

the Subcommittee voted to recommend to the Committee the changes as contained herein, and the full Committee subsequently voted unanimously to recommend this action to AMS.

The Committee's meetings were widely publicized throughout the production area. The raisin industry and all interested persons were invited to attend the meetings and participate in Committee deliberations on all issues. The Subcommittee meeting on October 3, 2023, and subsequent full Committee meeting on October 5, 2023, were each open to the public where any interested parties was able to express views on this issue. In addition, interested persons were invited to submit comments on this final rule, including the regulatory and information collection impacts of this action on small businesses.

An interim final rule concerning this action was published in the **Federal Register** on December 11, 2023 (88 FR 85819). The interim final rule was effective on December 12, 2023. Copies of the interim rule were mailed or sent via email to California raisin handlers. A copy of the interim rule was made available through the internet by AMS via <https://www.regulations.gov>. AMS provided a 60-day comment period ending February 9, 2024, to give interested persons to respond to the interim final rule. No comments were received. Accordingly, no changes have been made to the rule as published.

This final rule continues in effect temporary changes to the minimum requirements for substandard and maturity dockage under the Order's handling regulations for the 2023–2024 crop year. The minimum requirements have been temporarily relaxed to accommodate raisins adversely impacted by severe weather conditions. Producers and handlers are aware of this action as it continues in effect the interim final rule effective on December 12, 2023, and need no preparation time to comply. Accordingly, pursuant to 5 U.S.C. 553(d), AMS finds that good cause exists for not postponing the effective date of this final rule until 30 days after publication in the **Federal Register**. The relaxation of the minimum requirements expires at the end of the 2023–2024 crop year on July 31, 2024.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581–0178, Vegetable and Specialty Crops. No changes in those requirements are necessary as a result of this action.

Should any changes become necessary, they would be submitted to OMB for approval.

This final rule would not impose any additional reporting or recordkeeping requirements on either small or large California raisin handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

AMS 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.

AMS has not identified any relevant Federal rules that duplicate, overlap, or conflict with this final rule.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: <https://www.ams.usda.gov/rulesregulations/moa/small-businesses>. Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material presented, including the information and recommendations submitted by the Committee and other available information, AMS has determined that finalizing the interim rule, without change, as published in the **Federal Register** of December 11, 2023 (88 FR 85819), is consistent with and will tend to effectuate the purposes of the Act.

#### List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

#### PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

■ Accordingly, the interim final rule amending 7 CFR part 989, which was published at 88 FR 85819 on December 11, 2023, is adopted as a final rule without change.

**Erin Morris**,

*Associate Administrator, Agricultural Marketing Service.*

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## DEPARTMENT OF AGRICULTURE

### Rural Housing Service

#### 7 CFR Parts 3555

[Docket No. RHS–24–SFH–0025]

#### Single Family Housing Guaranteed Housing Payment Supplement Account Demonstration Program

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

**ACTION:** Notification.

**SUMMARY:** The Rural Housing Service (RHS or the Agency), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), is issuing this document for a demonstration program that will establish a new loss mitigation retention option, referred to as the Payment Supplement Account (PSA). The Agency's intention of this demonstration program is to assist borrowers who have experienced a documented hardship that led to an involuntary inability to pay their mortgage obligation, require payment reduction to resume making a monthly payment, and currently have a below market interest rate. This document briefly discusses a special servicing option for servicers to utilize to continue assisting struggling borrowers who seek loss mitigation alternatives, regardless of the nature of their hardship.

**DATES:** The effective date of this demonstration program is July 24, 2024. The duration of the demonstration program is anticipated to continue until July 24, 2026, at which time the RHS may extend the demonstration program (with or without modifications) or terminate it depending on the workload and resources needed to administer the program, feedback from the public, and the effectiveness of the program. RHS will notify the public whether the demonstration program has been extended or terminated.

**FOR FURTHER INFORMATION CONTACT:** Stephanie Freeman, Finance and Loan Analyst, Policy, Analysis, and Communications Branch, Single Family Housing Guaranteed Loan Division, Rural Development, U.S. Department of Agriculture, Email: [stephanie.freeman@usda.gov](mailto:stephanie.freeman@usda.gov); Phone: (314) 457–6413.

If you are interested in participating in this demonstration program or if you have any questions, please contact the Loan Servicing Branch at [SFHGLPServicing@usda.gov](mailto:SFHGLPServicing@usda.gov).

**SUPPLEMENTARY INFORMATION:**

### Authority

The SFHGLP is authorized by Section 502(h) of the Housing Act of 1949, as amended, codified at 42 U.S.C. 1472(h); and implemented under 7 CFR part 3555.

### Overview

The RHS is committed to helping improve the economy and quality of life in rural areas by offering a variety of programs. The Agency offers loans, grants, and loan guarantees to help create jobs, expand economic development, and provide critical infrastructure investments. The RHS also provides technical assistance loans and grants by partnering with agricultural producers, cooperatives, Indian tribes, non-profits, and other local, state, and federal agencies.

Affordable housing is essential to the vitality of communities in rural America. RD's Single Family Housing Programs give families and individuals the opportunity to purchase, build, repair their existing home, or to refinance their current mortgage under certain criteria. Eligibility for these loans, loan guarantees, or grants is based on income which varies according to the average median income for each eligible rural area.

Section 502 Guaranteed Loan Program provides a 90 percent loan note guarantee to approved lenders in efforts to provide low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may purchase, build, rehabilitate, improve or relocate a dwelling in an eligible rural area. Applicant eligibility for this program is determined by the lender pursuant to the criteria set forth in 7 CFR part 3555, subpart D.

The Domestic Policy Council (DPD) and the National Economic Council (NEC) has recently urged agencies to begin implementing workable home retention solutions that would provide subsequent mortgage protections and minimize the borrowers' risk of foreclosure considering the current market conditions. Therefore, the Agency has continued to explore additional home retention options for servicers to further assist borrowers and reduce Agency losses.

The RHS may authorize limited demonstration programs to test new approaches to offering housing under the statutory authority granted to the Secretary, as set forth in 42 U.S.C. 1476(b); 7 CFR 3555.2(b). Demonstration programs are time- and scope-limited

programs designed to test new approaches and for those reasons, demonstration programs need not be consistent with all regulatory provisions while active. This demonstration program helps struggling borrowers that are delinquent on their mortgage payments and are unable to obtain a payment reduction utilizing the currently available loss mitigation options.

### Purpose of the Payment Supplement Account

The Single-Family Housing Guaranteed Loan Program (SFHGLP) provides borrowers with the maximum opportunity to remain successful homeowners and provides servicers with multiple loan servicing options to support borrowers who have experienced a documented hardship. RD continues to explore strategies to improve the quality and effectiveness of our program.

Typically, assistance is accomplished through a combination of rate reduction, term extension, and/or a reduction of the borrower's interest-bearing principal. These assistance options can be accomplished with the utilization of a stand-alone Mortgage Recovery Advance (MRA), also known to the industry as a partial claim. While the Agency's loss mitigation options have continued to deliver assistance to borrowers in default, unprecedented higher interest rates in conjunction with the current economic conditions have impacted the ability and delayed the effectiveness of those relief measures to meaningfully assist borrowers.

Due to the sensitivity of the changes in mortgage rates, rise in consumer debt, and the challenges with mortgage payments associated with the pressures on household finances, the Agency has continued to evaluate additional options for servicers in an effort to further assist borrowers. This demonstration program establishes a new loss mitigation retention option, referred to as the Payment Supplement Account (PSA). The PSA shall be funded by a stand-alone MRA. The PSA assists borrowers who have experienced a documented hardship that led to an involuntary inability to pay their mortgage obligation, require payment reduction to resume making a monthly payment, and currently have a below market interest rate.

### Discussion of the Payment Supplement Account

7 CFR 3555.304(d) permits the use of an MRA in conjunction with loss mitigation to provide payment relief to borrowers. The MRA allows the servicer

to advance funds on behalf of the borrower to satisfy the borrower's arrearage, pay legal fees and foreclosure costs related to a cancelled foreclosure action, and reduce the principal balance of the loan.

The PSA demonstration program shall require the servicer to use a portion of the MRA funds to cure the arrearage and segregate the remaining funds in a separate, non-interest-bearing custodial account to provide monthly payment relief to the borrower. The PSA shall be funded by a stand-alone MRA, which shall be incrementally utilized to first, payoff the arrearages accumulated during a hardship to bring the loan current and second, to supplement the principal portion of the borrower's payment in monthly increments and provide payment relief for three years. The PSA shall remain with the servicer's lien as a non-interest-bearing, recoverable servicing advance. The MRA created under this demonstration program shall not be secured by a second lien in favor of RD, which eliminates the need for notary fees, recording costs, and additional legal fees.

### Eligibility Requirements

To be eligible under this demonstration program, all the following parameters shall apply:

- The borrower must occupy the home as their primary residence.
- The borrower must have experienced a documented hardship and requires payment reduction to resume making a regular monthly payment. The hardship that caused the borrower's involuntary inability to pay must have been cured. Lenders and servicers may refer to HB-1-3555 Attachment 18-A for guidance on this inquiry.
- There is no reasonable ability for the borrower to cure the delinquency on their own within 12 months without assistance.
- The MRA shall be utilized to cure the arrearage, bring the loan current, and fund a PSA that will be utilized to provide a targeted reduction to the borrower's principal and interest (P&I) payment for three years. At the end of the three years, the borrower shall be responsible for resuming the full amount of their monthly contractual payment.
- The servicer should target a 25 percent principal and interest reduction, not to exceed the principal portion of the principal and interest, for a maximum 3-year total period. If a 25 percent reduction cannot be achieved, offer the achievable reduction, not less

than 5 percent, and not to exceed a maximum 3-year total period.

- Three trial timely payments will be required. Guidance on trial payments is available at HB-1-3555 Attachment 18-A.

- The borrower shall sign an agreement to repay the advance in full.

- The servicer shall segregate the funds paid by USDA for the PSA in a separate, non-interest-bearing custodial account (the PSA) characterized by the following:

- is deposited with a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);
- does not limit the servicer's access to funds for the payment supplement, require an advance notice of withdrawal, or require the payment of a withdrawal penalty; and
- clearly identifies the funds being held in that account as being derived from and held as part of the PSA Agreement executed by the borrower.

- The servicer must ensure that the funds in the PSA are clearly delineated as funds held as a result of the PSA Agreement executed by the borrower, for use only as provided for in the PSA Agreement. Neither the servicer nor the borrower may exercise discretion in the use and application of the funds from the PSA; funds shall be used and applied only to reduce the principal balance.

- The MRA utilized to fund the PSA will be limited to 30 percent of the borrower's unpaid principal balance at the time of initial default. If the borrower has previously been provided an MRA they may still be considered for a PSA MRA provided that the combined amount of MRAs do not exceed the 30 percent maximum outlined above.

- This option is the last option in the loss mitigation waterfall, and it must be determined by the servicer that the borrower is not eligible for any other retention solution prior to solicitation for participation in this pilot.

- Servicers shall advance their own funds to bring the loan current prior to requesting the MRA to establish the PSA.

- Servicers may file an MRA claim with RD to recoup the funds they advance on behalf of the borrower and utilized to fund the PSA, subject to the MRA claim filing requirements described in 7 CFR part 3555.

- The amount of the non-interest-bearing receivable will remain part of the servicer's first lien.

- The servicer shall agree to repay the amount of the MRA to RD when the first lien matures, the borrower sells or

refinances the home, or otherwise pays the loan in full.

- The servicer shall draw from the PSA monthly, only when the borrower makes their portion of the monthly payment, to provide payment relief. As funds are advanced, the amount drawn will be added to the non-interest-bearing receivable.

- If a borrower makes the full amount of their monthly contractual payment, the servicer shall still make the monthly draw from the PSA. Any additional funds paid by the borrower shall be applied to curtail the principal balance.

- A borrower who re-defaults while receiving PSA funds can re-enter the RD loss mitigation waterfall and be evaluated for traditional options, if eligible. Any remaining PSA funds should be applied to the unpaid principal balance as part of that loss mitigation action.

- If a servicing transfer occurs on the guaranteed loan, the servicer shall ensure that the funds in the PSA awaiting disbursement are transferred to the new servicer at the same time as the mortgage transfer. The new servicer shall assume any remaining obligations of the initial servicer in connection with the ongoing loss mitigation action consistent with the terms of the PSA Agreement.

- If there is a loss due to a short sale, a deed-in-lieu of foreclosure, or a foreclosure, any remaining funds in the PSA shall be applied towards the principal balance and added to the non-interest-bearing receivable prior to a loss claim being filed.

The servicer may be required to submit additional information about the pilot program outside of the usual electronic reporting process. This enhanced report shall be provided as requested and should include at minimum the number of current and existing PSA MRAs provided under this pilot. Loan servicing and loss claim submissions will be conducted in accordance with the Housing Act of 1949, as amended, and 7 CFR part 3555.

#### **Paperwork Reduction Act**

The regulatory waivers for this demonstration program contains 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 laws and USDA civil rights regulations and policies, the USDA, its Mission Areas, agencies, staff offices, employees, and institutions

participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, 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.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language) should contact the responsible Mission Area, agency, staff office; or the 711 Relay Service.

To file a program discrimination complaint, a complainant should complete a Form AD-3027, *USDA Program Discrimination Complaint Form*, which can be obtained online at <https://www.usda.gov/sites/default/files/documents/ad-3027.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

(1) *Mail*: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410; or

(2) *Fax*: (833) 256-1665 or (202) 690-7442; or

(3) *Email*: [Program.Intake@usda.gov](mailto:Program.Intake@usda.gov).

**Yvonne Hsu,**

*Acting Administrator, Rural Housing Service.*

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