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DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3550

RIN 0575-AD01

Direct Single Family Housing Loans and Grants

AGENCY: Rural Housing Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Housing Service (RHS) is amending its regulation by changing the definition of "rural" or "rural area." This change is a direct result of legislation passed under the Agricultural Act of 2014 (2014 Farm Bill) P.L. 113-79 in which the definition of "rural" and "rural area" was amended. No comments are being accepted for this final rule as this change has been mandated through a statutory requirement.

DATES: This rule will become effective [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Shantelle Gordon, Program Analyst,
Loan Origination Branch, Single Family Housing Direct Loan Division,
Rural Housing Service, Stop 0783, 1400 Independence Avenue SW,
Washington, DC 20250-0783, Telephone: 202-205-9567.

SUPPLEMENTARY INFORMATION:

Statutory Authority

Title V, Section 1480 of the Housing Act authorizes the Secretary of Agriculture to promulgate rules and regulations as deemed necessary to carry out the purpose of that title.

Executive Order 12866 - Classification

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

Executive Order 12988 - Civil Justice Reform

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with that Executive Order: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) No retroactive effect will be given to this rule; and (3) Administrative proceedings in accordance with the regulations of the National Appeals Division of USDA at 7 CFR part 11 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

Regulatory Flexibility Act

This rule has been reviewed with regard to the requirements of the Regulatory Flexibility Act (5 U.S.C. 601-612). The undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities. There will be no significant information collection or regulatory requirements imposed on small entities under this rule.

Paperwork Reduction Act of 1995

In accordance with the Paperwork Reduction Act of 1995, the information collection activities associated with this rule are covered under OMB Number: 0575-0172. This rule contains no new reporting or recordkeeping requirements that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1501 *et seq.*, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, RHS 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 RHS to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This 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 RHS 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, Pub. L. 91-190, an Environmental Impact Statement is not required.

Programs Affected

The program affected by this rule is listed in the Catalog of Federal Domestic Assistance as 10.410, Very Low to Moderate Income Housing Loans.

Executive Order 12372 - Intergovernmental Review of Federal Programs

For the reasons set forth in the final rule published at 7 CFR part 3015, subpart V, and the related notice (48 FR 29115), these programs are not subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials.

E-Government Act Compliance

The RHS 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.

Executive Order 13175, Consultation and Coordination with Indian Tribal Governments

This executive order imposes requirements on RHS in the development of regulatory policies that have tribal implications or preempt tribal laws. RHS has determined that this final 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 the Indian tribes. Thus, this rule is not subject to the requirements of Executive Order 13175.

Executive Order 13132 - Federalism

The policies contained in this rule do not have any substantial direct effect on States, the relationship between the National Government and the 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.

Non-Discrimination Statement

USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived

from any public assistance program. (Not all prohibited bases apply to all programs.)

To file a complaint of discrimination, complete, sign and mail a program discrimination complaint form, (available at any USDA office location or online at www.ascr.usda.gov, or write to:

U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, S.W., STOP 9410
Washington, D.C. 20250-9410

Or call toll-free (866) 632-9992 (voice) to obtain additional information, the appropriate office or to request documents.

Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339 or (877) 845-6136 (in Spanish). "USDA is an equal opportunity provider, employer and lender."

Persons with disabilities who require alternative means for communication of program information (e.g. Braille, large print, audiotape, etc.) should contact USDA TARTET Center at (202) 720-2600 (voice and TDD).

Background

When the Agricultural Act of 2014 (2014 Farm Bill) (P.L. 113-79) was passed on February 7, 2014, Section 6208 of the Farm Bill amended language to Section 520 of the Housing Act of 1949 (42 U.S.C. 1490) to include language that an area deemed rural prior to October 1, 1990, and

later determined not to be rural after the 1990, 2000, or 2010 census, and any area deemed rural anytime between January 1, 2000, and December 31, 2010, will retain eligibility until the receipt of the 2020 census data if the area has a population in excess of 10,000 but not in excess of 35,000, is rural in character, and has a serious lack of mortgage credit. To ensure that 7 CFR part 3550 is in line with the revised provisions, RHS will revise its definition of "rural area" in 7 CFR 3550.10 to include the new language to the Housing Act of 1949, as amended.

List of Subjects in 7 CFR Part 3550

Administrative practice and procedure, Conflict of interests, Environmental impact statements, Equal credit opportunity, Fair housing, Accounting, Housing, Loan programs- Housing and community development, Low and moderate income housing, Manufactured homes, Reporting and recordkeeping requirements, Rural areas, Subsidies.

For the reasons stated in the preamble, chapter XXXV, Title 7 of the Code of Federal Regulations, is amended as follows:

PART 3550 - DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS

1. The authority citation for part 3550 continues to read as follows:

Authority: 5 U.S.C. 301; 42 U.S.C. 1480.

Subpart A - General

2. In § 3550.10 revise the definition of "Rural area" to read as follows:

§ 3550.10 Definitions.

* * * * *

Rural area. A rural area is:

(a) Open country or any town, village, city, or place, including the immediate adjacent densely settled area, which is not part of or associated with an urban area and which:

(1) Has a population not in excess of 2,500 inhabitants; or

(2) Has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character; or

(3) Has a population in excess of 10,000 but not in excess of 20,000, and --

(i) Is not contained within a Metropolitan Statistical Area; and

(ii) Has a serious lack of mortgage credit for lower and moderate-income families as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

(b) Any area classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be "rural" or a "rural area" as a result of data received from or after the 1990, 2000, or 2010 decennial census, and any area deemed to be a "rural area" at any time during the period beginning January 1, 2000, and ending December 31, 2010, shall continue to be so classified until the receipt of data from the decennial census in the year 2020, if such area has a population in excess of 10,000 but not in excess of 35,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families.

* * * * *

Tony Hernandez

Dated: October 28, 2014.

Administrator

Rural Housing Service

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