

and other activities approved by HUD in the approved homeownership program or later on request. The remaining 50 percent must be collected by the recipient and returned to HUD within 15 days of the sale for use under the HOPE 3 program, subject to any limitations contained in appropriations Acts.

(c) *Requirements for use of sale and resale proceeds.* Sale and resale proceeds must be committed for approved activities within one year of receipt. All sale and resale proceeds must be accounted for by the recipient, and 50 percent of all resale proceeds received by the recipient must be returned to HUD, as described in paragraph (b) of this section. Recipients may use up to 15 percent of their sale and resale proceeds for administrative expenses to expand their HOPE 3 program and provide additional homeownership opportunities. Recipients must retain records on the use of these funds to the same level of detail as required of grant funds under the HOPE 3 system or whatever records HUD otherwise prescribes. The recipient, and any other entity approved by HUD to administer the sale and resale proceeds, remain responsible to comply with the requirements of this part, or such other requirements as HUD may prescribe (consistent with then applicable law) in closeout procedures or agreements.

(d) *Program income.* Any program income, as defined in § 572.5, received by the recipient may be added to the funds committed to the grant agreement by HUD and the recipient, in accordance with the requirements of parts 84 and 85 of this title, as applicable.

[58 FR 36526, July 7, 1993, as amended at 60 FR 36018, July 12, 1995; 62 FR 34145, June 24, 1997]

#### **§ 572.140 Third party rights.**

The rights of third parties are governed by 42 U.S.C. 12895(d) and apply to the requirements of this part.

[61 FR 48798, Sept. 16, 1996]

#### **§ 572.145 Displacement prohibited; protection of nonpurchasing residents.**

(a) *Displacement prohibited.* (1) No person may be displaced from his or her

dwelling as a direct result of a homeownership program under this part. This does not preclude terminations of tenancy for violation of the terms of occupancy of the unit. Each resident of an eligible property on the date the application for an implementation grant was submitted to HUD and each resident at the time the property is selected must be given an opportunity to become a homeowner under this program if the resident qualifies as an eligible family and meets other program requirements. If the resident does not qualify or does not elect to move, the property is not eligible. The protections provided to residents under this section do not apply to the former owner of the property if the property is acquired from him or her as a result of a tax or mortgage foreclosure.

(2) In addition to any applicable sanctions under the grant agreement, a violation of paragraph (a)(1) of this section may trigger a requirement to provide relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 CFR part 24.

(b) *Relocation assistance for residents who elect to move.* The recipient must offer each nonpurchasing resident who elects to move relocation assistance in accordance with the approved homeownership program. The program must provide, at least, the following assistance:

(1) Advisory services, including timely information, counseling (including the provision of information on a resident's rights under the Fair Housing Act), and referrals to suitable, affordable, decent, safe, and sanitary alternative housing;

(2) Payment for actual, reasonable moving expenses; and

(3) Financial assistance sufficient to permit relocation to suitable, affordable, decent, safe, and sanitary housing. This requirement is met if the family is provided the opportunity to relocate to suitable, decent, safe, and sanitary housing for which the monthly rent and estimated average utility costs do not exceed the greater of 30 percent of the person's income or the