

of both parties (see Appendix II). This agreement shall be executed as soon as possible after incorporation of the HBA.

§ 904.304 Functions of the HBA.

(a) Subject to possible variations agreed to by the HBA and approved by HUD, the functions of the HBA shall include the following:

(1) Representing its members, individually and collectively, with respect to any deficiencies in the development or in the homes and with respect to fulfillment of the construction contract and related warranties;

(2) Representing its members, individually and collectively, in their relationships with the LHA and others in regard to financial matters such as monthly payments, credits to and charges against reserves, settlement upon vacating the home, acquisition of ownership, and other matters pertaining to operation and management of the development;

(3) Recommending policies and rules to the LHA for operation and management including rules concerning use of the common areas and community facilities;

(4) Participating in the operation of official grievance mechanisms;

(5) Advising and assisting its members regarding procedures and practices relative to the Earned Home Payments Account and the acquisition of homeownership;

(6) Participating with the LHA in periodic maintenance inspections of homes after occupancy, and making recommendations in case of disagreements arising out of maintenance inspections;

(7) Participating with the LHA in the selection of subsequent homebuyers;

(8) Coordinating, supervising, or managing the operation of credit union, child care, or other supportive services established for the development;

(9) Participating with the LHA in the establishment and implementation of policies related to collection of monthly payments, termination of occupancy, and resolution of hardship situations; and

(10) Performing management services as specified under contract with the

Authority or with the Homeowners Association and participating in other activities pursuant to agreement with the LHA or with the Homeowners Association.

(b) In addition, the HBA may offer such special services as the following:

(1) The development of self-help such as consumer clubs, furniture and other co-ops, credit unions, transportation pools, and skill pools;

(2) Assisting homebuyers in acquiring group insurance;

(3) Developing programs and contracting for services such as child care centers to be located in the community facility where such a facility exists;

(4) Assisting homebuyers in their employment, especially by participating in skill development and apprenticeship programs in cooperation with local educational organizations;

(5) Assisting homebuyers in planning the management role of the HBA and in negotiating any contract for management services with the LHA.

§ 904.305 Funding of HBA.

(a) In addition to providing the HBA with noncash contributions such as office space and duplicating services, the LHA shall make cash contributions for operating expenses of the HBA, in the amount provided for in paragraph (b) of this section. Until the project goes into management, these contributions shall be made from the development funds budgeted for the counseling and training program (see §904.206). Thereafter, these contributions shall be provided for in the annual operating budgets of the LHA.

(b) The cash contributions pursuant to paragraph (a) of this section shall be in the amount provided for in the LHA budget (development cost budget or annual operating budget, as the case may be) and approved by HUD. Such contributions shall be subject to whatever restrictions are applied by HUD to the funding of tenant councils generally, but they shall not exceed \$3 per year per dwelling unit; provided that as an incentive to the HBA to provide additional funds from other sources such as homebuyer's dues, contributions, revenues from special projects or activities, etc., the LHA shall, to the extent approved by HUD in the LHA budget,

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match such additional funds beyond the \$3 up to a maximum of \$4.50, for a total LHA share of \$7.50 where the total funding for the HBA is \$12 or more. The HBA shall not be precluded from seeking to achieve total funding in excess of \$12 per unit where this can be done with additional funds from sources other than the LHA. Furthermore, funding by the LHA for the normal expenses of the HBA is not to be confused with fees paid pursuant to management services contracts as described in §904.306.

§ 904.306 Performing management services.

The LHA may also contract with the HBA to perform some or all of the functions of project management for which the HBA may be better suited or located than the LHA. Such functions may include security, maintenance of common property, or collection of monthly payments. For this purpose, the HBA may form a management corporation and the officers of the HBA shall be the directors of such corporation. This corporation and the LHA shall then negotiate a management services contract. Such arrangements are consistent with the objective of providing for maximum participation by residents in the management of their developments. As an alternative, the HBA and the LHA may elect to undertake any other arrangement approved by HUD.

§ 904.307 Alternative to HBA.

Where the homes are on scattered sites (noncontiguous lots throughout a multi-block area, with no common property), or where the number of homes may be too few to support an HBA, and where an alternative method for homebuyer representation and continuing counseling is provided, an HBA shall not be required. For such cases, a modified form of homebuyers association may be called for or a less formal organization may be desirable. This decision shall be made jointly by the LHA and the homebuyers, acting on the recommendation of HUD.

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§ 904.308 Relationship with homeowners association.

The HBA and the homeowners association are, in legal terms, separate and distinct organizations with different functions. The homeowners association may hold title to and be responsible for maintenance of common property (see §§904.119 and 904.120), while the HBA has more general service and representative functions. While all residents are members of the HBA, only those who have acquired title to their homes are members of the homeowners association.

§ 904.309 Use of appendices.

Use of the Articles of Incorporation (Part I of Appendix I) and the Recognition Agreement between the Local Housing Authority and Homebuyers Association (Appendix II) is mandatory for projects developed under subpart B of this part which have homebuyers associations. No modification may be made in format, content or text of these Appendices except (1) as required under state or local law as determined by HUD or (2) with approval of HUD. The By-Laws of the Homebuyers Association is provided as a guide for such projects and it may be used or modified to the extent required by the HBA and LHA respectively to meet local needs and desires.

APPENDIX I TO SUBPART D OF PART 904—ARTICLES OF INCORPORATION AND BY-LAWS OF _____ HOME-BUYERS ASSOCIATION

(Subpart D)

Part I—Articles of Incorporation

In compliance with the requirements of _____

(reference to statute under which incorporation is sought) the undersigned, all of whom are natural persons, residents of _____, of full age, have this day voluntarily associated themselves together for the purpose of forming a Corporation, not-for-profit, and do hereby certify:

ARTICLE I—NAME

The name of the corporation is _____ Homebuyers Association (hereinafter referred to as the "Association").

ARTICLE II—OFFICE

The principal office of the Association is _____