

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

[Docket No. FR-3638-F-04]

RIN 2502-AG26

Office of the Assistant Secretary for Housing-Federal Housing Commissioner; Amendments to Regulation X, the Real Estate Settlement Procedures Act: Withdrawal of Employer-Employee and Computer Loan Origination Systems (CLOs) Exemptions; Correction and Technical Revision**AGENCY:** Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.**ACTION:** Correction and revision of final rule.

SUMMARY: This document amends a final rule that was published on June 7, 1996 (61 FR 29238) by correcting the preamble and revising Appendix D, Controlled Business Arrangement Disclosure Statement Format. The rule primarily affects the requirements applicable to controlled business arrangements and computer loan origination systems in the Department's regulations implementing the Real Estate Settlement Procedures Act. The correction in this document and two notices published elsewhere in today's Federal Register relate to the Paperwork Reduction Act Statement that appears in the rule. The revision of Appendix D reorganizes the disclosure format for better clarity.

EFFECTIVE DATE: October 7, 1996.

FOR FURTHER INFORMATION CONTACT: David Williamson, Director, Office of Consumer and Regulatory Affairs, Room 5241, telephone (202) 708-4560, or for legal questions about the appendix, Richard Bennett, Attorney, Office of General Counsel, Room 9262, telephone (202) 708-3137. (The telephone numbers are not toll-free.) For hearing- and speech-impaired persons, these numbers may be accessed via TTY (text telephone) by calling the Federal Information Relay Service at 1-800-877-8339. The address for the above-listed persons is: Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410.

SUPPLEMENTARY INFORMATION:**Background**

In the preamble of the rule published on June 7, 1996 (61 FR 29238) (June 7 rule), the Department stated an incorrect OMB control number for the information collection requirements

regarding controlled business arrangements (see 24 CFR 3500.15). The correction in this document, and two notices published elsewhere in today's Federal Register, relate to the Paperwork Reduction Act Statement that appears in the rule.

In addition, Appendix D (Controlled Business Arrangement Disclosure Statement Format) in the rule contained instructions to the preparer that could create confusion. Therefore, HUD is making technical revisions to the format and instructions, to make it more clear how the format is to be completed.

Correction and Technical Revision

Accordingly, FR Doc. 96-14329, Amendments to Regulation X, the Real Estate Settlement Procedures Act: Withdrawal of Employer-Employee and Computer Loan Origination Systems (CLOs) Exemptions, published on June 7, 1996 (61 FR 29238), is corrected and amended as follows:

(1) In the preamble on page 29238, in the second column, under the heading "Paperwork Reduction Act Statement", by correctly revising the first paragraph to read as follows:

The information collection requirements contained in § 3500.15 of this rule have been submitted to the Office of Management and Budget (OMB) for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). Additional information on this submission can be found in two notices published on August 12, 1996. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

(2) On page 29254, Appendix D to Part 3500 is correctly revised to read as follows:

Appendix D to Part 3500**Controlled Business Arrangement Disclosure Statement Format; Notice**

To: _____
 From: _____
 (Entity Making Statement)
 Property: _____
 Date: _____

This is to give you notice that [referring party] has a business relationship with [settlement services provider(s)]. [Describe the nature of the relationship between the referring party and the provider(s), including percentage of ownership interest, if applicable.] Because of this relationship, this referral may provide [referring party] a financial or other benefit.

[A.] Set forth below is the estimated charge or range of charges for the

settlement services listed. You are NOT required to use the listed provider(s) as a condition for [settlement of your loan on] [or] [purchase, sale, or refinancing of] the subject property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

Provider and settlement service	Charge or range of charges

[B.] Set forth below is the estimated charge or range of charges for the settlement services of an attorney, credit reporting agency, or real estate appraiser that we, as your lender, will require you to use, as a condition of your loan on this property, to represent our interests in the transaction.

Provider and settlement service	Charge or range of charges

Acknowledgment

I/we have read this disclosure form, and understand that [referring party] is referring me/us to purchase the above-described settlement service(s) and may receive a financial or other benefit as the result of this referral.

Signature _____

[INSTRUCTIONS TO PREPARER:] [Use paragraph A for referrals other than those by a lender to an attorney, a credit reporting agency, or a real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. Use paragraph B for those referrals to an attorney, credit reporting agency, or real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. When applicable, use both paragraphs. Specific timing rules for delivery of the controlled business disclosure statement are set forth in 24 CFR 3500.15(b)(1) of Regulation X. These INSTRUCTIONS

TO PREPARER should not appear on the statement.]

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

Dated: August 1, 1996.

Nicolas P. Retsinas,
*Assistant Secretary for Housing-Federal
Housing Commissioner.*

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