

(1) A renewal of a single payment obligation with no change in the original terms;

(2) A reduction in the annual percentage rate of the mortgage as computed under the Truth in Lending Act with a corresponding change in the payment schedule;

(3) An agreement involving a court proceeding;

(4) A workout agreement, where a change in the payment schedule or in collateral requirements is agreed to as a result of the mortgagor's default or delinquency, unless the rate is increased or the new amount financed exceeds the unpaid balance plus earned finance charges and premiums for the continuation of insurance;

(5) The renewal of optional insurance purchased by the mortgagor and added to an existing mortgage; and

(6) The renegotiation of a mortgage on a multifamily property where the property has a balloon mortgage and the balloon payment is due within one year of the date of the closing on the renegotiated mortgage.

Rent means:

(1) The contract rent for a dwelling unit, but only where such contract rent includes all utilities for the dwelling unit;

(2) Where the contract rent for a dwelling unit does not include all utilities, the contract rent for the dwelling unit plus the actual cost of utilities not included in the contract rent; or

(3) The contract rent for a dwelling unit plus a utility allowance as set forth in this part.

Rental housing means multifamily dwelling units, and dwelling units in single family housing that are not owner-occupied.

Rental unit or rental dwelling unit means a dwelling unit that is not owner-occupied and is rented or available to rent.

Residence means a property where one or more families reside.

Residential mortgage means a mortgage on single family or multifamily housing.

Rural area means the underserved areas located outside of any metropolitan statistical area (MSA), primary metropolitan statistical area (PMSA), or consolidated metropolitan statistical area (CMSA) designated by the Office of Management and Budget.

Seasoned mortgage means a mortgage where the date of the mortgage note is more than one year before the GSE purchased the mortgage.

Second mortgage means any mortgage that has a lien position subordinate only to the lien of the first mortgage.

Secondary residence or second home means a dwelling where the mortgagor maintains (or will maintain) a part-time place of abode and typically spends (or will spend) less than the majority of the calendar year. A person may have more than one secondary residence at a time.

Secretary means the Secretary of Housing and Urban Development and, where appropriate, any person designated by the Secretary to perform a particular function for the Secretary, including any officer, employee, or agent of the Department.

Single family housing means a residence consisting of one to four dwelling units. Single family housing includes condominiums and dwelling units in cooperative housing projects.

State means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

Underserved area means a census tract having:

(1) A median income at or below 120 percent of the area median income and a minority population of 30 percent or greater; or

(2) A median income at or below 80 percent of area median income.

Utilities means charges for electricity, piped or bottled gas, water, sewage disposal, fuel (oil, coal, kerosene, wood, solar energy, or other), and garbage and trash collection. Utilities do not include charges for telephone service.

Utility allowance means either:

(1) The amount to be added to contract rent when utilities are not included in contract rent (also referred to as the "AHS-derived utility allowance"), as issued annually by the Secretary; or

(2) The utility allowance established under the HUD Section 8 Program (section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f) for the area where the property is located.

Very low-income means:

(1) In the case of owner-occupied units, income not in excess of 60 percent of area median income; and

(2) In the case of rental units, income not in excess of 60 percent of area median income, with adjustments for smaller and larger families, as determined by the Secretary.

Wholesale exchange means a transaction where one GSE buys or otherwise acquires mortgages held in portfolio or securitized by the other GSE, or where both GSEs swap such mortgages.

Subpart B—Housing Goals

§ 81.11 General.

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 requires that the Secretary establish, by regulation, three annual housing goals for the GSEs: A low- and moderate-income housing goal; a central cities, rural areas, and other underserved areas housing goal; and a special affordable housing goal. The Act requires that the Secretary establish these goals after considering prescribed factors and implement these goals in a manner consistent with Section 301(3) of the Fannie Mae Charter Act and Section 301(b)(3) of the Freddie Mac Act, which provide that one purpose of each GSE is to provide ongoing assistance to the secondary market for residential mortgages (including mortgages securing housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. This subpart establishes these goals, implements requirements for measuring performance under the goals, and establishes procedures for monitoring and changing the goals. The Act provides that from year-to-year the Secretary may, by regulation, adjust any housing goal.

§ 81.12 Low- and moderate-income housing goal.

(a) *Authority.* Section 1332 of FHEFSSA requires the Secretary to establish an annual goal for the purchase by each GSE of mortgages on housing for low- and moderate-income families ("the low- and moderate-income housing goal").

(b) *Purpose of goal.* This goal is intended to achieve increased purchases by the GSEs of mortgages on housing for low- and moderate-income families.

(c) *Factors.* In establishing the low- and moderate-income housing goals, the Act requires the Secretary to consider:

(1) National housing needs;

(2) Economic, housing, and demographic conditions;

(3) The performance and effort of the GSEs toward achieving the low- and moderate-income housing goal in previous years;

(4) The size of the conventional mortgage market serving low- and moderate-income families relative to the size of the overall conventional mortgage market;

(5) The ability of the GSEs to lead the industry in making mortgage credit