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AUTHORITY: 42 U.S.C. 1437-1437ee and 3535(d).

SOURCE: 39 FR 10966, Mar. 22, 1974, unless otherwise noted. Redesignated at 40 FR 15580, Apr. 7, 1975, and further redesignated at 49 FR 6714, Feb. 23, 1984.

**Subpart A—Introduction to Low-Rent Housing Homeownership Opportunity Program [Reserved]**

**Subpart B—Turnkey III Program Description**

**§ 904.101 Introduction.**

(a) *Purpose.* This subpart sets forth the essential elements of the HUD Homeownership Opportunities Program for Low-Income Families (Turnkey III).

(b) *Applicability.* This subpart is applicable to Turnkey III developments operated by LHA. For Turnkey III developments operated by an Indian Housing Authority, applicable provisions are found at 24 CFR part 905, subpart G.

(1) With respect to any development to be operated as Turnkey III, the Annual Contributions Contract (ACC) shall contain the “Special Provisions for Turnkey III Homeownership Opportunity Project” as set forth in Appendix I. A Turnkey III development may include only units which are to be operated as such under Homebuyers Ownership Opportunity Agreements. If for any reason it is determined that certain units should be operated as conventional rental units, such units must comprise or be made part of a conventional rental project.

(2) With respect to Turnkey III developments pursuant to an executed ACC where no Agreements with Homebuyers have been signed, the ACC shall be amended (i) to include the “Special Provisions” set forth in Appendix I, (ii) to extend its term to 30 years, and (iii) to reduce its Maximum Contribution Percentage to a rate that will amortize the debt in 30 years at the minimum Loan Interest Rate specified in the ACC for the specific Turnkey III project involved. Further development and operation shall be in accordance with this subpart including use of the form of Homebuyers Ownership Opportunity Agreement set forth in Appendix II.

(3) With respect to developments where Agreements with homebuyers have been signed, the following steps shall be taken:

(i) The ACC shall be amended to include the Special Provisions” set forth in Appendix I; further development and operation of the Project shall be in accordance with this subpart.