

**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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Multifamily Asset Management and
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Seventh Street, S.W., Washington, D.C.,
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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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