

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

**Government National Mortgage  
Association**

**24 CFR Parts 390 and 395**

[Docket No. R-95-1698; FR-3554-F-01]

**Government National Mortgage  
Association Guaranteed Multiclass  
Securities**

**AGENCY:** Government National Mortgage Association, HUD.

**ACTION:** Final rule.

**SUMMARY:** This final rule codifies the provisions of two Notices published in the **Federal Register** on May 26, 1994 and September 30, 1994, as authorized by Congress. Both Notices provided for a comment period. The September 30 Notice responded to comments on the May 26 Notice. This rule provides guidance to entities wishing to participate in the GNMA guaranteed multiclass securities program and describes certain other aspects of the program.

**EFFECTIVE DATE:** March 20, 1995.

**FOR FURTHER INFORMATION CONTACT:** Guy S. Wilson, Vice President, Government National Mortgage Association, Room 6151, 451 Seventh Street SW., Washington, DC 20410-9000, telephone (202) 401-8970. Hearing or speech-impaired individuals may call HUD's TDD number (202) 708-3649. (These telephone numbers are not toll-free.) Copies of this rule will be made available on tape or large print for those with impaired vision that request them. They may be obtained at the above address.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

Section 3004 of the Omnibus Budget Reconciliation Act of 1993 provides for initial implementation of the Government National Mortgage Association (the "Association" or "GNMA") guaranteed multiclass securities program by a Notice published in the **Federal Register**, effective upon publication, by adding section 306(g)(3)(E)(ii) to the National Housing Act (12 U.S.C. 1721(g)(3)(E)(ii)). The implementation Notice for the initial stage of this program, which provided for participation by a limited number of entities, was published on May 26, 1994 (59 FR 27290) ("May 26 Notice"). A supplemental Notice was published on September 30, 1994 (59 FR 50148) ("September 30 Notice") to implement the full participation stage.

Under section 306(g)(3)(E)(ii), GNMA is required to publish a final rule not later than 12 months after publication of the initial notice, which is May 26, 1995. GNMA has developed the multiclass securities program, and is now ready to publish the final rule.

**II. Program Revisions for Final Rule**

The Department has decided to make one program revision in this rule to the provisions of the September 30 Notice. For structured securities, GNMA has decided to require applications from Sponsors and Co-sponsors, but not from other participants.

The Sponsor selects the other participants (trust counsel, accounting firms). The Sponsor selects a trustee from institutions approved by GNMA. However, the participants selected by the Sponsor must comply with GNMA program requirements, such as those described in §§ 395.15 and 395.20.

**III. Comments and Responses**

No comments were received on the September 30 Notice.

**IV. Findings and Certifications**

*A. Environmental Review*

A Finding of No Significant Impact with respect to the environment was made when the May 26 Notice was published, in accordance with HUD regulations at 24 CFR Part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4332. The changes made in the September 30 Notice and in this final rule do not affect the validity of that Finding. The Finding of No Significant Impact is available for public inspection and copying during regular business hours in the Office of the Rules Docket Clerk, Room 10276, 451 Seventh Street, SW., Washington, DC 20410-0500.

*B. Regulatory Review*

The material in this rule has been reviewed by OMB under Executive Order 12866 as a significant regulatory action. Any changes made as a result of that review are clearly identified in the docket file for this rule, which is available for public inspection in the Office of HUD's Rules Docket Clerk, Room 10276, 451 Seventh Street, SW., Washington, DC 20410-0500.

*C. Federalism Impact*

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that this rule does not have "federalism implications" because it does not have substantial direct effects on the States (including their political

subdivisions), or on the distribution of power and responsibilities among the various levels of government. This rule only affects participants and investors in the GNMA guaranteed single and multiclass securities industry. States and their political subdivisions would not be affected.

*D. Impact on the Family*

The General Counsel, as the Designated Official under Executive Order 12606, the Family, has determined that this rule does not have potential significant impact on family formation, maintenance, and general well-being because it only affects participants and investors in GNMA guaranteed single and multiclass securities.

*E. Impact on Small Entities*

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this final rule before publication and by approving it certifies that this rule will not have a significant impact on a substantial number of small entities.

*F. Regulatory Agenda*

This rule was listed as item number 1858 under GNMA in the Department's Semiannual Regulatory Agenda published on November 14, 1994 (59 FR 57632, 57666), under Executive Order 12866 and the Regulatory Flexibility Act.

*G. Catalog*

There is no catalog of Federal Domestic Assistance number for the program affected by this rule.

**List of Subjects**

*24 CFR Part 390*

Mortgages, Securities.

*24 CFR Part 395*

Mortgages, Securities.

Accordingly and under the authority of 42 U.S.C. 3535(d), Chapter III, Government National Mortgage Association, of Title 24 of the Code of Federal Regulations, is amended as follows:

1. A new subchapter D is added to chapter III as set forth below.

2. In Chapter III, part 390 is transferred from subchapter C to the newly established subchapter D.

3. A new part 395, consisting of §§ 395.1 through 395.60, is added to subchapter D to read as follows: