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Dated: July 10, 1996.

Richard Kopanda,

Executive Officer, SAMHSA.

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

[Docket No. FR-4027-N-02]

**Office of the Assistant Secretary for Housing—Federal Housing Commissioner; Mortgage and Loan Insurance Programs Under the National Housing Act—Debenture Interest Rates**

**AGENCY:** Office of the Assistant Secretary for Housing—Federal Housing Commissioner, (HUD).

**ACTION:** Notice of change in debenture interest rates.

**SUMMARY:** This notice announces changes in the interest rates to be paid on debentures issued with respect to a loan or mortgage insured by the Federal Housing Commissioner under the provisions of the National Housing Act (the "Act"). The interest rate for debentures issued under Section 221(g)(4) of the Act during the six-month period beginning July 1, 1996, is 6<sup>7</sup>/<sub>8</sub> percent. The interest rate for debentures issued under any other provision of the Act is the rate in effect on the date that the commitment to insure the loan or mortgage was issued, or the date that the loan or mortgage was endorsed (or initially endorsed if there are two or more endorsements) for insurance, whichever rate is higher. The interest rate for debentures issued under these other provisions with respect to a loan or mortgage committed or endorsed during the six-month period beginning July 1, 1996, is 7<sup>1</sup>/<sub>4</sub> percent.

**FOR FURTHER INFORMATION CONTACT:** James B. Mitchell, Financial Services Division, Department of Housing and Urban Development, 470 L'Enfant Plaza East, Room 3119, Washington, D.C. 20024. Telephone (202) 755-7450 ext. 125, or TTY (202) 708-4594 for hearing- or speech-impaired callers. These are not toll-free numbers.

**SUPPLEMENTARY INFORMATION:** Section 224 of the National Housing Act (24 U.S.C. 1715o) provides that debentures issued under the Act with respect to an

insured loan or mortgage (except for debentures issued pursuant to Section 221(g)(4) of the Act) will bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed (or initially endorsed if there are two or more endorsements) for insurance, whichever rate is higher. This provision is implemented in HUD's regulations at 24 CFR 203.405, 203.479, 207.259(e)(6), and 220.830. Each of these regulatory provisions states that the applicable rates of interest will be published twice each year as a notice in the Federal Register.

Section 224 further provides that the interest rate on these debentures will be set from time to time by the Secretary of HUD, with the approval of the Secretary of the Treasury, in an amount not in excess of the annual interest rate determined by the Secretary of the Treasury pursuant to a statutory formula based on the average yield of all outstanding marketable Treasury obligations of maturities of 15 or more years.

The Secretary of the Treasury (1) has determined, in accordance with the provisions of Section 224, that the statutory maximum interest rate for the period beginning July 1, 1996, is 7<sup>1</sup>/<sub>4</sub> percent and (2) has approved the establishment of the debenture interest rate by the Secretary of HUD at 7<sup>1</sup>/<sub>4</sub> percent for the six-month period beginning July 1, 1996. This interest rate will be the rate borne by debentures issued with respect to any insured loan or mortgage (except for debentures issued pursuant to Section 221(g)(4)) with an insurance commitment or endorsement date (as applicable) within the last six months of 1996.

For convenience of reference, HUD is publishing the following chart of debenture interest rates applicable to mortgages committed or endorsed since January 1, 1980:

Effective interest rate	On or after	Prior to
9 <sup>1</sup> / <sub>2</sub>	Jan. 1, 1980	July 1, 1980
9 <sup>7</sup> / <sub>8</sub>	July 1, 1980	Jan. 1, 1981
11 <sup>3</sup> / <sub>4</sub>	Jan. 1, 1981	July 1, 1981
12 <sup>7</sup> / <sub>8</sub>	July 1, 1981	Jan. 1, 1982
12 <sup>3</sup> / <sub>4</sub>	Jan. 1, 1982	Jan. 1, 1983
10 <sup>1</sup> / <sub>4</sub>	Jan. 1, 1983	July 1, 1983
10 <sup>3</sup> / <sub>8</sub>	July 1, 1983	Jan. 1, 1984
11 <sup>1</sup> / <sub>2</sub>	Jan. 1, 1984	July 1, 1984
13 <sup>3</sup> / <sub>8</sub>	July 1, 1984	Jan. 1, 1985
11 <sup>5</sup> / <sub>8</sub>	Jan. 1, 1985	July 1, 1985
11 <sup>1</sup> / <sub>8</sub>	July 1, 1985	Jan. 1, 1986
10 <sup>1</sup> / <sub>4</sub>	Jan. 1, 1986	July 1, 1986
8 <sup>1</sup> / <sub>4</sub>	July 1, 1986	Jan. 1, 1987
8	Jan. 1, 1987	July 1, 1987
9	July 1, 1987	Jan. 1, 1988

Effective interest rate	On or after	Prior to
9 <sup>1</sup> / <sub>8</sub>	Jan. 1, 1988	July 1, 1988
9 <sup>3</sup> / <sub>8</sub>	July 1, 1988	Jan. 1, 1989
9 <sup>1</sup> / <sub>4</sub>	Jan. 1, 1989	July 1, 1989
9	July 1, 1989	Jan. 1, 1990
8 <sup>1</sup> / <sub>8</sub>	Jan. 1, 1990	July 1, 1990
9	July 1, 1990	Jan. 1, 1991
8 <sup>3</sup> / <sub>4</sub>	Jan. 1, 1991	July 1, 1991
8 <sup>1</sup> / <sub>2</sub>	July 1, 1991	Jan. 1, 1992
8	Jan. 1, 1992	July 1, 1992
8	July 1, 1992	Jan. 1, 1993
7 <sup>3</sup> / <sub>4</sub>	Jan. 1, 1993	July 1, 1993
7	July 1, 1993	Jan. 1, 1994
6 <sup>5</sup> / <sub>8</sub>	Jan. 1, 1994	July 1, 1994
7 <sup>3</sup> / <sub>4</sub>	July 1, 1994	Jan. 1, 1995
8 <sup>3</sup> / <sub>8</sub>	Jan. 1, 1995	July 1, 1995
7 <sup>1</sup> / <sub>4</sub>	July 1, 1995	Jan. 1, 1996
6 <sup>1</sup> / <sub>2</sub>	Jan. 1, 1996	July 1, 1996
7 <sup>1</sup> / <sub>4</sub>	July 1, 1996	Jan. 1, 1997

Section 221(g)(4) of the Act provides that debentures issued pursuant to that paragraph (with respect to the assignment of an insured mortgage to the Secretary) will bear interest at the "going Federal rate" of interest in effect at the time the debentures are issued. The term "going Federal rate" is defined to mean the interest rate that the Secretary of the Treasury determines, pursuant to a statutory formula based on the average yield on all outstanding marketable Treasury obligations of eight- to twelve-year maturities, for the six-month periods of January through June and July through December of each year. Section 221(g)(4) is implemented in the HUD regulations at 24 CFR 221.790.

The Secretary of the Treasury has determined that the interest rate to be borne by debentures issued pursuant to Section 221(g)(4) during the six-month period beginning July 1, 1996, is 6<sup>7</sup>/<sub>8</sub> percent.

HUD expects to publish its next notice of change in debenture interest rates in January 1997.

The subject matter of this notice falls within the categorical exclusion from HUD's environmental clearance procedures set forth in 24 CFR 50.20(l). For that reason, no environmental finding has been prepared for this notice.

(Secs. 211, 221, 224, National Housing Act, 12 U.S.C. 1715b, 1715l, 1715o; sec. 7(d), Department of HUD Act, 42 U.S.C. 3535(d))

Dated: July 10, 1996.

Stephanie A. Smith,

General Deputy Assistant Secretary for Housing—Federal Housing Commissioner.

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