

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 320

[Docket No. FR-4856-P-01]

RIN 2503-AA17

Removal of Regulation Specifying Minimum Face Value of Ginnie Mae Securities

AGENCY: The Government National Mortgage Association (Ginnie Mae), HUD.

ACTION: Proposed rule.

SUMMARY: This proposed rule would remove the regulation that specifies the current minimum face amount of any security issued by the Government National Mortgage Association (Ginnie Mae). The proposed removal of the regulation would allow Ginnie Mae to offer alternative denominations of its securities.

DATES: *Comment Due Date:* June 14, 2004.

ADDRESSES: Interested persons are invited to submit comments regarding this rule to the Regulations Division, Office of the General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: Tom Weakland, Senior Vice President, Office of Program Operations, Government National Mortgage Association, Room 6216, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410; telephone (202) 708-2884 (this is not a toll-free number). Speech- or hearing-impaired individuals may access this number through TTY by calling the toll-free Federal Information Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION: Ginnie Mae is a wholly owned corporation of the Federal government that increases the flow of credit for the housing market. Ginnie Mae guarantees securities that are issued by private lenders and backed by pools of mortgage loans insured by HUD or guaranteed by the Department of Veterans Affairs, or other government agencies. Ginnie Mae guarantees the timely payment of principal and interest on the securities.

In its continual pursuit to ensure efficient secondary mortgage market operations, Ginnie Mae routinely evaluates and enhances its offerings and services to remain attractive to investors. To this end, Ginnie Mae would like to offer investors different denominations of Ginnie Mae guaranteed securities. Accordingly, this proposed rule would remove the existing regulation at 24 CFR 320.5(c), which provides, "The face amount of any security cannot be less than \$25,000." After this rule becomes effective, the minimum face amount for various Ginnie Mae securities will be published in Ginnie Mae's Mortgage-Backed Securities Guide.

Findings and Certifications

Environmental Impact

This rule would remove an existing regulation. The rule would not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Therefore, in accordance with 24 CFR 50.19(c)(1), this rule is categorically excluded from the requirements of the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*).

Executive Order 12866, Regulatory Planning and Review

The Office of Management and Budget (OMB) reviewed this rule under Executive Order 12866 (entitled *Regulatory Planning and Review*). OMB determined that this rule is a "significant regulatory action" as defined in section 3(f) of the order (although not economically significant, as provided in section 3(f)(1) of the order). Any changes made to the rule subsequent to its submission to OMB are identified in the docket file, which is available for public inspection in the Regulations Division, Room 10276, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500.

Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and on the private sector. This proposed rule would not impose a Federal mandate on any State, local, or

tribal government, or on the private sector, within the meaning of the Unfunded Mandates Reform Act of 1995.

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this rule before publication and by approving it certifies that this rule would not have a significant economic impact on a substantial number of small entities. There are no anti-competitive discriminatory aspects of the rule with regard to small entities, and there are no unusual procedures that would need to be complied with by small entities. The rule would remove an existing regulation. Although HUD has determined that this rule would not have a significant economic impact on a substantial number of small entities, HUD welcomes comments regarding any less burdensome alternative to this rule that will meet HUD's objectives as described in this preamble.

Executive Order 13132, Federalism

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on State and local governments and is not required by statute, or the rule preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments and does not preempt State law within the meaning of the Executive Order.

List of Subjects in 24 CFR Part 320

Mortgages, Securities.

Accordingly, for the reasons described in the preamble, HUD proposes to amend 24 CFR part 320 as follows:

PART 320—GUARANTY OF MORTGAGE-BACKED SECURITIES

1. The authority citation for part 320 continues to read as follows:

Authority: 12 U.S.C. 1721(g) and 1723a(a), and 42 U.S.C. 3535(d).

2. Amend § 320.5 by removing and reserving paragraph (c).

§ 320.5 Securities.

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(c) [Reserved]

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Dated: March 18, 2004.

Ronald A. Rosenfeld,

*President, Government National Mortgage
Association.*

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