

Department of a civil money penalty in the amount of \$51,000.

Cause: A HUD monitoring review that cited violations of HUD-FHA requirements that included: failure to properly verify and document the source of mortgagors' funds used for downpayment and closing costs; using unsubstantiated credit given to mortgagors in determining the mortgagors' investment; using alleged false information to originate HUD-FHA insured mortgages; submitting an alleged false property inspection report; miscalculating a mortgagor's required investment; failure to accurately reflect disbursements on HUD-1 Settlement Statements; and failure to establish, maintain, and implement a Quality Control Plan in compliance with HUD-FHA requirements.

8. Mortgages and Title I Lenders That Failed To Comply With HUD-FHA Requirements for the Submission of an Audited Annual Financial Statement and/or Payment of the Annual Recertification Fee

Action: Withdrawal of HUD-FHA mortgage approval and Title I lender approval.

Cause: Failure to submit to the Department the required annual audited financial statement and/or remit the required annual recertification fee.

Mortgages Withdrawn

Salida Building and Loan Assn, Salida, CO; Lomas Mortgage New York Inc, Dallas, TX; United Bank of Griffin FSB, Griffin, GA; First United Savings Bank, FSB, Greencastle, IN; Macomb Savings and Loan Assn, Saint Clair Shores, MI; D M Bullard Mortgage Bankers, Kalamazoo, MI; Community Preservation Corp, New York, NY; Crusader Bank, Rosemont, PA; Chester Valley Bancorp, Downingtown, PA; Heritage Federal Bank FSB, Kingsport, TN; Lomas Financial Corporation, Dallas, TX; Lomas Mortgage USA, Inc, Dallas, TX; Midamerica Bank Hudson, Hudson, WI; First Washington Mortgage Corp, Herndon, VA; American Trust Mortgage Inc, San Jose, CA; Humboldt Mortgage Company, Eureka, CA; Dothan Federal Savings Bank, Dothan, AL; Unlimited Mortgage Services, Worthington, OH; Franklin Bank NA, Southfield, MI; Northside Mortgage Company, Chattanooga, TN; Farmers and Merchants Bank, Milford, NE; First Republic Savings Bank FSB, Roanoke Rapids, NC; CPC Resources Inc, New York, NY; First Fidelity Funding Corp, Fort Lauderdale, FL; Teico Financial Services Inc, Manalapan, NJ; Richmond Mortgage Corporation, Athens, GA; Glendale Federal Bank, Glendale, CA;

Access Mortgage Incorporated, Milpitas, CA; Diversified Residential Funding, Altamonte Springs, FL; Delta Home Mortgage Incorporated, Sheridan, AR; First American Lending, Coral Gables, FL.

Title I Lenders Withdrawn

Heritage Pullman Bk Trust Co, Chicago, IL; Devon Bank, Chicago, IL; Laurel Federal Savings and Loan, Laurel, MS; Lehigh Savings Bank SLA, Union, NJ; Lending Source, Folsom, CA; First Continental Mortgage Corp, Jonesboro, AR; Orange Coast Mortgage Inc, Irvine, CA; S and S Financial Inc, Woodland Hills, CA; Delta Acceptance Corp, Gonzales, LA.

Dated: May 1, 1997.

Nicolas P. Retinas,

Assistant Secretary for Housing-Federal Housing Commissioner.

[FR Doc. 97-11810 Filed 5-6-97; 8:45 am]

BILLING CODE 4210-27-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR4221-D-01]

AGENCY: Office of the Secretary, HUD.

ACTION: Delegation of authority.

SUMMARY: In this notice, the Secretary of the Department of Housing and Urban Development delegates all power and authority to administer the Portfolio Reengineering Demonstration Programs to the Assistant Secretary for Housing-Federal Housing Commissioner.

EFFECTIVE DATE: March 28, 1997.

FOR FURTHER INFORMATION CONTACT:

George C. Dipman, Demonstration Program Coordinator, Office of Multifamily Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 6106, Washington, DC 20410-4000; Telephone (202) 708-3321. (This is not a toll-free number.) Hearing or speech-impaired individuals may call 1-800-877-8399 (Federal Information Relay Service TTY).

SUPPLEMENTARY INFORMATION: Over 800,000 housing units in approximately 8,500 projects are currently financed with FHA-insured loans and supported by project-based Section 8 housing assistance payment ("HAP") contracts. In many cases, these HAP contracts currently provide for rents which substantially exceed the rents received by comparable unassisted units in the local market. Starting in Fiscal Year ("FY") 1996, those Section 8 contracts began to expire, and Congress and the Administration provided one-year extensions of expiring contracts at a cost

of over \$200 million. While annual HAP contract extensions for these projects maintain an important housing resource, they come at great expense. Every year more contracts expire, compounding the cost of annual extensions. In ten years, the annual cost of renewing Section 8 contracts is projected to rise to approximately \$7 billion, about one-third of HUD's current budget. If, however, the Section 8 assistance is reduced or eliminated, there is an increased likelihood that these projects will be unable to continue to meet their financial obligations including operating expenses, debt service payments, and current and future capital needs.

In seeking a solution to this serious problem, Congress enacted Section 210 of Departments of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321) ("HUD's FY 1996 Appropriations Act"), authorizing HUD to conduct a demonstration program designed to explore various approaches for restructuring the financing of projects that have FHA-insured mortgages and that receive Section 8 rental assistance, and taking other related action in order to reduce the risk to the FHA insurance fund and lower subsidy costs while preserving housing affordability and availability.

Sections 211 and 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Pub. L. No. 104-204, 110 Stat. 2874, approved September 26, 1996) ("HUD's FY 1997 Appropriations Act") respectively, grant Section 8 Contract Renewal Authority, repeal the Portfolio Reengineering Demonstration Program authorized by Section 210 of HUD's FY 1996 Appropriations Act, and authorize the conduct of a new Portfolio Reengineering Demonstration Program, modelled in large part after the FY 1996 Portfolio Reengineering Demonstration Program.

Although Section 212 of HUD's FY 1997 Appropriations Act repealed the Portfolio Reengineering Demonstration Program authorized under Section 210 of HUD's 1996 Appropriations Act, funds made available under Section 210 remain available through FY 1997, and the FY 1997 Portfolio Reengineering Demonstration Program does not nullify any agreements or proposals that have been submitted under the FY 1996 Portfolio Reengineering Demonstration Program. Proposals submitted under the FY 1996 Portfolio Reengineering Demonstration Program which were received by the Department prior to September 25, 1996 will continue to be

processed by HUD, pursuant to the FY 1996 legislation.

The Portfolio Reengineering Demonstration Program, authorized by the FY 1996 Appropriations Act, as implemented by a notice published at 61 FR 34664, July 2, 1996, and the Portfolio Reengineering Demonstration Program, authorized by the FY 1997 Appropriations Act, as implemented by a notice published at 62 FR 3566, January 23, 1997, grant the Secretary of the Department of Housing and Urban Development all power and authority to administer these demonstration programs.

Accordingly, the Secretary delegates authority as follows:

Section A. Authority Delegated

The Secretary of the Department of Housing and Urban Development delegates to the Assistant Secretary for Housing-Federal Housing Commissioner all power and authority to administer the Portfolio Reengineering Demonstration Programs, as granted by Section 210 of the Departments of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321), and Sections 211 and 212 of the Departments of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Pub. L. No. 104-204, 110 Stat. 2874, approved September 26, 1996).

Section B. Authority Excepted

The authority delegated under Section A does not include the power to sue or be sued.

Authority: Section 7(d), Department of Housing and Urban Development Act, 42 U.S.C. 3535(d).

Dated: March 28, 1997.

Andrew Cuomo,

Secretary of the Department of Housing and Urban Development.

[FR Doc. 97-11812 Filed 5-6-97; 8:45 am]

BILLING CODE 4210-32-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. 4221-D-02]

Redelegation of Authority

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

ACTION: Redelegation of authority.

SUMMARY: In a notice published elsewhere in today's **Federal Register**, the Secretary of the Department of Housing and Urban Development

delegated all authority with respect to the Portfolio Reengineering Demonstration Programs to the Assistant Secretary for Housing-Federal Housing Commissioner. In this notice, the Assistant Secretary for Housing-Federal Housing Commissioner redelegates the authority to execute restructuring commitment letters and closing documents with respect to the Portfolio Reengineering Demonstration Programs to the Deputy Assistant Secretary for Multifamily Housing Programs, who further redelegates this authority, as specified herein, to various field office Directors, Office of Housing; Directors, Housing Division; and Directors, Office of Multifamily Housing.

EFFECTIVE DATE: March 28, 1997.

FOR FURTHER INFORMATION CONTACT: George C. Dipman, Demonstration Program Coordinator, Office of Multifamily Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 6106, Washington, DC 20410-4000; Telephone (202) 708-3321. (This is not a toll-free number). Hearing or speech-impaired individuals may call 1-800-877-8339 (Federal Information Relay Service TTY).

SUPPLEMENTARY INFORMATION: Over 800,000 housing units in approximately 8,500 projects are currently financed with FHA-insured loans and supported by project-based Section 8 housing assistance payment ("HAP") contracts. In many cases, these HAP contracts currently provide for rents which substantially exceed the rents received by comparable unassisted units in the local market. Starting in Fiscal Year ("FY") 1996, those Section 8 contracts began to expire, and Congress and the Administration provided one-year extensions of expiring contracts at a cost of over \$200 million. While annual HAP contract extensions for these projects maintain an important housing resource, they come at great expense. Every year more contracts expire, compounding the cost of annual extensions. In ten years, the annual cost of renewing Section 8 contracts is projected to rise to approximately \$7 billion, about one-third of HUD's current budget. If, however, the Section 8 assistance is reduced or eliminated, there is an increased likelihood that these projects will be unable to continue to meet their financial obligations including operating expenses, debt service payments, and current and future capital needs.

In seeking a solution to this serious problem, Congress enacted Section 210 of Departments of Veteran Affairs and

Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321) ("HUD's FY 1996 Appropriations Act"), authorizing HUD to conduct a demonstration program designed to explore various approaches for restructuring the financing of projects that have FHA-insured mortgages and that receive Section 8 rental assistance, and taking other related action in order to reduce the risk to the FHA insurance fund and lower subsidy costs while preserving housing affordability and availability.

Sections 211 and 212 of the Departments of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Pub. L. No. 104-204, 110 Stat. 2874, approved September 26, 1996) ("HUD's FY 1997 Appropriations Act") respectively, grant Section 8 Contract Renewal Authority, repeal the Portfolio Reengineering Demonstration Program authorized by Section 210 of HUD's FY 1996 Appropriations Act, and authorize the conduct of a new Portfolio Reengineering Demonstration Program, modelled in large part after the FY 1996 Portfolio Reengineering Demonstration Program.

Although Section 212 of HUD's FY 1997 Appropriations Act repealed the Portfolio Reengineering Demonstration Program authorized under Section 210 of HUD's 1996 Appropriations Act, funds made available under Section 210 remain available through FY 1997, and the FY 1997 Portfolio Reengineering Demonstration Program does not nullify any agreements or proposals that have been submitted under the FY 1996 Portfolio Reengineering Demonstration Program. Proposals submitted under the FY 1996 Portfolio Reengineering Demonstration Program which were received by the Department prior to September 25, 1996 will continue to be processed by HUD, pursuant to the FY 1996 legislation.

The Portfolio Reengineering Demonstration Program, authorized by the FY 1996 Appropriations Act, as implemented by a notice published at 61 FR 34664, July 2, 1996, and the Portfolio Reengineering Demonstration Program, authorized by the FY 1997 Appropriations Act, as implemented by a notice published at 62 FR 3566, January 23, 1997, grant the Secretary of the Department of Housing and Urban Development ("Secretary") all power and authority to administer these demonstration programs, including the authority to execute restructuring commitment letters and closing documents. A restructuring commitment letter is a document sent to the participating project owner