

## § 291.1

- 291.555 Refinancing.
- 291.560 Ineligibility of multiple-unit properties.
- 291.565 Continuing obligations after purchase.

AUTHORITY: 12 U.S.C. 1701 *et seq.*; 42 U.S.C. 1441, 1441a, 1551a, and 3535(d).

SOURCE: 56 FR 46956, Sept. 16, 1991, unless otherwise noted.

### Subpart A—General Provisions

SOURCE: 64 FR 6479, Feb. 9, 1999, unless otherwise noted.

#### § 291.1 Purpose and general requirements.

(a) *Purpose.* (1) This part governs the disposition of one-to-four family properties acquired by the Federal Housing Administration (FHA) through foreclosure of an insured or Secretary-held mortgage or loan under the National Housing Act, or acquired by HUD under section 312 of the Housing Act of 1964. HUD will issue detailed policies and procedures that must be followed in specific areas.

(2) The purpose of the property disposition program is to dispose of properties in a manner that expands homeownership opportunities, strengthens neighborhoods and communities, and ensures a maximum return to the mortgage insurance funds.

(b) *Nondiscrimination policy.* The requirements set forth in 24 CFR parts 5 and 110 apply to the administration of any activity under this part. In addition, in accordance with 24 CFR 9.155(a), HUD must ensure that its policies and practices in conducting the single family property disposition program do not discriminate on the basis of disability.

#### § 291.5 Definitions.

(a) The term *Secretary* is defined in 24 CFR part 5.

(b) Other terms used in this part are defined as follows:

*Competitive sale of individual property* means a sale of an individual property to an individual bidder through a sealed bid process (or other bid process specifically authorized by the Secretary) in competition with other bidders in which properties have been pub-

## 24 CFR Ch. II (4-1-08 Edition)

licly advertised to all prospective purchasers for bids.

*Direct sale* means a sale to a selected purchaser to the exclusion of all others without resorting to advertising for bids. Such a sale is available only to approved applicants.

*Eligible properties* means HUD-acquired properties designated by HUD for property disposition or other housing programs.

*HUD* means the Department of Housing and Urban Development or its contractor, as appropriate.

*Insured mortgage* means a mortgage insured under the National Housing Act (12 U.S.C. 1701 *et seq.*).

*Investor purchaser* means a purchaser who does not intend to use the property as his or her principal residence.

*Owner-occupant purchaser* means a purchaser who intends to use the property as his or her principal residence; a State, governmental entity, tribe, or agency thereof; or a private nonprofit organization as defined in this section. Governmental entities include those with general governmental powers (e.g., a city or county), as well as those with limited or special powers (e.g., public housing agencies).

*Private nonprofit organization* means a secular or religious organization, no part of the net earnings of which may inure to the benefit of any member, founder, contributor, or individual. The organization must:

(1) Have a voluntary board;

(2)(i) Have a functioning accounting system that is operated in accordance with generally accepted accounting principles; or

(ii) Designate an entity that will maintain a functioning accounting system for the organization in accordance with generally accepted accounting principles;

(3) Practice nondiscrimination in the provision of assistance in accordance with the authorities described in § 291.435(a); and

(4) Have nonprofit status as demonstrated by approval under section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)), or demonstrate that an application for such status is currently pending approval.

*State* means any of the several States, the District of Columbia, the