

- 234.260 Assignment of mortgage and certificate by mortgagee.
- 234.262 Exception to deed in lieu of foreclosure.
- 234.265 Contents of deed and supporting documents.
- 234.270 Condition of the multifamily structure.
- 234.273 Assessment of taxes.
- 234.274 Certificate of tax assessment.
- 234.275 Certificate or statement of condition.
- 234.280 Cancellation of hazard insurance.
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**Subpart C—Eligibility Requirements—
Projects—Conversion Individual Sales Units**

- 234.501 Eligibility requirements.

**Subpart D—Contract Rights and
Obligations—Projects**

- 234.751 Cross-reference.

**Subpart E—Servicing Responsibilities—
Individually Owned Units**

- 234.800 Cross-reference.

AUTHORITY: 12 U.S.C. 1715b and 1715y; 42 U.S.C. 3535(d).

SOURCE: 36 FR 24628, Dec. 22, 1971, unless otherwise noted.

**Subpart A—Eligibility Requirements—Individually Owned
Units**

SOURCE: 61 FR 60161, Nov. 26, 1996, unless otherwise noted.

§ 234.1 Cross-reference.

(a) *Incorporation of part 203 provisions; exclusions.* All of the provisions of subpart A of part 203 of this chapter concerning eligibility requirements of mortgages covering one-to four-family dwellings under section 203 of the National Housing Act (12 U.S.C. 1709) apply to mortgages on individually owned units insured under section 234 of the National Housing Act (12 U.S.C. 1715y) except the following provisions:

- Sec.
- 203.12 Mortgage insurance on proposed or new construction in a new subdivision.
- 203.18a Solar energy system.
- 203.18c One-time or up-front mortgage insurance.
- 203.38 Location of dwelling.
- 203.42 Rental properties.

- 203.43c Eligibility of mortgages involving a dwelling in a cooperative housing development.
- 203.43d Eligibility of mortgages in certain communities.
- 203.43f Eligibility of mortgages covering manufactured homes.
- 203.43g Eligibility of mortgages in certain communities.
- 203.43h Eligibility of mortgages on Indian land insured pursuant to section 248 of the National Housing Act.
- 203.43i Eligibility of mortgages on Hawaiian Home Lands insured pursuant to section 247 of the National Housing Act.
- 203.43j Eligibility of mortgages on Allegany Reservation of Seneca Nation of Indians.
- 203.50 Eligibility of rehabilitation loans.

(b) For the purposes of this subpart, all references in part 203 of this chapter to section 203 of the Act shall be construed to refer to section 234 of the Act.

[61 FR 60161, Nov. 26, 1996, as amended at 64 FR 14574, Mar. 25, 1999]

EFFECTIVE DATE NOTE: At 64 FR 14574, Mar. 25, 1999, § 234.1(a) was revised, effective Apr. 27, 1999. For the convenience of the user, the superseded text is set forth as follows:

§ 234.1 Cross-reference.

(a) All of the provisions of subpart A of part 203 of this chapter concerning eligibility requirements of mortgages covering one- to four-family dwellings under section 203 of the National Housing Act (12 U.S.C. 1709) apply to mortgages on individually owned units insured under section 234 of the National Housing Act (12 U.S.C. 1715y), except the following provisions:

- Sec.
- 203.12 Mortgage insurance on proposed or new construction in a new subdivision.
- 203.14 Builders' warranty.
- 203.18a Solar energy system.
- 203.18c One-time or up-front mortgage insurance premium excluded from limitations on maximum mortgage amounts.
- 203.38 Location of dwelling.
- 203.42 Rental properties.
- 203.43c Eligibility of mortgages involving a dwelling unit in a cooperative housing development.
- 203.43d Eligibility of mortgages in certain communities.
- 203.43f Eligibility of mortgages covering manufactured homes.
- 203.43g Eligibility of mortgages in certain communities.
- 203.43h Eligibility of mortgages on Indian land insured pursuant to section 248 of the National Housing Act.
- 203.43i Eligibility of mortgages on Hawaiian Home Lands insured pursuant to section 247 of the National Housing Act.

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203.43j Eligibility of mortgages on Allegheny Reservation of Seneca Nation of Indians.
203.50 Eligibility of rehabilitation loans.

occupants are notified by management of intent to convert the project to a condominium, whichever is earlier.

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§234.17 Mortgagor and mortgagee requirements for maintaining flood insurance coverage.

§234.3 Definitions.

The terms *Act*, *Beginning of amortization*, *Commissioner*, *FHA*, *Insured Mortgage*, *Mortgage*, *Mortgagee*, *Mortgagor*, and *State*, as used in this part, are defined in §203.251 of this chapter. The following terms, as used in this part, are defined as follows:

The maintenance of flood insurance coverage on the project by the condominium association will satisfy the requirements of §203.16a of this chapter if such coverage protects the interest of the mortgagor in the family unit. For this purpose, "the interest of the mortgagor" is defined as insurance coverage equal to the replacement cost of the project less land costs.

Bona fide tenants' organization means an association of tenants formed by the tenants to promote their interests in a particular project, with membership in the association open to each tenant, and all requirements of the association applying equally to every tenant.

§234.26 Project requirements.

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.

No mortgage shall be eligible for insurance unless the following requirements are met:

Conversion means the date on which all documents necessary to create a condominium under State law (and under local law, where applicable) have been recorded.

(a) *Location of family unit.* The family unit shall be located in a project that the Commissioner determines to be acceptable.

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.

(b) *Plan of condominium ownership.* The project in which the unit is located shall have been committed to a plan of condominium ownership by a deed, or other recorded instrument, that is acceptable to the Commissioner.

Project means a structure or structures containing four or more family units.

(c) *Releases.* The family unit shall have been released from any mortgage covering the project or any part of the project.

Project 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 (12 U.S.C. 1715e).

(d) *Certificate by mortgagee.* The mortgagee shall certify that:

Restricted common areas and facilities means those areas and facilities restricted to a particular family unit or number of family units.

(1) The deed of the family unit and the deed or other recorded instrument committing the project to a plan of condominium ownership comply with legal requirements of the jurisdiction.

Tenant means the occupant(s) named in the lease or rental agreement of a housing unit in a project as of the date the condominium conversion documents are properly filed for the project, or as of the date on which the

(2) The mortgagor has good marketable title to the family unit, subject only to a mortgage that is a valid first lien on the family unit.

(3) The family unit is assessed and subject to assessment for taxes pertaining only to that unit.

(e) *Conditions and provisions.* (1) The Commissioner may require such conditions and provisions as the Commissioner determines are necessary for the protection of consumers and the public interest.

(2) An application for mortgage insurance of a unit will not be approved if approval would result in less than 80