

Rules and Regulations

Federal Register

Vol. 81, No. 96

Wednesday, May 18, 2016

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 Part 3555

RIN 0575-AD04

Single Family Housing Guaranteed Loan Program

AGENCY: Rural Housing Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Housing Service (RHS or Agency) is amending the current regulation for the Single Family Housing Guaranteed Loan Program (SFHGLP) on the subject of liquidation value appraisals. In order to reduce overall processing time, reduce cost, and expedite claim submission, lenders will order the liquidation value appraisal used to estimate a loss claim against the SFHGLP instead of the Agency. Currently, if a Real Estate Owned (REO) property remains unsold by the lender at the end of the permissible marketing period, the Agency orders a liquidation value appraisal and applies an acquisition and management resale factor to estimate holding and disposition cost. This amendment requires the servicing lender to order the liquidation value appraisal. The costs associated with obtaining the liquidation value appraisal can then be included in the liquidation costs paid under the guarantee.

DATES: *Effective Date:* June 17, 2016.

FOR FURTHER INFORMATION CONTACT: Lilian Lipton, Finance and Loan Analyst, Single Family Housing Guaranteed Loan Division, STOP 0784, Room 2250, USDA Rural Development, South Agriculture Building, 1400 Independence Avenue SW., Washington, DC 20250-0784, telephone: (202) 260-8012, email is lilian.lipton@wdc.usda.gov.

SUPPLEMENTARY INFORMATION: RHS amends the current regulation for the Single Family Housing Guaranteed Loan Program (SFHGLP) on the subject of liquidation value appraisals. In order to reduce overall processing time, reduce cost, and expedite claim submission, lenders will order the liquidation value appraisal used to estimate a loss claim against the SFHGLP instead of the Agency. Specifically, RHS amends 7 CFR 3555.306(f)(3), 3555.352(e), 3555.353(b)(1), and 3555.354(b)(1)(i) and (ii) and (b)(2).

Executive Order 12866, Classification

This rule has been determined to be non-significant and, therefore 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. 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 SFHGLP, but if they do apply and are selected for funding, they must comply with the requirements applicable to the Federal program funds. This final 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 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 change will not have a significant impact on a substantial number of small entities. This rule does not impose any significant new requirements on Agency applicants and borrowers, and the regulatory changes affect only Agency determination of program benefits for guarantees of loans made to individuals.

Executive Order 13175, Consultation and Coordination With Indian Tribal Governments

Executive Order 13175 imposes requirements on RHS in the development of regulatory policies that have Tribal implications or preempt

tribal laws. RHS has determined that the 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 Indian Tribes. Thus, this final rule is not subject to the requirements of Executive Order 13175. If a Tribe determines that this rule has implications of which RHS is not aware and would like to engage with RHS on this rule, please contact USDA Rural Development's Native American Coordinator at (720) 544-2911 or AIAN@wdc.usda.gov.

Executive Order 12372, Intergovernmental Consultation

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

Programs Affected

The program affected by this regulation 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

The information collection and record keeping requirements contained in this regulation have been approved by OMB in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35). The assigned OMB control number is 0570-0179.

E-Government Act Compliance

The Agency 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.

Non-Discrimination Policy

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program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)

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Individuals who are deaf, hard of hearing or have speech disabilities and you wish to file either an EEO or program complaint please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotope, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

I. Background Information

On October 6, 2015, RHS published a proposed rule with request for comments for the Single Family Housing Guaranteed Loan Program (SFHGLP) (80 FR 60298-60300). Rural Development received comments from one respondent. The comments are addressed below.

II. Discussion of the Comments Received

Comment: The respondent strongly supported the Agency's proposal and requested clarification: (1) If mortgagees will be required to order a liquidation value appraisal when a sale date for a possessed home has been scheduled, but the sale date falls outside the permissible marketing period; (2) if mortgagees should order a liquidation value appraisal for the property when a contract for a sale falls through after the permissible marketing period has expired; and (3) if mortgagees will be held liable for not having ordered a liquidation value appraisal in the event a home sale is scheduled to be finalized on a date that is near the end of the permissible marketing period and the sale falls through.

RHS response: Technical details of lenders responsibilities while servicing non-performing loans are explained in the Agency's 3555 Handbook, therefore there will be no changes made in this provision.

List of Subjects in 7 CFR Part 3555

Home improvement, Loan programs—housing and community development, Mortgage insurance, Mortgages, Rural areas.

Therefore, chapter XXXV, title 7 of the Code of Federal Regulations is amended as follows:

PART 3555—GUARANTEED RURAL HOUSING PROGRAM

■ 1. The authority citation for part 3555 continues to read as follows:

Authority: 5 U.S.C. 301; 42 U.S.C. 1471 *et seq.*

Subpart G—Servicing Non-Performing Loans

■ 2. Section 3555.306 is amended by revising paragraph (f)(3) to read as follows:

§ 3555.306 Liquidation.

* * * * *

(f) * * *

(3) The lender must notify the Agency when the property has not been sold within 30 days of the expiration of the permissible marketing period. If the REO remains unsold at the end of the permissible marketing period, the lender will order a liquidation value appraisal and the Agency will apply an acquisition and management resale factor to estimate holding and disposition cost. Interest expenses accrued beyond 90 days of the foreclosure sale date or expiration of any redemption period, whichever is later, will be the responsibility of the lender and not covered by the guarantee.

* * * * *

Subpart H—Collecting on the Guarantee

■ 3. Section 3555.352 is amended by revising paragraph (e) to read as follows:

§ 3555.352 Loss covered by the guarantee.

* * * * *

(e) *Liquidation costs.* Reasonable and customary liquidation costs, such as attorney fees, liquidation value appraisals, and foreclosure costs. Annual fees advanced by the lender to the Agency are ineligible for reimbursement when calculating the loss payment, as otherwise provided by the Agency.

■ 4. Section 3555.353 is amended by revising paragraph (b)(1) to read as follows:

§ 3555.353 Net recovery value.

* * * * *

(b) * * *

(1) The value of the property as determined by a liquidation value appraisal. The value should be determined as if the property would be sold without the market exposure it would ordinarily receive in a normal transaction, or within 90 days, minus;

* * * * *

■ 5. Section 3555.354 is amended by revising paragraphs (b)(1) and (2) to read as follows:

§ 3555.354 Loss claim procedures.

* * * * *

(b) * * *

(1) The lender must submit a loss claim request that includes a completed liquidation value appraisal within 30 calendar days of the period ending:

(i) Nine (9) months after either foreclosure or the end of any applicable redemption period, whichever is later, if the property remains unsold and is not located on American Indian restricted land; or

(ii) Twelve (12) months after either foreclosure or the end of any applicable redemption period, whichever is later, if the property remains unsold and is located on American Indian restricted land. Late claims made beyond this period of time, or submitted with a liquidation value appraisal not completed within the timeframes described in paragraphs (b)(1)(i) and (ii) of this section, may be rejected.

(2) The lender must submit a loss claim that includes the completed liquidation value appraisal within 30 calendar days of receiving the appraisal. Late claims made beyond this period of time, or submitted with a liquidation value appraisal not completed within the timeframes described in paragraphs (b)(1)(i) and (ii) of this section, may be rejected.

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Dated: March 26, 2016.

Tony Hernandez,

Administrator, Rural Housing Service.

[FR Doc. 2016-11608 Filed 5-17-16; 8:45 am]

BILLING CODE 3410-XV-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9769]

RIN 1545-BK08

Removal of Allocation Rule for Disbursements From Designated Roth Accounts to Multiple Destinations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations eliminating the requirement that each disbursement from a designated Roth account that is directly rolled over to an eligible retirement plan be treated as a separate distribution from any amount paid directly to the employee and therefore separately subject to the rule in section 72(e)(2) of the Internal Revenue Code (the Code) allocating pretax and after-tax amounts to each distribution. As a result of this change, if disbursements are made from a taxpayer's designated Roth account to the taxpayer and also to the taxpayer's Roth IRA or designated Roth account in a direct rollover, then pretax amounts will be allocated first to the direct rollover, rather than being allocated pro rata to each destination. Also, a taxpayer will be able to direct the allocation of pretax and after-tax amounts that are included in disbursements from a designated Roth account that are directly rolled over to multiple destinations, applying the same allocation rules to distributions from designated Roth accounts that apply to distributions from other types of accounts. These regulations affect participants in, beneficiaries of, employers maintaining, and administrators of designated Roth accounts under tax-favored retirement plans.

DATES: *Effective Date:* These regulations are effective on May 18, 2016.

Applicability Date: These regulations generally apply to distributions on or after January 1, 2016 (or an earlier date chosen by the taxpayer that is on or after September 18, 2014). For more information see the "Effective/Applicability Dates" section of this preamble.

FOR FURTHER INFORMATION CONTACT: Michael Brewer at (202) 317-6700 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Section 402(a) provides generally that any amount distributed from a trust described in section 401(a) that is exempt from tax under section 501(a) is taxable to the distributee under section 72 in the taxable year of the distributee in which distributed. Under section 403(b)(1), any amount distributed from a section 403(b) plan is also taxable to the distributee under section 72.

If a participant's account balance in a plan qualified under section 401(a) or in a section 403(b) plan includes both after-tax and pretax amounts, then, under section 72(e)(8), each distribution (other than a distribution that is paid as part of an annuity) from the plan will include a pro rata share of both after-tax and pretax amounts. (Under section 72(d), a different allocation method applies to annuity distributions.)

Section 402(c) prescribes rules for amounts that are rolled over from qualified trusts to eligible retirement plans, including individual retirement accounts or annuities ("IRAs"). Subject to certain exceptions, section 402(c)(1) provides that if any portion of an eligible rollover distribution paid to an employee from a qualified trust is transferred to an eligible retirement plan, the portion of the distribution so transferred is not includible in gross income in the taxable year in which paid.

Under section 402(c)(2), the maximum portion of an eligible rollover distribution that may be rolled over in a transfer to which section 402(c)(1) applies generally cannot exceed the portion of the distribution that is otherwise includible in gross income. However, under section 402(c)(2)(A) and (B), the general rule does not apply to such a distribution to the extent that such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust or to an annuity contract described in section 403(b) and such trust or contract provides for separate accounting for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or such portion is transferred to an IRA.

In addition, section 402(c)(2) provides that, in the case of a transfer described in subparagraph (A) or (B), the amount transferred shall be treated as consisting first of the portion of such distribution that is includible in gross income (determined without regard to section 402(c)(1)).

Under section 402A, an applicable retirement plan may include a