

# 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 3550

RIN 0575-AC88

#### Single Family Housing Direct Loan Program

**AGENCY:** Rural Housing Service, USDA.

**ACTION:** Proposed rule and information collection; request for comments.

**SUMMARY:** Through this action, the Rural Housing Service (RHS) is proposing to amend its regulations for the section 502 direct single family housing loan program to create a certified loan application packaging process for eligible loan application packagers. Loan application packagers, who are separate and independent from the Agency, provide an optional service to parties seeking mortgage loans by helping them navigate the loan application process. Currently, packagers assisting parties applying for section 502 direct loans do so under an informal arrangement, which is free from Agency oversight or minimum competency standards. This proposed rule will impose experience, training, proficiency, and structure requirements on eligible service providers. This proposed rule also regulates the packaging fee that will be allowed under this process.

By establishing a vast network of competent, experienced, and committed Agency-certified packagers, this action is intended to benefit low- and very low-income people who wish to achieve homeownership in rural areas by increasing their awareness of the Agency's housing program, increasing specialized support available to them to complete the application for assistance, and improving the quality of loan application packages submitted on their behalf.

**DATES:** Comments on the proposed rule and the information collection under the Paperwork Reduction Act of 1995

must be received on or before October 22, 2013.

**ADDRESSES:** You may submit comments to this rule by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *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 Avenue SW., Washington, DC 20250-0742.
- *Hand Delivery/Courier:* Submit written comments via Federal Express Mail or another mail 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, Suite 701, Washington, DC 20024.

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

#### FOR FURTHER INFORMATION CONTACT:

Brooke Baumann, Finance and Loan Analyst, Single Family Housing Direct Loan Division, USDA Rural Development, Stop 0783, 1400 Independence Avenue SW., Washington, DC 20250-0783, Telephone: 202-690-4250. Email: [brooke.baumann@wdc.usda.gov](mailto:brooke.baumann@wdc.usda.gov).

#### SUPPLEMENTARY INFORMATION:

#### Statutory Authority

Title V, Section 1480(k) 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

The Office of Management and Budget (OMB) has designated this rule as significant under Executive Order 12866 and, therefore, OMB has reviewed this proposed rule. A regulatory impact analysis of this rule is summarized below and is available from [www.regulations.gov](http://www.regulations.gov).

#### Regulatory Impact Analysis Summary

In accordance with this EO, the Agency identified and compared the costs and benefits associated with creating a certified loan application packaging process from the borrower's perspective and from the Agency's perspective.

The analysis concluded that for borrowers that elect to submit an application through the certified loan application packaging process, their increased loan costs are more than offset by the benefits they will ultimately experience (largely being made aware of an affordable homeownership program that they may not have otherwise heard of and having a knowledgeable and committed packager hold their hand through the entire application process). The packaging fee will translate to an increase in the borrower's monthly mortgage payment of up to \$6.09 (based on the full note rate in effect during December of 2012 and standard terms). Because many borrowers receive the maximum payment assistance allowed, the increase they will actually see in their monthly billing statements is up to \$4.46 (based on an effective interest rate of one percent and standard terms).

For the Agency, using loan funds to finance the packaging fee (provided the borrower has repayment ability for this additional cost and the total secured indebtedness is within the limit outlined in § 3550.63) is highly beneficial from a salaries and time savings standpoint as well as from a marketing and transportation standpoint. Implementing this proposed rule will save the Agency approximately \$1.5 million in salaries and expenses per fiscal year in comparison to maintaining the status quo.

#### Executive Order 12988, Civil Justice Reform

This 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 this program, but if they do apply and are selected for funding, they must comply with the requirements applicable to the Federal program funds. This 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, while affecting small entities, will not have an adverse economic impact on small entities. The Agency made this determination based on the fact that this regulation only impacts those who choose to participate in the certified loan application

packaging process. Small entities engaged in this process will not be affected to a greater extent than large entities engaged in this process.

#### **Executive Order 12372, Intergovernmental Review of Federal Programs**

This program/activity is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. (See the Notice related to 7 CFR part 3015, subpart V, at 48 FR 29112, June 24, 1983; 49 FR 22675, May 31, 1984; 50 FR 14088, April 10, 1985).

#### **Executive Order 13175, Consultation and Coordination With Indian Tribal Governments**

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

#### **Programs Affected**

This program 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**

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501 et seq.), RHS is requesting comments from all interested individuals and organizations on information collection activities related to the regulatory changes in this proposed rule. The new information collection request is subject to review and approval by OMB.

*Title:* Single Family Housing Direct Loan Program.

*OMB Control Number:* 0575–New. Upon OMB approval, this package will merge with OMB No. 0575–0172.

*Type of Request:* New Collection.

*Abstract:* Under this proposed rule, qualified employers that employ individuals seeking or who have been designated as an Agency-certified loan application packagers will be required to provide monthly reports to the Agency outlining the packaging activities of their packager(s); this monthly report will include certifications that they and their

packager(s) are not debarred from participating in Federal programs and are in compliance with the Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act) as well as all applicable laws, regulations, and Executive Orders. This burden will fall upon the Agency-approved intermediaries when present.

*Estimate of Burden:* Public reporting burden for this collection of information is estimated to average 1.5 hours per response.

*Respondents:* Qualified employers or Agency-approved intermediaries.

*Estimated Number of Respondents:* 350.

*Estimated Number of Responses per Respondent:* 12.

*Estimated Total Annual Burden on Respondents:* 6,300 hours.

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (2) the accuracy of the Agency’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments may be sent to Jeanne Jacobs, Regulations and Paperwork Management Branch, Support Services Division, U.S. Department of Agriculture, Rural Development, Stop 0742, 1400 Independence Ave. SW., Washington, DC 20250–0742. All responses to this proposed rule will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

#### **E-Government Act Compliance**

The Rural Housing Service is committed to complying with the E-Government Act, 44 U.S.C. 3601 et. seq., 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.

#### **I. Background**

The section 502 direct single family housing loan program provides subsidized mortgage loans for modest homes in rural areas to primarily first-time homebuyers who are low- and very

low-income. While loan approval and underwriting are strictly functions of the Agency staff, the Agency's nonprofit partners often play a role in educating potential homebuyers in homeownership and in originating section 502 loans.

Loan application packaging is not new to the program. Loan application packagers play an important role in increasing awareness of the section 502 program among potential homeowners and provide a valuable service to potential homeowners. As it stands today, however, the packaging process is an informal arrangement and the packagers' level of program knowledge and expertise, as well as their level of service, is inconsistent.

In Fiscal Year 2010, the Agency undertook a pilot program to evaluate how the loan application packaging process could be improved. This pilot program introduced the use of intermediaries in the packaging process. The five intermediaries in the pilot program are nonprofits whose mission is to serve low-income people in rural communities with an emphasis on affordable housing. The intermediaries reach out to other nonprofits to serve as packagers, ensure those packagers are qualified and trained, perform quality assurance reviews to prevent the submission of incomplete or ineligible loan application packages to the Agency, and serve as a liaison between the Agency and the packager.

Under this pilot, the Agency observed that the use of loan application packagers who have successfully completed an Agency-approved packaging course and who submit loan packages through an intermediary can shorten the Agency's processing time of loan applications (the days between the date of application and date of loan closing) by approximately 34 percent. The Agency also observed that staff time was freed to focus on other responsibilities because (1) pre-screening, counseling, application origination, and document preparation were completed by the qualified and trained loan application packagers and (2) the intermediaries checked the completeness and viability of the loan application package before submission to the Agency.

To integrate the successes and lessons from the pilot program, the Agency proposes to create a certified loan application packaging process. The structure and requirements outlined for this process are similar to those used in the pilot program. Persons interested in applying for a section 502 loan may, but are not required to, engage the service offered under this process.

## II. Section-by-Section Discussion of Changes

### A. Definitions (7 CFR 3550.10)

Definitions for an Agency-approved intermediary, an Agency-certified loan application packager, a qualified employer, and the national average area loan limit were added.

### B. Certified Loan Application Packaging Process (7 CFR 3550.75)

The process includes (1) the requirements for individuals seeking or who have been designated as an Agency-certified loan application packager, (2) the requirements for their qualified employers, and (3) the requirements for Agency-approved intermediaries. The use of an intermediary is at the qualified employer's discretion once all of their packagers on staff have the designation as an Agency-certified loan application packager. Under this process, the groups must maintain clear separation of duties.

1. *Agency-certified loan application packagers.* To obtain RHS certification as a loan application packager, an individual must: (1) Have at least one year of real estate and/or mortgage experience, (2) be employed by a qualified employer, (3) successfully complete an Agency-approved loan application packaging course, and (4) demonstrate their packaging proficiencies. Proficiency standards will be outlined by the Agency in the Direct Single Family Housing Loans and Grants—Field Office Handbook (Handbook-1-3550) or its successor. The standards will take into account the program's current and projected funding levels, which will impact the activity levels of the Agency-certified packagers.

The designation as an Agency-certified loan application packager is portable; that is, the certified packager can go work for another qualified employer and maintain the benefits of being a certified packager. The designation cannot be used, however, while the individual is not employed by a qualified employer. The designation is subject to revocation for nonperformance, violation of pertinent rules and laws (including civil rights), or failure to submit any viable packaged loan applications to the Agency in any consecutive 12-month period.

2. *Qualified employers.* Individuals seeking or who have been designated as an Agency-certified loan application packager must be employed by a qualified employer. A qualified employer must (1) be a nonprofit organization or other public agency, (2) be tax exempt under the Internal

Revenue Code and be engaged in affordable housing, (3) have at least three years of experience with the Agency's direct single family housing loan programs, (4) agree to report on the packaging activities of their packagers, and (5) prepare an affirmative fair housing marketing plan for Agency approval.

3. *Agency-approved intermediaries.* An Agency-approved intermediary must (1) be a nonprofit organization or other public agency, (2) be tax exempt under the Internal Revenue Code and be engaged in affordable housing, (3) have at least five years of experience with the Agency's direct single family housing loan programs, (4) develop quality control procedures designed to prevent submission of incomplete or ineligible loan application packages to the Agency, (5) ensure that their quality assurance staff successfully complete an Agency-approved loan application packaging course to confirm that their individual competency level reflects the organization's years of experience with the Agency, and (6) not have any financial interest in the subject property.

### C. Packaging Fee Provisions (7 CFR 3550.52(d)(6))

Under the certified loan application packaging process, the packaging fee will be no more than two percent of the national average area loan limit as determined by the Agency and may be limited further by the Agency in the Direct Single Family Housing Loans and Grants—Field Office Handbook (Handbook-1-3550) or its successor. The packaging fee will reflect the responsibilities placed on individuals seeking or who have been designated as an Agency-certified loan application packager, their qualified employers, and Agency-approved intermediaries.

The following supplemental guidance regarding the packaging fee associated with the certified loan application packaging process will be placed in Handbook-1-3550 once the final rule is published:

- Initially, the Agency will limit the fee to up to \$1,500 if an Agency-approved intermediary is involved in the process. If an intermediary is not involved, the fee will be limited to up to \$1,000.

- Only a single fee can be charged at loan closing. The Agency will not dictate who charges that single fee or how that single fee is subsequently divided among the Agency-certified packager, qualified employer, and Agency-approved intermediary.

- Agency financing of the packaging fee is dependent on the borrower's

repayment ability and the total secured indebtedness limitation outlined in 7 CFR 3550.63. If all or part of the fee cannot be financed by the Agency, proof that that portion of the fee will be covered without adversely affecting the applicant's qualification must be submitted to the Agency.

- Packaging fees are not permitted for loans involving the purchase of an RHS Real Estate Owned property or loans under the Mutual Self-Help Housing program since Self-Help Grantees receive Section 523 grant funds to (in part) recruit families and provide assistance in the preparation of their loan applications.

- Individuals and entities that do not meet the requirements of 7 CFR 3550.75 may package a section 502 loan application on behalf of an applicant, but any fee charged is not an allowable loan purpose and proof that the fee will be covered without adversely affecting the applicant's qualification must be submitted to the Agency.

Solicitation of Comments

While the Agency welcomes comments on all aspects of this proposed rule, comments on the topics listed below are particularly being sought. When providing a comment, please provide the rationale for the comment as well as any data or information to support the comment, if possible.

- The inclusion of intermediaries in the certified loan application packaging process; whether intermediaries would play a critical role in improving the quality of loan application packaging; whether the regulations should specify additional qualifying requirements for the intermediaries and what those requirements should be; how the Agency should handle the process of approving intermediaries; and how the coverage area for intermediaries should be handled (county, region, state, multiple states, etc.).

- Whether the funding priorities outlined in 7 CFR 3550.55(c) should be revised to consider applications received by the Agency through the certified loan application packaging process as a fourth priority item. Currently, first priority is given to existing customers who request subsequent loans to correct health and safety hazards; second priority is given to loans for the sale of real estate owned properties or transfers of existing Agency-financed properties; third priority is given to applicants facing housing related hardships; fourth priority is given to loans for homes involved in Agency-approved self-help projects or loans that include leveraging

funds from other sources; and fifth priority is given to all other applicants.

- Whether limiting qualified employers and intermediaries to non-profit entities would provide better protection to borrowers and the government or increase the packaging fees by limiting competition.

**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 proposed to be 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.

■ 2. Amend § 3550.10 by adding definitions for “Agency-approved intermediary,” “Agency-certified loan application packager,” “National average area loan limit,” and “Qualified employer” in alphabetical order to read as follows:

**§ 3550.10 Definitions.**

\* \* \* \* \*

*Agency-approved intermediary.* An affordable housing nonprofit approved by RHS to perform quality assurance reviews and monitoring activities on individuals seeking or who have been designated as an Agency-certified loan application packager and their qualified employers. See § 3550.75 for further details.

*Agency-certified loan application packager.* An individual certified by RHS under this subpart to package section 502 loan applications while employed by a qualified employer. See § 3550.75 for further details.

\* \* \* \* \*

*National average area loan limit.* Across the nation, the average area loan limit as specified in § 3550.63(a). The national average is considered when determining the maximum packaging fee permitted under the certified loan application packaging process under the section 502 program.

\* \* \* \* \*

*Qualified employer.* A nonprofit organization or public agency that meets

the requirements outlined in § 3550.75(b)(2) and is involved in the certified loan application packaging process under the section 502 program.

\* \* \* \* \*

■ 3. Amend § 3550.52 by revising paragraph (d)(6) to read as follows:

**§ 3550.52 Loan purposes.**

\* \* \* \* \*

(d) \* \* \*

(6) For section 502 loans, packaging fees resulting from the certified loan application packaging process outlined in § 3550.75. The fee may not exceed two percent of the national average area loan limit as determined by the Agency and may be limited further in the Direct Single Family Housing Loans and Grants—Field Office Handbook (Handbook-1–3550) or its successor. For section 504 loans, loan application packaging fees to public and private nonprofit organizations that are tax exempt under the Internal Revenue Code. See Handbook-1–3550 or its successor for fee limitations.

\* \* \* \* \*

■ 4. Add § 3550.75 to read as follows:

**§ 3550.75 Certified loan application packaging process.**

Persons interested in applying for a section 502 loan may, but are not required to, submit an application through the certified loan application packaging process.

(a) *General.* The certified loan application packaging process involves individuals seeking or who have been designated as an Agency-certified loan application packager, their qualified employers, and, at least initially, Agency-approved intermediaries. Once all of their packagers on staff have the designation as an Agency-certified loan application packager, the use of an intermediary is at the qualified employer's discretion.

(b) *Process requirements.* To package section 502 loan applications under this process, each of the following conditions must be met:

(1) *Agency-certified loan application packager.* An individual seeking to acquire RHS certification as a loan application packager must meet all of the following conditions:

(i) Have at least one year of real estate and/or mortgage experience;

(ii) Be employed by a qualified employer as outlined in paragraph (b)(2) of this section;

(iii) Complete an Agency-approved loan application packaging course and successfully pass the corresponding test as specified in paragraph (c) of this section; and

(iv) Demonstrate their loan application packaging proficiencies. Proficiency standards will be outlined by the Agency in the Direct Single Family Housing Loans and Grants—Field Office Handbook (Handbook-1-3550) or its successor.

(2) *Qualified employer.* Individuals seeking or who have been designated as an Agency-certified loan application packager must be employed by a qualified employer. To be considered a qualified employer, the packager's employer must meet or perform, as applicable, each of the conditions specified in paragraphs (b)(2)(i) through (b)(2)(vi) of this section.

(i) Be a nonprofit organization or public agency.

(ii) Be tax exempt under the Internal Revenue Code and be engaged in affordable housing per their regulations, articles of incorporation, or bylaws.

(iii) Have at least three years of verifiable experience with the Agency's direct single family housing loan programs. Experience with the programs is largely determined by the number of years the entity has been partnering with the Agency to provide supplemental financing, assistance, and/or services to direct loan borrowers.

(iv) Agree to prepare and submit a monthly report to the Agency outlining the loan application packaging activities of their packager(s). This monthly report must include certifications that they and their packager(s) are not debarred from participating in Federal programs and are in compliance with applicable laws and regulations, including the Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act). This report must be submitted through the Agency-approved intermediary when present.

(v) Notify the Agency-approved intermediary, Agency, and the applicant if they or their packager(s) are the developer, builder, seller of, or have any other such financial interest in, the property for which the application package is submitted.

(vi) Prepare an affirmative fair housing marketing plan for Agency approval as outlined in RD Instruction 1901-E (or in any superseding guidance provided in the impending RD Instruction 1940-D).

(3) *Agency-approved intermediaries.* To be Agency-approved, the intermediary must meet each of the following conditions:

(i) Be a nonprofit organization or other public agency;

(ii) Be tax exempt under the Internal Revenue Code and be engaged in affordable housing in accordance with

their regulations, articles of incorporation, or bylaws;

(iii) Have at least five years of verifiable experience with the Agency's direct single family housing loan programs;

(iv) Develop quality control procedures designed to prevent submission of incomplete or ineligible application packages to the Agency;

(v) Ensure that their quality assurance staff complete an Agency-approved loan application packaging course and successfully pass the corresponding test; and

(vi) Not be the developer, builder, seller of, or have any other such financial interest in, the property for which the application package is submitted.

(c) *Loan application packaging courses.* Prospective loan application packagers and the intermediaries' quality assurance staff must successfully complete an Agency-approved course that covers the material identified in paragraph (c)(1) of this section. Prospective intermediaries must also successfully complete an Agency-approved course as specified in paragraph (c)(2) of this section.

(1) *Loan application packagers.* At a minimum, the certification course for individuals seeking to become certified packagers will be a three-day classroom session that provides:

(i) An overview of the section 502 direct single family housing loan program and the regulations and laws that govern the program (including civil rights lending laws such as the Equal Credit Opportunity Act, Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973);

(ii) A detailed discussion on the program's application process and borrower/property eligibility requirements;

(iii) An examination of the Agency's loan underwriting process which includes the use of payment subsidies; and

(iv) The roles and responsibilities of a loan application packager and the Agency staff.

(2) *Intermediaries.* The required course for an intermediary's quality assurance staff will cover the components described in paragraph (c)(1) of this section.

(3) *Non-Agency trainers.* Prior to offering the packager or intermediary course, non-Agency trainers must obtain approval from designated Agency staff. Non-Agency trainers, who will be limited to housing nonprofit organizations, must provide proof of relevant experience and resources for delivery; present evidence that their

individual trainers are competent and knowledgeable on all subject areas; submit course materials for Agency review; agree to maintain attendance records, test results, and course materials; and bear the cost of providing the training. The course schedule must be approved by RHS and each session will be attended by a designated Agency staff member. A list of eligible non-Agency trainers will be published on the Agency's Web site as an attachment to Handbook-1-3550 or its successor (<http://www.rurdev.usda.gov/Handbooks.html>).

(d) *Confidentiality.* The Agency-certified loan application packager, qualified employer, Agency-approved intermediary and their agents must safeguard each applicant's personal and financial information.

(e) *Retaining designation.* The Agency will meet with the Agency-certified loan application packager, their qualified employer, and Agency-approved intermediary (if applicable) at least annually to maintain open lines of communication; discuss their packaging activities; identify and resolve deficiencies in the packaging process; and stipulate any training requirements for retaining designation (including civil rights refresher training).

(f) *Revocation.* The designation as an Agency-certified loan application packager or Agency-approved intermediary is subject to revocation by the Agency under any of the following conditions:

(1) The rate of packaged loan applications that receive RHS approval is below the acceptable limit published as an attachment to Handbook-1-3550 or its successor, available at <http://www.rurdev.usda.gov/Handbooks.html>;

(2) Violation of pertinent rules and laws; or

(3) No viable packaged loan applications are submitted to the Agency in any consecutive 12-month period.

Dated: July 24, 2013.

**Dominique McCoy,**

*Acting Administrator, Rural Housing Service.*

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**BILLING CODE 3410-XV-P**