

commercial advertising and other promotions will be evaluated in terms of their benefit to the DoD. A determination as to whether cooperation should be extended will be made by the ASD (PA) (except in the case of DoD component-controlled insignia), in accordance with the provisions of part 237 of this subchapter. The DoD will bear only those advertising costs authorized by section XV of the Armed Services procurement regulation in part 15 of this chapter.

(3) *Filmed material.* Participation in the production of motion pictures and TV programs, including filmed commercials, will be governed by provisions of DoD Instruction 5410.15,¹ "Delineation of DoD Audio-Visual Public Affairs Responsibilities and Policies," and DoD Instruction 5410.16,¹ "Procedures for DoD Assistance on Production of Non-Government Motion Pictures and Television Programs."

(d) *Use of contractor product identification.* DoD components may identify contractors in their information activities whenever the major responsibility for a product (example—an aircraft) can be clearly and fairly credited to an identifiable contractor. In these instances, DoD information releases will include both the manufacturer's name and the DoD component's designation of the product.

(e) *Solicitation.* (1) DoD representatives will not solicit, or authorize others to solicit, from contractors for advertising, contributions, donations, subscriptions, or other emoluments. Where there is a legitimate need for industry promotion items, such as scale models—for example in recruiting programs—the headquarters of the DoD Component concerned may authorize procurement of such items as required.

(2) Defense contractors wanting to distribute items through official DoD channels should be advised to contact the headquarters of the DoD component concerned for guidance.

(f) *Briefings.* (1) Advanced planning briefings for industry are governed by DoD Instruction 5230.14,¹ "Advanced Planning Briefings for Industry."

(2) Classified meetings are governed by DoD Directive 5200.12,¹ "Security

Measures, Approval and Sponsorship for Scientific and Technical Meetings Involving Disclosure of Classified Information."

(g) *Visits to contractor facilities.* (1) Visits to contractor facilities will be governed by the provisions of DoD Manual 5220.22-M,² "Industrial Security Manual for Safeguarding Classified Information (Attachment to DD Form 441)."

(2) When DoD Components desire to sponsor such visits by nationally known press representatives, approval will be obtained from both the contractor and the ASD(PA).

PART 239—HOMEOWNERS ASSISTANCE PROGRAM—APPLICATION PROCESSING

Sec.

239.1 Purpose.

239.2 Applicability and scope.

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239.5 List of homeowners assistance field offices.

APPENDIX A TO PART 239—AGREEMENT, HOMEOWNERS ASSISTANCE PROGRAM AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AUTHORITY: Sec. 1013(f), 80 Stat. 1255, 1292; 42 U.S.C. 3301, 3302, 12 U.S.C. 1715n.

SOURCE: 33 FR 2565, Feb. 3, 1968, unless otherwise noted.

§ 239.1 Purpose.

This part establishes policy and procedures for (a) providing information on eligibility requirements and on benefits available under the Homeowners Assistance Program authorized by Pub. L. 89-754, Demonstration Cities and Metropolitan Development Act of 1966 (80 Stat. 1255, 1290) and (b) initial processing of applications for assistance under the Program.

§ 239.2 Applicability and scope.

The provisions of this part apply to all Department of Defense components. The programs encompasses DoD military and civilian personnel as well as

² Available from Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402—\$3.05.

¹ See footnote 1 on previous page.

affected personnel of other Federal agencies.

§ 239.3 Objective and policy.

(a) It is the objective of the DoD to assure that all applications for assistance under the program are given full consideration and that benefits under the program are extended to all homeowners who are determined to be entitled to assistance in accordance with applicable policies and procedures.

(b) Information on the program will be disseminated on the broadest possible basis by making full use of military and public news media and by distributing a fact sheet,¹ with an application form (DD Form 1607)¹ through military installations and offices and through other Government agencies where practicable.

(c) All possible assistance will be given to prospective applicants by explaining the program as described in the fact sheet, verifying employment or military service records, and advising in the preparation of the application form.

§ 239.4 Procedures.

(a) Pursuant to the provisions of DoD Directive 5100.54, "Homeowners Assistance Program," December 29, 1967¹ the Department of the Army will establish a central office to administer, manage, and execute the program under policies and procedures prescribed by the Assistant Secretaries of Defense (Installations and Logistics) or (Comptroller). In implementing the program that office or field components thereof will take all appropriate actions, including but not limited to:

(1) Determination that a specific installation meets the requirements of Pub. L. 89-754, Demonstration Cities and Metropolitan Development Act of 1966 (80 Stat. 1255, 1290);

(2) Determination as to the eligibility of each applicant;

(3) Determine and advise as to the most appropriate type of assistance for each applicant;

(4) Determine amounts to be paid and make such payments or, when appropriate, authorize and arrange for Fed-

eral acquisition of the applicant's property; and

(5) Maintain such records and prepare such reports as may be necessary and/or required by ASD (I&L) and ASD (Comp). Field offices will be established at convenient locations throughout the United States to execute various functions of the central office as may be designated.

(b) Pursuant to the provisions of DoD Directive 5100.54, "Homeowners Assistance Program," December 29, 1967¹ the Department of the Army will establish an appeals procedure and will adjudicate appeals from applicants previously determined to be ineligible for assistance as well as from those who are dissatisfied with action on their claims.

(c) Each Military Department and Defense Agency will appoint at least one representative at headquarters level to work with the central office and the Offices of ASD (I&L) and ASD (Comp) in order to insure that the operation of the program is effective insofar as that Department or Agency is concerned. Each military installation will establish liaison with the nearest field office to obtain any further guidance or assistance desired.

(d) Each Department of Defense component will be furnished an initial supply of the application form and related fact sheet for distribution on a worldwide basis. An appropriate supply thereof will be distributed to each installation having a military or civilian personnel officer and also to such other activities and establishments as recruiting offices, reserve training centers, procurement offices, radar and missile sites, quality control offices, communications stations, etc., so that each may serve as a source of information on the program. Subsequent supplies of the application form and fact sheet will be procured by each DoD component as required.

(e) Each installation or establishment not having a military or civilian personnel officer will be prepared to discuss the information contained in the fact sheet with each prospective applicant and to direct him to the nearest installation having a personnel or industrial relations officer for a

¹ Filed as part of original document.

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more detailed explanation of the eligibility requirements and for initial processing of his application.

(f) Each installation or establishment having a military or civilian personnel officer will insure that such officers, or other appropriate officers or officials, are designated to:

(1) Provide information on the program in response to all inquiries, whether from prospective applicants or other interested parties. This will include explaining the purpose of the program, discussing eligibility requirements and benefits, providing copies of the fact sheet and application forms, and referring applicants to legal assistance officers for answers to questions of a legal nature.

(2) Advise applicants in filling out Parts I and II of DD Form 1607¹ (emphasizing the need for accuracy and answering all pertinent questions) and in determining what documents and other material would be acceptable as proof of homeownership and occupancy.

(i) Evidence of homeownership may include contract of sale or deed to the applicant, receipts for mortgage and tax payments, etc. as well as contract of sale or deed of conveyance from the applicant, record of foreclosure, etc. if the home has been disposed of.

(ii) Evidence of occupancy of the home by the applicant may include receipted utility bills, appointment affidavit (Standard Form 61), official correspondence or other Government forms showing the officially recognized residence address.

(iii) Documents submitted in evidence of homeownership and occupancy should be notarized or certified true copies which are complete, accurate, and legible. Certification by the applicant will be acceptable. Note that generally original copies should not be submitted because DoD cannot be responsible for the safekeeping or return of original documents.

(3) Upon receipt of a DD Form 1607¹ with Parts I and II completed, execute Part III of the form indicating the results of review of the applicant's service or employment. Official personnel records will be the only source of proof of service or employment; when such

records are not available locally, they will be reviewed by reference to the National Personnel Records Center in St. Louis, to the personnel office at the applicant's current place of military service or Federal employment, or to any other office where the records are held.

(i) If the review verifies that the applicant was serving or employed after November 1, 1964, or meets prescribed exceptions to that date, the personnel officer or other appropriate official will forward to the appropriate field office the completed DD Form 1607¹ with all supporting documents, in triplicate, together with a return envelope addressed to the applicant, for use by the field office in acknowledging receipt of the application. The application will be forwarded to the field office having jurisdiction for the purpose of this program over the base or installation where the applicant was serving or employed at the time of the closure announcement. The list of States (§239.5), or parts thereof, covered by each field office will be used for this purpose. The map¹ may also be used as an aid in this determination.

(ii) If the review does not verify the applicant's statement of service or employment as prescribed in paragraph (f)(3)(i) of this section, the personnel officer will enter a statement to that effect in Part III of the DD Form 1607¹ giving details of any discrepancies. The form will then be returned to the applicant, who will be advised that he may forward his application, with a return envelope addressed to himself, to the appropriate field office for further review.

(iii) At the time of action under paragraph (f)(3) (i) or (ii) of this section the applicant will be informed that all future inquiries regarding his application must be directed to the field office.

(4) Each installation or establishment which is designated to perform the actions required under this paragraph (f) will maintain a chronological record of each inquiry regarding the program with appropriate notation as to disposition for submission of periodic reports as required to the nearest field office.

¹Filed as part of original document.

§ 239.5 List of homeowners assistance field offices.

| Installation ordered to be closed in whole or in part located in: | Send application to: | Map reference |
|---|---|---------------|
| Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. | U.S. Army Engineer Division, 424 Trapelo Rd., Waltham, Mass. 02154. | 1 |
| New York, New Jersey | U.S. Army Engineer District, 1 11 East 16th St., New York, N.Y. 10003. | 2 |
| Maryland, Delaware, District of Columbia, Pennsylvania, east of and excluding McKean, Elk, Clearfield, Blair, and Bedford Counties. | U.S. Army Engineer District, Post Office Box 1715, Baltimore, Md. 21203. | 3 |
| Virginia | U.S. Army Engineer District, Fort Norfolk, 803 Front St., Norfolk, Va. 23510. | 4 |
| Georgia, North Carolina, South Carolina | U.S. Army Engineer District, Post Office Box 889, Savannah, Ga. 31402. | 5 |
| Florida, east of and excluding Leon and Wakulla Counties. | U.S. Army Engineer District, Post Office Box 4970, Jacksonville, Fla. 32201. | 6 |
| Florida, west of and including Leon and Wakulla Counties, Alabama, Mississippi, Tennessee. | U.S. Army Engineer District, Post Office Box 2288, Mobile, Ala. 36601. | 7 |
| Kentucky, Ohio, Indiana, Clark, Floyd, and Jefferson Counties only, West Virginia, Pennsylvania, west of and including McKean, Elk, Clearfield, Blair, and Bedford Counties. | U.S. Army Engineer District, Post Office Box 59, Louisville, Ky. 40201. | 8 |
| Illinois, Indiana except Clark, Floyd, and Jefferson Counties, Michigan, Minnesota, Wisconsin. | U.S. Army Engineer District, 219 South Dearborn St., Chicago, Ill. 60604. | |
| Colorado, Iowa, Nebraska, North Dakota, South Dakota, Wyoming. | U.S. Army Engineer District, 6012 USPO and Courthouse, 215 North 17th St., Omaha, Nebr. 68102. | 10 |
| Kansas, Missouri | U.S. Army Engineer District, 700 Federal Office Bldg., 601 East 12th St., Kansas City, Mo. 64106. | 11 |
| Arkansas, Louisiana, Oklahoma, Texas, east of and including Hardeman, Foard, Knox, Haskell, Jones, Taylor, Runnels, Concho, Menard, Kimble, Val Verde, Kinney, Maverick, Witt, Zapata, Starr, Hidalgo and Cameron Counties. | U.S. Army Engineer District, Post Office Box 17300, Fort Worth, Tex. 76102. | 12 |
| New Mexico, Texas, west of and including Lipscomb, Hemphill, Wheeler, Collingsworth, Childress, Cottle, King, Stonewall, Fisher, Nolan, Coke, Tom Greene, Schleicher, Sutton, and Terrell Counties. | U.S. Army Engineer District, Post Office Box 1580, Albuquerque, N. Mex. 87103. | 13 |
| California, south of and including San Luis Obispo, Kern, and Inyo Counties, Arizona, Nevada, Clark, and Lincoln Counties only. | U.S. Army Engineer District, Post Office Box 2711, Los Angeles, Calif. 90053. | 14 |
| California, north of and including Monterey, Kings, Tulare, and Mono Counties, Nevada, except Clark and Lincoln Counties, Utah. | U.S. Army Engineer District, 650 Capitol Mall, Sacramento, Calif. 95814. | 15 |
| Idaho, Montana, Oregon, Washington | U.S. Army Engineer District, 1519 Alaskan Way, South, Seattle, Wash. 98134. | 16 |
| Alaska | U.S. Army Engineer District, Post Office Box 7002, Anchorage, Alaska 99501. | None |
| Hawaii | U.S. Army Engineer District, Fort Armstrong, Honolulu, Hawaii 96813. | None |

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APPENDIX A TO PART 239—AGREEMENT,
HOMEOWNERS ASSISTANCE PROGRAM
AGREEMENT BETWEEN THE DEPARTMENT
OF DEFENSE AND THE DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

ARTICLE I—INTRODUCTION

SECTION 1. Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Pub. L. 89-754, enacted Nov. 3, 1966) authorizes the Secretary of Defense to

provide assistance to owners of one- or two-family dwellings located at or near military installations, ordered to be closed in whole or in part subsequent to November 1, 1964, when certain determinations have been made with respect to eligibility. In certain instances this assistance may be rendered by acquiring title to the properties of such owners under terms and conditions prescribed by the statute.

SEC. 2. Section 1013(d) of the Act provides a fund for the purpose of this program, which has been established as the Homeowners

Assistance Fund, Defense. Section 1013(g) authorizes the Secretary of Defense to enter into agreement with the Secretary of Housing and Urban Development with respect to administration of the program. This agreement is executed on behalf of the Secretary of Defense by the Assistant Secretary of Defense (Installations and Logistics) pursuant to delegation of authority contained in DoD Directive 5100.54, dated December 29, 1967 (33 FR 2570) and by the Secretary of Housing and Urban Development.

SEC. 3. For the purposes of this agreement, the following definitions shall apply:

(a) *Act* means section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, enacted November 3, 1966.

(b) *Secretary of Defense* means the Secretary of Defense or an officer or employee of the Department of Defense empowered to exercise any of the functions of the Secretary of Defense under the Act.

(c) *DoD* means the Department of Defense.

(d) *Secretary, HUD* or *HUD* means the Secretary of Housing and Urban Development or an officer or employee of the Department of Housing and Urban Development empowered to exercise any of the functions of the Secretary of Housing and Urban Development under the Act.

(e) *Corps* means the Office of the Chief of Engineers, Department of the Army.

(f) *Division/District Engineer* means either the Division Engineer of the Corps or the District Engineer of the Corps, as applicable under the circumstances, having military jurisdiction in the area in which the property is located.

(g) *FHA* means the Federal Housing Administration.

(h) *Assistant Commissioner-Comptroller* means the Assistant Commissioner-Comptroller of the Federal Housing Administration.

(i) *FHA Insuring Office* means the local insuring office of FHA having jurisdiction over the area where the property is located.

(j) *Fund* means the Homeowners Assistance Fund, Defense, established pursuant to the authority contained in section 1013(d) of the Act.

(k) *Acquired property* means property acquired pursuant to the Act.

ARTICLE II—POLICY AND OBJECTIVE

SECTION 1. As more fully set forth below, Secretary, HUD will accept custody, subject to funds made available by DoD, of property acquired pursuant to the Act and maintain, manage, and dispose of such properties on behalf of the Secretary of Defense. In the event the Fund no longer has any monies available, the Secretary, HUD may terminate this Agreement and DoD shall in that event assume custody and responsibility for all properties accepted, and mortgage pay-

ment liabilities assumed, by HUD pursuant to this agreement. It is the agreed objective that acquired properties will be held, managed and disposed of in such a way as to:

(a) Avoid further depression of local real estate market conditions in areas where the housing market is depressed, and

(b) Consistent with item (a) above and with the desirability of disposing of the properties as rapidly as feasible, seek to obtain the best possible financial return to the Fund. During the period properties are held by FHA, and when it is feasible and in the best interest of the Government, consistent with HUD/FHA policy as to Secretary, HUD-owned property in the areas acquired in the course of FHA mortgage insurance operations, properties will be rented to third parties at rates generally obtainable for comparable properties in the area.

SEC. 2. The Secretary of Defense and the Secretary, HUD will expedite action in all offices and at all levels of their organizations relative to matters that are the subject of this agreement, and each will use all available means to assure that the purposes of the Act are accomplished in accordance with the spirit and intent of the Act.

ARTICLE III—ACQUISITION AND ASSUMPTION OF CUSTODY

SECTION 1. As to properties acquired by the Corps under this Act, acquisition will be accomplished by the Division/District Engineer, who will negotiate with the owner as to terms, will effect the closing, and will pay to the property owner such sums as may be due to him. The Division/District Engineer will obtain a merchantable title to the property which meets the title requirements of the Attorney General of the United States.

SEC. 2. HUD/FHA, on behalf of the Fund, will assume custody of properties acquired as of the date that title in the property vests in the United States, for the purpose of holding, managing, renovating, renting, and disposing of said properties. The District/Division Engineer will file the deed for record promptly upon title vesting in the United States, and on the same date will notify the FHA insuring office of the acquisition, using FHA Form 1174,¹ Notice of Military Acquisition, copy attached hereto and made a part hereof, and will on the same date forward the keys to the property and any other data concerning the property which is requested by FHA to the FHA insuring office. The original and two copies of FHA Form 1174, completely executed, will be forwarded to the FHA insuring office for each property acquired. The FHA insuring office will assign an FHA identification number to the property, insert this identification number on one copy of Form

¹ Filed as part of original document.

1174 and promptly return this copy to the Division/District Engineer.

SEC. 3. Properties acquired pursuant to the Act shall be conveyed to, and acquired in the name of, the United States. Title to the properties shall be of sufficient quality and standard as to be readily merchantable in the locality. Encumbrances that do not affect the merchantability of the properties, such as easements for roads and utilities will not be required to be cleared from the title. In the event HUD/FHA determines that there is any encumbrance to title which, under local custom and legal procedures of the situs of the property, would preclude or diminish HUD/FHA's ability to dispose of the property, it is agreed that HUD/FHA may remove the encumbrance and that the costs of such removal will be borne by the Fund. In those instances where a defect in title is discovered, the Fund will be responsible for the cost of curing said defect.

SEC. 4. As a prerequisite to acquisition of the property, the Division/District Engineer will procure adequate title evidence covering the property and will have the title evidence continued through the date and time of recording the deed to the United States. When the opinion of the Attorney General approving the title has been received, the Division/District Engineer will transmit same by FHA Form 1175,¹ Transmittal of Recorded Deed and Title Assembly, copy attached hereto and made a part hereof, together with the recorded deed and other muniments of title, to the FHA Assistant Commissioner-Comptroller at his offices in Washington, D.C.

SEC. 5. Where title to a property is acquired subject to the existing mortgage, the Government will assume and agree to pay said mortgage in accordance with the terms of the mortgage. The mortgage will not be prepaid unless HUD/FHA determines that prepayment is mandatory to enable HUD/FHA to effectively manage and dispose of the property.

SEC. 6. Any mortgage, other than a first mortgage, which is assumed by the Government pursuant to the Act, will be paid off as a part of the closing of the purchase transaction. All mortgage arrears existing with respect to the first mortgage will be brought current at the time of the property acquisition. If HUD/FHA ascertains that mortgage arrears have not been brought current, HUD/FHA is authorized to make the necessary payment to restore the mortgage account to a current condition and the Fund will bear the costs of same.

SEC. 7. Possession of acquired properties will normally be obtained at the time title is vested in the United States and at the time FHA Form 1174 is forwarded to HUD/FHA. Properties will be delivered vacant to FHA, except in the following circumstances:

(a) HUD/FHA will accept custody of a property occupied under a lease which cannot be terminated and has an unexpired portion of less than 1 year provided all payments due under the lease are current, and provided, further, that the lessee will waive any right to exclusive extension of the lessee, other than month-to-month occupancy.

(b) Owners or tenants, on a month-to-month basis, of acquired properties may be permitted a 30-day period following acquisition of title in the name of the United States to vacate the property.

(c) Upon agreement with the Director of the FHA insuring office, HUD/FHA will accept custody of properties occupied under leases in excess of a year's duration.

SEC. 8. In cases where properties are acquired subject to existing leases, the leases must be assigned and transferred to the United States. Such leases will be delivered to the FHA insuring office with FHA Form 1174. All costs of eviction incurred by HUD/FHA will be reimbursed by the Fund. Except in cases involving a lease in which the unexpired portion is less than 1 year, no agreement shall be entered into with owners or occupants of properties to be acquired concerning their continued occupancy in the property without prior written approval of the Director of the FHA insuring office and the tenure of any occupancy will be entirely at the option of the FHA insuring office.

SEC. 9. The Government will normally be a self-insurer of acquired properties and hazard insurance will be cancelled by HUD/FHA as soon as possible after passing of title. Any unearned premium will be the property of the former owner who will be responsible for claiming same from the insurer. The Department of Defense understands that the decision as to whether or not hazard insurance must be carried is that of the mortgagee and HUD/FHA must abide by the requirements of the mortgagee. In the event the mortgagee, pursuant to the terms of the mortgage, requires that hazard insurance be carried, HUD/FHA will obtain a hazard insurance policy on the property in an amount sufficient to comply with the mortgage. In the event hazard insurance is obtained, HUD/FHA will pay for such insurance and will be reimbursed from the Fund.

ARTICLE IV—MAINTENANCE, MANAGEMENT AND DISPOSAL

SECTION 1. To the extent not inconsistent with the provisions of this Agreement, HUD/FHA will maintain, manage, renovate, rent, sell, and dispose of the acquired properties in the same manner and under the same procedures as are used by HUD/FHA for properties acquired pursuant to FHA insurance contracts. HUD/FHA will give neither advantage nor disadvantage insofar as sale or other activity is concerned to properties acquired pursuant to this Agreement. HUD/FHA will

treat such properties in the same manner as properties acquired pursuant to FHA insurance contracts. HUD/FHA is hereby authorized to repair, renovate, restore, or take any protective maintenance deemed necessary by HUD/FHA insofar as any property covered by this Agreement is concerned. The terms of rental, sale for cash or credit or by assumption of the existing mortgage, or by other means of disposal of any property covered by this Agreement which is contracted for or otherwise entered into by FHA shall be final.

SEC. 2. While any acquired property is under HUD/FHA's custody, payments in lieu of taxes will be made by the FHA Assistant Commissioner-Comptroller to local taxing authorities in amounts equivalent to the taxes which would be payable were the properties in private hands, except when the Government is making expenditures for streets, utilities or other public services. In such cases, the Division/District Engineer will advise the FHA Assistant Commissioner-Comptroller of such expenditures and specify what allowances are to be deducted. It shall be the responsibility of the Division/District Engineer to advise the FHA Assistant Commissioner-Comptroller in such cases sufficiently prior to the time that the Assistant Commissioner-Comptroller makes payment of any tax bill received by FHA on acquired properties. In the event that such notice is not received from the Division/District Engineer by such time, the Assistant Commissioner-Comptroller may pay the amount of the net tax bill without penalties.

SEC. 3. This agreement contemplates that disposal of the properties will be accomplished by the financing arrangements available to HUD/FHA and beneficial to DoD. The following financial arrangements will generally be used and FHA will be guided by the same considerations that govern FHA sales of its properties:

1. Sale of the property for cash or through the use of a conventional uninsured mortgage.
2. Sale of the property providing for assumption of the existing mortgage indebtedness by the buyer or sale of the property subject to the existing mortgage indebtedness.
3. Sale of the property by use of FHA's insured private financing program or FHA's instant FNMA closing program if available.
4. Sale of the property by use of a purchase money mortgage taken by the Secretary, Department of Housing and Urban Development. In those cases where an existing mortgage is assumed and the assumptor subsequently defaults, the Fund will be responsible for all costs, expenses or losses sustained by HUD/FHA in satisfying the Government's liability on the mortgage. In the event it is advantageous to the Government to sell by assumption and the sales price is less than the outstanding mortgage balance, the Fund shall be responsible for the money

which is required to reduce the outstanding principal balance of the mortgage. When, in order to facilitate the sale of acquired properties, FHA insures the mortgage, the Fund will be responsible for all expenses incurred by FHA on the first sale, including losses in connection therewith, as computed by the FHA Assistant Commissioner-Comptroller.

ARTICLE V—FINANCING, ACCOUNTING, AND REPORTING

SECTION 1. The Corps will furnish to HUD/FHA by June 1 of each year an estimate of the number of housing units expected to be acquired and transferred to HUD/FHA during the succeeding fiscal year and those during the following budget year. The estimates will show the number of housing units, FHA insuring office jurisdiction, estimated average monthly principal and interest payments and expected quarterly phasing of transfer to FHA.

On August 1 of each year HUD/FHA will submit a budget estimate to the Corps setting forth the estimated financial requirements for the activities that FHA is to perform for the Secretary of Defense pursuant to the terms of this agreement covering the then current fiscal year and the following budget year. The estimate, in terms of obligations/expenditures, should be by FHA insuring office jurisdiction and in the same cost categories as maintained in the automatic tape record as set forth in Article V, section 2, for each acquired property and as included in the monthly reimbursement request set forth in Article V, section 3, for all other expenses. On May 1 of each year FHA will furnish to the Corps in the same format as the August 1 statement an updated estimate of obligations/expenditures then estimated to be incurred in the succeeding fiscal year.

Based on the estimated financial requirements, in consonance with budgetary and appropriation actions, the Corps will issue to FHA on July 1 of each year a reimbursable order including an obligation/expenditure limitation as to the amount which the FHA may, on a net basis, obligate/ expend in anticipation of reimbursement from the Fund for that fiscal year. FHA will promptly advise the Corps whenever it determines that the performance of its responsibility under this Agreement requires any adjustment, together with an estimate and explanation of the changes needed so as to permit the continued effective operation of the program as contemplated under this agreement. The Corps of Engineers will arrange to provide for the necessary adjustment within its authority. Where this is unfeasible the Corps of Engineers will submit the requirement promptly to the Secretary of Defense. The Secretary of Defense will either provide the additional resources required or will directly

advise FHA as to the course of action necessary to be taken pending the availability of additional resources.

SEC. 2. The FHA will maintain in its automated tape records an account for each acquired property. The account will separately identify each of the following:

(a) The FHA identification number, which will be assigned by the FHA insuring office. The Corps will be advised of the FHA identification number on the copy of the FHA Form 1174 returned to the Corps per Article III, section 2.

(b) Property address, entered by the Corps on the FHA Form 1174 within the space allotted in ADP records.

(c) Outstanding mortgage balance at acquisition.

(d) Property acquired. Contra to (c) above, this will be established in the same amount and will offset the outstanding mortgage balance. In the event a property is sold with the purchaser assuming the mortgage or with FHA taking a purchase money mortgage the outstanding balance assumed by the purchaser or the amount of the purchase money mortgage accepted will be recorded as a reduction of the amount originally established.

(e) Principal payments including prepayments of the entire balance when necessary by FHA on the mortgage.

(f) Interest payments by FHA on the mortgage.

(g) Payments in lieu of taxes and insurance payments by FHA. The Corps will notify FHA on the FHA Form 1174 of Escrow Accounts retained by the mortgagee.

(h) Maintenance and operating expenses paid by FHA including any special payments for evictions and removal of title impediments. Direct expense transactions of \$100 or more will be a direct charge to the affected property account. All other expenses, generally derived from net settlements with brokers, made pursuant to FHA 2570 Accounting Manual for Acquired Properties, as may be amended from time to time, will be prorated monthly to all home properties in FHA's inventory, including those acquired pursuant to this agreement. Net settlement means expenses paid by brokers less rental collections.

(i) Sales expenses paid by FHA which will be for sales, closing costs, and discount on notes.

(j) Net FHA incurred expense, which will be the net total of amounts recorded in items (e) through (j) of this section.

(k) Gross Sales Price agreed to by FHA. This is not the same as cash proceeds which will be reported separately by FHA.

(l) Net Expense or Collection on Sold Properties, which will be the gross sales price less adjustments to item (d) of this section less item (j) of this section.

(m) A Corps' furnished base identification and homeowner classification code con-

sisting of 7 digits (2 digits for State code and 4 digits for installation number plus the number "2" for civilian or the number "1" for military homeowner).

SEC. 3. FHA will furnish to the Corps the following reports:

(a) Monthly, no later than 30 working days after the end of each calendar month the FHA Form 1131, "Acquired Home Property, Maintenance Phase Trial Balance," showing separate totals to date for items (c) through (l) of Article V, section 2, for each FHA identification number.

(b) Monthly, no later than 30 working days after the end of each calendar month a statement supporting an SF 1080 billing setting forth the following:

(1) Net change in FHA expenses for acquired properties as reported on the current and prior month, Article V, section 3, item (a) reports, separately for "on hand" and for "sold" properties.

(2) Sales proceeds, which will be detailed by the gross sales price agreed to by FHA less amount of mortgages assumed by buyers less purchase money mortgages accepted by FHA.

(3) Principal and interest collections separately on purchase money mortgages.

(4) FHA insuring office expenses directly related to this agreement, developed on basis of reports received in accordance with FHA Manual, Field Expense and Performance Handbook, as may be amended from time to time. This item will be supported by a schedule showing total expenses incurred by each FHA insuring office.

(5) FHA Headquarters expenses directly related to this agreement developed on basis of reports received in accordance with FHA Manual, Departmental Expenses and Performance Handbook, as may be amended from time to time.

(6) HUD departmental level expenses directly related to this program which will include Automatic Data Processing (ADP) services, printing and some other minor expenses, which in the judgment of FHA are appropriately chargeable under this Agreement. ADP services will include the cost of magnetic tapes furnished the Corps under Article V, section 3, item (c) and Article V, section 4, and personal service costs.

Personal service costs included in items (4), (5), and (6) will be limited to those directly related to this program on the basis of time worked and will consist of salary cost plus FICA and the Government contribution for health benefits, life insurance, and retirement funds. An additional 15.9 percent of this total will be added to cover the cost of earned annual leave, sick leave taken, and holiday leave.

(7) Amount due FHA from the Fund or amount due the Fund from FHA.

(c) Quarterly, not later than 30 working days after the end of each calendar quarter a

duplicate of the FHA automated tape record for all acquired properties.

SEC. 4. Whenever FHA determines that they do not plan to offer properties for sale within 12 months after acquisition, the FHA will so advise the Secretary of Defense, with the expected prospects for such disposition. The Secretary of Defense will consult with the FHA on alternative means of disposal in such cases where such alternatives are considered feasible.

SEC. 5. FHA will not drop closed cases for properties acquired pursuant to the Act from the automated tape records except by special agreement with the Corps, at which time a duplicate of FHA's automated tape record of such cases will be furnished to the Corps.

SEC. 6. It is agreed and understood that, in performing the accounting and reporting operations set out herein, FHA will accomplish the objectives using its existing automated data processing routines and programs, and that no special programming or detailed printouts will be required from FHA.

SEC. 7. The Corps, within 6 working days after receipt of a monthly statement indicating an amount due FHA, will reimburse FHA by check for the amount shown on the statement. The check will be made payable to the Federal Housing Administration and will be forwarded to the FHA Assistant Commissioner-Comptroller.

SEC. 8. In those instances where the statement indicates an amount due the Fund, a check payable to the Homeowners Assistance Fund, Defense, for such amount will accompany the monthly statement submitted to the Corps by FHA.

SEC. 9. The following FHA issuances and changes thereto will be furnished to the Corps:

- (a) FHA 2750, Accounting Manual for Acquired Properties;
- (b) FHA Manual, Field Expense and Performance Handbook;
- (c) FHA Manual, Departmental Expense and Performance Handbook.

SEC. 10. FHA will maintain a separate document file for each acquired property. The file will contain at least the FHA Form 1174 and FHA Form 1175 and attachments thereto.

ARTICLE VI—FINALITY OF ACTION

SECTION 1. This agreement embodies the full understanding of the Department of Defense and the Department of Housing and Urban Development concerning their responsibilities and it is understood that all decisions made and all actions taken by HUD/FHA within the terms of this agreement with respect to all aspects of clearing impediments of title, prepayment of mortgages, eviction of occupants, prepayment of hazard insurance coverage premiums, and all other matters relating to the maintenance, management, renovation, rental, sale, or other

disposal of properties and the selection and use of brokers shall be final and conclusive as fully as if made or taken by the Secretary of Defense.

ARTICLE VII—DELEGATION OF AUTHORITY

SECTION 1. The Secretary of Housing and Urban Development is hereby authorized, with respect to acquired properties, to acquire title to, hold, manage, sell for cash or credit by taking a purchase money mortgage in the name of the Secretary of Housing and Urban Development, and, in connection therewith, to execute deeds of conveyance and all other instruments necessary to fulfill the purposes of section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Pub. L. 89-754, enacted Nov. 3, 1966), to issue rules and regulations and to make any or all determinations and to take any or all further actions in connection with acquired properties which the Secretary of Defense is authorized to undertake pursuant to the provisions of the Act. The Secretary of Housing and Urban Development is further authorized to redelegate any of the functions, powers and duties delegated herein to officers and employees of HUD and to authorize successive redelegations.

[34 FR 18031, Nov. 7, 1969]

PART 240—CRITERIA AND PROCEDURES FOR PROVIDING ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES

Sec.

- 240.1 Purpose.
- 240.2 Applicability and scope.
- 240.3 Definitions.
- 240.4 Policy.
- 240.5 Responsibilities.
- 240.6 Procedures.

APPENDIX A TO PART 240—SAMPLE LETTER OF APPLICATION FOR FINANCIAL ASSISTANCE

AUTHORITY: Department of Defense Appropriations Act, 1991, Title II (Pub. L. 101-511, 104 Stat. 1860); 10 U.S.C. 113(d).

SOURCE: 56 FR 28821, June 25, 1991, unless otherwise noted.

§ 240.1 Purpose.

This part establishes policy, assigns responsibilities, and prescribes procedures under Title II of Pub. L. 101-511 for the Department of Defense to provide financial assistance to the LEAs that are heavily impacted by the military presence.

§ 240.2 Applicability and scope.

This part applies to: