§ 200.850

Subpart P—Physical Condition of
Multifamily Properties

SOURCE: 65 FR 77240, Dec. 8, 2000, unless
otherwise noted.

§ 200.850 Purpose.

The purpose of this subpart is to es-
tablish the physical conditions standards and physical inspection require-
ments that are applicable to certain multifamily housing properties.

§ 200.853 Applicability.

This subpart applies to:
(a) Housing assisted by HUD under the following programs:
(1) All Section 8 project-based assistance. “Project-based assistance” means Section 8 assistance that is at-
tached to the structure (see 24 CFR 982.1(b)(1) regarding the distinction be-
tween “project-based” and “tenant-
Based” assistance);
(2) Section 202 Program of Supportive
Housing for the Elderly (Capital Ad-
nances);
(3) Section 811 Program of Supportive
Housing for Persons with Disabilities
(Capital Advances); and
(4) Section 202 loan program for
projects for the elderly and handi-
capped (including 202/8 projects and 202/
162 projects).
(b) Housing with mortgages insured
or held by HUD, or housing that is re-
ceiving insurance from HUD, under the
following authorities:
(1) Section 207 of the National Hous-
ing Act (NHA) (12 U.S.C. 1701
et seq.) (Rental Housing Insurance);
(2) Section 213 of the NHA (Coopera-
tive Housing Insurance);
(3) Section 220 of the NHA (Rehabili-
tation and Neighborhood Conservation
Housing Insurance);
(4) Section 221(d)(3) of the NHA (Mar-
ket Interest Rate (MIR) Program);
(5) Section 221(d)(3) and (5) of the
NHA (Below Market Interest Rate
(BMIR) Program);
(6) Section 221(d)(4) of the NHA
(Housing for Moderate Income and Dis-
placed Families);
(7) Section 231 of the NHA (Housing
for Elderly Persons);
(8) Section 232 of the NHA (Mortgage
Insurance for Nursing Homes, Inter-
mediate Care Facilities, Assisted Liv-
ing Facilities, Board and Care Homes);
(9) Section 234(d) of the NHA (Rental)
(Mortgage Insurance for Condomini-
ums);
(10) Section 236 of the NHA (Rental
and Cooperative Housing for Lower In-
come Families);
(11) Section 241 of the NHA (Supple-
mental Loans for Multifamily
Projects). (Where, however, the pri-
mary mortgage of a Section 241 prop-
erty is insured or assisted by HUD
under a program covered in this part,
the coverage by two HUD programs
does not trigger two inspections); and
(12) Section 542(c) of the Housing and
Community Development Act of 1992
(12 U.S.C. 1707 note) (Housing Finance
Agency Risk Sharing Program).

§ 200.855 Physical condition standards
and physical inspection require-
ments.

(a) Applicable standards and require-
ments. The physical condition standards and physical inspection require-
ments in 24 CFR part 5, subpart G, are
applicable to the properties assisted or
insured that are listed in § 200.853.
(b) Entity responsible for inspection of
property. The regulations that govern
the programs listed in § 200.853, or regu-
latory agreements or contracts, iden-
tify the entity responsible for con-
ducting the physical inspection of the
property which is HUD, the lender or
the owner. For properties with more
than one HUD insured loan, only the
first mortgage lender is required to
conduct the physical inspection. The
second mortgage lender will be pro-
vided a copy of the physical inspection
report by the first mortgage lender.
(c) Timing of inspections. (1) For a
property subject to an annual inspec-
tion under this subpart, the inspection
shall be conducted no earlier than 9
months and no later than 15 months
from the date of the last required in-
spection. In no event, however, shall
the physical inspection be conducted
after the end of the calendar year fol-
lowing the one year anniversary date
of the last required inspection.
(2) For a property subject to an in-
spection every two years under this
subpart, the inspection shall be con-
ducted no earlier than 21 months and
§ 200.857 Administrative process for scoring and ranking the physical condition of multifamily housing properties.

(a) Scoring and ranking of the physical condition of multifamily housing properties. (1) HUD’s Real Estate Assessment Center (REAC) will score and rank the physical condition of certain multifamily housing insured properties listed in § 200.853 in accordance with the procedures described in this section. The physical condition inspection of the property, upon which REAC bases its score and ranking, is conducted by the responsible entity in accordance with § 200.855.

(2) Depending upon the results of its physical condition inspection, a multifamily housing property will be assigned one of three designations—standard 1 performing, standard 2 performing, and standard 3 performing—in accordance with the ranking process described in paragraph (b) of this section.

(b) Methodology for Ranking. (1) Multifamily housing properties will be ranked in accordance with the methodology provided in this paragraph (b). Multifamily housing properties are scored on the basis of a 100 point scale. Because scores may include fractions, a score that includes a fraction below one half point will be rounded to the next lower full point and a score that includes a fraction of one half point or higher will be rounded to the next higher full point (e.g., 89.4 will be rounded to 89, 89.5 will be rounded to 90).

(i) Standard 1 Performing Property. If a property receives a score of 90 points or higher on its physical condition inspection, the property will be designated a standard 1 performing property. Properties designated as standard 1 performing properties will be required to undergo a physical inspection once every three (3) years.

(ii) Standard 2 Performing Property. If a property receives a score of 80 points or higher but less than 90 on its physical condition inspection, the property will be designated a standard 2 performing property. Properties designated as standard 2 performing properties will be required to undergo a...