

(2) For purposes of this part, any area classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be "rural" or in a "rural area" as a result of data received from or after the 1990 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2000, if such area has a population in excess of 10,000, but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. Notwithstanding any other provision of this paragraph, the city of Plainview, Texas, shall be considered a rural area for purposes of this part, and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this part until the receipt of data from the decennial census in the year 2000.

**Rural Cooperative Housing (RCH).** A housing program authorized under section 515 of the Housing Act of 1949, in which a consumer cooperative, organized and operating on a nonprofit basis, may own and operate a multi-family housing development.

**Rural Housing Service (RHS).** The Agency within the Rural Development mission area of the U.S. Department of Agriculture or its successor agency which administers programs authorized by sections 514, 515, 516, and 521 of the Housing Act of 1949, as amended.

**Rural Rental Housing (RRH).** A housing program authorized by section 515 of the Housing Act of 1949 to provide rental housing in rural areas for persons of very low, low and moderate income.

**Seasonal housing.** Housing operated on a seasonal basis, typically for migrants or migrant agricultural laborers as opposed to year round.

**Security deposit.** A one-time fee charged a tenant prior to occupancy of a unit to cover possible loss or damage to the housing unit caused by the tenant.

**Self-employed.** A person who meets the IRS definition of self-employed at 26 CFR 1.401-10.

**Service agreement.** A written agreement between a borrower and a service provider establishing the specific service to be provided to a multi-family housing project, the cost of the service, and the length of time the service will be provided.

**Service plan.** A written plan describing how services will be provided to a multi-family housing project and which, at a minimum, must specify the services to be provided, the frequency of the services, who will provide the services, how tenants will be advised of the availability of services,

and the staff needed to provide the services.

**Service provider.** A person who signs a written agreement with a borrower to provide services to a multi-family housing project.

**Servicing note rent (SNR).** A rental rate charged at a Plan II project experiencing vacancies that is less than note rent but higher than basic rent.

**Shelter costs.** Basic or note rate rent plus the utility allowance, when used, or the occupancy charge plus the utility allowance. If the utility costs are included in the rent, the rent will equal shelter costs.

**Sources and Uses Comprehensive Evaluation (SAUCE).** A computer software program used by the Agency to analyze the total funds provided to a multi-family housing project to ensure that the Agency is not providing excess assistance.

**Tenant or co-tenant.** An individual who signs a lease and occupies or will occupy a rental unit in a multi-family housing project. The term tenant or co-tenant also refers to a member of cooperative housing occupying or planning to occupy a dwelling unit in cooperative housing.

**Tenant contribution.** The net or gross amount due from a tenant to pay for occupancy of a rental unit in a multi-family housing project.

(1) Net tenant contribution equals the amount of rent paid by a tenant from the tenant's own resources.

(2) Gross tenant contribution equals the amount of rent plus the utility allowance paid by tenants from their own resources.

**Total development cost (TDC).** The cost of constructing, purchasing, improving, altering, or repairing multi-family housing and related facilities, buying household furnishings (for sections 514/516 only), and purchasing or improving the necessary land, including architectural, engineering, or legal fees, and charges and other technical and professional fees and charges, but excluding fees, charges, or commissions such as payments to brokers, negotiators, or other persons for the referral of prospective applicants or solicitations of loans. Although a developer's fee is part of the project's development cost for purposes of tax credit calculations basis, such fees are not eligible for payment from Agency loan or grant funds and are not included in determining the Agency authorized development cost.

**Utility allowance.** An amount determined by a borrower as the amount to be considered a tenant's portion of utility cost in the calculation of a

tenant's total shelter cost when utility costs are not included in the rent.

**Very low-income household.** A household that has an adjusted income that does not exceed the HUD established very low-income limit (generally 50 percent of median income adjusted for household size in the county where the property is or will be located).

**Workout agreement.** An agreement between a borrower and the Agency listing actions to be taken over a period of time to prevent or correct a compliance violation or to cure a monetary or non-monetary default.

#### **§§ 3560.12–3560.49 [Reserved]**

#### **§ 3560.50 OMB control number. [Reserved]**

### **Subpart B—Direct Loan and Grant Origination**

#### **§ 3560.51 General.**

This subpart contains the Agency's loan origination requirements for multi-family housing direct loans for Rural Rental Housing, Rural Cooperative Housing, and Farm Labor Housing. Additional requirements for farm labor housing loans and grants are contained in subpart L for Off-Farm Labor Housing and subpart M for On-Farm Labor Housing.

#### **§ 3560.52 Program objectives.**

The Agency uses appropriated funds to finance the construction, rehabilitation of program properties, or purchase and rehabilitation of multi-family housing and related facilities to serve eligible persons in rural areas. The Agency encourages the use of such financing in conjunction with funding or financing from other sources.

#### **§ 3560.53 Eligible use of funds.**

Funds may be used for the following purposes.

(a) **Construct housing.** Funds may be used to construct multi-family housing.

(b) **Purchase and rehabilitate buildings.** Funds may be used to purchase and rehabilitate buildings that have not been previously financed by the Agency.

(1) Rehabilitation must meet the definition of either moderate or substantial rehabilitation as defined in 7 CFR part 1924, subpart A.

(2) The building to be rehabilitated must be structurally sound and the improvements to the building must be necessary to meet the requirements of decent, safe, and sanitary living units.

(3) The total development cost (TDC) for the purchase and rehabilitation of existing buildings must not be more than the estimated TDC for construction