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such action necessary to preclude the further expenditure of funds for activities affected by the failure to comply.

(b) Proceedings. When HUD proposes to take action pursuant to this section, the respondent in the proceedings will be the participating jurisdiction or, at HUD’s option, the State recipient. Proceedings will be conducted in accordance with 24 CFR part 26.


Subpart M—American Dream Downpayment Initiative

Source: 69 FR 16766, Mar. 30, 2004, unless otherwise noted.

§ 92.600 Purpose.

This subpart describes the requirements for the HOME Program American Dream Downpayment Initiative (ADDI). Through the ADDI, HUD makes formula grants to participating jurisdictions that qualify for allocations to assist low-income families achieve homeownership in accordance with the provisions of this subpart. Unless otherwise noted in this subpart, the HOME Program requirements contained in subparts B through L of this part do not apply to the ADDI.

§ 92.602 Eligible activities.

(a) Eligible activities. ADDI funds may only be used for:

(1) Downpayment assistance towards the purchase of single family housing by low-income families who are first-time homebuyers; and

(2) Rehabilitation that is completed in conjunction with the home purchase assisted with ADDI funds. The rehabilitation assisted with ADDI funds, including the reduction of lead paint hazards and the remediation of other home health hazards, must be completed within one year of the purchase of the home. Total rehabilitation shall not exceed 20 percent of the participating jurisdiction’s ADDI fiscal year formula allocation. FY2003 ADDI funds may not be used for rehabilitation.

(3) Manufactured housing. ADDI funds may be used to purchase a manufactured housing unit and purchase a manufactured housing lot. The manufactured housing unit must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing owner, owned as a cooperative, or is subject to a leasehold interest with a term equal to at least the term of the mortgage financing on the unit or the period of affordability (whichever is greater).

(b) Eligible project costs. ADDI funds may be used for the following eligible costs:

(1) Acquisition costs. The costs of acquiring single family housing.

(2) Rehabilitation costs. The eligible development hard costs for rehabilitation projects described in §92.206(a) and the costs for reduction of lead paint hazards and the remediation of other home health hazards. FY2003 ADDI funds may not be used for rehabilitation.

(3) Related soft costs. Reasonable and necessary costs incurred by the homebuyer or participating jurisdiction and associated with the financing of single family housing acquisition and rehabilitation. These costs include, but are not limited to:

(i) Costs to process and settle the financing for purchase of a home, such as private lender origination fees, credit report fees, fees for title evidence, fees for recordation and filing of legal documents, attorneys fees, and private appraisal fees.

(ii) Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups.

(iii) Costs to provide information services, such as fair housing information to prospective homeowners.

(iv) Staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting a potential homebuyer (e.g., housing counseling), which may be charged to project costs only if the individual purchases single family housing with ADDI assistance.

(v) Costs of environmental review and release of funds (in accordance with 24 CFR part 58) that are directly related to the project.