

other terms under which the member will occupy the housing.

**Occupancy charge.** The amount of money charged a cooperative member to cover their proportional share of the cooperative's operating costs and cash requirements.

**Office of the General Counsel (OGC).** The USDA Office of the General Counsel, including the Regional Attorney, Associate Regional Attorney, or Assistant Regional Attorney.

**Office of Inspector General (OIG).** The USDA Office of Inspector General.

**Overage.** That portion of a tenant's net rent contribution that exceeds basic rent up to note rate rent. Full overage is an amount equal to the difference between the note rate rent for a unit and the basic rent.

**Patronage capital refund.** Amounts received by a cooperative in excess of operating costs and expenses which have been assigned to members' patronage capital accounts each year of membership in the cooperative.

**Plan I.** A type of interest subsidy available to borrowers prior to October 27, 1980. Budgets and rental rates developed for Plan I loans are based on a 3 percent loan amortization.

**Plan II.** A type of interest subsidy available to borrowers operating on a limited profit basis. Budgets and rental rates developed for Plan II loans are based on both the loan being amortized at the interest rate shown on the promissory note and at a 1 percent subsidized rate.

**Predetermined Amortization Schedule System (PASS).** A system where loan payments are applied based on an amortization schedule.

**Prepayment.** Payment in full of the outstanding balance on an Agency loan prior to the note's maturity date.

**Program requirements.** All provisions related to multi-family housing contained in the loan document, grant agreement, statute, regulation, handbook, or administrative notice.

**Promissory note.** A legal document containing conditions (interest rate and timing) for repayment of indebtedness.

**Real estate owned (REO) property.** The real estate owned by the Agency acquired through voluntary conveyance, foreclosure or other court action.

**Related facilities.** Facilities in a multi-family housing project that are related to the housing and are in addition to rental units, (e.g., community rooms or buildings, cafeterias, dining halls, infirmaries, child care facilities, assembly halls, and essential service facilities such as central heating, sewerage, lighting systems, clothes washing facilities, trash disposal and safe domestic water supply).

**Renovation.** Renovation is when the remodeling of a property is of a complex nature involving structural repairs; or when two or more of the life cycle cost components are included in the remodeling of a property. Examples: changing the use of a building, replacing wall or floor system members, altering a building that has shifted due to settlement, remodeling an entire property that includes new roofing and siding.

**Rent.** The amount established as a charge for occupancy in a rental unit of Agency-financed multi-family housing. The following terms are used to describe rents for various program purposes.

(1) **Note rate rent** is the rental charge established to cover expenses in the housing project's approved budget and the required loan payment set at the interest rate shown in the promissory note.

(2) **Basic rent** is the rental charge established to cover expenses in the housing project's approved budget and the required loan payment contained in the promissory note reduced by the interest credit agreement.

(3) **HUD contract rent** is the rental charge established for housing receiving project-based Section 8 rental subsidies in accordance with 24 CFR part 880 or part 884, as applicable.

(4) **Low-income housing tax credit (LIHTC) rent** is the rental charge established in accordance with LIHTC requirements.

**Rental assistance (RA).** The portion of the approved shelter cost paid by the Agency to compensate a borrower for the difference between the approved shelter cost and the tenant contribution.

**Rental assistance obligation.** The number of rental assistance units and dollar amounts of rental assistance specified in a rental assistance agreement between the Agency and a borrower for a multi-family housing project.

**Rental assistance units.** Dwelling units in a multi-family housing project qualified for rental assistance. There are three types of rental assistance units.

(1) New construction units are units provided in conjunction with initial loans for construction or substantial rehabilitation of the multi-family housing projects.

(2) Replacement units are Agency-funded rental assistance units which replace units with expiring rental assistance agreements or which replace Section 8 units which have expired under the Section 8 contract.

(3) Servicing units are units provided to an operational multi-family housing project provided as an incentive to avert

prepayment of a loan or as part of a debt forgiveness package.

**Repair and replacement.** Repair and replacement is the restoration of minor building materials, elements, components, equipment and fixtures. Examples: painting, carpeting, appliances, cabinets, and other fixtures.

**Resident assistant.** A person residing in a rental unit who is essential to the well-being and care of an elderly person or an individual with a disability, but who:

(1) Is not obligated for the tenant's financial support;

(2) Would not be living in the unit except to provide the needed services;

(3) May be a family member, but is not a dependent of the tenant for tax purposes;

(4) Is not subject to the eligibility requirements of a tenant; and

(5) Is not considered a household member in the determination of household income.

**Resident or site manager.** The individual employed by the borrower and who is responsible for the day-to-day operations of the housing.

**Retired domestic farm laborer or domestic farm laborer with a farm labor-related disability.** An individual who is at least 55 years of age and who has spent the last 5 years prior to retirement as a domestic farm laborer or spent the majority of the last 10 years prior to retirement as a domestic farm laborer or an individual with a disability as separately defined in this paragraph and who was a domestic farm laborer prior to becoming disabled.

**Return on Investment (ROI).** The annual amount of profit an owner operating on a limited or full profit basis may withdraw from a project, as established in the loan agreement. The amount is calculated as a percentage of the owner's investment in the project.

**Rural area.** (1) Any open country, or any place, town, village, or city which is not (except in the cases of Pajaro, in the state of California, and Guadalupe, in the State of Arizona) part of or associated with an urban area and which:

(i) Has a population not in excess of 2,500 inhabitants, or

(ii) Has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character, or

(iii) Has a population in excess of 10,000 but not in excess of 20,000 and:

(A) Is not contained within a standard metropolitan statistical area; and

(B) Has a serious lack of mortgage credit for lower and moderate-income families, as determined by the Secretary and the Secretary of Housing and Urban Development.