

Watch status, mortgagees are discouraged from appealing placement on Credit Watch. However, written appeals will be considered.

#### *Delayed Effective Date*

A mortgagee will be notified that it is being placed on Credit Watch Status at least 30 days before the effective date. Mortgagees are strongly encouraged to use this time to investigate and remedy the cause(s) of the high rates of early defaults and claims, so that their performance will have improved on the portfolio that HUD will assess.

#### *"Watched" Portfolio*

Following placement on Credit Watch status, HUD will review the portfolio of the mortgagee's loans that are insured by HUD/FHA during the six months beginning the day Credit Watch Status became effective to check for signs of improvement. The performance of this portfolio will be compared against the field office default and claim rates on mortgage loans insured during the same six month period.

#### *Watch Assessment*

If the default and claim rate on the "watched" portfolio (as described above) is acceptable in comparison to the field office default and claim rates one year after the six month tracking period ends (i.e., 18 months after the effective date when HUD placed the mortgagee on Credit Watch Status), the mortgagee will be removed from Credit Watch status. An acceptable default and claim rate is one that does not exceed the Credit Watch threshold when compared to the field office default and claim rate. A mortgagee with a rate above that threshold may be removed from Credit Watch, depending on mitigating factors and whether the default and claim rate is rising or falling.

#### *Termination Analysis Continues*

Mortgagees must be aware that if they are placed on Credit Watch Status, in addition to performing an assessment of the mortgagee's "watched" portfolio, HUD/FHA will continue to assess all mortgage loans insured over the 24 months preceding the analysis. If the mortgagee's 24 month default and claim rate exceeds the termination threshold, the mortgagee may receive a notice that HUD proposes to terminate its Origination Approval Agreement. This is why mortgagees should promptly investigate and remedy causes of high default and claim rates as stated above.

#### **Publishing Actions**

Mortgagees placed on Credit Watch Status will not be listed in either the **Federal Register** or on HUD's Web Site.

#### **Considerations**

##### *Volume*

HUD/FHA is aware that defaults may stem from changes in the mortgagors' circumstances, rather than imprudent underwriting. To lessen the effect of a small number of loans, HUD/FHA will establish a minimum number of defaults and claims. The Department will perform Credit Watch and Termination analyses only for mortgagees that have defaults and claims above the *de minimis* amount but with the following caveat. If HUD/FHA finds a mortgagee that originates few loans but continually has a default and claim rate that exceeds the field office and national default and claim rates, the Department reserves the right to take appropriate action within the Credit Watch/Termination regulations.

##### *Underserved Areas*

For both Credit Watch and Termination actions, HUD/FHA is defining underserved census tracts as those identified by OMB as meeting the definition found at 24 CFR 81.2. Underserved census tracts are: (1) tracts in metropolitan areas (a) having a median income of no more than 90% of the MSA as a whole or (b) having a median income of no more than 120% and minorities comprise at least 30% of the tract's population; (2) all tracts in any non-metropolitan county which (a) have a median income of no more than 95% of the non-metropolitan part of the State or the Nation, whichever is greater, or (b) have a median income of no more than 120% and minorities comprise at least 30% of the county's population.

##### *Riskier Programs*

Mortgages insured under the Mutual Mortgage Insurance Fund (e.g. 203b) should be less risky than loans insured under the General Insurance Fund (e.g. 203k) or the Special Risk Insurance Fund (e.g. 223e). After determining that a mortgagee has an excessive rate of early defaults and claims in a field office, its performance by fund will be analyzed as described above under mitigating factors.

##### *New to FHA*

Where an institution has been approved for less than 24 months, its branches will be placed on Credit Watch in lieu of being terminated if their performance exceeds the termination

threshold but with the following caveat. If HUD/FHA finds a new mortgagee continually has a default and claim rate that exceeds the field office and national default and claim rates, the Department reserves the right to take appropriate action within the Credit Watch/Termination regulations.

#### **Conclusion**

The procedures outlined in this notice (and the Mortgagee Letter issued to FHA mortgagees) should have minimal impact for mortgagees that have in place and are effectively using an adequate quality control plan for loan origination. These procedures are expected to impact mortgagees that have an inadequate quality control plan or are inadequately executing their plan. The result will benefit the public and most FHA mortgagees, as well as the Department.

Dated: May 10, 1999.

**William C. Apgar,**

*Assistant Secretary for Housing, Federal Housing Commissioner.*

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## **DEPARTMENT OF THE INTERIOR**

### **Fish and Wildlife Service**

#### **Notice of Availability of an Environmental Assessment/Habitat Conservation Plan and Receipt of Application for Incidental Take Permit for Construction of Two Single Family Residences, Each on 0.75 Acres of the 20.5 Acres on City Park Road in Travis County, TX**

**SUMMARY:** John and Jim Hunt (Applicants) have applied to the U.S. Fish and Wildlife Service (Service) for an incidental take permit pursuant to Section 10(a) of the Endangered Species Act (Act). The Applicants have been assigned permit number TE-010556-0. The requested permit, which is for a period of 5 years, would authorize the incidental take of the endangered golden-cheeked warbler (*Dendroica chrysoparia*). The proposed take would occur as a result of construction of two single family residences on City Park Road, Austin, Travis County, Texas.

The Service has prepared the Environmental Assessment/Habitat Conservation Plan (EA/HCP) for the incidental take applications. A determination of jeopardy to the species or a Finding of No Significant Impact (FONSI) will not be made until at least 30 days from the date of publication of this notice. This notice is provided pursuant to Section 10(c) of the Act and

National Environmental Policy Act regulations (40 CFR 1506.6).

**DATES:** Written comments on the application should be received on or before June 16, 1999.

**ADDRESSES:** Persons wishing to review the application may obtain a copy by writing to the Regional Director, U.S. Fish and Wildlife Service, P.O. Box 1306, Albuquerque, New Mexico 87103. Persons wishing to review the EA/HCP may obtain a copy by contacting Christina Longacre, Ecological Services Field Office, 10711 Burnet Road, Suite 200, Austin, Texas 78758 (512/490-0063). Documents will be available for public inspection by written request, by appointment only, during normal business hours (8:00 to 4:30) at the U.S. Fish and Wildlife Service, Austin, Texas. Written data or comments concerning the application and EA/HCP should be submitted to the Field Supervisor, Ecological Field Office, Austin, Texas at the above address. Please refer to permit number TE-010556-0 when submitting comments.

**FOR FURTHER INFORMATION CONTACT:** Christina Longacre at the above Austin Ecological Services Field Office.

**SUPPLEMENTARY INFORMATION:** Section 9 of the Act prohibits the "taking" of endangered species such as the golden-cheeked warbler. However, the Service, under limited circumstances, may issue permits to take endangered wildlife species incidental to, and not the purpose of, otherwise lawful activities. Regulations governing permits for endangered species are at 50 CFR 17.22.

#### Applicants

Jim and John Hunt plan to construct two single family residences on City Park Road Austin, Travis County, Texas. This action will eliminate less than two acres of habitat and indirectly impact less than eight additional acres of golden-cheeked warbler habitat. The applicant proposes to compensate for this incidental take of golden-cheeked warbler habitat by donating \$1,500 per home into the Balcones Canyonlands Preserve to acquire/manage lands for the conservation of the golden-cheeked warbler and place the remaining balance of the property in a conservation easement in perpetuity.

Alternatives to this action were rejected because not developing the subject property with federally listed species present was not economically feasible and alteration of the project design would increase the impacts on

the listed species and surrounding environment.

**Geoffery Haskett,**

*Acting Regional Director, Region 2,  
Albuquerque, New Mexico.*

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## DEPARTMENT OF THE INTERIOR

### Fish and Wildlife Service

#### Notice of Availability of Draft Comprehensive Conservation Plan and Environmental Assessment for Pond Creek National Wildlife Refuge in Sevier County, AR, and Notice of Meeting To Seek Public Participation

**SUMMARY:** This notice advises the public that the U.S. Fish and Wildlife Service, Southeast Region, has made available for public review a Draft Comprehensive Conservation Plan and Environmental Assessment for Pond Creek National Wildlife Refuge in Sevier County, Arkansas, and plans to hold a public meeting in the vicinity of the refuge to solicit public comments on the Draft Plan. The Service is furnishing this notice in compliance with Service comprehensive planning policy, the National Environmental Act Policy, and implementing regulations to achieve the following:

- (1) advise other agencies and the public of our intention, and
- (2) obtain comments on the proposed plan and the other alternatives considered in the planning process.

**DATES:** The Service will hold the public meeting at 7 p.m. on June 3, 1999, at the Horatio Elementary School cafeteria, Horatio, Arkansas. The Draft Plan will be made available for review and comment. Written comments should be submitted no later than June 30, 1999, to the address below.

**ADDRESSES:** Comments and request for copies of the Draft Plan should be addressed to Mr. Ed Loth, U.S. Fish and Wildlife Service, Southeast Regional Office, 1875 Century Boulevard, Atlanta, GA 30345, or by calling 404/679-7155.

**SUPPLEMENTARY INFORMATION:** Pond Creek National Wildlife Refuge is a 27,000-acre area located between the Cossatot and Little rivers. This refuge was established to protect, enhance, and manage a valuable bottomland hardwood wetland ecosystem for the benefit of migratory and resident waterfowl, neotropical birds, wading birds, and other wetland-dependent wildlife. The area is considered a vital component of the North American

Waterfowl Management Plan and the Arkansas-Red Ecosystem Plan.

It is the desire of the Fish and Wildlife Service that Pond Creek National Wildlife Refuge become "a model refuge that protects and manages biological diversity for the enjoyment and benefit of present and future generations." To achieve this vision, the refuge seeks to achieve the following four goals: (1) habitat management—maintain and restore diverse habitats designed to achieve refuge purpose and wildlife population objectives; (2) populations management—maintain viable, diverse populations of native flora and fauna consistent with sound biological principles; (3) land conservation—protect the area's wetlands and restore values through land protection strategies; and (4) wildlife-dependent recreation and education—develop and implement a quality wildlife-dependent recreation program that leads to enjoyable recreation experiences and a greater understanding and appreciation of fish and wildlife resources.

The Draft Plan evaluates the following four alternatives for managing the refuge over the next 15 years: custodial management, minimal management, balanced management, and resource management. The Service believes the balanced management alternative is the best alternative to guide the refuge's future direction. In essence this alternative will:

- Increase protection of threatened and endangered species;
- Increase waterfowl and songbird utilization and production;
- Enhance resident wildlife populations;
- Restore wetlands and hydrology; and
- Provide long-term opportunities for wildlife-dependent recreation and environmental education.

Dated: May 4, 1999.

**C. Monty Halcomb,**

*Acting Regional Director.*

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## DEPARTMENT OF THE INTERIOR

### Bureau of Land Management

[MT-921-09-1320-01; MTM 80697]

#### Coal Lease Offering

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of coal lease offering by sealed bid MTM 80697—Western Energy Company.

**SUMMARY:** Notice is hereby given that the coal resources in the lands described