

Total Estimated Burden Hours:
30,000.

Status: Reinstatement, without changes.

Contact: Barbara D. Hunter, HUD, (202) 708-3944, Joseph F. Lackey, Jr., OMB, (202) 395-7316.

Dated: January 28, 1997.

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[Docket No. FR-4027-N-03]

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 January 1, 1997, is 6³/₈ 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 instance, 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 January 1, 1997, is 6³/₄ percent.

FOR FURTHER INFORMATION CONTACT: James B. Mitchell, Department of Housing and Urban Development, 451 7th Street, S.W., Room 6164, Washington, D.C. 20010, telephone (202) 708-1220 ext. 2612, (this is not a toll-free number). A telecommunications device for hearing- and speech-impaired individuals (TTY) is available at 1-800-877-8339 (Federal Information Relay Service).

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 January 1, 1997, is 6³/₄ percent (2) has approved the establishment of the debenture interest rate by the Secretary of HUD at 6³/₄ percent for the six-month period beginning January 1, 1997. 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 first six months of 1997.

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 ¹ / ₂	Jan. 1, 1980 ..	July 1, 1980.
9 ⁷ / ₈	July 1, 1980 ..	Jan. 1, 1981.
11 ³ / ₄	Jan. 1, 1981 ..	July 1, 1981.
12 ⁷ / ₈	July 1, 1981 ..	Jan. 1, 1982.
12 ³ / ₄	Jan. 1, 1982 ..	Jan. 1, 1983.
10 ¹ / ₄	Jan. 1, 1983 ..	July 1, 1983.
10 ³ / ₈	July 1, 1983 ..	Jan. 1, 1984.
11 ¹ / ₂	Jan. 1, 1984 ..	July 1, 1984.
13 ³ / ₈	July 1, 1984 ..	Jan. 1, 1985.
11 ⁵ / ₈	Jan. 1, 1985 ..	July 1, 1985.
11 ¹ / ₈	July 1, 1985 ..	Jan. 1, 1986.
10 ¹ / ₄	Jan. 1, 1986 ..	July 1, 1986.
8 ¹ / ₄	July 1, 1986 ..	Jan. 1, 1987.
8	Jan. 1, 1987 ..	July 1, 1987.
9	July 1, 1987 ..	Jan. 1, 1988.
9 ¹ / ₈	Jan. 1, 1988 ..	July 1, 1988.
9 ³ / ₈	July 1, 1988 ..	Jan. 1, 1989.
9 ¹ / ₄	Jan. 1, 1989 ..	July 1, 1989.

Effective interest rate	On or after	Prior to
9	July 1, 1989 ..	Jan. 1, 1990.
8 ¹ / ₈	Jan. 1, 1990 ..	July 1, 1990.
9	July 1, 1990 ..	Jan. 1, 1991.
8 ³ / ₄	Jan. 1, 1991 ..	July 1, 1991.
8 ¹ / ₂	July 1, 1991 ..	Jan. 1, 1992.
8	Jan. 1, 1992 ..	July 1, 1992.
8	July 1, 1992 ..	Jan. 1, 1993.
7 ³ / ₄	Jan. 1, 1993 ..	July 1, 1993.
7	July 1, 1993 ..	Jan. 1, 1994.
6 ⁵ / ₈	Jan. 1, 1994 ..	July 1, 1994.
7 ³ / ₄	July 1, 1994 ..	Jan. 1, 1995.
8 ³ / ₈	Jan. 1, 1995 ..	July 1, 1995.
7 ¹ / ₄	July 1, 1995 ..	Jan. 1, 1996.
6 ¹ / ₂	Jan. 1, 1996 ..	July 1, 1996.
7 ¹ / ₄	July 1, 1996 ..	Jan. 1, 1997.
6 ³ / ₄	Jan. 1, 1997 ..	July 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 January 1, 1997, is 6³/₈ percent.

HUD expects to publish its next notice of change in debenture interest rates in July 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: January 28, 1997.

Nicolas P. Retsinas,

Assistant Secretary for Housing-Federal Housing Commissioner.

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