

**§ 1000.318 When do units under Formula Current Assisted Stock cease to be counted or expire from the inventory used for the formula?**

(a) Mutual Help and Turnkey III units shall no longer be considered Formula Current Assisted Stock when the Indian tribe, TDHE, or IHA no longer has the legal right to own, operate, or maintain the unit, whether such right is lost by conveyance, demolition, or otherwise, provided that:

(1) Conveyance of each Mutual Help or Turnkey III unit occurs as soon as practicable after a unit becomes eligible for conveyance by the terms of the MHOA; and

(2) The Indian tribe, TDHE, or IHA actively enforce strict compliance by the homebuyer with the terms and conditions of the MHOA, including the requirements for full and timely payment.

(b) Rental units shall continue to be included for formula purposes as long as they continue to be operated as low income rental units by the Indian tribe, TDHE, or IHA.

(c) Expired contract Section 8 units shall continue as rental units and be included in the formula as long as they are operated as low income rental units as included in the Indian tribe's or TDHE's Formula Response Form.

(d)(1) If a unit is damaged or has deteriorated so that demolition or replacement becomes necessary, the unit may continue to be considered Formula Current Assisted Stock if:

(i) the recipient certifies in writing to HUD within 1 year that it has taken action to commence the demolition and rebuilding of the unit; and

(ii) the reconstruction of the unit is completed within 4 years of when demolition or replacement becomes necessary.

(2) At the end of the 4-year period, the unit shall not be considered Formula Current Assisted Stock unless the recipient notifies HUD that the unit has been completed as provided in paragraph (d)(1)(ii). If the recipient fails to complete construction of the unit within 4 years, HUD shall not require the recipient to repay amounts allocated to the recipient for such unit during that period.