DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4277–N–01]

Single Family Property Disposition Officer Next Door Sales Program

AGENCY: Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: Under its Single Family Property Disposition program, the Department has implemented an initiative to sell HUD-owned single family homes to law enforcement officers at a 50 percent discount. The initiative applies to properties located in Revitalization Areas and to other properties that meet certain exception criteria. These properties are being made available to law enforcement officers who agree to occupy them as their primary residence for at least three years. The Department has taken this action to ensure that homeownership opportunities are made available to law enforcement officers who are charged with the responsibility of ensuring the safety and well-being of residents in the communities they serve and to help promote safe neighborhoods by furthering the community policing efforts being made by numerous cities.

FOR FURTHER INFORMATION CONTACT: Joe McCloskey, Director, Single Family Asset Management Division, Department of Housing and Urban Development, 451 7th St. SW, Room 9174, Washington, D.C. 20410–8000), telephone number (202) 708–0740 (this is not a toll-free number). For hearing- and speech-impaired persons, this number may be accessed via TTY by calling the Federal Information Relay Service at 1–800–877–8339.

SUPPLEMENTARY INFORMATION:

I. Background

A major goal of the Department is to use its resources in a manner that enhances the general well-being of American communities. Promoting safe neighborhoods is a critical component of the Nation's housing policy. One means of furthering this policy is to encourage law enforcement officers to purchase and reside in HUD-acquired single family properties. Accordingly, the Department is using its authority under 24 CFR part 291, Disposition of HUD-Acquired Single Family Property, to make single family properties nationwide available for this purpose.

II. Conditions for Purchase of Properties

For purposes of this program, law enforcement officers are defined as individuals who are employed full time by a federal, state, county, or municipal government and are sworn to uphold, and make arrests for violations of, federal, state, county, or municipal law.

Starting on August 11, 1997 and for one year thereafter, for this Officer Next Door Sales program only, the discount for both insurable and uninsurable properties that are located in Revitalization Areas as defined in HUD Notice H–96–81, dated September 30, 1996, and for properties located outside a Revitalization Area that meet the exception criteria (the property meets the standards for establishment of a Revitalization Area and is located in a neighborhood where seller concessions, such as take-back financing are common and/or a predominance of other buyers in the area are investor owners) is 50 percent. In addition, both insurable and uninsurable properties, for this program only, may be purchased on a direct sale basis by the unit of local government, nonprofit organization or law enforcement officer in Revitalization Areas and exception areas. Outside of these areas, law enforcement officers must use the standard sales procedure without any discount when purchasing from HUD.

It is intended that the full discount be passed on to the law enforcement officer if the property is first purchased by the unit of local government or nonprofit organization. If a real estate broker is engaged to handle the sale of these properties or closing costs are requested, the discount will be reduced by the amount of the broker's commission or closing costs paid. The special discount and the sale of properties directly to law enforcement officers under this program will expire on August 11, 1998.

This program is an extension of the current sales program. The procedures for implementing this program are as follows:

Upon an expression of interest to participate in this program by a government entity, nonprofit organization or law enforcement officer, the HUD Field Office will provide a listing of all newly acquired insurable and uninsurable properties available in the designated area of interest.

2. Where feasible, HUD Field Offices will invite interested law enforcement officers into the office for a face to face discussion of how the program operates in regard to property availability, discount, how to prepare and submit a sales contract, the role of a real estate broker if they choose to use one and how to view properties. If an office visit is not convenient, the local office representative will thoroughly explain the procedure over the telephone and provide detailed written information.

3. Normal direct sales procedures apply under this program. Interested parties must notify HUD of their preliminary interest within 5 days of property notification.

4. Governmental entities and nonprofit organizations purchasing properties with the intent of resale to law enforcement officers should so designate those specific properties when an interest to purchase is expressed to HUD. At the time the sales contract is submitted, the government agency or nonprofit must indicate if FHA-insured financing is desired.

5. To avoid the need for dual closings and the cost associated with each, Field Offices will allow the governmental entity or the nonprofit organization to assign the sales contract to the law enforcement officer.

6. To make the properties more affordable in those instances where an FHA-insured mortgage is requested by the law enforcement officer, the downpayment will be $100.

7. The law enforcement officer must occupy the property as his/her primary residence for the three year period.

8. The sales closing timeframes established by each HUD Office will apply to this program.

9. Deed restrictions will apply to these sales.

a. The following clause MUST be added to each deed for properties purchased by law enforcement officers under this program:

''The purpose of the following covenant is to insure that the property conveyed herein is used for homeownership and is occupied as a primary residence by a law enforcement officer in accordance with the objectives of the Grantor's Officer Next Door Sales Program. Grantee, a law enforcement officer, shall own and occupy, as a primary residence, the property conveyed herein. This covenant shall be subject and subordinate to any mortgage or deed of trust executed by Grantee to finance or refinance the acquisition of the property conveyed herein and shall be extinguished upon the foreclosure of such mortgage or the conveyance of the property by deed in lieu of foreclosure. The covenants and conditions contained in this paragraph shall terminate, shall be of no further effect, and shall not be enforceable on or after [date of third year anniversary of closing] or unless terminated earlier in writing by Grantor. The acceptance of this deed by the

Grantee shall constitute an acceptance of the use restrictions described in this paragraph.''

b. In those instances where a nonprofit organization or a unit of local government purchases and closes the sale, the following clause must be provided to the nonprofit organization or a unit of local government for inclusion as a restriction in their deed to the law enforcement officer:

''The purpose of the following covenant is to insure that the property conveyed herein is used for homeownership and is occupied as a primary residence by a law enforcement officer in accordance with the objectives of the U.S. Department of Housing and Urban Development's (HUD's) Officer Next Door Sales Program. Grantee, a law enforcement officer, shall own and occupy, as a primary residence, the property conveyed herein. This covenant shall be subject and subordinate to any mortgage or deed of trust executed by Grantee to finance or refinance the acquisition of the property conveyed herein and shall be extinguished upon the foreclosure of such mortgage or the conveyance of the property by deed in lieu of foreclosure. The covenants and conditions contained in this paragraph shall terminate, shall be of no further effect, and shall not be enforceable on or after [date of third year anniversary of closing] or unless terminated earlier in writing by HUD. The acceptance of this deed by the Grantee shall constitute an acceptance of the use restrictions described in this paragraph.''

III. Paperwork Reduction Act Statement

The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), and assigned OMB control number 2502–0521. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

IV. Environmental Impact

This notice is subject to, and does not alter the environmental requirements of regulations in 24 CFR part 291. Accordingly, under 24 CFR 50.19(c)(5), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321). The environmental review provisions for the disposition of HUD-acquired single family property are in 24 CFR 291.100(e).

Authority: 12 U.S.C. 1709 and 1715b.

Dated: January 5, 1998.

Nicolas P. Retsinas,

Assistant Secretary for Housing-Federal Housing Commissioner.

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