

and no assurance that tenants were being provided proper access to the PHA's grievance procedure.

Agency form numbers, if applicable: None.

Member of affected public: State or Local Government; individuals or households.

Estimation of the total number of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response: 3,330 responses, one-time for new and modified leases, 48 average hours per response, 158,400 hours total recordkeeping burden.

Status of the proposed information collection: Reinstatement, without change.

Authority: Section 3506 of the paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35, as amended.

Dated: August 26, 2002.

Paula O. Blunt,

General Deputy Assistant Secretary for Public and Indian Housing.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4679-N-04]

Reduction in Certain FHA Multifamily Mortgage Insurance Premiums

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

ACTION: Notice.

SUMMARY: This Notice lowers the mortgage insurance premiums (MIPs) for certain Federal Housing Administration (FHA) multifamily mortgage insurance programs whose commitments will be issued in Fiscal Year 2003, and republishes others at the rate that was in effect in Fiscal Year 2002.

DATES: *Comments Due Date:* September 30, 2002.

ADDRESSES: Interested persons are invited to submit comments and responses to the Rules Docket Clerk, Office of the General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) responses are not acceptable. A copy of each response will be available for public inspection and copying during regular business hours (7:30 a.m. to 5:30 p.m. eastern time) at the above address.

FOR FURTHER INFORMATION CONTACT: Michael McCullough, Director, Office of Multifamily Development, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410, (202) 708-1142. Hearing or speech-impaired individuals may access these numbers via TTY by calling the Federal Information Relay Service at (800) 877-8339 (this is a toll-free number).

SUPPLEMENTARY INFORMATION:

I. Background

The interim rule on "Mortgage Insurance Premiums in Multifamily Programs," published on July 2, 2001, at 66 **Federal Register** 35070, revised previous regulations that set mortgage insurance premiums (MIP) at a specific figure. The revision permits the Secretary to change an MIP within the full range of HUD's statutory authority of one fourth of one percent to one percent. This Notice announces, effective October 1, 2002, the mortgage insurance premiums to be in effect for FHA firm commitments issued, amended or reissued in Fiscal Year 2003, which are shown in the table below:

Multifamily loan program	FY 2003 basis points
Section 207—Multifamily Housing—New Construction/Substantial Rehabilitation	61
Section 207—Manufactured Home Parks	61
Section 220—Housing In Urban Renewal Areas	61
Section 221(d)(3)—Moderate Income Housing	80
Section 221(d)(4)—Moderate Income Housing	57
Section 223(a)(7)—Refinancing of Insured Multifamily Project	50
Section 223(d)—Operating Loss Loans	80
Section 207/223(f)—Purchase or Refinance Housing	50
Section 231—Housing for the Elderly	61
Section 232—Health Care Facilities	50
Section 232 pursuant to Section 223(f)—Purchase or Refinance Health Care Facilities	50
Section 234(d)—Condominium Housing	50
Section 241(a)—Additions & Improvements for Apartments	80
Section 241(a)—Additions & Improvements for Health Care Facilities	50
Section 242—Hospitals	50
Title XI—Group Practice	50

Multifamily loan program	FY 2003 basis points
HOPE VI Projects with or without LIHTC— [221(d)(4)]	57
HOPE VI Projects with or without LIHTC—[207, 220 and 231]	61
Low Income Housing Tax Credit Projects— 221(d)(4), 207, 220, and 231 without HOPE VI	50

II. Applicable Mortgage Insurance Premium Regulations

The MIP regulations are contained in 24 CFR 207.252, 207.252(a), and 207.254, published at 66 FR 35072 (July 2, 2001). This Notice is published in accordance with the procedures stated in those regulations.

III. Transition Guidelines

A. General

If a firm commitment has been issued at a higher mortgage insurance premium (MIP) and FHA has not initially endorsed the note, the lender may request the field office to reprocess the commitment at the lower MIP and issue an amended commitment on or after October 1, 2002. If the initial endorsement has occurred, the MIP cannot be changed.

B. Extension of Outstanding 80 basis point Firm Commitments

FHA may extend outstanding firm commitments when the HUB/Program Center determines that the underwriting conclusions (rents, expenses, construction costs, mortgage amount and cash required to close) are still valid.

C. Reprocessing of Outstanding 80 basis point Firm Commitments

FHA will consider requests from mortgagees to reprocess outstanding firm commitments at the lower mortgage insurance premium once the new premiums become effective in Fiscal Year 2003:

- 1. Outstanding commitments with initial 60 day expiration dates on or after the effective date of the MIP Notice.* FHA Multifamily HUB/Program Center staff will simply reprocess these cases to reflect the impact of the lower MIP and issue amended commitments;
- 2. Outstanding commitments with initial expiration dates prior to the effective date of the MIP Notice which have pending extension requests or have had extensions granted by FHA beyond the initial 60 day period.* These cases will require more extensive reprocessing by FHA staff. Reprocessing will include

an updated FHA field staff analysis and review of rents, expenses, construction costs, particularly considering any changes in Davis-Bacon wage rates and cash required to close. (An updated appraisal may be required from the mortgagee depending on the age of the appraisal.) If reprocessing results in favorable underwriting conclusions, HUB/Program Center staff will issue amended commitments at the new MIP.

D. Reopening of Expired 80 basis point Firm Commitments

FHA will consider requests from mortgagees, which requests may be either updated Traditional Application Processing (TAP) firm commitment applications or updated Multifamily Accelerated Processing (MAP) applications with updated exhibits, to reopen expired 80 basis point commitments on or after the effective date of the MIP Notice, provided that the reopening requests are received within 90 days of the expiration of the commitments and include the \$.50 per thousand of requested mortgage reopening fee. Reopening requests will be reprocessed by FHA field staff under the instructions in paragraph C.2 above.

After expiration of the 90 day reopening period, mortgagees are required to submit new applications with the \$3 per thousand application fee. (MAP applications must start at the preapplication stage.)

Credit Subsidy

Mortgagee Letters will be issued from time to time to advise mortgagees of any requirements for credit subsidy, and the availability of credit subsidy. In Fiscal Year 2003, it is anticipated that only three programs will require credit subsidy: Section 221(d)(3) for nonprofit sponsors and cooperatives for new construction or substantial rehabilitation, Section 223(d) for operating loss loans for both apartments and health care facilities, and Section 241(a) for supplemental loans for additions or improvements to existing apartments only. FHA will not issue amended commitments for increased mortgage amounts nor obligate additional credit subsidy for projects requiring credit subsidy in Fiscal Year 2003.

Dated: August 26, 2002.

Sean Cassidy,

General Deputy Assistant Secretary for Housing-Federal Housing Commissioner.
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4710-N-06]

Public Housing Assessment System (PHAS); Extension of Interim Scoring Methodologies for PHAS Physical Condition and Financial Condition Indicators

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice.

SUMMARY: This notice advises public housing agencies (PHAs) and the public that HUD will extend the use of interim scoring methodologies for the Public Housing Assessment System (PHAS) Physical Condition and Financial Condition Indicators. These methodologies were adopted by notice published in the **Federal Register** on March 15, 2002, and described in notices published in the **Federal Register** on November 26, 2001. This extension applies to PHAs with fiscal years ending December 31, 2002; March 31, 2003, and June 30, 2003.

FOR FURTHER INFORMATION CONTACT: For further information contact the Office of Public and Indian Housing Real Estate Assessment Center (PIH-REAC), Attention: Wanda Funk, U.S. Department of Housing and Urban Development, 1280 Maryland Avenue, SW., Suite 800, Washington DC 20024; telephone the Technical Assistance Center at 1-888-245-4860 (this is a toll free number). Persons with hearing-or speech-impairments may access that number via TTY by calling the Federal Information Relay Service at (800) 877-8339. Additional information is available from the PIH-REAC internet site, <http://www.hud.gov/offices/reac>.

SUPPLEMENTARY INFORMATION:

I. Background

On March 15, 2002, HUD published a notice (67 FR 11844) adopting a PHAS interim scoring methodology for PHAs with fiscal years ending September 30, 2001, December 31, 2001, March 31, 2002, June 30, 2002, and September 30, 2002. In that notice HUD announced changes in the scoring methodology for two of the four PHAS assessment indicators: the Physical Condition Indicator and Financial Condition Indicator. Detailed information about the changes to the scoring processes was provided in notices published in the **Federal Register** on November 26, 2001. The Introduction notice was published at 66 FR 59080. The Physical Condition Scoring Process Interim Scoring notice

was published at 66 FR 59084. The Financial Condition Scoring Process Interim Assessments notice was published at 66 FR 59126.

For the Physical Condition Indicator, during the interim period, the inspectable areas are reduced from five to two. The weights assigned to the three unscored inspectable areas are redistributed over the two remaining inspectable areas. In addition, for PHAs with a Physical Condition Indicator score of less than 24 on the 30-point scale, properties will be inspected once a year. For PHAs with a Physical Condition Indicator score of 24 or greater on the 30-point scale, properties will be inspected every two years.

For the Financial Condition Indicator, the score for Current Ratio (CR) and number of Months Expendable Fund Balance (MEFB) will not be based on peer groups. All PHAs with a CR or MEFB component value of less than one will receive zero points for these two components if the component values for CR and MEFB are equal to or greater than one, then PHAs, regardless of standing in relation to their peers, will receive the full nine points for each component.

II. Extension of Interim Scoring Methodologies for PHAS Physical Condition and Financial Condition Indicators

At the time that the interim scoring processes were adopted on March 15, 2002, the Department advised that if an extension of the interim period were necessary, the Department would notify PHAs and the public by notice published in the **Federal Register**. The Department has determined that an extension of the interim period is necessary, and by this notice is notifying PHAs and the public that the effective period for the interim scoring processes is extended to PHAs having fiscal years ending on December 31, 2002, March 31, 2003, and June 30, 2003. As advised in the November 26, 2001, notice, the Department is considering improvements and changes to PHAS, and will continue to do so during this extension of the interim period. With respect to any action that may be taken, and consistent with the PHAS rule, HUD will provide advance notice of any changes and provide the opportunity for comment.

Dated: August 26, 2002.

Paula O. Blunt,

General Deputy Assistant Secretary for Public and Indian Housing.
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