

**§ 884.121 Rights of owner if PHA defaults under agreement (private-owner/PHA projects).**

The ACC and the Agreement shall contain a provision to the effect that in the event of failure of the PHA to comply with the Agreement with the Owner, the Owner shall have the right, if he is not in default, to demand that HUD determine, after notice to the PHA giving it a reasonable opportunity to take corrective action, whether a substantial default exists, and if HUD determines that such a default exists, that HUD assume the PHA's rights and obligations under the Agreement, and carry out the obligations of the PHA under the Agreement, including the obligation to enter into the Contract.

**§ 884.122 Separate project requirement.**

(a) In the case of a Private-Owner Project or a PHA-Owner Project, each Agreement and Contract shall constitute a separate project.

(b) In the case of a Private-Owner/PHA Project such project may not include more than one type of Section 8 assistance, shall be processed with a separate ACC List and ACC Part I and shall be assigned a separate project number. All new construction units to be placed under a single Contract shall comprise a separate project. However, the field office director may designate as a single project the units to be covered by two or more such Contracts for new construction projects where:

- (1) The units are placed under ACC on the same date; and
- (2) Such consolidation is necessary in the interest of administrative efficiency.

**§ 884.123 Conversions.**

(a) *Conversion of private-owner project to private-owner/PHA project.* HUD may request the Owner of a Private-Owner Project and an appropriate PHA to agree, if they are willing, to a conversion of any such project to a Private-Owner/PHA Project if HUD determines that such conversion would promote efficient project administration.

(b) *Conversion of private-owner/PHA project to private-owner project.* The Private Owner and the PHA, in the case of a Private-Owner/PHA Project, may re-

quest HUD to agree to a conversion of any such project to a Private-Owner or PHA-Owner Project. HUD shall agree to such conversion if it determines it to be in the best interest of the project.

**§ 884.124 Audit.**

(a) Where a State or local government is the eligible owner of a project, or is a contract administrator under § 884.119 or § 884.120, receiving financial assistance under this part, the audit requirements in 24 CFR part 44 shall apply.

(b) Where a nonprofit organization is the eligible owner of a project, receiving financial assistance under this part, the audit requirements in 24 CFR part 45 shall apply.

[50 FR 39092, Sept. 27, 1985; 51 FR 30480, Aug. 27, 1986, as amended at 57 FR 33257, July 27, 1992]

**Subpart B—Project Development and Operation****§ 884.212 Project completion.**

(a) *FmHA certifications upon completion.* Upon completion of the project, FmHA shall inspect the project and, if determined to be acceptable, submit to the HUD field office the following certifications:

- (1) The project has been completed in accordance with the requirements of the Agreement;
- (2) The project is in good and tenantable condition;
- (3) There are no defects or deficiencies in the project other than punchlist items, or incomplete work awaiting seasonal opportunity;
- (4) There has been no change in management capability.

(b) *HUD review.* HUD shall promptly review the certifications submitted pursuant to paragraphs (a) and (b) of this section (see § 884.203(b)).

(c) *HUD acceptance.* If HUD determines from the review that the certifications are acceptable in accordance with these subparts, the project shall be accepted.

(d) *Acceptance where defects or deficiencies reported.* If the only defects or deficiencies are punchlist items or incomplete items awaiting seasonal opportunity, the project may be accepted