

monthly payment which would be required for principal and interest if the mortgage bore the lower interest rate established by the Secretary and in effect at the time of the closing of the mortgage being refinanced and which is referred to as the "floor rate."

(b) *Floor rates.* The floor rates are determined by the date of the closing of the mortgage being refinanced. As an example, the following chart contains floor rates. However, mortgagees must check the HUD Form 93100 for the mortgage being refinanced to obtain the floor rate for the mortgage, which rate is to be used to compute the formula contained in paragraph (a) of this section.

TABLE

Date of closing	Interest rate	
	Note rate (percent)	To compute second element of subsection (a)(2) (percent)
8/9/68-1/4/76	N/A	1
1/5/76-3/6/78	N/A	5
3/7/78-3/8/81	N/A/	4
On or after 3/9/81	13.50 or below	4
	13.75-14.00	4¾
	14.25-14.50	5½
	15.00	6
	15.50	6¾
	16	7¼
	16.50	8
17.50	8	

(c) *Handling charges.* In addition to the assistance payments referred to in paragraph (a) of this section, the mortgagee shall be entitled to the monthly payment of an amount the Secretary deems sufficient to reimburse the mortgagee for its expense in handling the mortgage.

(d) *Taxes in monthly payment.* Special assessments levied by a governmental body are to be included under the term "taxes" as part of the monthly payment. However, ground rents, assessments of a homeowners' association or condominium association, and special assessments levied by persons or private organizations are not to be included.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§ 235.1228 Termination of assistance payments contracts on mortgages to be refinanced.

The assistance payments contract for the mortgage being refinanced shall be terminated on the day before the disbursement of the proceeds of the mortgage to be insured, and no further assistance payments shall be made under such contract.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§ 235.1230 Execution of assistance payment contract.

The issuance of a mortgage insurance certificate pursuant to § 235.1 *et seq.* shall also constitute the execution of the assistance payments contract with respect to the mortgage being insured.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§ 235.1232 Eligibility for assistance payments.

(a) To be eligible for assistance payments, a homeowner must:

- (1) Be a mortgagor on a mortgage insured under section 235(r);
- (2) Have been entitled to, and receiving, assistance payments under the mortgage being refinanced; and
- (3) According to the formula contained under § 235.1210(a), continue to be eligible for such payments under the 235(r) mortgage.

(b) The mortgagee, holding the mortgage being refinanced, must certify that the mortgagor is eligible for, and receiving, assistance payments under the mortgage being refinanced and that the last recertification by the mortgagor was within the preceding twelve months prior to the application for the section 235(r) mortgage. If the last recertification was not within that period, then the mortgagee will have to obtain a current recertification from the mortgagor for the purpose of determining whether the mortgagor remains eligible to continue receiving assistance payments under the mortgage being refinanced.

(c) In addition, the mortgagee originating the 235(r) mortgage must obtain a new certification from the mortgagor for eligibility for assistance payments under the 235(r) mortgage.

(d) For purposes of determining eligibility under the 235(r) mortgage, the mortgagor must certify as to occupancy, employment, family composition and income on a form prescribed by the Secretary.

(e) The mortgagor shall agree to recertify, on a form prescribed by the Secretary, as to occupancy, employment, family composition and income in accordance with 24 CFR 235.350.

(f) Homeowners, who are cooperative members and have been receiving assistance payments under section 235, are not eligible for assistance payments in connection with section 235(r) since they are not eligible for a mortgage insured under that section.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§235.1234 Term of assistance payment contract in connection with mortgages insured under section 235(r) of the Act.

(a) *Existing contracts with original terms in excess of ten years.* In cases where the existing contract has an original term in excess of ten years, the term of the new assistance payments contract in connection with section 235(r) shall commence on the date of disbursement of the mortgage proceeds as certified by the mortgagee and shall continue until the contract is terminated pursuant to 24 CFR 235.375.

(b) *Existing ten year contracts.* (1) In cases of existing ten year contracts, the term of the new assistance payments contract in connection with section 235(r) shall commence on the date of the disbursement of the mortgage proceeds as certified by the mortgagee and shall continue for the unexpired term of the existing ten year contract, or until such earlier time as the contract is otherwise terminated pursuant to 24 CFR 235.375. The mortgagor will acknowledge receipt of a notice containing the expiration date of the new assistance payments contract.

(2) If the Secretary determines that the mortgagor is unable, by reason of the new contract having reached its maturity, to resume full payments due under the mortgage insured under section 235(r) of the National Housing Act, the Secretary will, to the extent of funds available pursuant to section

235(c)(3) of the Act, contract to make, and make, continued assistance payments on behalf of the mortgagor for such period as the Secretary determines to be appropriate.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§235.1236 Recapture of assistance payments.

The mortgagor shall execute an agreement subordinating the recapture mortgage, if any, to the section 235(r) mortgage. The mortgagor shall also execute a new note for recapture of assistance payments, and amend the recapture mortgage to include in the principal balance the assistance payments made in connection with the mortgage insured under section 235(r).

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

SERVICING RESPONSIBILITIES

§235.1238 Cross-reference.

The provisions of subpart G of 24 CFR part 235 shall be applicable to mortgages insured under section 235(r).

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

PART 236—MORTGAGE INSURANCE AND INTEREST REDUCTION PAYMENT FOR RENTAL PROJECTS

Subpart A—Eligibility Requirements for Mortgage Insurance

Sec.

236.1 Applicability, cross-reference, and savings clause.

236.3 Annual income exclusions.

Subpart B—Contract Rights and Obligations for Mortgage Insurance

236.251 Cross-reference.

236.252 First, second, and third mortgage insurance premiums.

236.253 Premiums—operating loss loans.

236.254 Termination of mortgage insurance.

236.255 Forbearance relief.

236.260 Request by Commissioner for assignment of mortgage.

236.265 Payment of insurance benefits.

Subpart C—Interest Reduction Payments

236.501 Interest reduction payments contract.