and losses; indemnify producers; and report specific data to FCIC as required in Appendix III/M13 Handbook.

If producers and insurance companies did not submit the required data at the specified time, accurate liabilities, premium, and subsidies may not be determined, errors may not be resolved timely, producers may not receive accurate indemnities, payments may be late, crop insurance may not be actuarially sound as mandated by the Act.

Description of Respondents: Business-for-not-for-profit; Farms.

Number of Respondents: 14,755.

Frequency of Responses: Annually.

Total Burden Hours: 56,765.

Rachelle Ragland-Greene,

Departmental Collection Clearance Officer.

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BILLING CODE 3410–08–P

DEPARTMENT OF AGRICULTURE

Rural Housing Service

[RHS–26–MFH–0298]

Multifamily Housing Preservation Pilot and Multifamily Housing Guaranteed Loan Notice of Loan-to-Cost Percentage Change for Option 3 (Continuous Guarantee)

AGENCY: Rural Housing Service, USDA.

ACTION: Notice.

SUMMARY: The Rural Housing Service (RHS or the Agency) of the United States Department of Agriculture (USDA) issues this notice to implement two related actions. The first action is the Multifamily Housing (MFH) Preservation Pilot (the Pilot). This action has 3 parts: MFH Rural Rental Housing Loan (MFH Section 515) and MFH Section 538 Guaranteed Rural Rental Housing Program (MFH Section 538) programmatic variations involving transfers; MFH Section 515 transfers utilizing Low Income Housing Tax Credits (LIHTC); and Variations specific to MFH Section 538 for the First 200 Transactions. The transfers for above address three types of preservation related transfers: MFH Section 515 ownership transfers that do not fall within the Simple Transfer Pilot; MFH Section 515 ownership transfers involving Low Income Housing Tax Credits (LIHTC); and MFH Section 538 transactions regardless of whether a transfer is involved up to the first 200 guaranteed loans. In addition to both the MFH 515 and MFH 538 programmatic changes and transfer changes, the Agency includes a DSCR change for the MFH 538 program, among other variations to that program, for the first 200 guaranteed loans in the Pilot. The Agency will use the Pilot to determine if it can improve program delivery efficiency for transactions that facilitate preservation of the low-income housing units in rural America while maintaining appropriate risk management of the portfolio. While the Pilot is active, the Agency will evaluate the Pilot's progress and identify opportunities to improve regulations, remove regulatory barriers, and reduce duplicative application requirements. These specific actions are critical for preserving assets in the MFH portfolio, which are aging and face significant delays and regulatory hurdles for transfers that significantly impact the assets long-term viability and overall portfolio risk; not only to the Agency but especially to the Rural population who reside in these assets. Therefore, for all parties involved, the Agency takes immediate action to ensure the Agency, owners and residents do not continue to struggle with the weight of government regulations slowing preservation of affordable, decent, safe and sanitary rural rental housing. The second action is Multifamily Housing Guaranteed Loan Notice of Loan-to-Cost Percentage Change. This action addresses a change to the loan terms for the MFH Section 538 Guaranteed Rural Rental Housing Program (MFH Section 538) under Option 3 (Continuous Guarantee) only. This action is not a part of the Pilot. Specifically, this action changes the maximum loan-to-cost percentage for loans guaranteed under Option Three (Continuous Guarantee) from 70 percent to 80 percent. The Agency is aligning with other federal agencies and the market to ensure demand for the guaranteed loans used for preservation and production of affordable, decent, safe and sanitary rural rental housing.

DATES: The pilot will begin on October 9, 2026 and continues until September 25, 2028.

FOR FURTHER INFORMATION CONTACT: Jonathan Bell, Director, Production and Preservation Division, MFH, Rural Development, United States Department of Agriculture, via email: *MFHprocessing1@usda.gov* or phone at: 202–205–9217.

To submit an application for the Pilot, refer to ''Application and Submission Information'' section of this notice.

SUPPLEMENTARY INFORMATION:

Authority

Sections 506(b), 515, and 538 of the Housing Act of 1949, as amended (42 U.S.C. 1476(b), 1485, and 1490p–2).

Background

The MFH Programs support the expansion and revitalization of rural rental housing by providing loans, loan guarantees, and grants to property owners. The MFH Programs promote rental housing affordability for low-income households, elderly individuals, domestic farm laborers, disabled individuals, and their families.

The Housing Act of 1949, as amended (Act) (42 U.S.C. 1472 *et seq.*), authorizes USDA to provide MFH loan guarantees, direct loans, and grants to support the development of economically designed and constructed rural rental, cooperative, and farm labor housing. Owners must operate these properties as affordable, decent, safe, and sanitary housing for eligible very-low-, low-, and moderate-income households.

The MFH Program utilizes a variety of tools to revitalize and preserve the physical and financial health of more than 12,000 properties currently in USDA's rural rental housing portfolio. 42 U.S.C. 1476(b) provides for the conduct of demonstration or pilot programs which may include procedures and requirements that differ from existing published standards, rules, regulations, or policies. Under the Pilot, the Agency will apply all program requirements that are not expressly waived by this Notice.

The Agency commits to preserving affordable, decent, safe, and sanitary multifamily housing in its existing portfolio for very-low-, low-, and moderate-income households. In partnership with nonprofit and for-profit owners of Agency-financed or Agency-guaranteed properties, the Agency has provided affordable housing in rural communities for more than 60 years. The MFH Program provides affordable rental housing for rural low-income households comprising approximately 400,000 units; 95 percent of which are in the MFH Section 515 portfolio. The Agency increasingly relies on third-party financed preservation efforts for existing properties financed with the MFH Section 515 loans. These third-party financed preservation efforts often are paired with ownership transfers to sustain the portfolio and maintain affordability. The MFH Program must increase and expedite transfer activity as properties age, mortgages approach maturity, and long-term owners engage in estate planning or heirs resolve succession issues. The current transfer approval and closing timeframes often exceed the timeframes of third-party lenders and funders. These delays potentially jeopardize transactions. While third-party financing has become more common, the Agency has and continues to use its MFH Section 538 as part of a preservation effort by the private sector.

Not to be confused with this Pilot, the Agency previously implemented a separate Simple Transfer Pilot in 2022 (87 FR 75457, December 9, 2022, 91 FR 18275, April 9, 2026) to evaluate the existing regulations and remove regulatory barriers to reduce application requirements for change in ownership transfers when there is no third-party financing involved. Building on the success of the Simple Transfer Pilot, the Agency expands removal of regulatory barriers and ownership transfers to include additional transfers. To reiterate, the Pilot applies to three types of transfers: (1) MFH Section 515 ownership transfers that do not fall within the Simple Transfer Pilot; (2) MFH Section 515 ownership transfers involving Low Income Housing Tax Credits (LIHTC); and (3) MFH Section 538 transactions regardless of whether a transfer is involved up to the first 200 guaranteed loans.

The Agency anticipates the Pilot will encompass approximately 10 percent of its overall Section 515 portfolio.

The Agency engaged stakeholders extensively to solicit feedback on current challenges and recommendations for reducing regulatory barriers to the transfer process and for supporting the long-term preservation of the MFH portfolio. Stakeholders identified challenges that include a lack of clarity around Agency requirements, processes, and timelines; inconsistencies and delays in Agency third-party report reviews; and duplicative or unnecessary Agency application requirements that increase costs and waste time. Stakeholders also identified additional Agency regulatory encumbrances that pose challenges to expanding and preserving the long-term affordability of rural housing.

These stakeholders' concerns substantially overlap with issues identified in mixed-finance transactions involving programs of the Department of Housing and Urban Development (HUD). The substantial overlap consists primarily of duplicative capital-needs and review requirements. Accordingly, the Agency intends to test targeted alignment where permissible to reduce burden and improve preservation outcomes where these overlaps exist.

As stated above, to address these issues, the Agency is implementing the Pilot. Throughout the Pilot, the Agency will evaluate the results and consider whether to incorporate successful elements into regulatory changes involving the MFH Section 515 and MFH Section 538 regulations contained within the 7 CFR part 3560 and 7 CFR part 3565 respectively.

Separate from the Pilot, but in tandem with the Pilot, the notice announces an increase to the loan-to-cost-percentage from 70 to 80 percent or less of the total development cost for MFH Section 538 guarantees that meet the Agency's requirement for Option Three (Continuous Guarantee) in 7 CFR part 3565. The Agency expects this action to increase preservation and production applications.

Discussion of the Pilot

The Pilot includes components the Agency anticipates will reduce processing times and support long-term preservation of the MFH portfolio. The Agency uses this Pilot to test adjustments to MFH Section 515 and MFH Section 538 servicing and transfer processes.

Consistent with recent RHS modernization efforts, the Agency will emphasize practical changes that improve service delivery and align selected processes with comparable Federal housing programs where appropriate.

Pilot MFH Section 515 and MFH Section 538 Programmatic Variations Involving Transfers

Third-Party Appraisal Report Requirement Flexibility for MFH Section 515

The Agency has determined the requirements for obtaining third-party reports and Agency review of these reports may add significant time and expense to transfer transactions. As a result, the Agency implements the following changes to transfers:

The Agency may expedite appraisal reviews by temporarily foregoing the requirement in 7 CFR 3560.753(b) for a technical review by an Agency appraiser. Agency appraisers may conduct reviews only when the Agency determines that a review is necessary to protect the Government's interest. The Agency may conduct reviews at any time, randomly, or when an appraisal identifies select items such as Conventional Rents for Comparable Units (CRCU) rents that propose a significant rent increase or a significant building cost relative to market. The Agency will review these appraisals consistent with the Agency's mission to provide affordable, decent, safe and sanitary rural rental housing. The Agency will seek to ensure prompt reviews when these reviews occur.

The Agency will expand the situations in which applicants do not need to obtain an appraisal under 7 CFR 3560.406(d)(3)(i) and 7 CFR 3560.406(d)(3)(ii). For the duration of the Pilot, if the Agency holds the first lien position and the total value of the loans that the new borrower assumes as a part of an ownership transfer or sale equals 50 percent or less of the property's current value, as reflected in current property tax records, or such other documentation approved by the Agency. The Agency will determine the security value of the housing project through either: (1) an Agency review of monitoring reports under Subpart H of 7 CFR part 3560 or (2) an appraisal paid for by the borrower and conducted in accordance with Subpart P of 7 CFR part 3560.

Streamlined Processing Authority for MFH Section 515 and MFH Section 538 Low Risk Transfers

The Agency may rely on qualified lenders, nonprofit preservation partners, or other Agency approved participants to process low-risk transfer applications using Agency-approved templates, certifications, and checklists. The Agency will make the final determination on all transfer applications. The Agency determines low-risk through considering factors such as physical condition, financial performance, compliance history, and transaction complexity. The Agency may suspend or revoke this authority when performance, compliance, or risk concerns arise.

Credit Report Submission Requirements for MFH Section 515 and MFH Section 538

The Agency clarifies that, in accordance with 7 CFR 3560.852, MFH Section 515 applicants must submit a current (within 6 months) comprehensive credit report for: (1) the entity, (2) the general partner and/or managing member, and (3) all controlling sub-entities and/or natural persons. The Agency will accept current comprehensive credit reports from Experian, Equifax, and TransUnion, or Dun & Bradstreet.

The Agency confirms no change, in accordance with 7 CFR 3565, MFH Section 538 applicants will continue to use credit reports for the borrower and for any individual who holds more than a 25 percent financial interest in the property, and the borrower must provide those reports to the Agency. If the organization is newly formed and has not established organizational activity records, the lender must obtain credit reports for principal members, stockholders, and/or partners who each hold at least a 25 percent ownership interest. The Agency may request additional individual credit reports as needed. If the borrower organization has a substantial interest in another organization, such as a tax credit investor, the lender must obtain a credit report for that organization in the same manner. The borrower must demonstrate sufficient financial resources to meet the transaction requirements.

Construction and Design Flexibilities for MFH Section 515

The Agency simplifies its construction-related requirements with the intention of providing greater flexibility and support for the long-term preservation of the MFH Program portfolio.

The Agency adopts the following definition for Construction Monitoring only for MFH Section 515: the Agency's oversight of construction and/or rehabilitation to verify compliance with approved plans and program requirements and to protect the Agency's security interest in the property. Monitoring may include report reviews, certifications, and other documentation.

Additionally, instead of relying on the standards in 7 CFR part 1924, the applicant will design and construct Pilot projects to meet applicable Federal accessibility requirements, State and local codes, Agency required affordable, decent, safe, and sanitary standards, and any additional requirements deemed necessary.

HUD Environmental and Capital Planning Documentation Reliance for Both MFH Section 515 and Section 538

The Agency may accept recent HUD environmental review documentation, capital needs assessments, or related third-party reports to satisfy overlapping MFH Program requirements for Pilot properties that also receive HUD financing, subsidy, insurance, or recapitalization support. The ''21st Century ROAD to Housing Act'' under Section 103 of H.R. 6644 21st Century ROAD to Housing Act and other sections include environmental provisions and certain exemptions for MFH Program properties. The Agency may accept HUD environmental review documentation in accordance with 7 CFR part 1b and may require supplemental documentation as determined by the Agency.

Expanded Eligible Use for MFH Section 515 Transfers

The Agency may allow borrowers to use MFH Section 515 subsequent loans to purchase a property as part of the transfer. The Agency will treat this property acquisition by a transferee as an eligible use under 7 CFR 3560.73(a) when the transfer supports the Agency's mission of affordable, decent, safe, and sanitary standards.

Distressed Property Preservation Track for MFH Section 515 Transfers

The Agency may designate a property as distressed or at risk of loss from the affordable housing stock based on physical condition, financial performance, compliance concerns, or recapitalization barriers. For these properties, the Agency will prioritize such transfers and apply accelerated review, expanded use of preservation tools, or modified documentation requirements to facilitate transfers that preserve the Agency's mission of affordable, decent, safe, and sanitary standards.

Pilot MFH Section 515 Transfers Utilizing Low Income Housing Tax Credits (LIHTC)

Developer Fee for MFH Section 515 Transfers

The Agency will allow, for Pilot transactions, a developer fee consistent with the maximum amount that the State Housing Finance Agency's Qualified Allocation Plan (QAP) permits for the LIHTC award or, where applicable, any lower maximum that other Federal or State funding sources require. The pilot developer fee will replace the developer fee set forth in 7 CFR 3560.63.

Return on Investment (ROI) for MFH Section 515 Transfers

The Agency will not apply the additional ROI standards in 7 CFR 3560.68(a) and (b). Instead, the owner's additional ROI will follow 7 CFR 3560.68(c), provided the resulting rents do not exceed Conventional Rents for Comparable Units (CRCU). The Agency will carefully evaluate CRCU and urges all parties to carefully underwrite to ensure the Agency achieves its primary mission of affordable housing that does not exceed local market rental rates.

Replacement Reserve Requirements for MFH Section 515 Transfers

The Agency revises the Capital Needs Assessment (CNA) requirements by allowing additional report types that evaluate a property's physical condition and eliminate the need for multiple assessments. In addition to the requirements set forth at 7 CFR 3560.406(d)(5), the Agency may accept a Physical Needs Assessment (PNA) or a CNA that a tax credit allocating agency has approved instead of an Agency prescribed CNA.

The Agency may also accept the LIHTC allocating agency's underwriting amounts for annual reserve deposit requirements.

For properties with HUD-assisted or HUD-insured financing, the Agency may accept a HUD-compliant or HUD-accepted CNA in satisfaction of MFH capital needs requirements when the report's scope, effective date, and methodology adequately address the property's preservation needs and risk profile. The Agency will consider HUD reserve analyses or lender certifications for reserve adequacy in establishing annual reserve deposits, while retaining authority to require additional reserves when MFH-specific conditions warrant.

For all of the above Replacement Reserve Requirements for MFH Section 515 Transfers the Agency maintains the right in its sole discretion to ultimately accept or reject a CNA or PNA based upon its mission of affordable, decent, safe, and sanitary standards.

Standard Transfer Requirements

Except as modified by this Pilot, the Agency maintains the standard transfer requirements in effect in 7 CFR 3560.406. The Agency may also determine that other servicing actions, such as reamortization, deferral or other preservation-oriented restructuring tools under 7 CFR part 3560, are more appropriate based on circumstances applying to a specific property.

Pilot Variations Specific to MFH Section 538 for the First 200 Transactions

Debt Service Coverage Ratio for MFH Section 538

The Agency reduces the MFH Section 538 debt service coverage ratio (DSCR) requirement set forth in 7 CFR 3565.303(d)(2) and (f)(2) to 1.11 for the first 200 loans closed under MFH Section 538. The Agency may approve a lower DSCR for MFH Section 538, if appropriate, based on the lender's analysis of current market conditions and comparable properties in the project's market area. The Agency will publish any revisions to the DSCR through a notice in the **Federal Register**.

Financial Statements Requirements for MFH Section 538

The lender must obtain financial statements from borrowers and, if requested by the Agency, the lender must provide certified financial statements from borrowers.

Developer Fee for MFH Section 538

The Agency limits a developer's fee to 15 percent of total development costs when sources other than LIHTC or a Federal or State government program fund the fee, or if a project includes a MFH Section 538 but no other Federal or State government program provides financing.

Rent and Income Standards Alignment for MFH Section 538

For MFH Section 538 applications that also involve LIHTC and HUD financing or subsidy, the Agency may defer to the applicable Federal or State program requirements where doing so reduces duplicative administration and remains consistent with the Agency's statutory authority. Such alignment includes, but is not limited to, capital planning documentation or related program preservation requirements.

Risk-Tiered Underwriting and Documentation for MFH Section 538

For MFH Section 538 transactions that the Agency processes under the Pilot, the Agency may apply risk-tiered underwriting and documentation standards. The documentation requirements will vary depending on the risk-tier of the transactions. The Agency will determine tiers by considering the presence of rental assistance, LIHTC equity, operating history, and market strength. The Agency will notify the public of the tiers and documentation requirements. In doing so, the Agency aligns its review standards with approaches that comparable Federal affordable housing programs use, while preserving RHS underwriting authority and lender accountability.

Application and Submission Information

This Pilot applies to: (1) MFH Section 515 ownership transfers that do not fall within the Simple Transfer Pilot; (2) MFH Section 515 ownership transfers involving Low Income Housing Tax Credits (LIHTC); and (3) MFH Section 538 transactions regardless of whether a transfer is involved up to the first 200 guaranteed loans. Applicants seeking transfers must follow the submission process that the Agency outlines on its website (*https://www.rd.usda.gov/programs-services/multifamily-housing-programs/multifamily-housing-direct-loans#to-apply*). Click on the link, ''Transfer of Ownership Application Submission Process.'' Applicants seeking MFH Section 538 must follow the submission process that the Agency outlines on its website: *https://www.rd.usda.gov/programs-services/multifamily-housing-programs/multifamily-housing-loan-guarantees#to-apply.*

Pilot Evaluation and Metrics

The Agency will track the Pilot outcomes, including processing times, report costs, preservation of affordable units, physical and financial performance indicators. The Agency will use this data to evaluate whether the Pilot improves service delivery, reduces unnecessary delay, and supports long-term preservation without increasing program risk. At the conclusion of the Pilot in {month} 2028, the Agency will make appropriate regulatory changes to incorporate the successful aspects of the Pilot. Under Section506(b) of the Housing Act of 1949, Pilot expenditures must stay within the statutory annual cap; if costs exceed that limit, RHS will end the pilot.

Public Notice of Programmatic Loan-to-Cost Percentage Increase for MFH Section 538

A previous **Federal Register** Notice (84 FR 2487, February 7, 2019) set the loan-to-cost percentage requirement for the Continuous Guarantee to 70 percent or less of the total development cost. As set forth in 7 CFR 3565.52(c), the Agency will define the loan-to-cost percentage. With this Notice, the loan-to-cost percentage is now being increased to 80 percent or less of the total development cost for loan guarantees that meet the Agency's requirement for Option Three (Continuous Guarantee).

Paperwork Reduction Act

The regulatory exceptions for this Pilot contain no new reporting or recordkeeping burdens under OMB control number 0575–0179 that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Non-Discrimination Statement

In accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (*e.g.,* Braille, large print, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD–3027, found online at How to File a Program Discrimination Complaint (*https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint*) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632–9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Mail Stop 9410, Washington, DC 20250–9410; (2) fax: (202) 690–7442; or (3) email: *program.intake@usda.gov.*

George Kelly,

Administrator, Rural Housing Service.

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BILLING CODE 3410–XV–P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B–123–2026]

Foreign-Trade Zone (FTZ) 57, Notification of Proposed Production Activity; Eli Lilly and Company; (Drug Products); Concord, North Carolina

Eli Lilly and Company submitted a notification of proposed production activity to the FTZ Board (the Board) for its facility in Concord, North Carolina within Subzone 57F. The notification conforming to the requirements of the Board's regulations (15 CFR 400.22) was received on September 17, 2026.

Pursuant to 15 CFR 400.14(b), FTZ production activity would be limited to