

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT****24 CFR Part 3500**

[Docket No. FR-4023-F-03]

RIN 2502-AG69

**Office of the Assistant Secretary for  
Housing-Federal Housing  
Commissioner; Real Estate Settlement  
Procedures Act; Streamlining Final  
Rule; Correction and Clarification**

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

**ACTION:** Correction to final rule and  
clarification.

**SUMMARY:** On March 26, 1996 (61 FR 13232), the Department published a final rule streamlining its regulations under the Real Estate Settlement Procedures Act (RESPA). That rule, when published, left unchanged references in the rule to "effective date[s]" in certain provisions. HUD's intent was that these references should continue to refer to the effective date of the escrow accounting procedures rule, which was May 24, 1995, not to the effective date of the streamlining rule. By this document, the text of the streamlining rule is corrected to include expressly the May 24, 1995, effective date in the applicable provisions.

In addition, this document contains a technical clarification of the streamlining rule concerning the use of toll-free numbers.

**EFFECTIVE DATE:** October 8, 1996.

**FOR FURTHER INFORMATION CONTACT:**

David R. Williamson, Director, Office of Consumer and Regulatory Affairs, Room 5241, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, telephone number (202) 708-4560 (this is not a toll-free number); or for legal questions: Kenneth A. Markison, Assistant General Counsel for GSE/RESPA, Grant Mitchell, Senior Attorney for RESPA, or Richard S. Bennett, Attorney, Room 9262, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, telephone number (202) 708-1550 (this is not a toll-free number). For hearing- or

speech-impaired persons, this number may be accessed via TTY (text telephone) by calling the Federal Information Relay Service at 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:****Corrections**

The March 26, 1996 (61 FR 13232) streamlining rule left unchanged references in §§ 3500.17(b) and (c)(4)(i) to the "effective date of this rule", the "effective date of this final rule", and "effective date of this section". These references appeared in the definitions of "phase-in period", "post rule account", and "pre-rule account". HUD is issuing this correction to substitute the May 24, 1995, effective date of the applicable rule escrow accounting procedures rule (60 FR 8812, February 15, 1995), for the unclear references in those provisions.

**Technical Clarification**

The streamlining rule was first corrected on April 29, 1996 (61 FR 18674). Subsequently, some servicers have noted that the streamlining rule removed from the Code of Federal Regulations (CFR) a number of examples of Initial and Annual Escrow Account Statements. Each example of the statements referenced "[Servicer's name, address and toll-free number]" under the format's title. Some have questioned whether the removal of these formats from the CFR constitutes a change in the requirements pertaining to toll-free numbers.

The requirements have not changed. As the preamble to the streamlining rule makes clear, while the Department removed from codification several of the appendices that previously accompanied part 3500, these materials have been preserved and are available as Public Guidance Documents. Because the removal of these formats from codification did not change any requirements, including those for toll-free numbers (see, e.g., paragraph 6(b)(3)(B) of RESPA; 12 U.S.C. 2605(b)(3)(B)), HUD does not believe that any change to the rule text is required to make this clarification.

**List of Subjects in 24 CFR Part 3500**

Consumer protection, Condominiums, Housing, Mortgages, Mortgage servicing,

Reporting and recordkeeping requirements.

Accordingly, part 3500 of title 24 of the Code of Federal Regulations is corrected by making the following correcting amendments:

**PART 3500—REAL ESTATE  
SETTLEMENT PROCEDURES ACT**

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

Authority: 12 U.S.C. 2601 *et seq.*; 42 U.S.C. 3535(d).

2. Section 3500.17 is amended:

a. In paragraph (b) by revising the definitions of "Phase-in period", "Post-rule account", and "Pre-rule account"; and

b. In paragraph (c)(4)(i) by revising the last sentence, to read as follows:

**§ 3500.17 Escrow Accounts.**

\* \* \* \* \*

(b) \* \* \*

*Phase-in period* means the period beginning on May 24, 1995, and ending on the conversion date, i.e., October 27, 1997, by which date all servicers shall use the aggregate accounting method in conducting escrow account analyses.

*Post-rule account* means an escrow account established in connection with a federally related mortgage loan whose settlement date is on or after May 24, 1995.

\* \* \* \* \*

*Pre-rule account* is an escrow account established in connection with a federally related mortgage loan whose settlement date is before May 24, 1995.

\* \* \* \* \*

(c) \* \* \*

(4) \* \* \*

(i) \* \* \* After May 24, 1995, refinancing transactions (as defined in § 3500.2) shall comply with the requirements for post-rule accounts.

\* \* \* \* \*

Dated: August 27, 1996.

Nicolas P. Retsinas,

*Assistant Secretary for Housing-Federal  
Housing Commissioner.*

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