose stated in § 290.3.

(b) Sale of HUD-owned projects. HUD may dispose of a HUD-owned multifamily project by competitive bid, auction, request for proposals, or other method, on such terms as HUD considers appropriate to further the purpose stated in § 290.3. When HUD conducts a negotiated sale involving the disposition of a project to a person or entity without a public offering, the following provisions apply:

(1) HUD may negotiate the sale of any project to an agency of the Federal, State, or local government.

(2) When HUD determines that a purchaser can demonstrate the capacity to own and operate a project in accordance with standards set by HUD, and/or a competitive offering will not generate offers of equal merit from qualified purchasers, HUD may approve a negotiated sale of a subsidized project

(i) A resident organization wishing to convert the project to a nonprofit or limited equity cooperative;

(ii) A cooperative (e.g., nonprofit limited equity, consumer cooperative, mutual housing organization) with demonstrated experience in the operation of nonprofit (and preferably low- to moderate-income) housing;

(iii) A nonprofit entity that will continue to operate the project as low-to moderate-income rental housing and whose governing board is composed of project residents;

- (iv) A State or local governmental entity with the demonstrated capacity to acquire, manage, and maintain the project as rental or cooperative housing available to and affordable by low- and moderate-income residents;
- (v) A State or local governmental or nonprofit entity with the demonstrated capacity to acquire, manage, and maintain the project as a shelter for the homeless or other public purpose, generally when the project is vacant or has minimal occupancy and is not needed in the area for continued use as rental housing for the elderly or families; or
 - (vi) Other nonprofit organizations.
- (c) Transfer for use under other HUD programs.—(1) In general. Subject only to the requirements of an agreement under paragraph (c)(2) of this section, HUD may transfer a multifamily housing project:
- (i) To a public housing agency (PHA) for use of the project as public housing; or
- (ii) To an entity eligible to own or operate housing assisted under section 202 of the Housing Act of 1959 or under section 811 of the Cranston-Gonzalez National Affordable Housing Act for use as supportive housing under either of those sections.
- (2) *Transfer agreement.* An agreement providing for the transfer of a project as described in paragraph (c)(1) of this section must:
- (i) Contain such terms, conditions, and limitations as HUD determines to be appropriate, including requirements to ensure use of the project as public housing, supportive housing under section 202 of the Housing Act of 1959, or supportive housing under section 811 of the Cranston-Gonzalez National Affordable Housing Act, as applicable; and
- (ii) Ensure that no tenant of the project will be displaced as a result of the transfer.

§ 290.32 What qualities does HUD look for in a purchaser?

(a) Foreclosure sales. HUD will dispose of a multifamily housing project through a foreclosure sale only to a purchaser that the Department determines is capable of implementing a sound financial and physical management program that is designed to enable the project to meet anticipated operating and repair expenses to ensure that the project will remain in decent, safe, and sanitary condition and in compliance with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical condition of the housing and any such standards established by the Department.

(b) HUD-owned multifamily housing projects. Sales of HUD-owned multifamily housing projects may be made only to a purchaser determined by the Department to be capable of:

(1) Satisfying the conditions of the disposition plan developed under § 290.34 for the project;

- (2) Implementing a sound financial and physical management program that is designed to enable the project to meet anticipated operating and repair expenses to ensure that the project will remain in decent, safe, and sanitary condition and in compliance with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical condition of the housing and any such standards established by the Department:
- (3) Responding to the needs of the tenants and working cooperatively with tenant organizations;

(4) Providing adequate organizational, staff, and financial resources to the project; and

(5) Meeting such other requirements as HUD may determine to be appropriate for the particular project.

§ 290.34 What kind of disposition plan will HUD prepare before selling a project?

(a) *In general*. Before disposing of a HUD-owned multifamily housing