

Issued in Washington, DC on March 4, 1988.

Robert L. Goodrich,

Director of Flight Standards.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, Part 97 of the Federal Aviation Regulations (14 CFR Part 97) is amended by establishing, amending, suspending, or revoking Standard Instrument Approach Procedures, effective at 0901 Gmt on the dates specified, as follows:

1. The authority citation for Part 97 continues to read as follows:

Authority: 49 U.S.C. 1348, 1354(a), 1421, and 1510; 49 U.S.C. 106(g) (revised, Pub. L. 97-449, January 12, 1983; and 14 CFR 11.49(b)(2)).

By amending: § 97.23 VOR, VOR/DME, VOR or TACAN, and VOR/DME or TACAN; § 97.25 LOC, LOC/DME, LDA, LDA/DME, SDF, SDF/DME; § 97.27 NDB, NDB/DME; § 97.29 ILS, ILS/DME, ISMLS, MLS, MLS/DME, MLS/RNAV; § 97.31 RADAR SIAPs; § 97.33 RNAV SIAPs; and § 97.35 COPTER SIAPs, identified as follows:

... Effective May 5, 1988

Evergreen, AL—Evergreen, VOR/DME RWY 9, Amdt. 2
 Sitka, AK—Sitka, NDB-A, Orig.
 Sitka, AK—Sitka, NDB-A, Orig.,
 CANCELLED
 Aspen, CO—Aspen-Pitkin Co/Sardy Field, VOR/DME-C, Amdt. 1
 Craig, CO—Craig-Moffat, VOR RWY 25, Amdt. 2
 Denver, CO—Stapleton Intl, LOC RWY 18, Amdt. 2
 Denver, CO—Stapleton Intl, LDA/DME RWY 35R, Amdt. 2
 Denver, CO—Stapleton Intl, NDB RWY 26L, Amdt. 38
 Denver, CO—Stapleton Intl, NDB RWY 26R, Amdt. 8
 Denver, CO—Stapleton Intl, ILS/DME 1 RWY 8R, Amdt. 5
 Denver, CO—Stapleton Intl, CONVERGING ILS/DME 2 RWY 8R, Amdt. 2
 Denver, CO—Stapleton Intl, ILS/DME 1 RWY 17L, Amdt. 6
 Denver, CO—Stapleton Intl, CONVERGING ILS/DME 2 RWY 17L Amdt. 2
 Denver, CO—Stapleton Intl, ILS RWY 26L, Amdt. 46
 Denver, CO—Stapleton Intl, ILS RWY 35L, Amdt. 28
 Denver, CO—Stapleton Intl, ILS RWY 35R, Amdt. 11
 Denver, CO—Stapleton Intl, ILS RWY 36, Amdt. 2
 Bedford, IN—Virgil I. Grissom Muni, VOR/DME Rwy 13, Amdt. 8
 Bedford, IN—Virgil I. Grissom Muni, VOR/DME Rwy 31, Amdt. 7
 Bloomington, IN—Monroe County, VOR RWY 6, Amdt. 15
 Bloomington, IN—Monroe County, VOR RWY 17, Amdt. 10
 Bloomington, IN—Monroe County, VOR RWY 24, Amdt. 9

Bloomington, IN—Monroe County, VOR/DME RWY 35, Amdt. 12
 Charles City, IA—Charles City Muni, NDB RWY 12, Amdt. 10
 Grinnell, IA—Grinnell Muni, VOR/DME RWY 31, Orig.
 Mapleton, IA—Mapleton Muni, NDB RWY 20, Amdt. 3
 Waterloo, IA—Waterloo Muni, RNAV RWY 6, Amdt. 4, CANCELLED
 Liberal, KS—Liberal Muni, VOR RWY 17, Amdt. 6, CANCELLED
 Liberal, KS—Liberal Muni, VOR DME RWY 35, Amdt. 2, CANCELLED
 Louisville, KY—Standiford Field, LOC BC RWY 11, Amdt. 5, CANCELLED
 Norwood, MA—Norwood Memorial, LOC RWY 35, Amdt. 6
 Norwood, MA—Norwood Memorial, NDB RWY 35, Amdt. 6
 Hallock, MN—Hallock Muni, VOR/DME RWY 31, Amdt. 5
 Millville, NJ—Millville Muni, VOR RWY 19, Amdt. 3
 Newark, NJ—Newark Intl, NDB RWY 4L, Amdt. 8
 Newark, NJ—Newark Intl, NDB RWY 4R, Amdt. 4
 Newark, NJ—Newark Intl, ILS RWY 4L, Amdt. 8
 Newark, NJ—Newark Intl, ILS RWY 4R, Amdt. 5
 Pembina, ND—Pembina Muni, VOR RWY 33, Amdt. 5
 Norman, OK—University of Oklahoma Westheimer Airport, VOR/DME RWY 3, Amdt. 2, CANCELLED
 Shawnee, OK—Shawnee Muni, RNAV RWY 17, Amdt. 2, CANCELLED
 Corpus Christi, TX—Corpus Christi Intl, RADAR 1, Amdt. 9, CANCELLED
 Casper, WY—Natrona County Intl, NDB RWY 7, Amdt. 12
 Casper, WY—Natrona County Intl, ILS RWY 7, Amdt. 22

... Effective April 7, 1988

Park Rapids, MN—Park Rapids Muni, VOR RWY 31, Amdt. 11
 Kansas City, MO—Kansas City Downtown, LOC RWY 3, Orig.
 Lumberton, NC—Lumberton Muni, VOR RWY 5, Amdt. 7
 Lumberton, NC—Lumberton Muni, VOR RWY 13, Amdt. 8

... Effective February 22, 1988

Boston, MA—General Edward Lawrence Logan Intl, ILS/DME RWY 27, Amdt. 3

The FAA published an Amendment in Docket No. 25547, Amdt. No. 1368 to Part 97 of the Federal Aviation Regulations (VOL 53 FR No. 41 Page 6593; dated Wednesday, March 2, 1988) under Section 97.29 effective April 7, 1988, which is hereby amended as follows:

Washington, DC, Dulles Intl, ILS RWY 12, Amdt. 13 should read Washington, DC, Dulles Intl, ILS RWY 12, Amdt. 3

[FR Doc. 88-5914 Filed 3-17-88; 8:45 am]

BILLING CODE 4910-13-M

ENVIRONMENTAL PROTECTION AGENCY

21 CFR Parts 193 and 561

[OPP-300180; FRL 3351-8]

Revocation of Human Food Additive Regulations and Animal Feed Additive Regulations for Certain Pesticide Chemicals

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This rule revokes human food additive regulations in 21 CFR Part 193 and animal feed additive regulations in 21 CFR Part 561 related to certain pesticide chemicals. EPA is initiating this final rule without the benefit of a proposed rulemaking or solicitation for public comments because it simply removes obsolete and expired residue limitations.

EFFECTIVE DATE: March 18, 1988.

FOR FURTHER INFORMATION CONTACT:

By mail: Patricia Critchlow, Registration Division (TS-767C), Environmental Protection Agency, 401 M Street, SW., Washington, DC 20460.

Office location and telephone number: Registration Support and Emergency Response Branch, Rm. 716, CM #2, 1921 Jefferson Davis Highway, Arlington, VA (703) 557-2226.

SUPPLEMENTARY INFORMATION: EPA established certain food additive regulations in 21 CFR Parts 193 and 561 for residues of the pesticides enumerated below in processed food commodities, to expire on the dates specified in the regulations. These residues resulted from use of the pesticides in accordance with the provisions of experimental use permits (EUP's) which have also expired; several of the regulations specify "interim" tolerances but do not mention the experimental program.

The various pesticides for which these regulations were established have not been authorized since 1985 for use under EUP's on the subject processed food commodities or on the raw agricultural commodities from which the food commodities are processed, and there is no longer any expectation of residues occurring in the processed food products from the EUP use. Thus, the existing food additive regulations are no longer necessary and should be deleted from 21 CFR Parts 193 and 561.

Therefore, EPA is amending the regulations discussed in this rule by revoking the section in its entirety or removing the applicable paragraph

containing the expired tolerances, as follows:

In Part 193

- § 193.15 Aldicarb
- § 193.84 Chlorothalonil
- § 193.87 Cypermethrin
- § 193.152 2,2-Dimethyl-1,3-benzodioxol-4-ol methylcarbamate
- § 193.156 *O,O*-Dimethyl *O*-(4-nitro-*m*-tolyl) phosphorothioate
- § 193.277 Metalaxyl
- § 193.468 Pirimiphos-methyl
- § 193.469 5-(4-Chlorophenyl)-2,3-diphenylthiophene

In Part 561

- § 561.273 Metalaxyl
- § 561.277 Methamidophos
- § 561.432 Pirimiphos-methyl
- § 561.433 5-(4-Chlorophenyl)-2,3-diphenylthiophene

Since this regulatory action is intended only to remove obsolete and unnecessary information from the Code of Federal Regulations, it has been determined that this rule is not subject to a review under Executive Order 12291. Likewise, this rule does not require a regulatory impact analysis under the Regulatory Flexibility Act.

List of Subjects in 21 CFR Parts 193 and 561

Food additives, Animal feeds, Pesticides and pests, Recordkeeping and reporting requirements.

Dated: March 11, 1988.

Douglas D. Camp, Jr.

Director, Office of Pesticide Programs.

Therefore, 21 CFR Parts 193 and 561 are amended as follows:

PART 193—[AMENDED]

1. In Part 193:
 - a. The authority citation for Part 193 continues to read as follows:

Authority: 21 U.S.C. 348.

§§ 193.84, 193.87, and 193.469 [Removed]

- b. By removing §§ 193.84, 193.87, and 193.469.

§ 193.15 [Amended]

- c. By removing and reserving paragraph (b) in § 193.15.

§§ 193.152 and 193.277 [Amended]

- d. By removing paragraph (c) in §§ 193.152 and 193.277.

§ 193.156 [Amended]

- e. By removing paragraphs (b), (c), and (d) and reserving paragraph (b) in § 193.156.

- f. By revising § 193.468 to read as follows:

§ 193.468 Pirimiphos-methyl.

(a) Tolerances are established for the combined residues of the insecticide pirimiphos-methyl (*O*-[2-diethylamino-6-methyl-4-pyrimidinyl] *O,O*-dimethyl phosphorothioate) and its metabolite *O*-(2-ethylamino-6-methyl-pyrimidin-4-yl) *O,O*-dimethyl phosphorothioate and, in free and conjugated forms, the metabolites 2-diethylamino-6-methyl-pyrimidin-4-ol, 2-ethylamino-6-methyl-pyrimidin-4-ol, and 2-amino-6-methyl-pyrimidin-4-ol in or on the following processed foods when present therein as a result of application to stored grains:

Foods	Parts per million
Corn milling fractions (except flour).....	40
Corn oil.....	88
Sorghum milling fractions (except flour).....	40

(b) [Reserved]

PART 561—[AMENDED]

2. In Part 561:
 - a. The authority citation for Part 561 continues to read as follows:

Authority: 21 U.S.C. 348.

§§ 561.277 and 561.433 [Removed]

- b. By removing §§ 561.277 and 561.433.

§ 561.273 [Amended]

- c. In § 561.273, by removing paragraph (c).
 - d. By revising § 561.432 to read as follows:

§ 561.432 Pirimiphos-methyl.

(a) Tolerances are established for the combined residues of the insecticide pirimiphos-methyl (*O*-[2-diethylamino-6-methyl-4-pyrimidinyl] *O,O*-dimethyl phosphorothioate) and its metabolite *O*-(2-ethylamino-6-methyl-pyrimidin-4-yl) *O,O*-dimethyl phosphorothioate and, in free and conjugated forms, the metabolites 2-diethylamino-6-methyl-pyrimidin-4-ol, 2-ethylamino-6-methyl-pyrimidin-4-ol, and 2-amino-6-methyl-pyrimidin-4-ol in or on the following processed feeds when present therein as a result of application to stored grains:

Foods	Parts per million
Corn milling fractions (except flour).....	40
Sorghum milling fractions (except flour).....	40

(b) [Reserved]

[FR Doc. 88-6072 Filed 3-17-88; 8:45 am]

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing—Federal Housing Commissioner

24 CFR Parts 201, 203, 204, 205, 207, 213, 220, 221, 231, 232, 234, 240, 241, 242, 244, 250, 251, 255, and 885

[Docket No. R-88-1375; FR-2445]

Miscellaneous Revisions to FHA Single Family and Multifamily Mortgage Insuring Authorities; Section 202 Per Unit Cost Limits

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

ACTION: Final rule.

SUMMARY: This rule implements a number of the amendments to HUD's single family and multifamily mortgage insurance authorities made by the Housing and Community Development Act of 1987. Major changes include liberalization in the way HUD determines the maximum mortgage amounts for high-cost areas in FHA's home mortgage and individual-unit condominium insurance programs, revisions to the procedures by which the public may request increases in the single family and condominium unit mortgage limits, increases in the per unit mortgage limits for HUD's multifamily mortgage insurance programs, an expanded FHA insuring authority for the refinancing of single family insured graduated payment mortgages (GPMs), and an expansion of mortgages eligible for FHA single family mortgage insurance on Hawaiian home lands. The rule also increases the per unit cost limits for housing for the elderly or handicapped under section 202 of the Housing Act of 1959.

EFFECTIVE DATE: April 27, 1988.

FOR FURTHER INFORMATION CONTACT: Questions concerning single family program amendments in this rule should be referred to John J. Coonts, Deputy Director, Office of Insured Single Family Housing, Room 9266, telephone 755-3046. Questions concerning amendments to multifamily programs contained in this rule should be referred to James Hamernick, Director, Office of Insured Multifamily Housing Development, room 6134, telephone 755-6500. Questions concerning amendments to the Section 202 program of housing for the elderly or handicapped contained in the rule should be referred to Robert Wilden, Director, Assisted Housing and Handicapped Housing Division, room

6116, telephone 426-8730 (None of the listed telephone numbers is toll-free.) Written inquiries should be directed to the listed addresses and room numbers, with the remainder of the address, in each instance, as follows: Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410-8000.

SUPPLEMENTARY INFORMATION: On February 5, 1988, the President signed into law the Housing and Community Development Act of 1987 (Pub. L. 100-242, approved February 5, 1988) (the 1987 Act). This rule implements a number of the 1987 Act's changes to HUD's single family and multifamily mortgage insurance programs and increases the per unit cost limits for the Section 202 program of Housing for the Elderly and Handicapped. A discussion of these changes follows.

Single Family Mortgage Insurance

1. *High-cost areas.* Section 203(b) of the National Housing Act (NHA)—HUD's basic home mortgage insuring authority—establishes the dollar limits for an insurable mortgage by use of base dollar limits (varying with the number of family residences involved), with "high-cost" overrides on an area-by-area basis. HUD is authorized to set "high-cost" limits for any geographic area in which the Commissioner finds that moderate- and middle-income persons have limited housing opportunities, due to high prevailing housing sales prices. Before enactment of the 1987 Act, these "high-cost" limits could not exceed the lesser of (1) 133 1/3 percent of the base dollar limits or (2) a percentage of the median one-family house prices in the area, keyed to the number of units involved.

The 1987 Act made two changes in this system. First, section 404 increased the 133 1/3 percent factor to 150 percent. Second, section 423 specified that, for purposes of determining the median house price in the second part of the "high-cost" formula, the term "area" means a county, or a metropolitan statistical area (MSA), as established by the Office of Management and Budget (OMB), whichever results in the higher dollar amount.

The rule amends 24 CFR Part 203 (Mutual Mortgage Insurance and Rehabilitation Loans) and Part 234 (Condominium Ownership Mortgage Insurance) to implement these changes for the basic home mortgage and individual-unit condominium mortgage insurance programs. Other single family authorities affected by these changes include 24 CFR Part 204 (Coinsurance), Part 220 (Mortgage Insurance and

Insured Improvement Loans for Urban Renewal and Concentrated Development Areas), Part 222 (Servicemen's Mortgage Insurance), and Part 240 (Mortgage Insurance on Loans for Fee Title Purchase).

It should be noted that section 423 raised an issue of statutory construction. The amendment defined the term "area" for purposes of the "pending sentence" in the statute. The "preceding sentence" uses "area" in two contexts: The median sales price component of the "high-cost" formula and the threshold test for determining whether a given area should be considered "high-cost." The House Report on the 1987 Act,¹ from which the definition of "area" derived, however, makes clear that the amendment only applies to the median sales price determination:

The Committee accepted a provision that calls for developing a more accurate way of calculating the median single family house price by requiring the Secretary to use either the Standard Metropolitan Statistical Area (SMSA) or the county when determining the area used for this calculation.

Prior to August, 1986, HUD used a county area calculation, but when the regulation was changed, the median house price in an urban area within a county was lowered. The Committee believes this change is necessary to produce more realistic housing prices for the FHA insurance program. (H. Rep. No. 122, 100th Cong., 1st Sess. 67 (1987).)

The rule reflects this interpretation.

2. Changes in mortgage limits.

Sections 203.18b(a) and 234.27(b) provide a system by which the public may request an increase in HUD's mortgage limits for single family dwellings and individual units in condominiums. If a party believes that the mortgage limit for any area does not accurately reflect the extent to which moderate- and middle-income families have limited housing opportunities because of high prevailing housing sales prices, the party may submit documentation to the HUD field office in support of an alternative mortgage limit.

Under present §§ 203.18b(a) and 234.27, the required documentation

¹ Throughout this preamble, reference is made to the House and Senate Committee Reports and the Conference Report "on the 1987 Act." These committee documents actually refer to a version of the 1987 legislation that was reported from conference committee, but not approved by the Senate. The enacted version of the 1987 Act was a "new" bill that was considered and passed later. This bill, however, was based upon the conference-reported measure and contained its predecessor's provisions, except for several budget-related changes. Therefore, the Department believes that the committee and conference reports on the earlier version of the 1987 Act constitute valid legislative history that should be consulted in construing the provisions in the enacted 1987 Act that were carried over from the conference-reported version.

consists of a sample of the actual sales prices in the area for new and existing homes and condominiums, and the actual or estimated median sales price for all sales included in the sample. The sample should be representative of the total sales made for the area involved for at least a three-month period.

The final rule makes two principal changes to this system. First, it makes clear that the area for which an increased mortgage limit may be requested includes a county located within an MSA (as established by OMB). This change parallels the amendment discussed above for determining the median sales prices for one- to four-family residences. The rule also specifies that requests for increased mortgage amounts may not be made for an area smaller than a county.

Second, instead of the *sample* of sales prices used by the existing procedure, the rule requires submission of a listing of actual sales prices for all or nearly all sales, over a period of time that varies with the sales volume, as follows:

Sales volume	Revised data period
500 or more per month.....	1mo.
250 to 499 per month.....	2 mos.
Less than 250 per month.....	3 mos.

This change does not impose new burdens on the public, since the current system requires that all (or almost all) sales prices be reviewed in order to arrive at a representative sample. It does, however, significantly relax the reporting requirement, by permitting reports for areas with high sales volumes for periods less than the current rule's flat three-month minimum.

The rule incorporates these changes in §§ 203.18b(a) and 234.27(b).

3. *Refinancing of FHA-Insured Graduated Payment Mortgages (GPMs).* Section 408(a) of the 1987 Act amends section 223(a)(7) of the NHA by authorizing HUD to insure a mortgage to refinance an existing mortgage insured pursuant to the GPM authorities of 24 CFR 203.45 (eligibility of graduated payment mortgages) and 203.46 (eligibility of modified graduated payment mortgages). Under the new authority, the refinancing mortgage may equal the outstanding balance of the existing mortgage, if the amount of the monthly payment due under the refinancing mortgage is less than that due under the existing mortgage for the month in which the refinancing mortgage is executed.

Before enactment of the 1987 Act, insured refinancing under section

223(a)(7) could not exceed the original principal balance of the existing mortgage. GPMs provide for lower monthly mortgage payments for the early years of the mortgage, with increases over time to amortize the loan within the applicable mortgage term. Interest that accrues, but is unpaid because of the initial lower monthly payments, is added to the loan balance, creating "negative amortization." Thus, GPMs typically have outstanding balances for several years into the life of the loan that exceed the original principal balance of the mortgage.

Section 408(a) is designed to give GPM homeowners access to insured refinancing under section 223(a)(7). It allows them to get relief through the benefit of a lower interest rate and the consequent lower monthly mortgage payments, by authorizing HUD to insure the refinancing of the entire outstanding balance of an insured GPM, without regard to the current appraised value of the property, rather than limiting such insurance to the original amount of the existing mortgage. This should also benefit HUD by reducing mortgage insurance claims stemming from homeowner default on insured GPMs.

4. *Mortgagors eligible for single family mortgage insurance on Hawaiian home lands.* Section 247 of the NHA authorizes HUD to insure single family mortgages for "Native Hawaiians" on Hawaiian home lands. Before enactment of the 1987 Act, section 247(c)(1) defined "Native Hawaiian" to mean any descendant of not less than one-half part of the blood of the races living in Hawaii before January 1, 1778.

Section 413(a) of the 1987 Act amended section 247(c)(1) to specify that the term "Native Hawaiian" includes an individual who succeeds a spouse or parent in a leasehold interest in Hawaiian home lands and who has such lower blood percentage as may be established for such succession under section 209 of the Hawaiian Homes Commission Act, 1920, or under the corresponding provision of the Constitution of the State of Hawaii adopted under section 4 of the Act entitled, "An Act to provide for the admission of the State of Hawaii into the Union", approved March 18, 1959 (73 Stat. 5). The rule incorporates this change.

Section 413(b) of the 1987 Act provides that mortgages insured pursuant to section 247 of the NHA are obligations of the General Insurance

Fund (GIF). As implemented by HUD under the Housing and Urban Rural Recovery Act of 1983, section 247 mortgages were obligations of the Mutual Mortgage Insurance Fund (MMIF). No regulatory change is needed to effect this change. It should be noted, however, that the amendment will have prospective effect only. Mortgages that are the obligations of the MMIF will remain the obligations of that Fund.

The rule does, however, amend § 203.259a to provide for the continuation of the one-time mortgage insurance premium (MIP) collection system for section 247 mortgages. The Department has implemented the one-time MIP system for all MMIF mortgages, including pre-1987 Act section 247 mortgages. Mortgages that are subject to the GIF have not been brought within the one-time MIP system, but continue to pay MIP on a periodic basis. Although future section 247 mortgages will be obligations of the GIF, the Department will continue to use the one-time MIP procedures for them. This decision is consistent with the original agreement between HUD and the State of Hawaii, Department of Hawaiian Home Lands Commission for administering section 247. The Department does not believe that Congress intended to require a change in MIP procedure for the Hawaiian Home Lands program.

5. *Seasonal homes.* Section 406(c) of the 1987 Act repealed section 203(m) of the NHA—HUD's authority to insure mortgages covering vacation and seasonal homes. This authority has never been used. The rule removes the regulations for section 203(m) at 24 CFR 203.18(f), 203.19(c), and 203.43b. It also makes conforming changes at §§ 203.28, 203.43c(a), 203.45(g), 203.47(g), 203.49(h), 203.50(b), 204.1, 220.100, and 240.1.

Multifamily Mortgage Insurance

6. *Dollar mortgage limits.* Section 426 of the 1987 Act increased the per unit cost limits for a number of HUD's multifamily insuring authorities. The following lists the programs and limits, as increased by section 426.

a. *Section 207 of the NHA (Rental Housing Insurance) (24 CFR Part 207), Section 213 of the NHA (Cooperative Housing Insurance) (24 CFR Part 213), and Section 220 of the NHA (Rehabilitation and Neighborhood Conservation Housing Insurance) (24 CFR Part 220).*

Base ¹		Elevator structures ¹
\$25,350	Per family unit with 0 bedrooms.....	\$29,250
28,080	Per family unit with 1 bedroom.....	32,760
33,540	Per family unit with 2 bedrooms.....	40,170
41,340	Per family unit with 3 bedrooms.....	50,310
46,800	Per family unit with 4 or more bedrooms.....	56,885

¹ Limits for 2, 3, or 4 or more bedrooms under section 220 of the NHA may be increased by 25 percent for rehabilitation projects with not more than 5 units. The rule implements this authority.

b. Section 221(d)(3) of the NHA (Housing for Moderate Income and Displaced Families) (24 CFR Part 221).

Base ¹		Elevator structures ¹
\$28,032	Per family unit with 0 bedrooms.....	\$29,500
32,321	Per family unit with 1 bedroom.....	33,816
38,979	Per family unit with 2 bedrooms.....	41,120
49,893	Per family unit with 3 bedrooms.....	53,196
55,583	Per family unit with 4 or more bedrooms.....	58,392

¹ These limits are for nonprofit, cooperative, or public body, and certain special mortgagors; dollar limits for other mortgagors are 90 percent of those listed. The rule implements this two-tier system.

c. Section 221(d)(4) of the NHA (Housing for Moderate Income and Displaced Families) (24 CFR Part 221).

Base		Elevator structures
\$25,228	Per family unit with 0 bedrooms.....	\$27,251
28,636	Per family unit with 1 bedroom.....	31,239
34,613	Per family unit with 2 bedrooms.....	37,986
43,446	Per family unit with 3 bedrooms.....	49,140
49,231	Per family unit with 4 or more bedrooms.....	53,942

d. Section 231 (Housing for Elderly Persons) (24 CFR Part 231).

Base		Elevator structures
\$23,985	Per family unit with 0 bedrooms.....	\$27,251
26,813	Per family unit with 1 bedroom.....	31,239
32,019	Per family unit with 2 bedrooms.....	37,986
38,532	Per family unit with 3 bedrooms.....	49,140
45,300	Per family unit with 4 or more bedrooms.....	53,942

e. Section 234 (Mortgage Insurance for Condominiums) (24 CFR Part 234).

Base		Elevator structures
\$28,032	Per family unit with 0 bedrooms	\$29,500
32,321	Per family unit with 1 bedroom	33,816
38,979	Per family unit with 2 bedrooms	41,120
49,893	Per family unit with 3 bedrooms	53,195
55,583	Per family unit with 4 or more bedrooms	58,392

Because final rules of the Department must, under section 7(o)(3) of the Department of Housing and Urban Development Act, await thirty days of continuous session of the Congress before they may become effective, the several amendments made in this rule, including the above-described changes in per unit cost limits for HUD's multifamily insuring authorities, will not be effective until April 27, 1988.

However, the Secretary has the authority to waive regulatory requirements that are not required by statute, in individual cases. HUD anticipates that, during the period between publication of this rule and its effective date, circumstances may arise wherein it would be unfair to deny full availability of HUD's multifamily programs by enforcing the current per unit cost limits and high cost area limits—all of which have been increased under the 1987 Act.

Accordingly, pending the effectiveness of this rule, the per unit limit increases and the new high cost area maximums set out in Parts 207, 213, 220, 221, 231, 234, 251, 255 and 885 of this rule may be made available for application to mortgages initially or finally endorsed for insurance between the date of publication of this rule and its effective date. (Thereafter, the higher limits will be available to all other applications for mortgage insurance meeting underwriting requirements.) (In the case of direct loans under the section 202 program (Part 885), a borrower, at any time up to final closing, may request that the new per unit amounts and high cost limits set out in this rule applied in the computation of the loan amount, if the existing per unit and high cost limits in Part 885 would otherwise limit the loan amount for which the borrower is eligible.)

Clearly, the application of these higher limits is consistent with the intent of the Congress in revising the statutory limits, and allowing case-by-case waiver of HUD's regulations providing for lower

limits (where all other underwriting requirements and restriction are met) will have the effect of making the new limits available more promptly.

By separate publication (53 FR 6922, March 3, 1988) the Department announced a similar policy with reference to high cost area limits in its single family mortgage insurance programs.

It should be noted that the maximum dollar amount increases for section 234 of the NHA raised on issue of statutory interpretation. Section 422(a) of the 1987 Act increased the maximum section 234 limits to those for a comparable unit under section 221(d)(3) of the NHA, as described above. Section 426(g) of the 1987 Act also increased the dollar limits, but by a lesser amount.

The legislative history indicates the following. The House-passed 1987 Act contained what later became section 422(a). The Conference Report (at 217) states that the House provision is included in the reported bill. The Senate-passed bill increased the multifamily per unit cost limits, but only for sections 221(d)(3) and 221(d)(4) of the NHA. The House-passed bill contained the multifamily high-cost increase discussed below in item 7. The Conference Report indicates that it accepted "both the House and Senate provisions, with an amendment to the Senate provision" to increase the per unit cost limits for the other multifamily programs, including section 234. (Conference Report at 218.)

It appears, therefore, that the conferees erred in adopting two conflicting per unit cost limit increases for section 234. Since the intent of Congress was to liberalize the multifamily per unit cost limits and since we believe that section 422(a)'s cross-reference takes precedence over the amounts added by section 426(g) as a matter of statutory construction, the Department has adopted the higher limits contained in section 422(a).

7. *High-cost limits.* Before enactment of the 1987 Act, HUD had authority to increase the maximum dollar limits detailed in item 6, above, by the following:

- 75 percent in any area in which HUD determines cost levels so require.
- 140 percent, where HUD determines it necessary on a project-by-project basis, except 90 percent where a mortgage purchased by GNMA under its Special Assistance Functions (section 305 of NHA) is involved.

Section 426(h) of the 1987 Act increased the high-cost area percentage from 75 to 110 percent.

The rule implements this change for each of the authorities listed in item 6,

above, as well as 24 CFR Part 251 (Coinsurance for the Construction or Substantial Rehabilitation of Multifamily Housing Projects) and Part 255 (Coinsurance for the Purchase or Refinancing of Existing Multifamily Housing Projects). (These coinsurance authorities do not require revision to make cost increases effective.)

8. *Per unit cost limits for Section 202 Elderly or Handicapped Housing.* The Conference Report on the 1987 Act expresses the conferees' intent that HUD—

raise the mortgage limits for Section 202 projects to levels commensurate with the new limits established in [section 426(d)] for Section 221(d)(3). (H. Rep. No. 426, 100th Cong., 1st Sess. 218 (1987))

Section 202(i)(3) of the Housing Act of 1959 requires HUD, in establishing per unit cost limits for the program, to take into account design features necessary to meet the needs of elderly or handicapped residents, and requires the limits to reflect the cost of providing these features. The provision also requires HUD to adjust the limits to reflect changes in the general level of construction costs.

The Department believes that the per unit cost limits suggested by the conferees meet each of these requirements. Accordingly, the rule amends 24 CFR 885.410 to incorporate the section 221(d)(3) per unit limits referred to in item 6.b., above. The limits included are those for nonprofits, since section 202 borrowers must be nonprofit entities.

The rule also amends § 885.410 to incorporate the percentage increase for high-cost areas referred to in item 7., above.

Other Changes

9. *Coinurance.* Section 414(a) of the 1987 Act repealed section 244(c) of the NHA. This provision prohibited insurance under section 244, unless HUD determined, after due consultation with the mortgage lending industry, that coinsurance would not disrupt the mortgage market or reduce the availability of mortgage credit to borrowers who depend upon NHA mortgage insurance. The rule amends 24 CFR Parts 250, 251, and 255 to reflect this change.

10. *Negotiated interest rate.* Section 429(e)(2) of the 1987 Act amended section 232(i)(2)(B) of the NHA to make clear that the interest rate for supplemental loans to purchase and install fire safety equipment for nursing homes and related facilities would be that agreed upon by the borrower and the lender. This is a technical change to

bring section 232(i)(2)(B) into conformity with the amendments made to virtually all other HUD insuring authorities by the Housing and Urban-Rural Recovery Act of 1983.

11. *Authority to insure adjustable rate mortgages.* Section 415 of the 1987 Act increases the volume of adjustable rate mortgages that HUD may insure in any fiscal year to not to exceed 30 percent of the aggregate number of mortgages insured by HUD under title II of the NHA during the preceding fiscal year. Before enactment of the 1987 Act, the NHA limited the number of insured single family indexed mortgages, ARMs, and Shared Appreciation Mortgages (SAMs) to no more than 10 percent of the previous fiscal year's insurance totals under title II. Section 415 leaves the 10 percent limit intact for indexed mortgages and ARMs. The rule amends §§ 203.49(i) and 234.79(i) to incorporate the new limits.

12. *Minimum principal loan amount.* Section 419 of the 1987 Act prohibits a mortgage or lender from requiring, as a condition of providing a loan insured under the NHA or secured by a mortgage insured under the NHA, that the principal amount of the loan exceed a minimum amount established by the mortgage or lender. The provision also prohibits a mortgagee from requiring a minimum principal amount to be outstanding on the loan secured by the existing mortgage. The rule implements both of these provisions.

Notice and Comment Rulemaking

The Secretary had determined that this rulemaking should not be subject to prior notice and public comment. Providing for public participation for the following provisions would be contrary to the public interest:

- a. Increases in the per unit cost limits for the section 202 program and HUD's multifamily mortgage insurance authorities;
- b. Refinancing of HUD-insured GPMs;
- c. Establishing a new appeal procedure for setting maximum high-cost single family mortgage limits;
- d. Increasing the percentage multiplier for determining maximum single family high-cost mortgage amounts; and
- e. Retaining the one-time mortgage insurance premium for Native Hawaiians under section 247 of the NHA.

The Section 202 and multifamily per unit cost increases provide a clear public benefit without imposing any burden or detriment on the public. The Section 202 loan limits were last revised in 1983. Immediate implementation of the 1987 Act increases are necessary to ensure the Department's continuing

ability to meet Section 202's statutory objective of encouraging the construction and substantial rehabilitation of multifamily residences for lower income elderly or handicapped individuals and families. The FHA multifamily mortgage limits were last increased in 1979. The increases contained in this rule will enhance achievement of the multifamily programs' purpose of encouraging the construction, substantial rehabilitation, and refinancing of moderately priced, unsubsidized residential projects. Neither of these authorities should have to await the completion of notice and comment rulemaking before making their benefits available to the public.

In addition, the Department has fully complied with congressional intent by setting each of the per unit cost limits for the multifamily and Section 202 programs at the statutory limit. With regard to the Section 202 program, the Conference Report on the 1987 Act states that the conferees "intend the Secretary to raise the mortgage limits for section 202 projects to levels commensurate with the new limits established * * * for section 221(b)(3)." (H. Rep. No. 426, 100th Cong., 1st Session 218 (1987)).

Finally, although the Department has discretion to set the multifamily and section 202 limits below those specified in the statute, adoption of the congressional ceilings involves an exercise of discretion that historically has attended past congressional action in this area, and that virtually no one is likely to find surprising or troubling. This should be distinguished from the situation if the Department were to use its discretion to adopt lower limits. This would deviate not only from congressional intent in enacting the 1987 Act, but also from HUD's past history of implementing increases, and would have made a strong case for notice and comment rulemaking. For these reasons, the Department believes that the Section 202 and multifamily mortgage insurance limits should be implemented immediately, without the necessity to await the completion of notice and comment rulemaking.

The new GPM refinancing authority also provides a clear public benefit, and requires immediate implementation. During the six-year period from 1980 through 1985, when the interest rate ranged from 13½ percent to an all-time high of 17 percent, and back down to 12¼ percent, about 260,000 HUD-insured Section 245 GPMs were written. The fact that these loans allow negative amortization, coupled with depressed market conditions in certain areas, has resulted, in some cases, in an

outstanding balance which is more than the value of the property. Accordingly, a number of these mortgages represent prospective defaults and, ultimately, claims against HUD's insurance funds. This problem has manifested itself especially in States that have been adversely affected by the troubled oil industry, such as Texas, Oklahoma, Louisiana, and Colorado. We understand from lenders in these States that many mortgagors face the trap of high mortgage payments and barely stable or declining values.

The Department estimates that there are about 32,800 insured GPMs in these areas. Although the Department cannot estimate a reliable figure, we believe the potential loss to the Department could be between \$10 and \$20 million, with the bulk of this attributable to prospective defaults under the modified GPM program (§ 203.46), section 245(b), the program with the more liberal terms. Since HUD already insures these obligations, including the amount due to negative amortization, refinancing would not put the Department in a more risky position than it is in currently. In fact, risk would be reduced because of the increased capacity of the mortgagor to carry the loan. It is important that this new authority be implemented as soon as possible in order that its benefits may begin accruing to the government, in the form of reduced insurance claims, and to the mortgagors of GPMs, in the form of reduced risk of default and foreclosure on their homes. Finally, it should be noted that the new refinancing authority imposes no new burdens on the public, since its use is voluntary with GPM mortgagors, and, as noted above, it should lessen the Federal exposure to insurance claims as compared to existing insured GPMs.

The amendment to revise the procedure by which the public may request increases in FHA's single family and single-unit condominium mortgage insuring authorities contains two principal changes. First, the rule specifies the areas for which increases may be sought: Any area that is not smaller than a county and counties within metropolitan statistical area. Each is a minor, procedural change. In the case of the minimum acceptable area, the change provides areas of sufficient size for HUD to make a meaningful determination on whether to grant an alternative mortgage limit. In the case of MSA counties, the revision brings the permissible area in line with the 1987 Act amendment to "area" (discussed above) for purposes of

determining high-cost area median sales prices.

Second, the rule revises the documentation that must be sent to HUD to support a mortgage limit increase, from a representative sample over a fixed period of three months to a listing of all area sales over periods of one to three months, depending on sales volume. This change is also modest in effect. In order to prepare a representative sample, the requester must review all or almost all sales prices. In addition, the rule relaxes the submission requirement for areas with 250 or more sales per month, by permitting the reporting period to be less than three months. These changes are beneficial to program users and administrators alike, and should not have to await a period of notice and comment before taking effect.

As noted earlier, the 1987 Act increased the percentage by which the maximum dollar limits for single family mortgages could be increased in high-cost areas, from 133 1/3 percent to 150 percent of the basic dollar amounts. Establishing new high-cost limits to reflect this change involves an exercise of discretion on the Department's part. Like the increases discussed above for the Section 202 loan and multifamily mortgage limits, however, implementing the 150 percent provision is important to carrying out the purposes of the single family insuring authorities subject to the new limit, is consistent with congressional intent, and involves discretion that is neither surprising nor significant in its exercise. Thus, the Department believes that to require prior notice and comment before making this provision effective would be unnecessary and contrary to the public interest.

The continuation of the one-time mortgage insurance premium for mortgage insurance on Hawaiian home lands is essentially a technical change. When enacted by the 1983 Act, mortgages insured pursuant to section 247 of the NHA were made obligations of the Mutual Mortgage Insurance Fund (MMIF). Mortgages backed by the Fund used the one-time mortgage insurance premium collection system. Mortgages that were obligations of HUD's other insurance funds, including the General Insurance Fund, used the periodic premium payment system. The 1987 Act specified that mortgages insured pursuant to section 247 are obligations of the GIF, rather than the MMIF. The Department's decision to retain the one-time premium for section 247 mortgages is consistent with its agreement with the State of Hawaii, Department of

Hawaiian Home Lands with respect to the sharing of MIP. The decision imposes no new obligation: It simply continues the current system for collecting mortgage insurance premiums.

The other amendments made by this rule do not require notice and comment rulemaking, since they involve revising the Department's regulations to incorporate legislative changes, with no exercise of agency discretion. These changes include: (1) An expanded definition for "area" for FHA single family mortgage insurance; (2) the removal of regulations dealing with the repealed authority for the insurance of mortgages covering seasonal homes; (3) negotiated interest rates for Section 232 fire and safety equipment loans; (4) eligible mortgagors for single family mortgage insurance on Hawaiian home lands; (5) an increase in the permissible volume of insured ARMs; and (6) a prohibition against mortgagors requiring minimum principal amounts for insured or refinanced mortgages under the NHA.

Other Matters

A Finding of No Significant Impact with respect to the environment as required by the National Environmental Policy Act (42 U.S.C. 4321-4374) is unnecessary, since the statutorily required establishment of loan limits and similar cost and rate determinations are categorically excluded from the Department's National Environmental Policy Act procedures under 24 CFR 50.20(f).

This rule does not constitute a "major rule" as that term is defined in section 1(b) of Executive Order 12291 on Federal Regulation. Analysis of the rule indicates that it does not (1) have an annual effect in the economy of \$100 million or more; (2) cause a major increase in costs or prices for consumers, individual industries, federal, State or local government agencies, or geographic regions; or (3) have a significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete in domestic export markets.

Under the Regulatory Flexibility Act (5 U.S.C. 605(b)), the undersigned hereby certifies that this rule does not have a significant economic impact on a substantial number of small entities. This rule contains a number of changes to improve the ability of HUD's mortgage insurance and other programs to serve program users. Any economic effect on small entities should be insignificant.

Information collection requirements contained in this rule have been

submitted to the Office of Management and Budget for review under section 3504(h) of the Paperwork Reduction Act of 1980 (44 U.S.C. 3504(h)). Comments relating to information collection requirements should be submitted to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, Attention: Desk Officer for HUD. After OMB review and approval, the public will be notified of the OMB control number assigned these requirements through a technical amendment to this rule.

This rule was not listed in the Department's Semiannual Agenda of Regulations published on October 26, 1987 (52 FR 40358) under Executive Order 12291 and the Regulatory Flexibility Act.

The catalog of Federal Domestic Assistance program numbers are 14.157.

List of Subjects

24 CFR Part 201

Health facilities, Historic preservation, Home improvement, Mobile homes, Manufactured homes and lots.

24 CFR Part 203

Home improvement, Loan programs: housing and community development, Mortgage insurance, Solar energy.

24 CFR Part 204

Mortgage Insurance.

24 CFR Part 205

Community facilities, Mortgage insurance, Land development.

24 CFR Part 207

Mortgage insurance, Rental housing, Mobile home parks.

24 CFR Part 213

Mortgage insurance, Cooperatives.

24 CFR Part 220

Home improvement, Mortgage insurance, Urban renewal, Rental Housing, Loan programs: housing and community development, Projects.

24 CFR Part 221

Condominiums, Low and moderate income housing, Mortgage insurance, Displaced families, Single family housing, Projects, Cooperatives.

24 CFR Part 231

Aged, Mortgage insurance.

24 CFR Part 232

Fire prevention, Health facilities, Loan programs: health, Loan programs: housing and community development.

Mortgage insurance, Nursing homes, Intermediate care facilities.

24 CFR Part 234

Condominiums, Mortgage insurance, Homeownership, Projects, Units.

24 CFR Part 240

Mortgage insurance, Fee title purchase.

24 CFR Part 241

Energy conservation, Mortgage insurance, Solar energy, Projects.

24 CFR Part 242

Hospitals, Mortgage insurance.

24 CFR Part 244

Health facilities, Mortgage insurance.

24 CFR Part 250

Intergovernmental relations, Low and moderate income housing, Mortgage insurance.

24 CFR Part 251

Mortgage insurance, Coinsurance of multifamily mortgages.

24 CFR Part 255

Mortgage insurance.

24 CFR Part 885

Aged, Grant programs: housing and community development, Handicapped, Loan programs: housing and community development, Low and moderate income housing.

Accordingly, 24 CFR Parts 201, 203, 204, 205, 207, 213, 220, 221, 231, 232, 234, 240, 241, 242, 244, 250, 251, 255, and 885 are revised to read as follows:

PART 201—TITLE I PROPERTY IMPROVEMENT AND MANUFACTURED HOME LOANS

1. The authority citation for Part 201 is revised to read as follows:

Authority: Sec. 2, National Housing Act (12 U.S.C. 1703); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

2. In § 201.10, a new paragraph (g) is added to read as follows:

§ 201.10 Loan amounts.

(g) A lender may not require, as a condition of providing a loan insured under this part, that the principal amount of the loan exceed a minimum amount established by the lender.

PART 203—MUTUAL MORTGAGE INSURANCE AND REHABILITATION LOANS

3. The authority citation for Part 203 is revised to read as follows:

Authority: Secs. 203, 211, National Housing Act (12 U.S.C. 1709, 1715b); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)). In addition, subpart C is also issued under sec. 230, National Housing Act (12 U.S.C. 1715u).

§ 203.18 [Amended]

4. Section 203.18(f) is removed.

5. In § 203.18b, paragraphs (a)(1) and (b) are revised to read as follows:

§ 203.18b Increased mortgage amount.

(a) * * *

(1)(i) If a party believes that the mortgage limit for any area does not accurately reflect the extent to which moderate- and middle-income persons have limited housing opportunities due to high prevailing housing sales prices, the party may submit documentation in support of an alternative mortgage limit. For purposes of this paragraph (a)(1)(i), an "area" (A) must at least be the size of a county, whether or not the area is located within a metropolitan statistical area, as established by the Office of Management and Budget; and (B) an area for which the mortgage limits contained in § 203.18(a) apply.

(ii) The documentation referred to in paragraph (a)(1)(i) of this section must consist of sufficient housing sales price data for the entire geographic area for which the request is made to justify the alternative mortgage limit. The documentation should include a listing of actual sales prices in the area for all or nearly all new and existing one-family homes and condominiums, over a period of time that varies with the sales volume, as follows:

(A) For 500 or more sales per month, a one-month reporting period;

(B) For 250 through 499 sales per month, a two-month reporting period; and

(C) For less than 250 sales per month, a three-month reporting period.

The listing should contain a brief address for each property, its county location, its sale price, the month and year of its sale, and whether it is new or existing.

(iii) In areas where the ratio of existing sales to new sales is three-to-one or greater, an increase in the mortgage limit may be based on 95 percent of the average of the new and the existing median sales prices. In these areas, the documentation referred to in paragraphs (a)(1)(i) and (ii) of this section may also include separate median sales prices for both the new and existing homes.

(b)(1) The increased dollar limitation may not exceed the lesser of (i) 150 percent of the dollar limitation specified

in § 203.18(a), or (ii) the following percentage of the median one-family house price in the area, as determined by the Commissioner:

(A) 95 percent for a one-family residence.

(B) 107 percent for a two-family residence.

(C) 130 percent for a three-family residence.

(D) 150 percent for a four-family residence.

(2) For purposes of paragraph (b)(1) of this section, the term "area" means a county, or a metropolitan statistical area as established by the Office of Management and Budget, whichever results in the higher dollar amount.

6. Part 203, Subpart A, is amended by adding a new § 203.18d, to read as follows:

§ 203.18d Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

§ 203.19 [Amended]

7. In § 203.19, paragraph (c) is removed.

§ 203.28 [Amended]

8. In § 203.28, paragraph (d) is removed and paragraphs (e) and (f) are redesignated as paragraphs (d) and (e).

9. In § 203.43, paragraphs (c) (1), (3), and (4) are revised, and a new paragraph (c)(5) is added, to read as follows:

§ 203.43 Eligibility of miscellaneous type mortgages.

(c) * * *

(1)(i) Except as provided by paragraph (c)(1)(ii) of this section, the refinancing mortgage must be in an amount that does not exceed the lesser of (A) the original principal amount of the existing mortgage, or (B) the sum of the unpaid principal balance of the existing mortgage, plus loan closing charges approved by the Commissioner;

(ii) In the case of graduated payment mortgages insured under section 203 of the Act pursuant to section 245 (a) or (b) of the Act (24 CFR 203.45, or 203.46 (as in effect immediately before its removal at 52 FR 32754, published August 28, 1987)), the refinancing mortgage must have a principal amount that does not exceed the outstanding balance of the existing mortgage.

(iii) If a one-time mortgage insurance premium (MIP) was financed as part of the existing mortgage referred to in paragraphs (c)(1)(i) and (ii) of this section, the amount of the premium refund to which the mortgagor is entitled must be deducted in determining the original principal amount and the unpaid principal balance of the existing mortgage under paragraph (c)(1)(i) of this section and the outstanding balance of the existing mortgage under paragraph (c)(1)(ii) of this section. However, the maximum amount of the refinancing mortgage computed in accordance with this paragraph (c)(1) may be increased by the amount of the one-time MIP (if any) associated with the refinancing mortgage;

(3) It must result in a reduction in regular monthly mortgage payments by the mortgagor; in the case of a graduated payment mortgage, this means a reduction from the payment due under the existing mortgage for the month in which the refinancing mortgage is executed;

(4) It must be made by a mortgagor whose record of payment on the existing mortgage meets standards established by the Commissioner; and

(5) The mortgagee may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

§ 203.43b [Removed and reserved]

10. Section 203.43b is removed and reserved.

11. Section 203.43c(a) is revised to read as follows:

§ 203.43c Eligibility of mortgages involving a dwelling unit in a cooperative housing development.

(a) The provisions of §§ 203.16a, 203.17, 203.18, 203.18a, 203.18b, 203.23, 203.24, 203.26, 203.37, 203.38, 203.43h, 203.43i, 203.43j, 203.44, 203.49, and 203.50 of this part do not apply to mortgages insured under section 203(n) of the National Housing Act.

12. In § 203.43i, paragraph (c) is revised to read as follows:

§ 203.43i Eligibility of mortgages on Hawaiian Home Lands insured pursuant to section 247 of the National Housing Act.

(c) *Definitions.* (1) "Department of Hawaiian Home Lands" (DHHL) is a Department of the State of Hawaii responsible for management of Hawaiian home lands for the benefit of native Hawaiians.

(2) "Hawaiian home lands" means all land given the status of Hawaiian home lands under section 204 of the Hawaiian Homes Commission Act, 1920, or under the corresponding provisions of the Constitution of the State of Hawaii adopted under section 4 of the Act entitled, "An Act to provide for the admission of the State of Hawaii into the Union", approved March 18, 1959.

(3) "Native Hawaiian" means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands before January 1, 1778 (or, in the case of an individual who succeeds a spouse or parent in an interest in a lease of Hawaiian home lands, such lower percentage as may be established for such succession under section 209 of the Hawaiian Homes Commission Act, 1920, or under the corresponding provision of the Constitution of the State of Hawaii adopted under section 4 of the Act entitled, "An Act to provide for the admission of the State of Hawaii into the Union", approved March 18, 1959).

13. In § 203.45, paragraph (g) is revised to read as follows:

§ 203.45 Eligibility of graduated payment mortgages.

(g) This section shall not apply to a mortgage that meets the requirements of § 203.18 (c) (d), (e) or (f), 203.43, 203.43a, 203.43j, or 203.49.

14. In § 203.47, paragraph (g) is revised to read as follows:

§ 203.47 Eligibility of growing equity mortgages.

(g) This section shall not apply to a mortgage which meets the requirements of § 203.43, § 203.43a, or § 203.49.

15. In § 203.49, paragraphs (h) and (i) are revised to read as follows:

§ 203.49 Eligibility of adjustable rate mortgages.

(h) *Cross-reference.* Sections 203.21 (level payment amortization provisions) and 203.44 (open-end advances) shall not apply to this section. This section shall not apply to a mortgage that meets the requirements of §§ 203.18(c) (non-occupant owners), 203.18(d) (outlying area properties), 203.18(e) (disaster victims), 203.43 (miscellaneous type mortgages), 203.43c (mortgages involving a dwelling unit in a cooperative housing development), 203.43d (mortgages in certain communities), 203.43e (mortgages covering houses in federally

impacted areas), 203.45 (graduated payment mortgages), and 203.47 (growing equity mortgages).

(i) *Aggregate amount of mortgages insured.* The aggregate number of mortgages insured pursuant to this section and § 234.79 of this chapter in any fiscal year may not exceed 30 percent of the aggregate number of mortgages and loans insured by the Commissioner under title II of the Act during the preceding fiscal year.

16. In § 203.50, paragraph (b) is revised to read as follows:

§ 203.50 Eligibility of rehabilitation loans.

(b) The provisions of § 203.18 (except as otherwise provided in §§ 203.50(f) (1) and (2)) and 203.43c shall not apply to loans insured under this section.

17. Section 203.259a is revised to read as follows:

§ 203.259a Scope.

(a) The Commissioner shall charge a one-time MIP pursuant to § 203.280 for mortgages that (1) are insured pursuant to § 203.43i or (2)(i) are obligations of the Mutual Mortgage Insurance Fund under this part (except insured open-end advances as provided by § 203.270) and (ii) are insured pursuant to, as appropriate:

(A) An application for a conditional commitment received on or after September 1, 1983; or

(B) An application for mortgage insurance endorsement under the single family Direct Endorsement program as provided in § 203.255, where the property appraisal report is signed by the mortgagee's approved underwriter on or after September 1, 1983.

(b) The periodic MIP provisions of §§ 203.260 through 203.268 shall not apply to mortgages referred to in paragraph (a) of this section, except that the Commissioner shall have discretion to reinstitute use of the periodic MIP, during such period as the Commissioner may find it appropriate, if the Commissioner determines that use of the one-time MIP would not be consistent with sound financial and actuarial practice or would significantly increase financial burdens on mortgagors. Any such reinstitution of the periodic MIP, as well as any subsequent reinstitution of the one-time MIP, shall apply only with respect to mortgages insured pursuant to applications for conditional commitments received (or, in the case of the single family Direct Endorsement program, applications for mortgage insurance endorsement, where the

property appraisal report is signed by the mortgagee's approved underwriter after such date as the Commissioner shall specify.

PART 204—COINSURANCE

18. The authority citation for Part 204 is revised to read as follows:

Authority: Secs. 244, 211, National Housing Act (12 U.S.C. 1715z-9, 1715(b)); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

§ 204.1 [Amended]

19. In § 204.1, § 203.43b is removed from the listing of sections.

PART 205—MORTGAGE INSURANCE FOR LAND DEVELOPMENT [TITLE X]

20. The authority citation for Part 205 is revised to read as follows:

Authority: Sec. 1010, National Housing Act (12 U.S.C. 1749j); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

21. Section 205.68 is revised to read as follows:

§ 205.68 Eligibility of refinancing transactions.

A mortgage given to refinance an existing mortgage may be insured under this subpart. The principal amount and the term of the new mortgage may not exceed the unpaid amount and the unexpired term of the existing insured mortgage. The mortgage may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

22. Part 205, Subpart A, is amended by adding, before the undesignated center heading, a new § 205.69, to read as follows:

§ 205.69 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the loan exceed a minimum amount established by the mortgagee.

PART 207—MULTIFAMILY HOUSING MORTGAGE INSURANCE

23. The authority citation for Part 207 continues to read as follows:

Authority: Secs. 207, 211, National Housing Act (12 U.S.C. 1713, 1715b); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)). Sections 207.258 and 207.258b are also issued under section 203(e), Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z-11(e)).

24. In § 207.4, paragraphs (a)(2), (b)(1), and (c)(1) are revised to read as follows:

§ 207.4 Maximum mortgage amounts.

(a) * * *

(2) For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Commissioner) an amount per family unit, depending on the number of bedrooms, which may be:

- (i) \$25,350 without a bedroom.
- (ii) \$28,080 with one bedroom.
- (iii) \$33,540 with two bedrooms.
- (iv) \$41,340 with three bedrooms.
- (v) \$46,800 with four or more bedrooms.

(b) * * *

(1) Increase the dollar amount limitations per family unit, as provided in paragraph (a)(2) of this section, to not to exceed:

- (i) \$29,250 without a bedroom.
- (ii) \$32,760 with one bedroom.
- (iii) \$40,170 with two bedrooms.
- (iv) \$50,310 with three bedrooms.
- (v) \$56,885 with four or more bedrooms.

(c) *Increased mortgage amounts—high-cost areas.* (1) The Commissioner may increase the dollar amount limitations in paragraphs (a)(2) and (b)(1) of this section—

(i) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require and

(ii) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis. In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

25. Part 207, Subpart A, is amended by adding, before the undesignated center heading, a new section, to read as follows:

§ 207.16a Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

26. In § 207.32, a new paragraph (d) is added, to read as follows:

§ 207.32 Eligibility of refinancing transactions.

(d) The mortgagee may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

27. In § 207.32a, paragraph (b) is revised to read as follows:

§ 207.32a Eligibility of mortgages on existing projects.

(b) *Maximum mortgage amounts—general.* In addition to the limitations in paragraphs (c) and (d) of this section, a mortgage may not involve a principal obligation in excess of the lesser of the following:

(1) 85 percent of the Commissioner's estimate of the value of the project, except that—

(i) With respect to a cooperative project, a mortgage may not involve a principal obligation in excess of 90 percent of the Commissioner's appraised value of the project for continued use as a cooperative and

(ii) With respect to a project that meets the eligibility requirements of paragraph (k) or paragraph (l) of this section, a mortgage may not involve a principal obligation in excess of 90 percent of the Commissioner's estimate of the value of the project; or

(2)(i) The total of the amounts per family dwelling unit (excluding exterior land improvements, as defined by the Commissioner) depending on the number of bedrooms, which may be:

- (A) \$25,350 without a bedroom.
- (B) \$28,080 with one bedroom.
- (C) \$33,540 with two bedrooms.
- (D) \$41,340 with three bedrooms.
- (E) \$46,800 with four or more bedrooms.

(ii) *Increased mortgage amount—elevator type structure.* In order to compensate for the higher costs incident to construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitations per family unit as provided in paragraph (b)(2)(i) of this section, to not to exceed:

- (A) \$29,250 without a bedroom.
- (B) \$32,760 with one bedroom.
- (C) \$40,170 with two bedrooms.
- (D) \$50,310 with three bedrooms.
- (E) \$56,885 with four or more bedrooms.

(iii) *Increased mortgage amounts—high-cost areas.* (A) The Commissioner may increase the dollar amount limitations in paragraphs (b)(2)(i) and (b)(2)(ii) of this section—

(1) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require, and

(2) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

(B) If the Commissioner finds that because of high costs in Alaska, Guam, or Hawaii, it is not feasible to construct dwellings without the sacrifice of sound standards of construction, design, and livability within the limitations of maximum mortgage amounts provided in this section, the principal obligation of mortgages may be increased by such amounts as may be necessary to compensate for such costs, but not to exceed in any event the maximum, including high-cost area increases, if any, otherwise applicable by more than one-half thereof.

PART 213—COOPERATIVE HOUSING MORTGAGE INSURANCE

28. The authority citation for Part 213 continues to read as follows:

Authority: Secs. 211, 213, National Housing Act (12 U.S.C. 1715b, 1715e); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

29. In § 213.7, paragraphs (a)(2), (d)(1), and (g), are revised to read as follows:

§ 213.7 Maximum insurable amounts.

(a) * * *

(2) For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Commissioner) an amount per family unit, depending on the number of bedrooms, which may be:

- (i) \$25,350 without a bedroom.
- (ii) \$28,080 with one bedroom.
- (iii) \$33,540 with two bedrooms.
- (iv) \$41,340 with three bedrooms.
- (v) \$46,800 with four or more bedrooms.

(d) *Increased mortgage amounts—high-cost areas.* (1) The Commissioner may increase the dollar amount limitation in paragraphs (a)(2) and (g) of this section—

(i) By not to exceed 110 percent in any geographical area in which the

Commissioner finds that cost levels so require, and

(ii) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

(g) *Increased mortgage amount—elevator type structures.* In order to compensate for the higher costs incident to construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitations per family unit, as provided in paragraph (a)(2) of this section, to not to exceed:

- (1) \$29,250 per family unit without a bedroom.
- (2) \$32,760 per family unit with one bedroom.
- (3) \$40,170 per family unit with two bedrooms.
- (4) \$50,310 per family unit with three bedrooms.
- (5) \$56,885 per family unit with four or more bedrooms.

30. Part 213 is amended by adding in Subpart A, before the undesignated center heading, a new § 213.19a, and in Subpart C, before the undesignated center heading, and new § 213.519, to read as follows:

§ 213.19a Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

§ 213.519 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

PART 220—MORTGAGE INSURANCE AND INSURED IMPROVEMENT LOANS FOR URBAN RENEWAL AND CONCENTRATED DEVELOPMENT AREAS

31. The authority citation for Part 220 continues to read as follows:

Authority: Secs. 207, 211, 220, National Housing Act (12 U.S.C. 1713, 1715b, 1715k); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

§ 220.100 [Amended]

32. In § 220.100, § 203.43b is removed from the listing of sections.

33. In § 220.507, paragraphs (a), (b), and (c)(1) are revised to read as follows:

§ 220.507 Maximum mortgage amounts.

(a) *Dollar limitation—in general.* A mortgage may involve a principal obligation not in excess of the following:

(1) For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Commissioner), an amount per family unit, depending on the number of bedrooms, which may be:

- (i) \$25,350 without a bedroom.
- (ii) \$28,080 with one bedroom.
- (iii) \$33,540 with two bedrooms.
- (iv) \$41,340 with three bedrooms.
- (v) \$46,800 with four or more bedrooms.

(2) Where the project involves the rehabilitation of not more than five family units, the mortgage amounts per family unit designated in paragraph (a)(1) of this section may be increased by 25 percent, as follows:

- (i) \$41,925 for a unit with two bedrooms.
- (ii) \$51,675 for a unit with three bedrooms.
- (iii) \$58,500 for a unit with four or more bedrooms.

(b) *Increased dollar limitation—elevator type structures.* In order to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amounts per family unit in paragraph (a)(1) of this section, as follows:

- (1) With respect to any elevator type structure, to not to exceed:
 - (i) \$29,250 without a bedroom.
 - (ii) \$32,760 with one bedroom.
 - (iii) \$40,170 with two bedrooms.
 - (iv) \$50,310 with three bedrooms.
 - (v) \$56,885 with four or more bedrooms.

(2) With respect to any elevator type project involving the rehabilitation of not more than five family units, the dollar amounts per family unit, as provided in paragraph (b)(1) of this section, may be increased by 25 percent, as follows:

- (i) \$50,213 for a unit with two bedrooms.
- (ii) \$62,888 for a unit with three bedrooms.

(iii) \$71,106 for a unit with four or more bedrooms.

(c) *Increased mortgage amounts—high-cost areas.* (1) The Commissioner may increase any of the dollar amount limitations in paragraphs (a) and (b) of this section—

(i) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require and

(ii) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis. In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

PART 221—LOW COST AND MODERATE INCOME MORTGAGE INSURANCE

34. The authority citation for Part 221 continues to read as follows:

Authority: Secs. 211, 221, National Housing Act (12 U.S.C. 1715b, 1715f); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

35. In § 221.514, paragraphs (a)(1), (b), and (c)(1) are revised to read as follows:

§ 221.514 Maximum mortgage amounts.

(a) * * *

(1) *Dollar limitations on units.* For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Commissioner) an amount per family unit, depending on the number of bedrooms, which may be:

(i) For projects involving eligible nonprofit mortgagors, to be insured under section 221(d)(3) of the Act:

- (A) \$28,032 without a bedroom.
- (B) \$32,321 with one bedroom.
- (C) \$38,979 with two bedrooms.
- (D) \$49,893 with three bedrooms.
- (E) \$55,583 with four or more bedrooms.

(ii) For projects involving eligible mortgagors other than nonprofit mortgagors, to be insured under section 221(d)(3) of the Act:

- (A) \$25,229 without a bedroom.
- (B) \$29,089 with one bedroom.
- (C) \$35,081 with two bedrooms.
- (D) \$44,904 with three bedrooms.
- (E) \$50,025 with four or more bedrooms.

(iii) For projects to be insured under section 221(d)(4) of the Act:

- (A) \$25,228 without a bedroom.
- (B) \$28,636 with one bedroom.
- (C) \$34,613 with two bedrooms.
- (D) \$43,446 with three bedrooms.
- (E) \$49,231 with four or more bedrooms.

(b) *Increased mortgage amount—elevator type structures.* In order to compensate for higher costs incident to construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitations per family unit, as provided in paragraph (a)(1) of this section, to not to exceed:

(1) For projects involving eligible nonprofit mortgagors, to be insured under section 221(d)(3) of the Act:

- (i) \$29,500 without a bedroom.
- (ii) \$33,816 with one bedroom.
- (iii) \$41,120 with two bedrooms.
- (iv) \$53,195 with three bedrooms.
- (v) \$58,392 with four or more bedrooms.

(2) For projects involving eligible mortgagors other than nonprofit mortgagors, to be insured under section 221(d)(3) of the Act:

- (i) \$26,550 without a bedroom.
- (ii) \$30,434 with one bedroom.
- (iii) \$37,008 with two bedrooms.
- (iv) \$47,876 with three bedrooms.
- (v) \$52,553 with four or more bedrooms.

(3) For projects to be insured under section 221(d)(4) of the Act:

- (i) \$27,251 without a bedroom.
- (ii) \$31,239 with one bedroom.
- (iii) \$37,986 with two bedrooms.
- (iv) \$49,140 with three bedrooms.
- (v) \$53,942 with four or more bedrooms.

(c) *Increased mortgage amounts—high-cost areas.* (1) The Commissioner may increase the dollar amount limitations in paragraphs (a) (1) and (b) of this section—

(i) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require and

(ii) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

36. Part 221, Subpart C, is amended by adding a new § 221.519b, to read as follows:

§ 221.519b Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

37. Section 221.560 is amended by adding a new paragraph (d), to read as follows:

§ 221.560 Eligibility of refinanced mortgages.

(d) The mortgage may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

PART 231—HOUSING MORTGAGE INSURANCE FOR THE ELDERLY

38. The authority citation for Part 231 continues to read as follows:

Authority: Secs. 211, 231, National Housing Act (12 U.S.C. 1715b, 1715v); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

39. In § 231.3, paragraph (a) is revised to read as follows:

§ 231.3 Maximum mortgage amounts—new construction.

(a) *Family unit limitations.* For such part of the property or project attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner) an amount per family unit, depending on the number of bedrooms, which may be:

- (1) \$23,985 without a bedroom.
- (2) \$26,813 with one bedroom.
- (3) \$32,019 with two bedrooms.
- (4) \$38,532 with three bedrooms.
- (5) \$45,300 with four or more bedrooms.

40. Section 231.5 is revised to read as follows:

§ 231.5 Increased mortgage amounts—elevator type structures.

In order to compensate for the higher costs incident to construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitations per family unit, as provided in § 231.3(a), to not to exceed:

- (a) \$27,251 without a bedroom
- (b) \$31,239 with one bedroom.
- (c) \$37,986 with two bedrooms.
- (d) \$49,140 with three bedrooms.

(e) \$53,942 with four or more bedrooms.

41. In § 231.6, paragraph (a) is revised to read as follows:

§ 231.6 Increased mortgage amounts—high cost areas.

(a) The Commissioner may increase the dollar amount limitations in §§ 231.3(a) and 231.5—

(1) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require and

(2) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

PART 232—MORTGAGE INSURANCE FOR NURSING HOMES INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES

42. The authority citation for Part 232 continues to read as follows:

Authority: Secs. 211, 232, National Housing Act (12 U.S.C. 1715b, 1715w); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

43. Section 232.42 is revised to read as follows:

§ 232.42 Eligibility of refinanced mortgages.

A mortgage given to refinance an existing insured mortgage covering a facility having 20 or more beds may be insured under this subpart pursuant to section 223(a)(7) of the National Housing Act, if it meets the requirements of § 207.32(a) through (d) of this Chapter, as well as the requirements of this subpart.

44. Part 232, Subpart A, is amended by adding a new § 232.44, to read as follows:

§ 232.44 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

45. In § 232.560(a), the caption and paragraph (a) are revised to read as follows:

§ 232.560 Interest rate.

(a) The loan shall bear interest at the rate agreed upon by the lender and the borrower.

46. Part 232, Subpart C, is amended by adding a new § 232.586, to read as follows:

§ 232.586 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

PART 234—CONDOMINIUM OWNERSHIP MORTGAGE INSURANCE

47. The authority citation for Part 234 continues to read as follows:

Authority: Secs. 211, 234, National Housing Act (12 U.S.C. 1715b, 1715y); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

48. In § 234.27, paragraph (b) is revised to read as follows:

§ 234.27 Maximum mortgage amounts.

(b) *Increased mortgage amount.* For any geographic area in which the Commissioner finds that moderate- and middle-income persons have limited housing opportunities due to high prevailing housing sales prices, the Commissioner may from time to time set mortgage limits that exceed the dollar limitation specified in paragraph (a)(1) of this section to the extent the Commissioner determines to be necessary, by publishing the applicable dollar limitations in a Notice in the *Federal Register*. The increased dollar limitation may not exceed the lesser of 150 percent of the amount specified in paragraph (a)(1) of this section, or 95 percent of the median one-family home price in the area, as determined by the Commissioner. For purposes of the preceding sentence, the term "area" means a county, or a metropolitan statistical area as established by the Office of Management and Budget, whichever results in the higher dollar amount.

(1)(i) If a party believes that the mortgage limit for any area does not accurately reflect the extent to which moderate- and middle-income persons have limited housing opportunities due to high prevailing housing sales prices, the party may submit documentation in support of an alternative mortgage limit. For purposes of this paragraph (a)(1)(i), an "area" (A) must at least be the size of a county, whether or not the area is located within a metropolitan statistical

area, as established by the Office of Management and Budget; and (B) may be an area for which the mortgage limit contained in paragraph (a)(1) of this section applies.

(ii) The documentation referred to in paragraph (b)(1)(i) of this section must consist of sufficient housing sales price data for the entire geographic area for which the request is made to justify the alternative mortgage limit. The documentation should include a listing of actual sales prices in the area for all or nearly all new and existing one-family homes and condominiums, over a period of time that varies with the sales volume, as follows:

(A) For 500 or more sales per month, a one-month reporting period;

(B) For 250 through 499 sales per month, a two-month reporting period; and

(C) For less than 250 sales per month, a three-month reporting period.

The listing should contain a brief address for each property, its county location, its sale price, the month and year of its sale, and whether it is new or existing.

(iii) In areas where the ratio of existing sales to new sales is three-to-one or greater, an increase in the mortgage limit may be based on 95 percent of the average of the new and the existing median sales prices. In these areas, the documentation referred to in paragraphs (b)(1)(i) and (ii) of this section may also include separate median sales prices for both the new and existing homes.

(2) Requests for alternative mortgage limits, together with supporting documentation, should be sent to the appropriate HUD field office. The field office will forward the request and supporting material, with the field office's recommendation, to the Commissioner for determination.

49. In § 234.52, paragraphs (a), (c), and (d) are revised, and a new paragraph (e) is added, to read as follows:

§ 234.52 Refinancing of existing mortgages.

(a)(1) It must be in an amount that does not exceed the lesser of (i) the original principal amount of the existing mortgage, or (ii) the sum of the unpaid principal balance of the existing mortgage, plus loan closing costs approved by the Commissioner;

(2) In the case of graduated payment mortgages insured under section 234(c) of the Act pursuant to section 245 (a) or (b) of the Act (24 CFR 203.45 or 203.46 (as in effect before its removal at 52 FR

32754, published August 28, 1987)), the refinancing mortgage must have a principal amount that does not exceed the outstanding balance of the existing mortgage.

(c) It must result in a reduction in regular monthly mortgage payments by the mortgagor; in the case of a graduated payment mortgage, this means a reduction from the payment due under the existing mortgage for the month in which the refinancing mortgage is executed;

(d) It must be made by a mortgagor whose record of payment on the existing mortgage meets standards established by the Commissioner; and

(e) The mortgagee may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

50. Part 234, Subpart A, is amended by adding a new § 234.53, to read as follows:

§ 234.53 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

51. In § 234.79, paragraph (i) is revised to read as follows:

§ 234.79 Eligibility of adjustable rate mortgages.

(i) The aggregate number of mortgages insured pursuant to this section and § 203.49 of this chapter in any fiscal year may not exceed 30 percent of the aggregate number of mortgages insured by the Commissioner under title II of the Act during the preceding fiscal year.

52. In § 234.525, paragraph (b) is revised to read as follows:

§ 234.525 Maximum mortgage amounts—new construction.

(b) *Family unit limitation.* For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Commissioner) an amount per family unit, depending on the number of bedrooms, which may be:

- (1) \$28,032 without a bedroom.
- (2) \$32,321 with one bedroom.
- (3) \$38,979 with two bedrooms.
- (4) \$49,893 with three bedrooms.
- (5) \$55,583 with four or more bedrooms.

53. In § 234.530, paragraphs (a) and (b)(1) are revised to read as follows:

§ 234.530 Increased mortgage amounts.

(a) *Elevator type structures.* In order to compensate for the higher costs incident to construction of elevator type structures of sound standards of construction and design, the Commissioner may increase the dollar amount limitation per family unit, as provided in § 234.525(b), to not to exceed:

- (1) \$29,500 without a bedroom.
- (2) \$33,816 with one bedroom.
- (3) \$41,120 with two bedrooms.
- (4) \$53,195 with three bedrooms.
- (5) \$58,392 with four or more bedrooms.

(b) *High-cost areas.* (1) The Commissioner may increase the dollar amount limitations in § 234.525(b) and in paragraph (a) of this section—

(i) By not to exceed 110 percent in any geographical area in which the Commissioner finds that cost levels so require and

(ii) By not to exceed 140 percent where the Commissioner determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Commissioner determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

PART 240—MORTGAGE INSURANCE ON LOANS FOR FEE TITLE PURCHASE

54. The authority citation for Part 240 is revised to read as follows:

Authority: Secs. 211, 240, National Housing Act (12 U.S.C. 1715b, 1715z-5); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

§ 240.1 [Amended]

55. In § 240.1, § 203.43b is removed from the listing of sections.

PART 241—SUPPLEMENTARY FINANCING FOR INSURED PROJECT MORTGAGES

56. The authority citation for Part 241 continues to read as follows:

Authority: Secs. 211, 241, National Housing Act (12 U.S.C. 1715b, 1715z-6); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

57. Part 241 is amended by adding new §§ 241.165 and 241.586, to read as follows:

§ 241.165 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

§ 241.586 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan insured under this subpart, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

PART 242—MORTGAGE INSURANCE FOR HOSPITALS

58. The authority citation for Part 242 is revised to read as follows:

Authority: Secs. 211, 233(f), 242, National Housing Act (12 U.S.C. 1715b, 1715n(f), 1715z-7); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

59. Section 242.96 is amended by adding a new paragraph (d), to read as follows:

§ 242.96 Eligibility of refinancing transactions.

(d) *Minimum loan amount.* The mortgagee may not require a minimum principal amount to be outstanding on the loan secured by the existing mortgage.

60. Part 242, Subpart A, is amended by adding a new § 242.97, to read as follows:

§ 242.97 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the mortgage exceed a minimum amount established by the mortgagee.

PART 244—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES [TITLE XI]

61. The authority citation for Part 244 is revised to read as follows:

Authority: Secs. 211, 1104, National Housing Act (12 U.S.C. 1715b, 1749aaa-5); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

62. Part 244, Subpart A, is amended by adding a new § 244.69, to read as follows:

§ 244.69 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the loan exceed

a minimum amount established by the mortgagee.

PART 250—COINSURANCE FOR STATE HOUSING FINANCE AGENCIES

63. The authority citation for Part 250 continues to read as follows:

Authority: Secs. 211, 244, National Housing Act (12 U.S.C. 1715b, 1715z-9); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

64. Section 250.2 is revised to read as follows:

§ 250.2 Effect of implementation of program on the flow of mortgage credit to older declining areas.

Insurance will continue to be available under this part only to the extent the Secretary has determined that the availability of insurance authorized by this part does not adversely affect the flow of mortgage credit to older, declining areas and to purchasers of older and lower cost housing.

65. Part 250, Subpart B, is amended by adding a new § 250.136, to read as follows:

§ 250.136 Minimum principal loan amount.

A mortgagee may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the loan exceed a minimum amount established by the mortgagee.

PART 251—COINSURANCE FOR THE CONSTRUCTION OR SUBSTANTIAL REHABILITATION OF MULTIFAMILY HOUSING PROJECTS

66. The authority citation for Part 251 is revised to read as follows:

Authority: Secs. 211, 244, National Housing Act (12 U.S.C. 1715b, 1715z(9)); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

§ 251.1 [Amended]

67. Section 251.1 is revised by removing paragraph (c) and by redesignating paragraphs (d), (e), (f), and (g) as paragraphs (c), (d), (e), and (f), respectively.

68. Part 251, Subpart B, is amended by adding a new § 251.109, to read as follows:

§ 251.109 Minimum principal loan amount.

A lender may not require, as a condition of providing a loan secured by a mortgage insured under this Part, that the principal amount of the loan exceed a minimum amount established by the lender.

69. In § 251.203, paragraph (a) is revised to read as follows:

§ 251.203 Maximum mortgage limitation.

(a) *Statutory cost limits.* Congress has established maximum per unit dollar amounts for costs attributable to dwelling use. These limitations vary by number of bedrooms, structure type (elevator or non-elevator), Mortgagor type, and section of the National Housing Act, and are changed from time to time by statute. In addition, to compensate for geographic differences in construction costs, the Commissioner may establish, where appropriate, high-cost area factors. These are percentage increases over the otherwise applicable basic dollar limits. The factor for any geographic area may not exceed 210 percent of the basic limit. The factor applicable to a particular project may be obtained from the appropriate HUD field office. On an individual project basis in high-cost areas, the Commissioner may approve the use of a factor of up to 240 percent of the basic limit where costs justify it. However, in any case that involves projects purchased or to be purchased by the Government National Mortgage Association (GNMA) under its Special Assistance Functions authorized by former section 305 of the Act (Tandem programs), the Commissioner may not approve a factor of more than 190 percent. In the unusually high-cost areas of Alaska, Guam, and Hawaii, the Commissioner may approve the use of a factor of up to 360 percent. The Commissioner is also permitted to increase the otherwise applicable dollar limits by up to 20 percent to account for the installation in the project of a solar energy system (as defined in section 2(a) of the National Housing Act) or certain residential energy conservation measures (as defined in sections 210(11)(A) through (G) and (I) of Pub. L. 95-619). The maximum coinsurable amount may not exceed the sum of the project's total calculated statutory cost limit, plus the applicable percentage, below, of structural and land costs not attributable to dwelling use:

Section	Mortgagor	Per-centage
(1) 221(d)(3).....	General and limited distribution.....	90
(2) 221(d)(3).....	All others.....	100
(3) 221(d)(4).....	All mortgagors.....	90

PART 255—COINSURANCE FOR THE PURCHASE OR REFINANCING OF EXISTING MULTIFAMILY HOUSING PROJECTS

70. The authority citation to Part 255 continues to read as follows:

Authority: Secs. 211, 244, National Housing Act (12 U.S.C. 1715b, 1715z-9); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

§ 255.1 [Amended]

71. Section 255.1 is revised by removing paragraph (c) and redesignating paragraphs (d), (e), (f), (g), and (h) as paragraphs (c), (d), (e), (f), and (g).

72. Part 255, Subpart B, is amended by adding a new § 255.109, to read as follows:

§ 255.109 Minimum principal loan amount.

A lender may not require, as a condition of providing a loan secured by a mortgage insured under this part, that the principal amount of the loan exceed a minimum amount established by the lender.

73. In § 255.203, paragraph (a) is revised to read as follows:

§ 255.203 Maximum mortgage limitations.

(a) *Statutory cost limits.* Congress has established maximum per-unit dollar amounts for costs attributable to dwelling user. These limitations vary by number of bedrooms, structure type (elevator or non-elevator), Mortgagor type, and section of the National Housing Act, and are changed from time to time by statute. In addition, to compensate for geographic differences in construction costs, the Commissioner may establish, where appropriate, high-cost area factors. These are percentage increases over otherwise applicable basic dollar limits. The factor for any geographic area may not exceed 210 percent of the basic limit. The factor applicable to a particular project may be obtained from the appropriate HUD field office. On an individual project basis in high-cost areas, the Commissioner may approve the use of a factor of up to 240 percent of the basic limit where costs justify it. However, in cases involving projects to be purchased by the Government National Mortgage Association (GNMA) under its Special Assistance Functions authorized by former section 305 of the National Housing Act (Tandem programs), the Commissioner may not approve a factor of more than 190 percent. In the unusually high-cost areas of Alaska, Guam, and Hawaii, the Commissioner may approve the use of a factor of up to

360 percent. The Commissioner is also permitted to increase the otherwise applicable dollar limits by up to 20 percent to account for the installation in the project of a solar energy system (as defined in section 2(a) of the National Housing Act) or certain residential energy conservation measures (as defined in sections 210(1)(A) through (G) and (I) of Pub. L. 95-619). The maximum coinsurable amount may not exceed the sum of the project's total calculated statutory cost limit, plus the applicable percentage below of estimated cost not attributable to dwelling use:

- (1) Cooperative project loans—90 percent;
- (2) Project loans insured under § 207.32a(1)—90 percent;
- (3) All other project loans—85 percent.

PART 885—LOANS FOR HOUSING FOR THE ELDERLY OR HANDICAPPED

74. The authority citation for 24 CFR Part 885 is revised to read as follows:

Authority: Sec. 202, Housing Act of 1959 (12 U.S.C. 1701q); sec 7(d), Department of Housing of Urban Development Act (42 U.S.C. 3535(d)).

75. In § 885.410, paragraphs (b), (c), and (f)(1) are revised to read as follows:

§ 885.410 Amount and terms of financing.

(b) For such part of the property or project attributable to dwelling use (excluding exterior land improvements, as defined by the Assistant Secretary) the maximum loan amount, depending on the number of bedrooms, may not exceed:

- (1) \$28,032 per family unit without a bedroom.
 - (2) \$32,321 per family unit with one bedroom.
 - (3) \$38,979 per family unit with two bedrooms.
 - (4) \$49,893 per family unit with three bedrooms, restricted to nonelderly handicapped families.
 - (5) \$55,583 per family unit with four or more bedrooms, restricted to nonelderly handicapped families.
- (c) In order to compensate for the higher costs incident to construction of elevator type structures of sound standards of construction and design, the field office may increase the dollar limitations per family unit, as provided in paragraph (b) of this section, to not to exceed:

- (1) \$29,500 per family unit without a bedroom.
- (2) \$33,816 per family unit with one bedroom.

(3) \$41,120 per family unit with two bedrooms.

(4) \$53,195 per family unit with three bedrooms, restricted to nonelderly handicapped families.

(5) \$58,392 per family unit with four or more bedrooms, restricted to nonelderly handicapped families.

(f) Increased Mortgage Limits—High Cost Areas. (1) The Assistant Secretary may increase the dollar amount limitations in paragraph (b) and (c) of this section—

(i) By not to exceed 110 percent in any geographical area in which the Assistant Secretary finds that cost levels so require and

(ii) By not to exceed 140 percent where the Assistant Secretary determines it necessary on a project-by-project basis.

In no case, however, may any such increase exceed 90 percent, where the Assistant Secretary determines that there is involved a mortgage purchased or to be purchased by the Government National Mortgage Association (GNMA) in implementing its Special Assistance Functions under section 305 of the National Housing Act (as section 305 existed immediately before its repeal on November 30, 1983).

(2) * * *

Date: March 2, 1988.

Thomas T. Demery,

Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 88-5904 Filed 3-17-88; 8:45 am]

BILLING CODE 4210-27-M

24 CFR Part 888

[Docket No. N-88-1788; FR-2377]

Section 8 Housing Assistance Payments Program—Fair Market Rent Schedules for Use in the Existing Housing Certificates Program, Loan Management and Property Disposition Programs, Moderate Rehabilitation Program and Housing Voucher Program

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

ACTION: Final FY-88 fair market rents.

SUMMARY: Section 8(c)(1) of the United States Housing Act of 1937 requires the Secretary to publish Fair Market Rents periodically, but not less frequently than annually. This notice announces final

FY-1988 Fair Market Rent schedules for the Section 8 Existing Housing Certificate Program (Part 882, Subparts A and B) including space rentals by owners of manufactured homes under the Section 8 Existing Housing Certificates Program (Part 882, Subpart F); the Section 8 Moderate Rehabilitation Program (Part 882, Subparts D and E); and Section 8 existing housing assisted under Part 886; Subparts A and C (Section 8 loan management and property disposition programs). FMRs are used to determine payment standard schedules in the Housing Voucher Program.

The Department published proposed FMRs for the Section 8 Existing Housing Program on August 28, 1987 (52 FR 32672) and solicited public comment. Today's document is the second announcement of effective FY-1988 FMRs. This notice contains an analysis and response to public comments on the proposed FMRs and makes appropriate revisions to the first announcement of effective FY-1988 FMRs published December 21, 1987 (52 FR 48205). This notice also establishes Westchester County, NY as a separate FMR area, sets the FMRs for this area, and requests comments on the Westchester County FMRs.

DATE: The Fair Market Rents published in this notice are effective on March 18, 1988. Comments are invited on the announced FMRs for Westchester County, NY. These comments are due May 17, 1988.

ADDRESSES: Interested persons should submit their comments on Westchester County FMRs 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. Each comment should include the commenter's name and address and must refer to the docket number indicated in the heading of this notice. Each commenter should simultaneously submit a copy of its comments to the Economic and Market Analysis Staff, New York Regional Office, 26 Federal Plaza, New York, NY 10278-0068. A copy of each comment submitted to the Rules Docket Clerk will be available for public inspection during regular business hours at the above Washington, DC addresses.

FOR FURTHER INFORMATION CONTACT: Cecelia D. Livingston, Housing Voucher Division, Office of Elderly and Assisted Housing, telephone (202) 755-6477. For technical information on the development of schedules for specific areas or the method used for the rent