

Rules and Regulations

Federal Register

Vol. 89, No. 235

Friday, December 6, 2024

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Parts 1942, 3560, 3570, and 5001

[Docket Number: RHS–24–ADMIN–0040]

Multi-Family Housing and Community Facilities Updates to Federal Financial Assistance Guidance

AGENCY: Rural Housing Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Housing Service (RHS or Agency), an agency in the United States Department of Agriculture (USDA) Rural Development (RD) Mission area, is issuing a final rule to update the Multi-Family Housing (MFH) and Community Facility (CF) regulations by updating the audit and financial statement language to align with the Office of Management and Budget (OMB) 2024 revisions.

DATES: Effective December 6, 2024.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

RD is a mission area within USDA comprised of the RHS, the Rural Business-Cooperative Service, and Rural Utilities Service, that strives to increase economic opportunity and improve the quality of life for all rural Americans. RD invests in rural America with loan, grant, and loan guarantee programs to help drive economic security and prosperity.

USDA’s RHS offers a variety of programs to build or improve housing and essential community facilities in rural areas. The Agency offers loans, grants and loan guarantees for single- and multi-family housing, childcare centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, housing for farm laborers and much more.

Multi-Family housing programs assist rural property owners through loans, loan guarantees, and grants that enable owners to develop and rehabilitate properties for low-income, elderly, and disabled individuals and families as well as domestic farm laborers.

Community Facilities Programs offer direct loans, loan guarantees and grants to develop or improve essential public services and facilities in communities across rural America. These amenities help increase the competitiveness of rural communities in attracting and retaining businesses that provide employment and services for their residents.

OMB revised several parts of OMB Guidance for Grants and Agreements which is now called OMB Guidance for Federal Financial Assistance which are applicable to all federal agencies. This guidance can be found in Title 2 of the Code of Federal Regulations (CFR) (2 CFR part 200). The revisions were published in the **Federal Register** on April 22, 2024, at 89 FR 30046, and are required to be implemented by October 1, 2024. This final rule is being published as a technical-administrative correction to ensure the Agency’s audit and financial statement requirements align with the OMB revisions made to 2 CFR part 200.

II. Summary of Changes

This rulemaking makes the following changes:

- (1) Updates § 1942.17 to increase the \$750,000 audit threshold to \$1,000,000.
- (2) Updates § 3560.308 to increase the \$750,000 audit threshold to \$1,000,000.
- (3) Updates § 3570.51 to remove the 2 CFR issue date.
- (4) Updates § 3570.80 to replace the term “applicant” with “recipient” or “subrecipient.”

III. Executive Orders

Executive Order 12372—Intergovernmental Consultation

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

Executive Order 12866—Regulatory Planning and Review

This final rule is exempt from OMB review for purposes of Executive Order 12866 and, therefore, has not been reviewed by OMB.

Executive Order 12988—Civil Justice Reform

This final rule has been reviewed under Executive Order 12988. In accordance with this rule: (1) unless otherwise specifically provided, all State and local laws that conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule except as specifically prescribed in the rule; and (3) administrative proceedings of the National Appeals Division of the Department of Agriculture (7 CFR part 11) must be exhausted before bringing suit in court that challenges action taken under this rule.

Executive Order 13132—Federalism

The policies contained in this final rule do not have any substantial direct effect on States, on 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 final rule impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Executive Order 13175—Consultation and Coordination With Indian Tribal Governments

This final rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including

regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal government and Indian tribes or on the distribution of power and responsibilities between the Federal government and Indian tribes. Consultation is also required for any regulation that preempts tribal law or that imposes substantial direct compliance costs on Indian tribal governments and that is not required by statute.

The Agency has determined that this final rule does not, to its knowledge, have tribal implications that require formal tribal consultation under Executive Order 13175. If a Tribe requests consultation, the RHS will work with the Office of Tribal Relations to ensure meaningful consultation is provided where changes, additions and modifications identified herein are not expressly mandated by Congress.

Congressional Review Act

This final rule is not subject to the Congressional Review Act (“CRA”) (5 U.S.C. 801 *et seq.*), as the CRA provides an exemption for any rule relating to agency management or personnel and for rules relating to agency organization, procedure, or practice that does not substantially affect the rights or obligations of non-agency parties.

Assistance Listing Number

The Assistance Listing Numbers assigned to the programs affected by this final rule are 10.405—“Farm Labor Housing Loans and Grants,” 10.415—“Rural Rental Housing Loans,” 10.427—“Rural Rental Assistance Payments,” and 10.766—“Community Facilities Loans and Grants.” The Assistance Listings are available at [SAM.gov](https://www.sam.gov).

Paperwork Reduction Act

This final rule contains no reporting or recordkeeping provisions under OMB Control Numbers 0575–0015 and 0575–0089 requiring OMB approval under the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35).

National Environmental Policy Act

In accordance with the National Environmental Policy Act of 1969, Public Law 91–190, this final rule has been reviewed in accordance with 7 CFR part 1970 (“Environmental Policies and Procedures”). The Agency has determined that: (i) this action meets the criteria established in 7 CFR 1970.53(f); (ii) no extraordinary circumstances exist; and (iii) the action is not “connected” to other actions with

potentially significant impacts, is not considered a “cumulative action” and is not precluded by 40 CFR 1506.1. Therefore, the Agency has determined that this action does not have a significant effect on the human environment, and therefore neither an Environmental Assessment nor an Environmental Impact Statement is required.

Regulatory Flexibility Act Certification

This final 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 on this document that this final rule will not have a significant economic impact on a substantial number of small entities since this rulemaking action does not involve a new or expanded program nor does it require any more action on the part of a small business than required of a large entity.

Administrative Pay-As-You-Go Act of 2023

Section 270 of the Administrative Pay-As-You-Go Act of 2023 (Pub. L. 118–5, div. B, title III, 137 Stat 31) amended 5 U.S.C. 801(a)(2)(A) to require U.S. Government Accountability Office (GAO) to assess agency compliance with the Act, which establishes requirements for administrative actions that affect direct spending, in GAO’s major rule reports. The Act does not apply to this rule because it does not increase direct spending.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act (UMRA), Public Law 104–4 (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 on the private sector. Under section 202 of the UMRA, Federal Agencies generally must prepare a written statement, including 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 a Federal 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 final rule contains no Federal mandates (under the regulatory

provisions of title II of the UMRA) for State, local, and tribal Governments or for the private sector. Therefore, this final rule is not subject to the requirements of sections 202 and 205 of the UMRA.

E-Government Act Compliance

RD is committed to the E-Government Act (44 U.S.C. 101 *et seq.*), which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible and 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.

Civil Rights Impact Analysis

RD has reviewed this final rule in accordance with USDA Regulation 4300–4, Civil Rights Impact Analysis, to identify any major civil rights impacts the rule might have on program participants on the basis of age, race, color, national origin, sex, disability, or marital or familial status. Based on the review and analysis of this final rule and all available data, issuance of this final rule is not likely to negatively impact low and moderate-income populations, minority populations, women, Indian tribes, or persons with disability, by virtue of their age, race, color, national origin, sex, disability, or marital or familial status. No major civil rights impact is likely to result from this final rule.

USDA 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, or 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 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.

List of Subjects

7 CFR Part 1942

Business and industry, Community facilities, Fire prevention, Grant programs—business, Grant programs—housing and community development, Grant programs—Indians, Indians, Loan programs—agriculture, Loan programs—housing and community development, Loan programs—Indians, Loan programs—natural resources, Reporting and recordkeeping requirements, Rural areas, Soil conservation, Waste treatment and disposal, Water supply, Watersheds.

7 CFR Part 3560

Accounting, Administrative practice and procedure, Aged, Conflicts of interest, Government property management, Grant programs—housing and community development, Insurance, Loan programs—agriculture, Loan programs—housing and community development, Low- and moderate-income housing, Migrant labor, Mortgages, Nonprofit organizations, Public housing, Rent subsidies, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 3570

Administrative practice and procedure, Fair housing, Grant programs—housing and community development, Housing, Low- and

moderate-income housing, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 5001

Business and industry, Community development, Community facilities, Energy conservation, Fees, Loan programs—natural resources, Renewable energy, Rural areas, Rural development, Water and waste disposal.

Accordingly, for the reasons set forth in the preamble, the Agency amends 7 CFR parts 1942, 3560, 3570, and 5001 as follows:

PART 1942—ASSOCIATIONS

- 1. The authority citation for part 1942 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989.

Subpart A—Community Facility Loans

§ 1942.17 Community facilities.

- 2. Revise and republish § 1942.17 paragraphs (q)(4) and (5) to read as follows:

* * * * *

(q) * * *

(4) *Audits.* Any applicant that expends \$1 million or more in Federal financial assistance during their fiscal year must submit an audit report conducted in accordance with 2 CFR part 200, subpart F, “Audit Requirements.” Applicants expending less than \$1 million in Federal financial assistance per fiscal year are exempt from 2 CFR part 200 audit requirements. All audits are to be performed in accordance with the latest revision of the Generally Accepted Government Accounting Standards (GAGAS), developed by the Comptroller General of the United States. Further guidance on preparing an acceptable audit can be obtained from any Agency office. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. Audits should be supplied to the Processing Official within the timeframes stated in paragraph (f) of this section. OMB Circulars and Agency Compliance Supplements are available in any USDA/Agency office or OMB's website. Any state, local government, or Indian tribe that is required by constitution or state statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits biennially, pursuant to 2 CFR 200.504(a). This requirement must still be in effect for the biennial period. Any nonprofit organization that

had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits biennially, pursuant to 2 CFR 200.504(b). All biennial audits must cover both years within the biennial period.

(5) *Exemption from audits.* Except as noted in 2 CFR 200.503, “Relation to other audit requirement,” public bodies or nonprofits expending less than \$1 million in Federal awards during its fiscal year, whose payments are current, and are having no signs of operational or financial difficulty may submit a management report. A management report, at a minimum, will include a balance sheet and income and expense statement. Financial information may be reported on Form RD 442-2, “Statement of Budget, Income and Equity” and RD Form 442-3, “Balance Sheet”, or similar. The following management data will be submitted by the borrower to the servicing office. Records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

* * * * *

PART 3560—DIRECT MULTI-FAMILY HOUSING LOANS AND GRANTS

- 3. The authority citation for part 3560 continues to read as follows:

Authority: 42 U.S.C. 1480.

Subpart G—Financial Management

- 4. Revise and republish § 3560.308 paragraphs (a)(2) and (3) to read as follows:

§ 3560.308 Annual financial reports.

* * * * *

(a) * * *

(2) Non-profit borrowers that receive \$1 million or more in combined Federal financial assistance must meet the audit requirements set forth by OMB, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, found at 2 CFR parts 200 and 400. Borrowers must provide a copy of this audit to RHS in compliance with these financial reporting requirements.

(3) Non-profit borrowers that receive less than \$1 million, and for-profit borrowers that receive less than \$500,000 in combined Federal financial assistance will submit annual owner certified prescribed forms on the accrual method of accounting in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and

Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Borrowers may use a CPA to prepare this compilation report of the prescribed forms.

* * * * *

PART 3570—COMMUNITY PROGRAMS

■ 5. The authority citation for part 3570 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989.

Subpart B—Community Facilities Grant Program

■ 6. Revise and republish § 3570.51 paragraph (j) to read as follows:

§ 3570.51 General.

* * * * *

(j) The Office of Management and Budget (OMB) issued guidance on Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR part 200. In 2 CFR part 400.1, the Department adopted OMB's guidance in subparts A through F of 2 CFR part 200, as supplemented by 2 CFR part 400, as the Department's policies and procedures for uniform administrative requirements, cost principles, and audit requirements for federal awards. As a result, this regulation contains references to 2 CFR part 200 as it has regulatory effect for the Department's programs and activities.

* * * * *

■ 8. Revise and republish § 3570.80 to read as follows:

§ 3570.80 Grant closing and delivery of funds.

(a) "Community Facilities Grant Agreement" will be used as the grant agreement between the Agency and the grantee and will be signed by the grantee before grant funds are advanced.

(b) Approval officials may require recipients to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with Federal grant funds and that use and disposition conditions apply to the property as provided by 2 CFR part 200, as subsequently modified.

(c) Approval officials may require recipients to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with Federal grant funds and that use and disposition conditions apply to the property as provided by 2 CFR part 200 as adopted by USDA through 2 CFR part 400 as subsequently modified.

(d) Grant funds will not be disbursed until they are actually needed by the recipient and all borrower or other funds are expended, except when:

(1) Interim financing of the total estimated amount of loan funds needed during construction is arranged,

(2) All interim funds have been disbursed, and

(3) Agency grant funds are needed before RHS or other loans can be closed.

(e) If grant funds are available from other agencies and are transferred for disbursement by RHS, these grant funds will be disbursed in accordance with the agreement governing such other agencies' participation in the project.

PART 5001—GUARANTEED LOANS

■ 7. The authority citation for part 5001 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1926(a); 7 U.S.C. 1932(a); 7 U.S.C. 8107.

Subpart F—Servicing Provisions

■ 8. Revise and republish § 5001.504 paragraph (c) to read as follows:

§ 5001.504 Financial reports.

* * * * *

(c) Annual financial statements must be in accordance with accounting practices acceptable to the Agency as prescribed in § 5001.9 for all borrowers with a guaranteed loan balance in excess of \$600,000. The lender may determine the type and frequency of financial statements for borrowers with a total guaranteed loan balance below \$600,000 upon notification and justification to the Agency. This section does not supersede the borrower financial statement requirements of 2 CFR part 200, subpart F.

* * * * *

Joaquin Altoro,

Administrator, Rural Housing Service.

[FR Doc. 2024–28168 Filed 12–5–24; 8:45 am]

BILLING CODE 3410–XV–P

DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3560

[Docket No. RHS–24–MFH–0041]

Multi-Family Housing Simple Transfer Pilot Program

AGENCY: Rural Housing Service, USDA.

ACTION: Extension of pilot program.

SUMMARY: The Rural Housing Service (RHS or the Agency), a Rural Development (RD) agency of the United

States Department of Agriculture (USDA), is announcing the extension of a pilot program with updates for simple transfers of USDA Section 514 Farm Labor Housing & 515 Rural Rental Housing properties through December 9, 2025. The Agency's intention is to evaluate the existing regulations and remove regulatory barriers to reduce application requirements for certain types of transfers, resulting in lower transaction-related costs for applicants and improved processing times.

DATES: The effective date of the Simple Transfer Pilot Program is extended to December 9, 2025, at which time the RHS may extend the pilot program (with or without modifications) or terminate it depending on the workload, budget and resources needed to administer the program, feedback from the public, and the effectiveness of the program. If the pilot program is extended or terminated, the RHS will notify the public.

FOR FURTHER INFORMATION CONTACT: For general information about the pilot program, contact Jessica Long, Asset Management Division at jessica.long@usda.gov or at 270–392–4526.

Owners that are interested in participating in the pilot program should contact the project's assigned servicing specialist in the Field Operations Division. The assigned specialist can be found on the Agency's website at <https://www.sc.egov.usda.gov/data/MFH.html>. Select the file under the heading "Multi-Family Housing 514 & 515 Property Assignments." The servicing specialist is listed in the column labeled "Assigned To" and their email is in the column "Assigned To Email."

SUPPLEMENTARY INFORMATION:

Authority

Title V, Section 506(b) of the Housing Act of 1949, as amended; 42 U.S.C. 1476(b).

Background

RHS is committed to helping improve the economy and quality of life in rural areas by offering a variety of programs such as loans, grants, and loan guarantees to help create jobs, expand economic development, and provide critical infrastructure investments. 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.

The Multi-family Housing Program (MFH), an RHS program, assists rural property owners through loans, loan guarantees, and grants that enable owners to develop and rehabilitate