
CHAPTER 1. DEFINITIONS

- 1-1. "ACT" means the National Housing Act, as amended.
- 1-2. "ACTUAL COSTS" means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Secretary, and other items of expense incidental to development which may be approved by the Secretary. If the Secretary determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for the contractor's profit in an amount deemed reasonable by the Secretary.
- 1-3. "ACQUISITION-WITH REHABILITATION." Existing housing, including site, which, when acquired by the Local Authority, requires substantial alteration, repair or improvement at a cost-ratio of 20 percent or more of total development cost for multi-family housing or 25 percent or more of total development cost for single family housing (detached, duplex or row house); and, after acquisition, such work is done either by employees of the Local Authority or pursuant to a contract let by the Authority, or partly by force account and partly by contract.
- 1-4. "ACQUISITION-WITHOUT REHABILITATION." Existing housing, including site, which, when acquired by the Local Authority, does not require substantial alteration, repair or improvement; or requires alteration, repair or improvement at a cost-ratio of less than 20 percent of the total development cost for multi-family housing or less than 25 percent of total development cost for single family housing (detached, duplex or row house).
- 1-5. "ADJUSTED ANNUAL INCOME" means the annual family income remaining after making certain exclusions from gross annual income. The following items shall be excluded, in the order listed, from family gross annual income.
- a. 5 percent of such gross annual income, in lieu of amounts to be withheld (social security, retirement, health insurance, etc);

- b. Any unusual income or temporary income, as defined by the Assistant Secretary-FHA Commissioner;
 - c. The earnings of each minor in the family who is living with such family, plus the sum of \$300 for each such minor.
- 1-6. "ADJUSTED MORTGAGE INSURANCE PREMIUM" means the premium paid by the mortgagee to the Assistant Secretary-FHA Commissioner in consideration of termination of the contract of insurance by reason of prepayment in full of the mortgage.
- 1-7. "ANALYSIS OF LOCATION" means the evaluation of the quality of a site compared with that of other competitive sites.
- 1-8. "APPROVED PERCENTAGE" means 90 percent in the case of an Investor Project, and 97 percent in the case of a Management, Sales or Existing Construction Project.
- 1-9. "ARCHITECTURAL ANALYSIS" means the analysis of the characteristics of the property to determine its quality and acceptability as physical security for, HUD-FHA mortgage insurance.
- 1-10. "BEGINNING OF AMORTIZATION" means the date one month prior to the date of the first monthly payment to principal and interest.
- 1-11. "BUILDER-SELLER MORTGAGOR" means a special type of limited distribution mortgagor, which is: To construct or rehabilitate a multifamily project and which has entered into a written agreement with a qualified private nonprofit corporation to sell the project (upon final endorsement) to the nonprofit corporation at a purchase price not to exceed the certified actual cost of the project.
- 1-12. "CERTIFICATE OF ELIGIBILITY" means the official certificate issued by the Secretary of Defense to the Assistant Secretary - FHA Commissioner which established that the person designated on the certificate as the serviceman has met the eligibility requirements set forth in Section 222 of the National Housing Act as amended.
- 1-13. "COMMISSIONER" means the Assistant Secretary-Federal Housing Commissioner or his authorized representative.
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- 1-14. "COMMON AREAS AND FACILITIES" means those areas of the project and of the property upon which it is located that are for the use and enjoyment of the owners of family units located in the project. The areas may include the land, roofs, main walls, elevators, staircases, lobbies, halls, parking space and community and commercial facilities.
- 1-15. "COMPETITIVE LOCATIONS." Locations are construed to be competitive when they are improved with, or appropriate for residential properties that are approximately similar in accommodations, and are within a sales price range or rental range that proves acceptable to typical residents or prospective occupants of the same segment of the market.
- 1-16. "CONSUMER COOPERATIVE" means:
- a. A nonprofit cooperative ownership housing corporation or trust which is the owner of an Existing Construction subject to an outstanding indebtedness and is approved by the Assistant Secretary-FHA Commissioner for refinancing the indebtedness with an insured mortgage; or
 - b. A nonprofit cooperative ownership housing corporation or trust organized for the purpose of purchasing an Existing Construction, the members and organizers of which do not have an identity of interest with the seller of the Existing Construction except where the Assistant Secretary-FHA Commissioner has approved such interest as being consistent with the objectives of the cooperative.
- 1-17. "CONTRACT OF INSURANCE" means the agreement evidenced by the issuance of a Mortgage Insurance Certificate or by the endorsement of the Assistant Secretary-FHA Commissioner upon the credit instrument given in connection with an insured mortgage, incorporating by reference the regulations and the applicable provisions of the Act.
- 1-18. "CONVENTIONAL-MUTUAL-HELP-NEW CONSTRUCTION." New housing (to be) constructed by or for the Local Authority and utilizing in whole or in part labor of prospective occupants to be credited to them as equity toward ultimate home ownership.

1-19. "CONVENTIONAL (BID METHOD)-NEW CONSTRUCTION." New housing which is (to be) constructed on the Local Authority's site pursuant to a contract for construction let by the Local Authority.

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1-20. "DATA TRACT" means an area the approximate borders of which have been established for the purpose of indexing and classifying of location, sales, and rental data. A Data tract may in many instances be composed of more than one neighborhood.

1-21. "DEBENTURES" means registered, transferable securities which are valid and binding obligations issued in the name of the Mutual Mortgage Insurance Fund.

1-22. "DILAPIDATED HOUSING" means a housing unit that does not provide safe and adequate shelter, and in its present condition endangers the health, safety or well-being of the occupants. Such a housing unit shall have one or more critical defects, or a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. Such defects may involve original construction, or they may result from continued neglect or lack of repair or from Serious damage to the structure.

1-23. "DISCRIMINATORY PRACTICE" means any discrimination because of race, color, creed, or national origin in lending practices or in the sale, rental, or other disposition of residential property or related facilities and group practice facilities, or in the use or occupancy thereof, if:

- a. Such property is or will be constructed, rehabilitated, purchased or financed with the proceeds of a loan or investment insured under the provisions of the National Housing Act pursuant to an application for mortgage insurance received by the Assistant Secretary-FHA Commissioner after November 20, 1962; or
- b. Such property is offered for sale under terms which include financing under the provisions of the National Housing Act pursuant to an application for mortgage insurance received by the Assistant Secretary-FHA Commissioner after November

20, 1962; or

c. Such property is improved with a loan reported for insurance under Title I of the National Housing Act, the proceeds of which are disbursed after November 20, 1962; or

d. Such property is owned by the Federal Housing Administration.

1-24. "DISPLACED BY GOVERNMENTAL ACTION" means an individual or family, moved or to be moved from real property occupied as a dwelling unit as a result of activities in connection with a public improvement or development program carried on by an agency of the United State or any State or local governmental body or agency.

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1-25. "DISPLACED FAMILY" means a family displaced from an urban renewal area, or as a result of a governmental action, or as a result of a major disaster as determined by the President.

1-26. "ELDERLY PERSON" means any person married or single, 62 years of age or more.

1-27. "EXISTING CONSTRUCTION" means a project or projects constructed prior to the filing of an application for mortgage insurance.

1-28. "FAMILY" means

a. Two or more persons related by blood, marriage, or operation of law, who occupy the same dwelling or unit;

b. A handicapped person who has a physical impairment which is expected to be of long-continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; or

c. A single person 62 years of age or older.

1-29. "FAMILY UNIT" means a one-family unit including the undivided interest in the common areas and facilities, and such restricted common areas and facilities as may be designated.

1-30. "FEDERAL AGENCY" means any department, independent establishment, Government corporation, or other agency of the executive branch of the Federal Government, except the American National Red Cross.

1-31. "FHA" means the Federal Housing Administration.

1-32. "GROUP PRACTICE FACILITY" means an establishment designed for operation primarily by a medical or dental group which provides preventive, diagnostic, and treatment services to ambulatory patients under the professional supervision of persons licensed to practice dentistry, medicine, or optometry in the State.

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1-33. "GROUP PRACTICE UNIT" means a private nonprofit organization of one of the following types:

a. An organization which undertakes to provide (directly or through arrangements with a medical or dental group) complete dental, medical, or optometric care, or any combination thereof. It may also provide health insurance to members or subscribers on a group practice prepayment basis;

b. An organization established for the purpose of providing functions related to such care through arrangements for the use of the group practice facility by a medical or dental group.

1-34. "GROSS ANNUAL INCOME" means the total income, before taxes and other deductions, received by all members of the tenant's household. There shall be included in this total income all wages, social security payments, retirement benefits, military and veteran's disability payments, unemployment benefits, welfare benefits, interest and dividend payments and such other income items as the Secretary considers appropriate.

1-35. "HANDICAPPED PERSON" means a person who has a physical impairment which:

- a. Is expected to be of a long-continued and indefinite duration;
- b. Substantially impedes his ability to live independently; and
- c. Is of such nature that his ability to live independently could be improved by more suitable housing conditions.

1-36. "HOSPITAL" means a facility :

- a. Which provides community service for inpatient medical care of the sick or injured (including obstetrical care);
- b. Where not more than 50 percent of the total patient days during any year are customarily assignable to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis; and

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- c. Which is a proprietary facility, or facility of a private nonprofit corporation or association, licensed or regulated by the State (or, if there is no State law providing for such licensing or regulation by the State, by the municipality or other political subdivision in which the facility is located).

1-37. "HOUSING FOR THE ELDERLY" means eight or more new or rehabilitated living units which are specially designed for the use and occupancy of elderly persons.

1-38. "HUD-FHA" means the Department of Housing and Urban Development - Federal Housing Administration. The term is used in lieu of FHA wherever it occurs except in the case of the Assistant Regional Administrator for FHA which will read the, Assistant Regional Administrator for HPMC.

1-39. "INDIVIDUAL MORTGAGE" means a mortgage covering an individual single-family dwelling which has been released from a Multifamily Sales Project mortgage.

1-40. "IMPROVEMENTS" (as applied to land development) means water lines and water supply installations, sewer lines and sewage disposal installations; steam, gas and electric lines and installations; roads; streets; curbs; gutters; sidewalks; storm drainage facilities; and other installations or work, whether on or off the site of the mortgaged property, which the Assistant Secretary-FHA Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use. Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the developments. The public or common facilities shall include only such buildings as are needed in connection with water supply or sewage disposal installations; or steam, gas, or electric lines or installations; and such buildings, other than schools, as the Assistant Secretary-FHA Commissioner considers appropriate, which are to be owned and maintained Jointly by the property owners.

1-41. "INSURED MORTGAGE" means a mortgage which has been insured by the issuance of a Mortgage Insurance Certificate or by the endorsement of the credit instrument by the Assistant Secretary-FHA Commissioner.

1-42. "INTERMEDIATE CARE FACILITY" means a proprietary facility or facility of a private nonprofit corporation or association licensed or regulated by the State (or if there is no State law

providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located) for the accommodation of persons who, because of incapacitating infirmities, require minimum but continuous care but are not in need of continuous medical or nursing services.

1-43. "INVESTOR PROJECT" means a project owned by a mortgagor which intends to sell the project to the mortgagor of a Management Project.

1-44. "LAND DEVELOPMENT" means the process of making, installing, or constructing improvements.

1-45. "LEASED HOUSING-NEW CONSTRUCTION" means new housing which is (to be) constructed pursuant to an agreement between the Local Authority and a builder and which upon completion will be leased by the Local Authority from the owner under a contract which permits the Local Authority to sub-lease these units to low-income families in accordance with an established rent schedule.

1-46. "LEASED HOUSING-WITH REHABILITATION" means existing housing, including site, which requires substantial alteration, repair or improvement at a cost-ratio of 20 percent or more of total development cost for multifamily housing or 25 percent or more of total development cost for single family housing (detached, duplex or row house); and such work is to be done pursuant to an agreement between the Local Authority and an owner upon completion of which it will be leased by the Local Authority from the owner under a contract which permits the Local Authority to sub-lease these units to low-income families in accordance with an established rent schedule.

The "total development cost" for leased housing with rehabilitation should represent the estimated value of the units after rehabilitation.

1-47. "LEASED HOUSING-WITHOUT REHABILITATION" means existing housing which does not involve new construction or substantial rehabilitation as defined herein, and which is (to be) leased by the Local Authority from an owner under a contract which permits the Local Authority to sub-lease these units to low-income families in accordance with an established rent schedule.

1-48. "LIMITED DISTRIBUTION MORTGAGOR" means a mortgagor corporation restricted as to distributions of income by the laws of the state of its incorporation (or by the Assistant Secretary-FHA Commissioner) or it shall be a trust, partnership, association, individual, or other entity restricted by law or by the Assistant Secretary-FHA Commissioner as to distributions of income, and regulated as to rents, charges, rate of return and methods of operation in such form and manner as is satisfactory to the

Assistant Secretary-FHA Commissioner to effectuate the purposes of the legislation.

- 1-49. "LOAN" means an advance of funds or credit evidenced by a note secured by a security instrument.
- 1-50. "LOCAL GOVERNMENT" means any county, city, village, town, district, or other political subdivision of any State.
- 1-51. "LOCAL PUBLIC AGENCY (LPA)" means the official body empowered under State law to plan and undertake a local urban renewal program with Federal assistance. May be a city, county or other governmental entity, or a separate body such as a redevelopment agency or a local housing authority.
- 1-52. "LOCAL PUBLIC BODY" means a county, city, or other political subdivision within which a land development project or part of such project is established, and any other political subdivision, public agency, or instrumentality of one or more States, counties, or political subdivisions empowered under law to take or withhold any action required in connection with the establishment of such project.
- 1-53. "LOW RENT HOUSING" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income.
- 1-54. "LOW RENT HOUSING IN PRIVATE ACCOMMODATIONS" means dwellings units in a structure leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities.
- 1-55. "MAJOR DISASTER" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, earthquake, drought, fire, or other catastrophe in any part of the United States, which in the determination of the President, is or threatens to be of

sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available

resources of States, local governments, and relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby, and with respect to which the Governor of any State in which such catastrophe occurs or threatens to occur certifies the need for Federal disaster assistance under this Act and

gives assurance of the expenditure of a reasonable amount of the funds of such State, its local governments, or other agencies for alleviating the damage, loss, hardship, or suffering resulting from such catastrophe.

1-56. "MANAGEMENT PROJECT" means a project owned by a mortgagor non-profit cooperative ownership housing corporation or trust which

restricts permanent occupancy of the project to the members of the corporation or to the beneficiaries of the trust.

1-57. "MATURITY DATE" means the date on which the mortgage indebtedness

would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

1-58. "MEDICAL OR DENTAL GROUP" means a partnership or other association

of persons licensed to practice dentistry, medicine, or optometry

in the State who, as their principal professional activity and as a group responsibility, engage in the coordinated practice of their profession in one or more group practice facilities. The group shall share common overhead expenses, shall jointly establish medical and other records, and shall jointly use substantial portions of the equipment and the services of professional, technical, and administrative staffs. It shall be composed of such types of professional personnel and shall make available such health services as may be required to meet the standards prescribed by the Assistant Secretary-FHA

Commissioner.

1-59. "MINOR" means a person under the age of 21.

1-60. "MIP" means the mortgage insurance premium paid by the mortgagee to the Assistant Secretary-FHA Commissioner in consideration of the contract of insurance.

1-61. "MORTGAGE" means a first mortgage on real estate, in fee simple, or on a leasehold:

a. Under a lease for not less than 99 years which is renewable;
or

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- b. Under a lease having a period of not less than 75 years to run from the date the mortgage is executed; or
- c. Under a lease executed by a governmental agency for the maximum term consistent with its legal authority, provided such lease has a period of not less than 50 years to run from the date the mortgage is executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price
- of,
- real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.
- 1-62. "MORTGAGEE" means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust indenture, mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.
- 1-63. "MORTGAGOR" means the original borrower under a mortgage and his heirs, executors, administrators and assigns.
- 1-64. "MULTIFAMILY RENTAL PROJECT" means a project constructed for the purpose of providing rental housing accommodations for eligible tenants.
- 1-65. "MULTIFAMILY SALES PROJECT" means a project constructed under a blanket mortgage, covering a group of not less than eight single-family dwellings constructed for eventual sale to individual purchasers.
- 1-66. "MULTIFAMILY PROJECT" usually means a project containing five or more family units.
- 1-67. "A NONPROFIT COOPERATIVE HOUSING CORPORATION OR TRUST" means an organization initiated and organized by bona fide members or stockholders who are the ultimate consumers, or by a consumer group or sponsor, the members and organizers of which do not have an identity of interest with the builder or landowner and which conducts all transactions between it and the builder and the landowner on an arms-length basis.
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- 1-68. "NOTE" means a note or other evidence of indebtedness executed, upon a form approved by the Assistant Secretary-FHA Commissioner, for use in the jurisdiction where the loan is disbursed.
- 1-69. "NURSING HOME" means a proprietary facility or facility of a private nonprofit corporation or association, licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodations of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with laws of the State where the facility is located.
- 1-70. "NONASSISTED URBAN RENEWAL PROJECT." An urban renewal project undertaken by an LPA for which Federal financial assistance is not required but the Administrator's certification of the Urban Renewal Plan is necessary to make the provisions of Section 220 apply to the urban renewal area. An Urban Renewal Plan approved by the local governing body and HUD is necessary.
- 1-71. "OPEN-END ADVANCE" means an insured advance made by an approved mortgagee in connection with a previously insured mortgage, pursuant to an open-end provision in the mortgage.
- 1-72. "OPEN-END INSURANCE CHARGE" means the charge paid by the mortgagee to the Assistant Secretary-FHA Commissioner in consideration of the insurance of an open-end advance.
- 1-73. "OUTSTANDING INDEBTEDNESS RELATING TO THE PROPERTY" means the total outstanding amount of unsecured obligations of the borrower incurred in connection with improving, repairing or maintaining the property and outstanding mortgages or obligations constituting liens on the title to the property to be improved.
- 1-74. "PERIOD OF OWNERSHIP BY SERVICEMAN" means that period of time during which a military service is required to pay mortgage insurance premiums to the Assistant Secretary-FHA Commissioner

Commencing with the date the Assistant Secretary-FHA
Commissioner
endorses a mortgage for insurance and terminating when the
Secretary of Defense furnishes the Assistant Secretary-FHA
Commissioner with a certificate indicating that the military
service will no longer be liable for payment of insurance
premiums
to the Assistant Secretary-FHA Commissioner.

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- 1-75. "PHYSICALLY HANDICAPPED" See paragraph 1-35 above.
- 1-76. "PHYSICAL SECURITY" means the land and all improvements within the lot boundaries.
- 1-77. "PRIVATE MORTGAGOR--PROFIT" means any mortgagor approved by the Assistant Secretary-FHA Commissioner, which, until the termination of all obligations of the Assistant Secretary-FRA Commissioner under the insurance contract and during such further period of time as the Assistant Secretary-FHA Commissioner shall be the owner, holder, or reinsurer of the mortgage, may in the Assistant Secretary-FHA Commissioner's discretion be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation,
- 1-78. "PRIVATE MORTGAGOR--NONPROFIT" means a corporation or association organized for purposes other than the making of profit or gain for itself or persons identified therewith and which the Assistant Secretary-FHA Commissioner finds is in no manner controlled by nor under the direction of persons or firms seeking to derive profit or gain therefrom. Such a mortgagor shall be regulated or supervised under federal or state laws or by political subdivisions of states or agencies thereof, or the Assistant Secretary-FHA Commissioner, as to rents charges, and methods of operation. The regulation or supervision of the mortgagor shall be in such manner as prescribed by the Assistant Secretary-FHA Commissioner.
- 1-79. "PROFIT MORTGAGE" means a mortgage which is or has been insured

under any of the FHA multifamily housing programs, other than Sections 213(a)(1) and 213(a)(2) of the Act.

1-80. "PUBLIC MORTGAGOR" means a corporation or trust approved by the Assistant Secretary-FHA Commissioner which is also a Federal or State instrumentality, a municipal corporate instrumentality of one or more States, or a limited dividend or redevelopment or housing corporation formed under and restricted by Federal or State laws or regulations of a State banking or insurance department as to rents, charges, capital structure, rate of return, or methods of operation.

1-81. "PURCHASING COOPERATIVE" means the mortgagor of a Management Project which has purchased the project from the mortgagor of an Investor Project.

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1-82. "RELATED FACILITIES" means

- a. New structures suitable for use by elderly or handicapped families as cafeterias or dining halls, community rooms or buildings, workshops, or infirmaries or other inpatient or outpatient health facilities, or other essential service facilities, and
- b. Structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

1-83. "RENTAL HOUSING" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement such payment over a period of time will entitle the occupant to the ownership of the premises or space in a mobile home court or park properly arranged and equipped to accommodate mobile homes.

1-84. "REPLACEMENT COST" means the Assistant Secretary-FHA Commissioner's estimate of the construction cost of the property or project when the proposed improvements are completed. The replacement cost

may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and other miscellaneous charges incident to construction and approved by the Assistant Secretary - FHA Commissioner.

- 1-85. "RESTRICTED COMMON AREAS AND FACILITIES" means those areas and facilities restricted to a particular family unit or number of family units.
- 1-86. "SALES PROJECT" means a project owned by a mortgagor nonprofit housing corporation or trust which is organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust.
- 1-87. "STATE" includes the several States, Puerto Rico, the District of Columbia, Guam, the Trust Territory of the Pacific Islands, and the Virgin Islands. For properties insured under Title VIII the term "State" includes the Canal Zone and Midway Island in addition to the above.

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- 1-88. "SECRETARY" means the Secretary of Housing and Urban Development,
the Secretary of Defense or, in the case of the U.S. Coast Guard,
the Secretary of Transportation. and any officer, or employee designated by either the Secretary of Defense or the Secretary of Transportation to issue certificates of eligibility and certificates of termination.
- 1-89. "SERVICE BRANCH." The Department of Defense or the Department of Transportation. Certificates of Eligibility are normally issued by a field commander, acting for the Secretary of the appropriate Department,
- 1-90. "SERVICEMAN" means a member of the armed forces or the Coast Guard whose service branch has certified that he is eligible for participation in the Section 222 program.
- 1-91. "SLUM OR BLIGHTED AREA" means any area where dwellings predominate

which, by reason of delapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

1-92. "SLUM CLEARANCE" means the demolition and removal of buildings from any slum area.

1-93. "SUBSTANDARD HOUSING" means a unit which is either dilapidated or does not have one of the following plumbing facilities:

a. Hot and cold water inside the unit;

b. Usable flush toilet inside the structure for the exclusive use of the occupants of the unit;

c. Usable bathtub or shower inside the structure for the exclusive use of the occupants of the unit.

1-94. "SUPPLEMENTARY LOAN" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for purpose of financing improvements or additions to a project or facility.

1-95. "TERMINATION CHARGE" means the charge paid by the mortgagee to the Assistant Secretary-FHA Commissioner in consideration of terminating the contract of insurance pursuant to the joint request for such action made by the mortgagor and mortgagee.

1-96. "TURNKEY-MUTUAL-HELP-NEW CONSTRUCTION." New housing, including site, which is (to be) constructed by a developer (seller) in whole or in part with labor of prospective occupants to be credited to them as equity toward ultimate home ownership, and is (to be) purchased by the Local Authority upon completion pursuant to an agreement entered into prior to start of construction.

1-97. "TURNKEY-NEW-CONSTRUCTION." New housing, including site, which is (to be) purchased by the Local Authority from the developer

(seller) upon completion of construction pursuant to an agreement to purchase entered into prior to start of construction.

1-98. "TURNKEY-REHABILITATION." Existing housing, including site, which requires substantial alteration, repair or improvement at a cost-ratio of 20 percent or more of total development cost for Multifamily housing or 25 percent or more of total development cost for single family housing (detached, duplex or row house); and such housing is (to be) purchased from the owner upon completion of the work pursuant to an agreement entered into prior to start of the work.

1-99. "URBAN RENEWAL AREA" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Secretary approves as appropriate for an urban renewal project.

1-100. "URBAN RENEWAL PLAN." The plan officially approved by the governing body of the locality and HUD for the redevelopment and/or conservation of the urban renewal project areas. Its provisions include local renewal objectives, land use and development controls, identification of properties to be acquired, property rehabilitation standards, and certain obligations of developers.

1-101. "URBAN RENEWAL PROJECT" A project planned and undertaken by an LPA in an urban renewal area with Federal financial and technical assistance under Title I of the Housing Act of 1949. A project may involve slum clearance and redevelopments rehabilitation and conservation, or a combination of both. It may include acquisition of land, relocation of displaced site occupants, site clearance, installation of site improvements, rehabilitation of properties and disposition of acquired land for redevelopment in accordance with the Urban Renewal Plan.

1-102. "WORKABLE PROGRAM FOR COMMUNITY IMPROVEMENT." A locality's official plan of continuing action for effective dealing with its problems of urban slums and blight, for the establishment and preservation of a well planned community with well organized residential neighborhoods of decent homes and suitable living environment, and for utilizing private and public resources to

achieve the objectives of the plan.