

*Total Estimated Burden Hours:* 16,296  
*Status:* Reinstatement with changes  
*Contact:* Barbara Hunter, HUD, (202) 708-3944; Joseph F. Lackey, Jr., OMB, (202) 395-7316.

Dated: June 11, 1995.

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### Office of the Assistant Secretary for Housing-Federal Housing Commissioner

[Docket No. N-95-3785; FR-3724-N-03]

#### Interest Rate for the Section 235(r) Mortgage Insurance Program

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

**ACTION:** Notice of decrease in interest rate.

**SUMMARY:** This notice announces a change in the maximum interest rate for mortgages to be insured under section 235(r) of the National Housing Act. The section 235(r) maximum interest rate is to be determined by the Secretary of HUD and published in the **Federal Register**. Mortgage market conditions now dictate that the Secretary decrease the section 235(r) maximum rate from 9.00 percent to 8.50 percent. There is no change being made in the maximum margin of additional percentage points that may be added to the maximum rate if the established conditions are met. Therefore, the maximum for the premium section 235(r) interest rate will be 10.00 percent (8.50 percent for the rate of interest and 1.50 percent for the margin of additional percentage points).

**EFFECTIVE DATE:** July 5, 1995.

**FOR FURTHER INFORMATION CONTACT:**

John N. Dickie, Director, Program Evaluation Division, Room B-133, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410; telephone (202) 755-7470, Ext. 117; (TDD) (202) 708-4594. (These are not toll-free numbers.)

**SUPPLEMENTARY INFORMATION:** Section 235(r) of the National Housing Act (12 U.S.C. 1715z) authorizes the Secretary to insure mortgages that refinance existing mortgages insured under section 235. The purpose of the program is to reduce the interest rate insured and assisted under section 235 in order that the assistance payments the Department pays on behalf of mortgagors may be reduced. The regulations implementing the program are contained in subpart H of 24 CFR part 235—refinancing of mortgages under section 235(r).

The interest rate for these loans is set by the Secretary and published in the **Federal Register** as authorized by 24 CFR 235.1202(b)(3). The previous section 235(r) interest rate of 9.00 percent was published in the **Federal Register** on February 16, 1995 (60 FR 9043). The Department has determined that market conditions dictate a change in the section 235(r) interest rate. The change will take effect on the date of publication of this notice.

The most recent HUD survey of Mortgage Market conditions (i.e., Secondary Market Prices and Yields), an OMB-designated Principal Federal Indicator, found that the dominant national FHA rate being quoted to potential homebuyers for "lock-in" commitments of 60 days or more was 8.50 percent on April 1, 1995, with an average of .62 points, and an effective interest rate of 8.59 percent.

Most FHA mortgages are funded in the GNMA mortgage-backed securities market. There is a 50 basis point spread between FHA contract interest rates and GNMA coupon rates (this covers the GNMA guarantee fee and servicing cost). On May 3, 1995, the GNMA 7.50 percent coupon securities (8.00 percent FHA loans) were priced at about 2 points discount. On the other hand, the GNMA 8.00 percent security (8.50 percent FHA loans) was trading in the two-month forward market at around par, while the 8.50 percent GNMA coupons (9.00 percent FHA mortgages) traded at about 2 points over par (i.e., premium).

Adjusting the section 235(r) rate to 8.50 percent will bring this rate back into line with the rest of the FHA current production loans. Therefore, the maximum rate for section 235(r) mortgages is 8.50 percent beginning with the publication date of this notice. The maximum margin of additional percentage points that may be added to the maximum rate under 24 CFR 235.1202(b)(3)(i)(B) will remain at 1.50 percent.

The subject matter of this notice is categorically excluded from HUD's environmental clearance procedures, in accordance with 24 CFR 50.20(l). For that reason, no environmental finding has been prepared for this notice.

Dated: May 22, 1995.

**Nicolas P. Retsinas,**

*Assistant Secretary for Housing—Federal Housing Commissioner.*

[FR Doc. 95-16335 Filed 7-3-95; 8:45 am]

BILLING CODE 4210-27-P

### Office of the Secretary

[Docket No. N-95-3892; FR-3864-N-03]

#### Regulatory Waiver Requests Granted

**AGENCY:** Office of the Secretary, HUD.

**ACTION:** Public notice of the granting of regulatory waivers. Request: January 1, 1995 through March 31, 1995.

**SUMMARY:** Under the Department of Housing and Urban Development Reform Act of 1989 (Reform Act), the Department (HUD) is required to make public all approval actions taken on waivers of regulations. This notice is the seventeenth such notice being published on a quarterly basis, providing notification of waivers granted during the preceding reporting period. The purpose of this notice is to comply with the requirements of section 106 of the Reform Act.

**FOR FURTHER INFORMATION CONTACT:** For general information about this Notice, contact Camille E. Acevedo, Assistant General Counsel for Regulations, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410; telephone 202-708-3055; TDD: (202) 708-3259. (These are not toll-free numbers.) For information concerning a particular waiver action, about which public notice is provided in this document, contact the person whose name and address is set out, for the particular item, in the accompanying list of waiver-grant actions.

**SUPPLEMENTARY INFORMATION:** As part of the Housing and Urban Development Reform Act of 1989, the Congress adopted, at HUD's request, legislation to limit and control the granting of regulatory waivers by the Department. Section 106 of the Act (Section 7(q)(3)) of the Department of Housing and Urban Development Act, 42 U.S.C. 3535(q)(3), provides that:

1. Any waiver of a regulation must be in writing and must specify the grounds for approving the waiver;

2. Authority to approve a waiver of a regulation may be delegated by the Secretary only to an individual of Assistant Secretary rank or equivalent rank, and the person to whom authority to waive is delegated must also have authority to issue the particular regulation to be waived;

3. Not less than quarterly, the Secretary must notify the public of all waivers of regulations that the Department has approved, by publishing a Notice in the **Federal Register**. These Notices (each covering the period since the most recent previous notification) shall: