

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3555

RIN 0575-AD04

Single Family Housing Guaranteed Loan Program

AGENCY: Rural Housing Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Rural Housing Service (RHS or Agency) proposes to amend the current regulation for the Single Family Housing Guaranteed Loan Program (SFHGLP) on the subject of liquidation value appraisals. In order to reduce overall processing time, reduce cost, and expedite claim submission, lenders will order the liquidation value appraisal used to estimate a loss claim against the SFHGLP instead of the Agency. Currently, if a Real Estate Owned (REO) property remains unsold by the lender at the end of the permissible marketing period, the Agency will order a liquidation value appraisal and apply an acquisition and management resale factor to estimate holding and disposition cost. This amendment will require the servicing lender to order the liquidation value appraisal. The costs associated with obtaining the liquidation value appraisal can then be included in the liquidation costs paid under the guarantee.

DATES: Written or email comments on the proposed rule must be received on or before December 7, 2015 to be assured for consideration.

ADDRESSES: You may submit comments on this proposed rule by any one of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments electronically.

- *Mail:* Submit written comments via the U.S. Postal Service to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department

of Agriculture, STOP 0742, 1400 Independence Ave. SW., Washington, DC 20250-0742.

- *Hand Delivery/Courier:* Submit written comments via Federal Express mail, or other courier service requiring a street address to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department of Agriculture, 300 7th Street SW., 7th Floor, Washington, DC 20024.

All written comments will be available for public inspection during regular work hours at the 300 7th Street SW., 7th Floor address listed above.

FOR FURTHER INFORMATION CONTACT: Lilian Lipton, Loan Specialist, Single Family Housing Guaranteed Loan Division, STOP 0784, Room 2250, USDA Rural Development, South Agriculture Building, 1400 Independence Avenue SW., Washington, DC 20250-0784, telephone: (202) 260-8012, email is lilian.lipton@wdc.usda.gov.

SUPPLEMENTARY INFORMATION: RHS proposes to amend the current regulation for the Single Family Housing Guaranteed Loan Program (SFHGLP) on the subject of liquidation value appraisals. In order to reduce overall processing time, reduce cost, and expedite claim submission, lenders will order the liquidation value appraisal used to estimate a loss claim against the SFHGLP instead of the Agency. Specifically, SFHGLP proposes to amend 7 CFR 3555.306(f)(3), 3555.352(e), 3555.353(b)(1), and 3555.354(b)(1)(i) and (ii) and (2).

Executive Order 12866, Classification

This proposed rule has been determined to be non-significant and, therefore was not reviewed by the Office of Management and Budget (OMB) under Executive Order 12866.

Executive Order 12988, Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. Except where specified, all State and local laws and regulations that are in direct conflict with this rule will be preempted. Federal funds carry Federal requirements. No person is required to apply for funding under SFHGLP, but if they do apply and are selected for funding, they must comply with the requirements applicable to the Federal program funds. This proposed

rule is not retroactive. It will not affect agreements entered into prior to the effective date of the rule. Before any judicial action may be brought regarding the provisions of this rule, the administrative appeal provisions of 7 CFR part 11 must be exhausted.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effect of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Agency generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million, or more, in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Agency to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, most cost-effective, or least burdensome alternative that achieves the objectives of the rule.

This proposed rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." It is the determination of the Agency that this action does not constitute a major Federal action significantly affecting the quality of the human environment, and, in accordance with the National Environmental Policy Act of 1969, Public Law 91-190, neither an Environmental Assessment nor an Environmental Impact Statement is required.

Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the national government and States, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule

impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) the undersigned has determined and certified by signature of this document that this rule change will not have a significant impact on a substantial number of small entities. This rule does not impose any significant new requirements on Agency applicants and borrowers, and the regulatory changes affect only Agency determination of program benefits for guarantees of loans made to individuals.

Executive Order 13175, Consultation and Coordination With Indian Tribal Governments

Executive Order 13175 imposes requirements on RHS in the development of regulatory policies that have Tribal implications or preempt tribal laws. RHS has determined that the proposed rule does not have a substantial direct effect on one or more Indian Tribe(s) or on either the relationship or the distribution of powers and responsibilities between the Federal Government and Indian Tribes. Thus, this proposed rule is not subject to the requirements of Executive Order 13175. If a Tribe determines that this rule has implications of which RHS is not aware and would like to engage with RHS on this rule, please contact USDA's Native American Coordinator at (720) 544-2911 or AIAN@wdc.usda.gov.

Executive Order 12372, Intergovernmental Consultation

Theses loan are subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. RHS conducts intergovernmental consultations for each SFHGLP in accordance with 2 CFR part 415, subpart C.

Programs Affected

The program affected by this regulation is listed in the Catalog of Federal Domestic Assistance under Number 10.410, Very Low to Moderate Income Housing Loans (Section 502 Rural Housing Loans).

Paperwork Reduction Act

The information collection and record keeping requirements contained in this regulation have been approved by OMB in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C.

Chapter 35). The assigned OMB control number is 0570-0179.

E-Government Act Compliance

The Agency is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Non-Discrimination Policy

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue SW., Washington, DC 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Individuals who are deaf, hard of hearing or have speech disabilities and you wish to file either an EEO or program complaint please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotope, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

Background Information

The SFHGLP growth has been driven by tight credit markets in which lenders are reluctant to make mortgage loans

without Government backing. In order to reduce the time it takes to review and pay a claim, and to increase efficiency of the loss claim process, the program is streamlining the process involved with liquidation value appraisals by requiring the lender to order the appraisal and include the costs associated with this action in the liquidation costs.

The described change was recommended by a Lean Six Sigma task force as a business process which will improve loss claim payment timeframes by requiring lenders to order liquidation value appraisals, instead of the agency doing so. It will shorten the loss claims process by at least twenty-five-percent, save approximately \$203,112 or 5,850 staff hours, and allow the Customer Service Center (CSC) to focus on other stages of the liquidation process that potentially represent greater risk to the taxpayer. As currently performed today, staff will continue to review all appraisals and therefore the proposed change involves no additional program risk.

List of Subjects in 7 CFR Part 3555

Home improvement, Loan Programs—Housing and community development, Mortgage insurance, Mortgages, Rural areas.

Therefore, chapter XXXV, title 7 of the Code of Federal Regulations is proposed to be amended as follows:

PART 3555—GUARANTEED RURAL HOUSING PROGRAM

■ 1. The authority citation for part 3555 continues to read as follows:

Authority: 5 U.S.C. 301; 42 U.S.C. 1471 *et seq.*

Subpart G—Servicing Non-Performing Loans

■ 2. Section 3555.306 is amended by revising paragraph (f)(3) to read as follows:

§ 3555.306 Liquidation.

* * * * *

(f) * * *

(3) The lender must notify the Agency when the property has not been sold within 30 days of the expiration of the permissible marketing period. If the REO remains unsold at the end of the permissible marketing period, the lender will order a liquidation value appraisal and the Agency will apply an acquisition and management resale factor to estimate holding and disposition cost. Interest expenses accrued beyond 90 days of the foreclosure sale date or expiration of

any redemption period, whichever is later, will be the responsibility of the lender and not covered by the guarantee.

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Subpart H—Collecting on the Guarantee

■ 3. Section 3555.352 is amended by revising paragraph (e) to read as follows:

§ 3555.352 Loss covered by the guarantee.

* * * * *

(e) *Liquidation costs.* Reasonable and customary liquidation costs, such as attorney fees, liquidation value appraisals, and foreclosure costs. Annual fees advanced by the lender to the Agency are ineligible for reimbursement when calculating the loss payment, as otherwise provided by the Agency.

■ 4. Section 3555.353 is amended by revising paragraph (b)(1) to read as follows:

§ 3555.353 Net recovery value.

* * * * *

(b) * * *

(1) The value of the property as determined by a liquidation value appraisal. The value should be determined as if the property would be sold without the market exposure it would ordinarily receive in a normal transaction, or within 90 days, minus;

* * * * *

■ 5. Section 3555.354 is amended by revising paragraphs (b)(1) and (2) to read as follows:

§ 3555.354 Loss claim procedures.

* * * * *

(b) * * *

(1) The lender must submit a loss claim request that includes a completed liquidation value appraisal within 30 calendar days of the period ending:

(i) Nine (9) months after either foreclosure or the end of any applicable redemption period, whichever is later, if the property remains unsold and is not located on American Indian restricted land; or

(ii) Twelve (12) months after either foreclosure or the end of any applicable redemption period, whichever is later, if the property remains unsold and is located on American Indian restricted land. Late claims made beyond this period of time, or submitted with a liquidation value appraisal not completed within the timeframes described in parts paragraphs (b)(1)(i) and (ii) of this section, will be rejected.

(2) The lender must submit a loss claim that includes the completed liquidation value appraisal within 30

calendar days of receiving the appraisal. Late claims made beyond this period of time, or submitted with an appraisal not completed within the timeframes described in paragraphs (b)(1)(i) and (ii) of this section, will be rejected.

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Dated: September 3, 2015.

Tony Hernandez,

Administrator, Rural Housing Service.

[FR Doc. 2015-25324 Filed 10-5-15; 8:45 am]

BILLING CODE 3410-XV-P

SMALL BUSINESS ADMINISTRATION

13 CFR Parts 121 and 125

RIN 3245-AG71

Credit for Lower Tier Small Business Subcontracting

AGENCY: U.S. Small Business Administration.

ACTION: Proposed rule.

SUMMARY: The U.S. Small Business Administration (SBA or Agency) is proposing to amend its regulations to implement Section 1614 of the National Defense Authorization Act for Fiscal Year 2014. The proposed amendments authorized by this statute would allow an other than small prime contractor that has an individual subcontracting plan for a contract to receive credit towards its small business subcontracting goals for subcontract awards made to small business concerns at any tier. The prime contractor shall incorporate the lower tier subcontracting performance into its subcontracting plan goals. Currently, other than small business prime contractors establish small business subcontracting goals at the first tier level, and receive credit toward their subcontracting plan goal performance at the first tier level. The rule also proposes to implement the statutory requirements related to the subcontracting plans of all subcontractors that are required to maintain such plans, including the requirement to monitor subcontractors' performance and compliance towards reaching the goals set out in those plans as well as their compliance with subcontracting reporting requirements. SBA is also proposing to clarify that the size standard for a particular subcontract must appear in the solicitation for the subcontract.

DATES: Comments must be received on or before December 7, 2015.

ADDRESSES: You may submit comments, identified by RIN: 3245-AG71, by any of the following methods:

• *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

• *For mail, paper, disk, or CD-ROM submissions:* Brenda Fernandez, U.S. Small Business Administration, Office of Policy, Planning and Liaison, 409 Third Street SW., 8th Floor, Washington, DC 20416.

• *Hand Delivery/Courier:* Brenda Fernandez, U.S. Small Business Administration, Office of Policy, Planning and Liaison, 409 Third Street SW., 8th Floor, Washington, DC 20416.

SBA will post all comments on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, please submit the information to Brenda Fernandez, U.S. Small Business Administration, Office of Policy, Planning and Liaison, 409 Third Street SW., 8th Floor, Washington, DC 20416, or send an email to brenda.fernandez@sba.gov. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination on whether it will publish the information.

FOR FURTHER INFORMATION CONTACT:

Brenda Fernandez, U.S. Small Business Administration, Office of Policy, Planning and Liaison, 409 Third Street SW., Washington, DC 20416; (202) 207-7337; brenda.fernandez@sba.gov.

SUPPLEMENTARY INFORMATION: The proposed rule implements Section 1614 of the National Defense Authorization Act for Fiscal Year 2014, Public Law 113-66, December 26, 2013 (hereinafter NDAA 2014). Section 1614 amended section 8(d)(6)(D) of the Small Business Act, 15 U.S.C. 637(d)(6)(d), to provide that where a prime contractor has a subcontracting plan for a specific prime contract with an executive agency, as required by Section 8(d) of the Small Business Act, the prime contractor will receive credit towards its subcontracting plan goals for awards made to small business concerns at any tier under the contract. When a prime contractor awards a subcontract to a firm it is generally considered a first tier subcontract. That subcontractor may award a subcontract, which would be considered a second tier subcontract, and so on. Currently, a prime contractor generally receives credit towards its small business subcontracting plan goals for awards made at the first tier level.

Other than small business prime contractors report on their small business subcontracting activity in