

§ 572.200

an eligible property on the date the application for an implementation grant was submitted to HUD and each resident at the time the property is selected must be given an opportunity to become a homeowner under this program if the resident qualifies as an eligible family and meets other program requirements. If the resident does not qualify or does not elect to move, the property is not eligible. The protections provided to residents under this section do not apply to the former owner of the property if the property is acquired from him or her as a result of a tax or mortgage foreclosure.

(2) In addition to any applicable sanctions under the grant agreement, a violation of paragraph (a)(1) of this section may trigger a requirement to provide relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 CFR part 24.

(b) *Relocation assistance for residents who elect to move.* The recipient must offer each nonpurchasing resident who elects to move relocation assistance in accordance with the approved homeownership program. The program must provide, at least, the following assistance:

(1) Advisory services, including timely information, counseling (including the provision of information on a resident's rights under the Fair Housing Act), and referrals to suitable, affordable, decent, safe, and sanitary alternative housing;

(2) Payment for actual, reasonable moving expenses; and

(3) Financial assistance sufficient to permit relocation to suitable, affordable, decent, safe, and sanitary housing. This requirement is met if the family is provided the opportunity to relocate to suitable, decent, safe, and sanitary housing for which the monthly rent and estimated average utility costs do not exceed the greater of 30 percent of the person's income or the person's monthly rent before relocation and the estimated average monthly utility costs. The homeownership program must specify the period for which replacement housing assistance will be provided to persons who do not

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receive assistance through a Section 8 rental certificate or voucher or other housing program subsidy.

(c) *Temporary relocation.* The recipient must provide each resident of an eligible property, who is required to relocate temporarily to permit work to be carried out, with suitable, decent, safe, and sanitary housing for the temporary period and must reimburse the resident for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the costs of moving to and from the temporarily occupied housing and any increase in monthly costs of rent and utilities.

(d) *Notice of relocation assistance.* As soon as feasible, each recipient must give each resident of an eligible property a written description of the applicable provisions of this section.

Subpart C—Grants

§ 572.200 Planning grants.

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

[61 FR 48798, Sept. 16, 1996]

§ 572.205 Planning grants—eligible activities.

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

[61 FR 48798, Sept. 16, 1996]

§ 572.210 Implementation grants.

(a) *General authority.* Any implementation grants for the purpose of carrying out homeownership programs approved under this part will be awarded using a selection process and selection criteria to be published in a NOFA.

(b) *Deadline for completion.* A recipient must spend all implementation grant amounts within 4 years from the effective date of the grant agreement. The appropriate HUD field office may approve a request to extend the deadline when it determines that an extension is warranted. A previously approved grant amount may not be amended to increase the grant amount.

(c) *Program closeout.* Recipients will comply with closeout procedures as issued by HUD.

[62 FR 34145, June 24, 1997]

§ 572.215 Implementation grants—eligible activities.

Implementation grants may be used for the reasonable costs of eligible activities necessary to carry out a homeownership program under this part. Only costs incurred on or after the effective date of an implementation grant agreement qualify for funding under this part. Eligible activities include:

(a) *Acquisition of eligible properties by the recipient.* Acquisition of eligible properties for the purpose of transferring ownership interests to eligible families in a homeownership program under this part, in accordance with § 572.100. (Where the applicant owns the eligible property or where HUD otherwise determines that an “arms length” relationship for acquisition does not exist, program funds may not be used for acquisition of the property for the program. However, if the property is owned by an eligible source, it may be donated as match in accordance with § 572.220(b)(4).)

(b) *Recipient closing costs.* Customary and reasonable closing costs of the buyer associated with the purchase of eligible properties under the program.

(c) *Financial assistance to homebuyers.* Provision of assistance to families to make acquisition and rehabilitation of eligible properties affordable, in accordance with § 572.105(b).

(d) *Rehabilitation.* Rehabilitation of the eligible property covered by the homeownership program, in accordance with standards and cost limitations established by HUD in § 572.100.

(e) *Architectural and engineering work.* Architectural and engineering work, and related professional services re-

quired to prepare architectural plans or drawings, write-ups, specifications or inspections, including lead-based paint evaluation.

(f) *Relocation.* Relocation of residents in eligible properties who elect to move, in accordance with § 572.145(b).

(g) *Temporary relocation of homebuyers.* Temporary relocation of residents during rehabilitation, in accordance with § 572.145(c).

(h) *Legal fees.* Customary and reasonable costs of professional legal services.

(i) *Replacement reserves.* A single replacement reserve for the properties under the program if necessary, in accordance with § 572.125.

(j) *Homebuyer outreach and selection.* Reasonable and necessary costs of marketing the program to potential homebuyers and of identifying and selecting homebuyers under the program. These costs may include costs related to implementing the affirmative fair housing marketing strategy required under § 572.110.

(k) *Counseling and training.* Counseling and training of only those homebuyers (and their alternates) and homeowners selected under the homeownership program. This may include such subjects as personal financial management, home maintenance, home repair, construction skills (especially where the eligible family will do some of the rehabilitation), property management for owners of multi-unit properties, and the general rights and responsibilities of homeownership.

(l) *Property management and holding costs.* Reasonable and necessary costs related to properly maintaining and securing eligible properties after acquisition or donation and before sale to an eligible homebuyer. These costs may include property insurance expenses, security costs, property taxes, utility charges, and other costs related to sound property management of recipient-owned properties before sale under the program. These costs may not be charged relative to eligible properties donated to the program by the recipient or another entity that HUD determines does not have an “arm’s length” relationship with the recipient.

(m) *Recipient training needs.* Defraying costs for ongoing training needs of