

Subparts C–D [Reserved]**Subpart E—Prepayment and Displacement Prevention of Multi-Family Housing Loans**

SOURCE: 58 FR 38931, July 21, 1993, unless otherwise noted.

EFFECTIVE DATE NOTE: At 69 FR 69106, Nov. 26, 2004, subpart E (§§ 1965.201 through 1965.250 and all exhibits) was removed and reserved, effective Feb. 24, 2005.

§ 1965.201 General.

Requests to pay Multi-Family Housing (MFH) loans in full require that certain actions be taken to ensure the affordability of housing for specified tenants for a guaranteed period of time. The requirement applies to all projects, whether or not they are subject to restrictive-use provisions or prohibitions on prepayment. This subpart provides step-by-step guidance for use by Farmers Home Administration or its successor agency under Public Law 103-354 (FmHA or its successor agency under Public Law 103-354) and MFH borrowers when prepayment requests are made. The steps outlined are mandated by the Rural Rental Housing Displacement Prevention Provisions of the Housing and Community Development Act of 1987. When a MFH project is subject to multiple FmHA or its successor agency under Public Law 103-354 MFH loans, and the borrower offers prepayment or payment in full for one or more but not all of the MFH loans on the project, the borrower will not be allowed to pay off the most restrictive loan without invoking the prepayment provisions of this subpart, unless the borrower agrees to be bound by the more restrictive provisions for the balance of the time period remaining on the more restrictive loan being paid in full.

§ 1965.202 Definitions.

Affordable housing. Housing with a rent rate which does not create new or increased rent overburden for tenants of prepaying projects.

Displaced tenant. A displaced tenant is a tenant who is either forced to move from a project or a tenant who experiences new or increased rent over-

burden as a result of prepayment of a MFH loan. The new or increased rent overburden may occur at the time of prepayment or at any time in the future restrictive-use provisions are in force.

Income limits. Very low, low, and moderate income are defined in accordance with Appendix 9 of HB-1-3550 (available in any Rural Development office).

Letter of priority entitlement (LOPE). A letter issued by FmHA or its successor agency under Public Law 103-354 to a tenant displaced through a prepayment action that will give the tenant priority on waiting lists at any FmHA or its successor agency under Public Law 103-354 project for which they may qualify.

Local nonprofit corporation or public agency. A public agency or nonprofit corporation which operates primarily in the local community and its trade area. Local nonprofit corporations must have a broad based board reflecting various interests in the community or trade area. A public agency must be organized in accordance with State and local statutes. Either type of organization must include as one of its primary purposes developing or managing low-income housing or community development projects, which meet the requirements of § 1944.211(a)(10)(i) of subpart E of part 1944 of this chapter. County-wide agencies/corporations may meet the definition of local organization if, in the judgment of the District Office, the community's trade area is county-wide. Tenant associations and cooperatives may meet the definition if they are organized as nonprofit organizations.

Market Area. The market area is the community in which the project is located and those outlying rural areas which are impacted by the project (excluding all other established communities).

Minorities. Individuals such as members of the following groups: African-American, not of Hispanic Origin; Hispanic; American Indian or Alaskan Native; and Asian or Pacific Islander. Refer to FmHA or its successor agency under Public Law 103-354 Instruction 1900-A (available in any FmHA or its successor agency under Public Law 103-