



**Billing Code: 3410-XV-P**

**DEPARTMENT OF AGRICULTURE**

**Rural Housing Service**

**Rural Business-Cooperative Service**

**Rural Utilities Service**

**Farm Service Agency**

**7 CFR Part 1940**

**RIN 0575-AD11**

**Truth in Lending - Real Estate Settlement Procedures**

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

**ACTION:** Direct final rule.

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**SUMMARY:** The Rural Housing Service (RHS or Agency) will obsolete (and reserve) the Truth in Lending - Real Estate Settlement Procedures regulation to ensure compliance with the Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) Integrated Mortgage Disclosures rule, commonly referred to as the TRID rule. This direct final rule will eliminate the functionally obsolete regulation in order to ensure compliance with the TRID rule, as the standard to follow.

**DATES:** Effective Date: This rule is effective [INSERT DATE 90 DAYS AFTER PUBLICATION IN THE **FEDERAL REGISTER**].

Comments: Comments on the direct final rule must be received on

or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE **FEDERAL REGISTER**].

**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, S.W., Washington, DC 20250-0742.

All written comments will be available for public inspection during regular work hours at the 1400 Independence Avenue, S.W., address listed above.

**FOR FURTHER INFORMATION CONTACT:** Shannon Chase, Finance and Loan Analyst, Single Family Housing Direct Loan Origination Branch, USDA Rural Development, 1400 Independence Ave SW, Washington, DC 20250-0783, Telephone: (515) 305-0399. E-mail: shannon.chase@wdc.usda.gov.

**SUPPLEMENTARY INFORMATION:**

**Statutory Authority**

Section 510(k) of Title V of the Housing Act of 1949 (42 U.S.C. 1480(k)), as amended, 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 not significant 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 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 direct final 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 1970, subpart A, "Environmental Policies." 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. This rule does not impose any significant new requirements on program recipients nor does it adversely impact proposed real estate transactions involving program recipients as the buyers.

**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 direct final rule does not have a substantial direct effect on one or more Indian tribe(s) or on either the relationship or the distribution of powers and responsibilities between the Federal Government and the Indian tribes. Thus, this direct final rule is not subject to the requirements of Executive Order 13175.

**Programs Affected**

The following programs, which are listed in the Catalog of Federal Domestic Assistance, are affected by this direct final rule: Number 10.410, Very Low to Moderate Income Housing Loans (specifically section 502 direct loans), and Number 10.417, Very Low-Income Housing Repair Loans and Grants (specifically section 504 loans).

**Paperwork Reduction Act**

This direct final rule does not contain information collection requirements subject to the Paperwork Reduction Act of 1995.

**E-Government Act Compliance**

RHS 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.

## **Non-Discrimination Policy**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and 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.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

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

(2) Fax: (202) 690-7442; or

(3) Email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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#### **I. Background**

7 CFR part 1940, subpart I, provides instruction for compliance with TILA as implemented by Regulation Z of the Federal Reserve System, and with RESPA as implemented by Regulation X of the Department of Housing and Urban Development.

In 2010, Congress signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Dodd-Frank Act directed the Consumer Financial Protection Bureau (CFPB) to integrate the mortgage loan disclosures under TILA and RESPA Sections 4 and 5. The CFPB's TRID rule requires easier-to-use mortgage disclosure forms that clearly lay out the terms of a mortgage for a homebuyer; the rule consolidated the four disclosures required under TILA and RESPA into two forms: a Loan Estimate and a Closing Disclosure.

With the TRID rule's effective date of October 3, 2015 (80 FR 43911), which modified 12 CFR parts 1024 and 1026, 7 CFR part 1940, subpart I, has become functionally obsolete since it refers to outdated

processes, forms, and governing bodies. Through this direct final action, this functionally obsolete regulation will be eliminated to avoid confusion and possible noncompliance on the part of Agency staff; and the RHS programs' guidance will cite the TRID rule as the standard to follow.

The TRID rule contains comprehensive instructions on its subject matter. By citing the CFPB's requirements regarding mortgage disclosures in its guidance, it is the Agency's objective to ensure that any future changes are immediately and accurately incorporated by reference.

#### **List of Subjects in 7 CFR Part 1940**

Agriculture, Environmental protection, Flood plains, Grant programs-agriculture, Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate-income housing, Reporting and recordkeeping requirements, Rural areas, Truth in lending.

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

#### **PART 1940 – GENERAL**

1. The authority citation for part 1940 continues to read as follows:

##### **Authority:**

5 U.S.C. 301; 7 U.S.C. 1989; and 42 U.S.C. 1480.

#### **Subpart I – [Remove and Reserved]**

2. Remove and reserve subpart I, consisting of §§1940.401 through 1940.406.

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Anne C. Hazlett,  
Assistant to the Secretary,  
Rural Development.

March 1, 2018  
Date

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Bill Northey,  
Under Secretary,  
Farm Production and Conservation.

March 8, 2018  
Date

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