

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

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

[Docket No. FR-3976-N-01]

**Notice of Method of Selecting State  
Housing Finance Agencies To  
Participate in a Pilot Program for the  
Sale of HUD-Held Subsidized  
Mortgages**

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

**ACTION:** Notice.

**SUMMARY:** This notice announces the  
method of the Department's selection of  
state housing finance agencies to  
participate in a pilot program for the  
sale of HUD-held subsidized mortgages.

**FOR FURTHER INFORMATION CONTACT:**  
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Urban Development, Room 6160, 451  
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2691 or Susan Sacco, Multifamily  
Mortgage Sales Specialist, Office of  
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Disposition, Department of Housing and  
Urban Development, Room 6278, 451  
Seventh Street, S.W., Washington, D.C.,  
20410, telephone (202) 708-1220, Ext.  
2667. Hearing- or speech-impaired  
individuals may call (202) 708-4594  
(TDD). These are not toll-free numbers.

**SUPPLEMENTARY INFORMATION:** To  
facilitate the disposition of the HUD-  
held portfolio of subsidized mortgages  
to eligible purchasers, HUD has decided  
to initiate several mortgage sales  
involving state housing finance agencies  
("HFAs"). The initial sales program will  
involve 3-5 HFAs. HUD's objective in  
launching this initiative is to transfer  
ownership of portfolios of HUD-held  
subsidized mortgages for the applicable  
state to HFAs which will service and  
restructure mortgages within the  
portfolio taking into account the  
economic, physical, social, and  
financial realities of each individual  
loan. On October 6, 1995, HUD mailed  
an invitation to all HFAs inviting them  
to submit a proposal to participate in  
the pilot program. HUD will select 3-5  
HFAs to participate. In making its  
selection, HUD intends to give

preference to those housing finance  
agencies which will make financial and  
resource commitments to this initiative  
and/or will refinance the mortgages  
using FHA risk sharing or credit  
guarantees which do not involve FHA  
insurance. HUD intends to sell  
subsidized mortgages within an HFA's  
jurisdiction to the selected pilot  
agencies and expects that each HFA will  
service and restructure the mortgages,  
where feasible, based on existing market  
factors and assuming termination of  
project-based subsidies at contract  
expiration. HUD will not sell any  
unsubsidized or partially assisted  
mortgages as part of this transaction.

A pre-proposal submission conference  
with HFAs that are interested in  
responding to the October 6, 1995  
invitation will be held on October 25,  
1995, in Washington, D.C.

Authority: 12 U.S.C 1701z-11 and  
1731(k)(3).

Dated: October 16, 1995.

Nicolas P. Retsinas,  
*Assistant Secretary for Housing-Federal  
Housing Commissioner.*

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