

estimated remaining economic life of the physical improvements. The term of the mortgage will begin on the first day of the second month following the date of endorsement of the mortgage for insurance.

**§ 232.905 Labor standards and prevailing wage requirements.**

The provisions of §§ 232.70–232.74 of this part shall not apply to mortgages insured under commitments issued in accordance with this subpart.

**§ 232.906 Processing of applications and required fees.**

(a) *Processing of applications.* The local HUD Office will determine whether participation in a preapplication conference is required as a condition to submission of an initial application for either a conditional or firm commitment. After the preapplication conference an application for a conditional or firm commitment for insurance of a mortgage on a project shall be submitted by the sponsor and an approved mortgagee. Such application shall be submitted to the local HUD Office on a HUD approved form. An application may, at the option of the applicant, be submitted for a firm commitment omitting the conditional commitment stage. No application shall be considered unless accompanied by all exhibits required by the form and program handbooks. An application may be made for a commitment which provides for the insurance of the mortgage upon completion of any improvements or for a commitment which provides, in accordance with standards established by the Commissioner, for the completing of specified repairs and improvements after endorsement.

(b) *Application fee—conditional commitment.* An application-commitment fee of \$3 per thousand dollars of the requested mortgage amount shall accompany an application for conditional commitment.

(c) *Application fee—firm commitment.* An application for firm commitment shall be accompanied by an application-commitment fee of \$5 per thousand dollars of the requested mortgage amount to be insured less any amount previously received for a conditional commitment.

(d) *Inspection fee.* Where an application provides for the completion of repairs, replacements and/or improvements (repairs), the Commissioner will charge an inspection fee equal to one percent (1%) of the cost of the repairs. However, where the Commissioner determines the cost of repairs is minimal, the Commissioner may establish a minimum inspection fee that exceeds one percent of the cost of repairs and can periodically increase or decrease this minimum fee.

(e) *Cross-reference.* The provisions of paragraphs (f)(1) (Fee on increases), (g) (Reopening of expired commitments), (h) (Transfer fee), (i) (Refund of fees), and (j) (Fees not required) of § 200.40 of this chapter apply to applications submitted under subpart E of this part.

[61 FR 14416, Apr. 1, 1996]

**PART 234—CONDOMINIUM OWNERSHIP MORTGAGE INSURANCE**

**Subpart A—Eligibility Requirements—Individually Owned Units**

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 234.1 Cross-reference.  
 234.3 Definitions.  
 234.17 Mortgagor and mortgagee requirements for maintaining flood insurance coverage.  
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**Subpart B—Contract Rights and Obligations—Individually Owned Units**

- 234.251 Definitions.  
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 234.260 Assignment of mortgage and certificate by mortgagee.  
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 234.265 Contents of deed and supporting documents.  
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 234.273 Assessment of taxes.  
 234.274 Certificate of tax assessment.  
 234.275 Certificate or statement of condition.  
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**Subpart C—Eligibility Requirements—  
Projects—Conversion Individual Sales Units**

234.501 Eligibility requirements.

**Subpart D—Contract Rights and  
Obligations—Projects**

234.751 Cross-reference.

**Subpart E—Servicing Responsibilities—  
Individually Owned Units**

234.800 Cross-reference.

AUTHORITY: 12 U.S.C. 1715b and 1715y; 42 U.S.C. 3535(d).

SOURCE: 36 FR 24628, Dec. 22, 1971, unless otherwise noted.

**Subpart A—Eligibility Requirements—Individually Owned Units**

SOURCE: 61 FR 60161, Nov. 26, 1996, unless otherwise noted.

**§ 234.1 Cross-reference.**

(a) All of the provisions of subpart A of part 203 of this chapter concerning eligibility requirements of mortgages covering one- to four-family dwellings under section 203 of the National Housing Act (12 U.S.C. 1709) apply to mortgages on individually owned units insured under section 234 of the National Housing Act (12 U.S.C. 1715y), except the following provisions:

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- 203.12 Mortgage insurance on proposed or new construction.
- 203.14 Builders' warranty.
- 203.18a Solar energy system.
- 203.18c One-time or up-front mortgage insurance premium excluded from limitations on maximum mortgage amounts.
- 203.38 Location of dwelling.
- 203.42 Rental properties.
- 203.43c Eligibility of mortgages involving a dwelling unit in a cooperative housing development.
- 203.43d Eligibility of mortgages in certain communities.
- 203.43f Eligibility of mortgages covering manufactured homes.
- 203.43g Eligibility of mortgages in certain communities.
- 203.43h Eligibility of mortgages on Indian land insured pursuant to section 248 of the National Housing Act.
- 203.43i Eligibility of mortgages on Hawaiian Home Lands insured pursuant to section 247 of the National Housing Act.

203.43j Eligibility of mortgages on Allegany Reservation of Seneca Nation of Indians.  
203.50 Eligibility of rehabilitation loans.

(b) For the purposes of this subpart, all references in part 203 of this chapter to section 203 of the Act shall be construed to refer to section 234 of the Act.

[61 FR 60161, Nov. 26, 1996, as amended at 64 FR 56111, Oct. 15, 1999]

**§ 234.3 Definitions.**

The terms *Act*, *Beginning of amortization*, *Commissioner*, *FHA*, *Insured Mortgage*, *Mortgage*, *Mortgagee*, *Mortgagor*, and *State*, as used in this part, are defined in § 203.251 of this chapter. The following terms, as used in this part, are defined as follows:

*Bona fide tenants' organization* means an association of tenants formed by the tenants to promote their interests in a particular project, with membership in the association open to each tenant, and all requirements of the association applying equally to every tenant.

*Common areas and facilities* means those areas of the project and of the property upon which it is located that are for the use and enjoyment of the owners of family units located in the project. The areas may include the land, roofs, main walls, elevators, staircases, lobbies, halls, parking space and community and commercial facilities.

*Conversion* means the date on which all documents necessary to create a condominium under state law (and under local law, where applicable) have been recorded, except that in the case of the Commonwealth of Puerto Rico, *conversion* is defined as the date on which the legal documents (which must be in compliance with applicable law) to create a condominium are presented for inscription (*i.e.*, recordation) to the Commonwealth Office of the Property Registry.

*Family unit* means a one-family unit including the undivided interest in the common areas and facilities, and such restricted common areas and facilities as may be designated.

*Project* means a structure or structures containing four or more family units.

*Project mortgage* means a mortgage which is or has been insured under any