

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

#### *D. Reopening of Expired 80 basis point Firm Commitments*

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

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

#### **Credit Subsidy**

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

Dated: August 26, 2002.

**Sean Cassidy,**

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

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

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

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

**ACTION:** Notice.

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

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

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Background**

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

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

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

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

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

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

Dated: August 26, 2002.

**Paula O. Blunt,**

*General Deputy Assistant Secretary for Public and Indian Housing.*

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