Thrift Bulletin

Handbook: Compliance Activities
Subject: Homeownership Counseling Requirements

Section: 500
TB 18-1

May 11, 1990

Homeownership Counseling Requirements

Summary: The Housing and Community Development Act of 1987, which requires creditors to notify delinquent homeowners of the availability of homeownership counseling, has been extended until September 30, 1990. This Bulletin transmits updated HUD-issued guidelines for compliance with the Act and information as to how to obtain the most recent Directory of HUD-Approved Housing Counseling Agencies.

For Further Information Contact:
Your District Office or Compliance Programs, OTS, Washington, D.C.

Thrift Bulletin 18-1

Background

Subsequent to the issuance of TB 18, dated February 16, 1989, the Department of Housing and Urban Development (HUD) published a Notice in the *Federal Register* on May 15, 1989, (Attachment A) providing guidance on implementing the homeownership counseling requirements mandated by the Housing and Community Development Act of 1987. On November 3, 1989, the President signed Public Law 101-137 amending the Act by striking September 30, 1989, as the date for expiration of the Act and inserting September 30, 1990. As there were many inquiries from creditors regarding the law, HUD published a supplement to its May 15, 1989 Notice in the *Federal Register* on January 24, 1990, (Attachment B) to clarify creditor responsibilities under the Act. It should be noted that HUD has stated that it has no explicit statutory role as interpreter of the scope of the law, and has published the supplement as general guidance only.

Notification Requirements

The creditor of a delinquent home loan is required to notify an eligible homeowner of the availability of homeownership counseling. The term "creditor," as defined by the statute, means a person or entity that is servicing a home loan on behalf of itself or another person or entity. In question and answer 13 of the attached supplement, HUD has interpreted this to mean that the servicer of a loan, not the owner, is obligated to provide the required notice. In addition, HUD states in question and answer 14 that if an institution merely receives mortgage payments for another entity and does not contact homeowners to discuss delinquent accounts, it would not be considered a "servicer" and would not be required to send the notice. A "home loan," by statute means a loan secured by a mortgage or lien on residential property. Therefore, any loan secured by a mortgagor's principal residence, defined as a "one-family dwelling" which includes a condominium unit, a manufactured home (mobile home) and lot, or a cooperative unit is subject to the notice requirement. Specifically excluded by the statute are all home loans assisted by the Farmers Home Administration under Title V of the Housing Act of 1949.

Institutions should be aware of their responsibilities, consult legal counsel, and ensure procedures are in place to comply with the requirements. HUD has indicated that it will publish periodic updates to the Directory of HUD-Approved Housing Counseling Agencies. Institutions can obtain a free copy of the Directory by calling HUD at (202) 755-6664 or by writing to:

U.S. Department of Housing and Urban Development
Office of Single Family Housing
Room 9184 451 Seventh Street, N.W.
Washington, D.C. 20410

Attachments

— John F. Downey
Acting Senior Deputy Director for Supervision

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing—Federal Housing Commissioner

[Docket No. N-89-1964; FR-2460]

Homeownership Counseling

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

ACTION: Notice to home loan creditors of responsibilities under Federal law.

SUMMARY: Section 169 of the Housing and Community Development Act of 1987 requires creditors of certain delinquent home loans to notify the homeowner of the availability of homeownership counseling offered by the creditor, as well as counseling services provided by HUD-approved counseling agencies and (where appropriate) the Department of Veterans' Affairs. To be eligible for this notification, the homeowner must occupy the property as a principal residence and must be delinquent in his or her loan payments due to an involuntary loss of income. The new requirement applies to all home loans, except those assisted by the Farmers Home Administration under Title V of the Housing Act of 1949. Thus, both conventional mortgages and loans, and those insured by HUD or guaranteed by the Department of Veterans' Affairs, are subject to section 169.

The purpose of this Notice is to inform creditors subject to section 169 of their responsibilities under the new law. The Notice also provides a list of HUD-approved counseling agencies, thereby giving creditors the means of fulfilling their obligation to notify mortgagors of HUD-approved counseling agencies.

FOR FURTHER INFORMATION CONTACT: Robert E. Falkenstein, Jr., Office of Insured Single Family Housing, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410, telephone (202) 755-6672. (This is not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Section 106 of the Housing and Urban Development Act of 1968 authorizes HUD to provide, or to contract with public or private agencies to provide, counseling to tenants and homeowners of dwellings insured under the National Housing Act to help them meet the responsibilities of tenancy or homeownership. Counseling services provided by HUD-approved counseling agencies and partially funded with grants from HUD under section 106 are currently available to homeowners with HUD-insured mortgages. (The existing housing counseling program is administered under HUD Housing Counseling Handbook No. 7610.1 Rev., January 1976. Under HUD's requirements, creditors of all HUD-insured single-family mortgages are made aware of HUD-approved counseling agencies and other local community agencies to which a delinquent borrower can be referred.)

Section 169 of the Housing and Community Development Act of 1987 (Pub. L. 100-242, approved February 5, 1988) amended section 106 of the 1968 Act to expand the scope of HUD's existing homeownership counseling program beyond its traditional relationship to the FHA mortgage insurance program. As in the past, grants are authorized to nonprofit and public organizations experienced in the provision of homeownership counseling, to partially reimburse these organizations for providing counseling to homeowners. "Eligible homeowners", however, are now defined to include not only FHA homeowners, but also most other single-family homeowners.

Who Is Entitled to Notice From the Creditor?

A homeowner is entitled to the notice under section 169 if—

1. The home loan is secured by a one-family dwelling that is the principal residence of the homeowner.

"One-family dwelling" is a dwelling that may be divided into a maximum of four (4) separate dwelling units. So long as a mortgagor makes one of the units his or her principal residence, that mortgagor is entitled to receive notice of local HUD-approved homeownership counseling agencies. A "one-family dwelling" also includes a unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

"Principal residence" means a residential property occupied by the mortgagor as his or her primary residence more than half the time during the year immediately preceding any notice of mortgage delinquency, or (if the mortgage is less than a year old) a residential property occupied by the mortgagor as his or her primary residence more than half of the time since the morgage debt was incurred.

2. The homeowner is, or is expected to be, unable to make payments, to correct the home loan delinquency within a reasonable time, or to resume full home loan payments, because of—

a. A reduction in the homeowner's income caused by an involuntary loss of, or reduction in, the homeowner's employment, or by loss or reduction of income from self-employment or other occupational pursuits; or

b. Any similar loss or reduction experienced by any other person who contributes to the homeowner's income.

Creditors may find it more convenient and less costly to provide the notice required by section 169 to all delinquent mortgagors, rather than to those that they first determine to meet the loss/reduction of income standard discussed above. This would not present a problem under section 169. Regarding HUD-insured mortgages, it should be noted that the requirements of section 169 are in addition to, and do not supersede, HUD notice requirements.

Finally, the statute specifically excludes from eligibility for counseling, under section 169, homeowners with home loans assisted under title V of the Housing Act of 1949. (Title V of the Housing Act of 1949 provides loans and mortgage insurance services for rural housing and is administered by the Farmers Home Administration.)

Nature of the Notice Required

The creditor of a delinquent home loan that is subject to section 169 of the 1987 Act has two duties with respect to the delinquent homeowner:

1. The creditor must notify the homeowner of the availability of any homeownership counseling offered by the creditor.

2. Whether or not the creditor offers homeownership counseling services, the creditor must notify the homeowner of the availability of one of the following:

A. Counseling provided by HUD-approved organizations which are experienced in the provision of homeownership counseling.

The Department has determined that homeownership counseling information is best provided by publishing a current list of HUD-approved housing counseling agencies in the **Federal Register** every quarter. Toward this end, this Notice includes a comprehensive listing of HUD-approved housing counseling agencies, arranged by State, that can conveniently be provided by the creditor. HUD will publish periodic updatings of this list as new counseling services are approved.

B. Homeownership counseling provided by the Department of Veterans' Affairs, in the case of loans insured or guaranteed under Chapter 37 of Title 38, United States Code.

HUD suggests that creditors of loans subject to the statute would be well-advised to inform eligible homeowners with VA guaranteed mortgages of counseling services available through the Department of Veteran's Affairs. The requirements of the statute can be met, however, by providing the homeowner with the means of contacting HUD-approved homeownership counseling agencies that are geographically proximate to the homeowner's location—whether or not these agencies specialize in counseling VA mortgagors.

Who Is a Creditor?

Under section 169, a "creditor" is a person or entity that is servicing a home loan, either on its own behalf or on behalf of another person or entity. Thus, it is the creditor's servicing functions that bring it within section 169: the actual ownership of the mortgage or loan is irrelevant. It should also be noted that the definition of "creditor" is broad enough to cover personally financed deals, where, for example, the "lender" holds a purchase money mortgage.

When Is a Home Loan Delinquent?

The statute does not provide a definition of when a loan is delinquent. Delinquency is the triggering event giving rise to the statutory obligation on the creditor to notify an eligible homeowner of the availability of counseling. HUD advises that, while there is no fixed point after late payment or default at which the statute requires this notice, it is quite clear that the purpose of the notice relating to counseling services is to assist the eligible homeowner in avoiding the consequences of delinquency—the loss of his or her property. Accordingly, to be certain of compliance with the notice requirements of the statute, notice to the homeowner of the availability of counseling services must be sufficiently in advance of any adverse action taken as a result of default to afford the homeowner time to take advantage of the possible assistance that counseling services can provide. HUD recommends that notice of counseling services be provided at the earliest point that a creditor, as part of normal business practice, communicates the fact of the delinquent status of the homeowner's account to the homeowner.

What Are the Penalties for Violating the Notice Requirements?

The 1987 Act's amendments do not provide for HUD enforcement of the notice requirements associated with counseling. HUD's role is to afford access to the directory of approved housing counseling agencies so that homeowners may realize the benefits of counseling and, possibly, avoid foreclosure action. HUD regards the obligations imposed on creditors by the new law as self-executing; that is, the law speaks directly to creditors, imposing an obligation upon any and all creditors to notify any eligible homeowner on the subject of homeownership counseling, whenever a home loan is "delinquent".

HUD believes, however, that the new law creates a legal duty, enforceable by homeowners, and that noncompliance with the law's requirements could be an actionable event that could affect a mortgagee's ability to carry out foreclosure in a timely manner. Section 169 may also be subject to enforcement under authorities administered by State and other Federal agencies. Mortgagees subject to section 169 may wish to pursue this point with the agencies involved (if any).

HUD-approved mortagees continue to be subject to HUD program requirements associated with counseling of homeowners with HUD mortgages, but the notice requirements of the new law also apply to HUD-approved mortgagees, as they apply virtually to all mortgagees. The advice provided in this Notice is fully applicable to HUD-approved mortgagees. Noncompliance by HUD-approved mortgagees could also be grounds for an administrative action by HUD's Mortgagee Review Board under 24 CFR 25.9(j).

Termination of Section 169's Requirements

The provisions added to section 106 of the Housing and Urban Development Act of 1968 that are described in this Notice terminate, under the statute's own terms, on September 30, 1989. HUD suggests however, that creditors wait for actual notice of the termination of the statute before regarding September 30, 1989 as the date on which the obligations here described cease to exist. The possibility exists that the statute may be extended. If the requirements relating to notice to eligible homeowners of counseling services do expire, HUD will publish a Notice of that fact in the Federal Register.

The Directory of HUD-Approved Housing Counseling Agencies is published below. These agencies serve all mortgage borrowers, without regard to whether their loans are HUD-insured, and all mortgage lenders, without regard to whether the lender has HUD approval. HUD will publish periodic updates to this Directory in the Federal Register.

Finding of No Significant Impact

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations in 24 CFR Part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4332. The Finding of No Significant Impact is available for public inspection during regular business hours in the Office of the General Counsel, Rules Docket Clerk, Room 10276, 451 Seventh Street, SW., Washington, DC 20410.

Regulatory Flexibility Act

In accordance with 5 U.S.C. 605(b), the Regulatory Flexibility Act, the undersigned certifies that this notice does not have a significant economic impact on a substantial number of small entities. There is no significant economic impact on any individual entity, because it is measured in terms of the burden of requiring each lender to pass on homeownership counseling information to its borrowers. Since the duty to provide this counseling information is not limited, by the statute, to particular lenders based on their size, there is no basis in the statute for providing, in this notice, for a reduced burden on small lenders.

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, *Federalism*, has determined that this notice will not involve the preemption of State law by Federal statute or regulation, and will not have substantial direct effects on States or their political subdivisions, or on the relationship or distribution of power among the various levels of government. The notice, which requires creditors to inform their clients about available homeownership counseling, will not have a significant impact on the States, although a State or local government, when acting as a mortgage lender, would be subject to the rule's requirements.

Executive Order 12606, the Family

The General Counsel, as the Designated Official under Executive Order 12606, *The Family*, has determined that this notice will have no significant impact on family formation, maintenance, and general well-being. The notice, which is intended to improve access to homeownership counseling services, should help to decrease the number of families who lose their homes

as a result of home foreclosure. This result will benefit family formation, maintenance, and general well-being. Because the requirements of the notice are based on specific statutory directions, no further analysis under Executive Order 12606 is considered necessary.

Dated: May 1, 1989.

James E. Schoenberger,

General Deputy, Assistant Secretary for Housing—Deputy Federal Housing Commissioner.

BILLING CODE 4210-27-M

Applications received after the above receipt date will not be reviewed and will be returned to the applicant. The original and two (2) copies of the application should be submitted to: Division of Research Grants, NIH, Westwood Building, Room 240, 5333 Westbard Avenue, Bethesda, Maryland 20892.

Because of the short time available for initial and Council review, it is requested that an additional copy be sent directly to: Division of Extramural Activities, National Institute of Mental Health, 5600 Fishers Lane, Room 9C-15, Rockville, Maryland 20857, Attention: Edna M. Hardy-Hill.

Terms and Conditions of Support

Grants are awarded directly to eligible applicants. Funds may be used only for those expenses that are directly related and necessary to carry out the project, including both direct and allowable indirect costs. Funds must be expended in conformance with the Department of Health and Human Services cost principles, the Public Health Service Grants Policy Statement,[8] and conditions set forth in this document and on the Notice of Award.

Title 45 CFR parts 74 and 92, general requirements concerning administration of grants, are applicable to these awards.

Period of Support

Support may be requested for up to 3 years. However, since this program is proposed for phase down over 3 years, no commitment can be made for support beyond the first year. The objectives and activities of the first year should, in themselves, be designed to achieve significant steps in human resource development.

Stipends are not abailable under this Program.

Award Criteria

- Quality of the proposed project as determined during the review process.
- Strong evidence of public/academic liaison activities.
- Geographic distribution
- Availability of funds.
- Quality of evaluation plan.
- The degree to which priority populations and rural issus are addressed.
- The degree to which multi-State projects address one of the designated priority areas.

[8] *Public Health Service Grants Policy Statement*, DHHS Publication (Rev. January 1, 1987) GPO stock number GPO-017-020-00092-7, available for $4.50 from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Staff Consultation

Staff of the State Planning and Human Resources Development Branch, NIMH, are available for consultation concerning the application and program development to applicants in advance of or during the process of preparing an application. Potential applicants should contact the Branch as early as possible for information and guidance in initiating the application process. Inquiries should be directed to: Brian W. Flynn, Ed. D., Acting Chief, or Donald L. Fisher, Director, Human Resource Development Program, State Planning and Human Resource Development Branch, Division of Education and Service Systems Liason, 5600 Fishers Lane, Room 7-103, Parklawn Building, Rockville, Maryland 20857, Telephone: (301) 443-4257.

Application Kits containing instructions for completing the PHS-5161-1 may be obtained from the State Planning and Human Resource Development Branch at the address listed above.

The Catalog of Federal Domestic Assistance number for this program is 13.244. These grants will be made under the authority of section 303, Public Health Service Act, 42 USC 242a; 42 CFR part 64a.

Joseph R. Leone,

Executive Officer, Alcohol, Drug Abuse, and Mental Health Administration.

[FR Doc. 90-1581 Filed 1-23-90; 8:45 am]

BILLING CODE 4160-20-M

Health Resources and Services Administration

National Advisory Council on the National Health Service Corps Meeting

In accordance with section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), announcement is made of the following National Advisory body scheduled to meet during the month of Fedruary 1990.

Name: National Advisory Council on the National Health Service Corps.

Date and Time: February 25-27, 1990, 8:30 a.m.

Place: Hollywood Beach Hilton Hotel, Hollywood, Florida 33019.

The meeting is open to the public.

Purpose: The Council will advise and make appropriate recommendations on the National Health Service Corps (NHSC) program as mandated by legislation. It will also review and comment on proposed regulations promulgated by the Secretary under provision of the legislation.

Agenda: Discussions will include: Cooperation and Linkages between Medical Schools, Community Health Centers, and the NHSC; Student-Resident's Reaction to the NHSC; Southeastern College of Osteopathic Medicine's Approach to Primary Care; Perinatal Planning and the Role of NHSC; Medical Manpower Shortage in Florida; and Update on the NHSC (central and regional). On Monday, February 26, the Council will depart from the hotel at 8:00 a.m. to conduct site visits to the Economic Opportunity Clinic in Miami; the Belle Glade, Okeechobee, and Indiantown Clinics. Transportation will not be provided for visitors and observers. The Tuesday meeting will begin at 8:30 a.m. and ajourn at 2:00 p.m.

Anyone requiring information regarding the subject Council should contact Anna Mae Voigt, National Advisory Council on the National Health Service Corps, Room 7A-39, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857, Telephone (301) 443-1470.

Agenda Items are subject to change as priorities dictate.

Dated: January 18, 1990.

Jackie E. Baum,

Advisory Committee Management Officer, HRSA.

[FR Doc. 90-1521 Filed 1-23-90; 8:45 am]

BILLING CODE 4160-15-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing-Federal Housing Commissioner

[Docket No. N-90-3002; FR-2480-N-01]

Supplement to the Notice to Home Loan Creditors of Responsibilities Under Federal Law

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

ACTION: Supplement to the notice to home loan creditors of responsibilities under Federal law.

SUMMARY: HUD published a Notice on May 15, 1989 in the Federal Register (54 FR 20964) (Notice) which discussed creditors' responsibilities under section 169 of the Housing and Community Development Act of 1987, Public Law 100-242, approved February 5, 1988 (section 169). This office has received many inquiries from creditors regarding various aspects of the Law, and to resolve these questions we are publishing this supplement so that it will

be available to all creditors. (Section 169 expired on September 30, 1989, but it has now been extended through September 30, 1990 by Public Law 101-137, approved November 3, 1989.)

There are two changes to the information contained in the previous Notice published in the Federal Register. One change involves the definition of a "one-family dwelling", which the Notice defined to include "a dwelling that may be divided into a maximum of four [4] dwelling units." After reviewing section 169 and its legislative history, it is HUD's view that a one-family dwelling does not include houses with more than one dwelling unit. This is reflected in the answer to Question 8.

The second change involves the information which the creditor must send the homeowner in the notice of counseling availability. The Notice implied that specific information on counseling agencies must be included in the Notice sent to the homeowner. It has now been decided that the creditor may, instead, include in the written Notice of Default a toll-free number which the homeowner may call for specific information. The creditor must ensure that the telephone line is adequately staffed. This revised information is contained in Question 4.

FOR FURTHER INFORMATION CONTACT: Robert E. Falkenstein, Jr., Office of Insured Single Family Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20140; telephone (202) 755-6672. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: In order to respond to creditor inquiries and to clarify creditor responsibilities under section 169, the Office of Housing has prepared the following questions and answers as a supplement to the Notice previously published. HUD has no explicit statutory role as interpreter of the scope of section 169, and is publishing this document as general guidance only. We note that if a creditor's compliance with section 169 is challenged in court, the ultimate determination of the adequacy of the creditor's notification and the legal consequences of any noncompliance will be made by the Court. We also note that nothing in this information or in section 169 is intended to preclude a creditor from providing any additional assistance to defaulting homeowners that the creditor regards as appropriate.

1. Does the section 169 requirement that creditors notify delinquent homeowners of available counseling apply only if the property secures a mortgage that is federally insured or guaranteed?

No. The section 169 notification requirement applies to all home loans except those assisted by the Farmers Home Administration under title V of the Housing Act of 1949. Thus, both conventional mortgages and loans, and those insured by HUD or guaranteed by the Department of Veterans Affairs, are subject to section 169.

2. How soon do notices have to go out after a homeowner becomes delinquent?

The statute does not prescribe a time at which the notice must be sent to the homeowner. However, since the purpose of the notice is to help the homeowner avert foreclosure, it should be sent soon enough to enable the homeowner to benefit from the counseling. HUD recommends that the notice be included in the creditor's first communication with the homeowner regarding the delinquency.

3. What is the creditor's obligation with respect to a future delinquency?

A notice must be sent to every homeowner every time the homeowner becomes delinquent. If the homeowner brings the loan current and becomes delinquent again, another notice must be sent.

4. What should be in the notice?

The notice must contain information on any counseling provided by the creditor and either the name, address and telephone number of the HUD-approved counseling agencies near the homeowner or a cost-free telephone number at the creditor's office where the homeowner can obtain this information. If the security instrument is insured or guaranteed by the Department of Veterans Affairs, the homeowner may be provided with the address and telephone number of the Department of Veterans Affairs Regional Office in the state in which the homeowner resides instead of information on the HUD-approved counseling agencies.

It is not necessary that information on a specific counseling agency be included in the notice. It is sufficient to advise the homeowner that counseling assistance is available and that the homeowner should contact the creditor for further information as long as the creditor provides the homeowner with a toll free number and the creditor ensures that the telephone is adequately staffed.

5. Will HUD be issuing a form for the notice?

No. HUD will not be issuing a form for the notice. It is HUD's view that sufficient information has been provided on the Section 169 notice requirement to enable creditors to prepare the notice.

6. Who should receive the notice?

A homeowner occupying a property covered by a delinquent loan who has suffered an involuntary reduction in his or her income or in the income of someone who contributes to the homeowner's income. However, creditors may prefer to send the notice to all delinquent homeowners, rather than attempt to determine the cause of each delinquency.

7. Are notices required for delinquent home equity loans?

Yes. Also for delinquent mortgages, deeds of trust, second liens, and any other loan secured by the mortgagor's principal residence.

However, the notice is not required property sold under a land sales contract, since title remains in the seller until the contract is completed. The purchaser is not a homeowner until the completion of the contract.

8. Is the notice required only for a homeowner of a one-family house?

In addition to a one-family house, section 169 covers a one-family unit in a condominium, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated. The homeowner must occupy the property as his or her principal residence.

A loan which is secured by only a manufactured home (mobile home) unit, exclusive of a lot, is not covered by the statute. However, a loan secured by both the manufactured home and the site is within the definition of residential property as set out in section 169. Accordingly, the owner of a manufactured home financed by a loan secured by both the home and lot is entitled to a section 169 notice.

9. If the notice is sent and the closest agency is a significant distance from the homeowner's residence, is the creditor required to provide counseling?

The statute does not require any creditor to provide counseling.

10. If a creditor does provide homeownership counseling, should the creditor also notify the delinquent homeowner of the availability of homeownership counseling by HUD-approved counselors or by the Department of Veterans Affairs?

Yes.

11. Do creditors have to be HUD-approved to offer homeownership counseling?

No.

12. Must creditors indicate in the notice if they do not provide homeownership counseling?

No.

13. Who is responsible for sending the section 169 notice—the owner of the security instrument or the servicer?

Section 169 defines the term "creditor" as a person that is servicing a home loan on behalf of itself or another person or entity. Therefore the servicer of a loan, not the owner, is required to provide the notice required by Section 169.

14. Is a bank a creditor under section 169 if it performs specific collection services for a mortgagee, i.e., receiving the monthly mortgage payments, and issuing a monthly or quarterly statement to the mortgagee?

If the bank merely receives the mortgage payments for another entity and does not contact homeowners to discuss delinquent account, the bank would not be considered a "servicer" and would not be required to send the Section 169 notice.

15. Should the notice be delivered by certified mail?

Section 169 does not require delivery by certified mail. However, the creditor should be in a position to prove the notification if the homeowner alleges noncompliance with section 169.

16. Should the notice list counseling agencies which are located near the secured property or near the homeowner if the creditor's records indicate that these are different locations?

Since the homeowner must occupy the property as his principal residence before it is required that this notice be sent, the notice should list counseling agencies that are located in the vicinity of the secured property.

17. May counseling agencies charge for their services?

Counseling agencies may charge for that portion of the fee which is not covered by grants and other subsidies received by the counseling agency. However, HUD may limit such charges and place other restrictions on counseling agencies wishing to remain HUD-approved. Section 169 does not require the creditor to assume the cost of this counseling.

18. What is homeownership counseling?

Homeownership counseling includes providing information, advice, and assistance to enable delinquent homeowners to become current in their mortgage payments. The counseling is also designated as housing counseling or default counseling, and includes every service and assistance that will help the homeowner to become current.

Budgeting, money management, arranging a forbearance agreement or plan with the bank, lender or servicer, arranging repayment plans for the payment of other debts, financial aid from local government entities, food and clothing from non-profit organizations, marital and family guidance, all are included in the homeownership counseling package delivered by HUD-approved housing counseling agencies. The intent is to increase the income of the homeowner, reduce expenses and payments on installment debts, and thereby free-up monies for the monthly mortgage payments.

19. When recommending HUD-approved housing counseling agencies to the homeowner, should creditors send the entire state list of HUD-approved housing counseling agencies, or can creditors select one or two agencies on the list near the homeowner?

Creditors should provide the homeowner with a reasonable number of choices. The homeowner needs more than one or two counseling agencies to choose from. However, the creditor does not need to provide a statewide listing if the state is very large and the listing is lengthy. If there are no HUD-approved housing counseling agencies near the delinquent homeowner, the creditor should provide a list of a reasonable number of agencies which are nearest to the homeowner. The delinquent homeowner may wish to visit those agencies even though they are some distances away or may wish, instead, to discuss the problems over the telephone.

20. Did this Law expire September 30, 1989?

Yes. However, section 169 was extended through September 30, 1990 by an Act to extend the expiration date of the Defense Production Act of 1950, Public Law 101-137, which was signed by the President on November 3, 1989.

21. Who can creditors contact at HUD for more detailed homeownership counseling information?

Secretary-Held & Counseling Services Branch, Department of Housing and Urban Development, 451 Seventh Street SW.—Room 9184, Washington, DC 20410. The telephone is (202) 755-6664. (This is not a toll-free number.)

Dated: January 8, 1990.

Peter Monroe,

Acting General Deputy Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 90-1547 Filed 1-23-90; 8:45 am]

BILLING CODE 4210-27-M

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[NV-030-00-5320-10; Closure Notice NV-030-90-04]

Closure of Federal Lands; Nevada

AGENCY: Bureau of Land Management, Interior.

ACTION: Closure of Federal Lands; Notice.

SUMMARY: Notice is hereby given that certain public lands in the vicinity of Jumbo Grade, just east of Washoe Valley, Nevada, are closed to all vehicles. This closure is necessary to ensure that rehabilitation of a former materials pit just south of Jumbo Grade may proceed without additional damage occurring as a result of off-road vehicle use.

DATE: This closure goes into effect on February 20, 1990, and will remain in effect until the Carson City District Manager determines it is no longer needed.

FOR FURTHER INFORMATION CONTACT: James M. Phillips, Lahontan Resource Area Manager, Carson City District Office, 1535 Hot Springs Road, Suite 300, Carson City, Nevada 89706. Telephone (702) 882-1631.

SUPPLEMENTARY INFORMATION: The authority for this closure is 43 CFR 8341.2 and 43 CFR 8364.1. Any person who fails to comply with a closure order is subject to arrest and fines of up to $1000 and/or imprisonment not to exceed 12 months.

This closure applies to all motorized vehicles and non-motorized vehicles, such as mountain bikes, excluding (1) any emergency or law enforcement vehicle while being used for emergency purposes, (2) any vehicle operated by Washoe County and being used for purposes associated with rehabilitation of the area, and (3) any vehicle whose use is expressly authorized in writing by the Lahontan Resource Area Manager.

The public lands affected by this closure are those lands near the old Jumbo Pit within:

Mt. Diablo Meridian

T. 16 N., R. 20 E.

Sec. 4: S½SW¼NE¼, N½NW¼SE¼

A map of the closed area is posted in the Carson City District Office.

Dated: January 18, 1990.

James W. Elliott,

Carson City District Manager.

[FR Doc. 90-1609 Filed 1-23-90; 8:45 am]

BILLING CODE 4310-HC-M