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DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3555

[Docket No. RHS-26-SFH-0364]

RIN 0575-AD47

Single Family Housing Guaranteed Loan Program-Limited Party Concessions

AGENCY: Rural Housing Service (RHS), U.S. Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: Rural Housing Service (RHS or the Agency), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), amends the Single Family Housing Guaranteed Loan Program (SFHGLP) regulation to clarify real estate commission fees are not included in the limit on interested party concessions.

DATES: This final rule is effective **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

FOR FURTHER INFORMATION CONTACT: Laurie Mohr, Finance & Loan Analyst, Single Family Housing Guaranteed Loan Division, Rural Development, U.S. Department of Agriculture, STOP 0784, Room 2250, South Agriculture Building 1400 Independence Avenue, SW., Washington DC, 20250-0784, email: laurie.mohr@usda.gov, or Phone: 314-679-6917.

SUPPLEMENTARY INFORMATION:

Abbreviations

CFR	Code of Federal Regulations
FR	Federal Register
RHS	Rural Housing Service
§	Section
SFH	Single Family Housing

SFHGLP Single Family Housing Guaranteed Loan Program

USDA U.S. Department of Agriculture

Statutory Authority

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

Background

RHS offers programs to develop and enhance housing and critical community infrastructure in rural areas. RHS provides loans, grants, and loan guarantees for single and multi-family housing, childcare centers, emergency service facilities, hospitals, libraries, nursing homes, schools, and housing for agricultural workers, among other essential projects. RHS partners with non-profits, tribal governments, and state/federal agencies to provide technical assistance and supplementary financing to local communities.

Section 502(h) of the Housing Act of 1949 (42 USC 1472(h)) authorizes RHS to provide Single Family Housing (SFH) loan guarantees, providing low -and moderate- income individuals in rural areas an opportunity to own decent, safe, and sanitary dwelling and related facilities. Providing affordable homeownership opportunities promotes prosperity, which in turn creates thriving communities and improves the quality of life in rural areas.

Discussion of Public Comments

RHS published a proposed rule on April 20, 2026 (91 FR 20941) to amend SFHGLP regulation at 7 CFR part 3555. RHS received comments from 11 respondents, including individuals, interested parties, and one association.

The following summary presents the relevant comments:

Public Comment: Ten respondents replied they were in favor of the proposed rule, indicating real estate commission fees should not be included in the limit on interested party concessions.

Agency's Response: RHS appreciates the commenters' support and has determined no action is required.

Public Comment*:* One respondent agreed the proposal may offer benefits to homebuyers but cautioned the provision could be susceptible to misuse, potentially resulting in improper rebates to homebuyers.

Agency's Response*:* RHS appreciates this comment. Lenders must follow all consumer financial protection laws and standards enforced by the Consumer Financial Protection Bureau (CFPB) when originating and closing mortgage loans. RHS regulations also prohibit applicants from receiving cash back at closing beyond out-of-pocket costs.

In addition, lenders must set fees and charges which are reasonable and customary pursuant to 7 CFR 3555.101(b)(6), must comply with point and fee limits established by the CFPB, and may not charge amounts higher than those charged to other applicants for comparable transactions. Based on these existing safeguards, RHS has determined no action is required.

Summary of Changes to Rule

RHS amends its regulations to clarify real estate commission fees are excluded from the interested party concession limitation, aligning the policy with prevailing mortgage industry standards. Excluding real estate commission fees from the six percent seller concession limitation allows sellers to contribute more toward borrower closing costs, necessary repairs, or other permissible transaction expenses. This change enables applicants to retain more of their own funds for future investments, home improvements, or the purchase of goods and services, thereby supporting economic activity.

This final rule implements the changes published in the proposed rule (91 FR 20941; April 20, 2026), as follows:

1) Amend 7 CFR 3555.102(h) by revising the definition of seller concessions to read as follows:

Seller concessions. Purchasing a home if the seller, or other interested third party, contributes more than 6 percent, unless otherwise provided by the Agency, of the property's sales price toward the purchaser's mortgage financing costs, closing costs, escrow accounts, furniture, or other giveaways. Real estate commission fees are excluded from the 6 percent seller concession limitation.

Executive Orders and Statutory Regulatory Review Requirements

Executive Order 12372, Intergovernmental Review of Federal Programs

This program is not subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs," as implemented under USDA's regulations.

Executive Order 12866, Regulatory Planning and Review

This final rule has been determined to be not significant under section 3(f) of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

Executive Order 12988, Civil Justice Reform

This final rule was 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 states, or on the distribution of power and responsibilities among the various levels of government. This rule does not impose substantial direct compliance costs on state and local governments. Therefore, consultation with the state is not required.

Executive Order 13175, Consultation and Coordination with Indian Tribal Governments

This final rule was 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 rule does not have tribal implications that require formal tribal consultation under Executive Order 13175. If a Tribe requests consultation, the Rural Housing Service 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.

Assistance Listing Number

The program affected by this final rule is listed in the Assistance Listing (AL) Number 10.410, Very Low- to Moderate- Income Housing Loans (Section 502 Rural Housing Loans).

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, political beliefs, marital status, familial status, parental status, veteran status, religion, reprisal and/or resulting from all or a part of an individual's income being derived from any public assistance program. This final rule is within a Guarantee-based program. Guarantees are not covered under

Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Title IX of the Education Amendments Act of 1972, as amended, when the Federal assistance does not include insurance or interest credit loans. Lenders must comply with other applicable Federal laws, including Equal Employment Opportunities, the Equal Credit Opportunity Act, the Fair Housing Act, and the Civil Rights Act of 1964. Guaranteed loans that involve the construction of or addition to facilities that accommodate the public must comply with the Architectural Barriers Act Accessibility Standard. The borrower and lender are responsible for ensuring compliance with these requirements.

Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq*.), the Office of Information and Regulatory Affairs designated this final rule as not a major rule, as defined by 5 U.S.C. 804(2).

E-Government Act Compliance

Rural Development is committed to the E-Government Act, 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.

National Environmental Policy Act

In accordance with the National Environmental Policy Act of 1969, Public Law 91-190, this rule was reviewed in accordance with 7 CFR part 1b ("National Environmental Policy Act"). The Agency has determined that i) this action meets the criteria established in 7 CFR § 1b.4(c)(31) and ii) no extraordinary circumstances exist. Therefore, the Agency has determined that the action does not have a significant effect on the human environment, and therefore neither an Environmental Assessment nor an Environmental Impact Statement is required.

Paperwork Reduction Act

This final rule contains no new reporting or recordkeeping burden under OMB Control Number 0575-0179 that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Regulatory Flexibility Act

This final rule was 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 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.

The Reform Act for Unfunded Mandates

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, 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, 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 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 rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Non-Discrimination Policy

In accordance with Federal civil rights laws 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, 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, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). 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 How to File a Program Discrimination Complaint 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, Mail Stop 9410, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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List of Subjects in 7 CFR Part 3555

Administrative practice and procedure, Conflicts of interest, Credit, Environmental impact statements, Fair housing, Flood insurance, Housing, Loan programs-housing and community development, Low- and moderate-income housing, Manufactured homes, Mortgages, Reporting and recordkeeping requirements, Rural areas.

For the reasons discussed in the preamble, RHS amends 7 CFR part 3555 as follows:

PART 3555 – GUARANTEED RURAL HOUSING PROGRAM

1. The authority citation for 7 CFR part 3555 continues to read as follows:

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

Subpart C – Loan Requirements

2. Amend § 3555.102 by revising paragraph (h) to read as follows:

§ 3555.102 Loan restrictions.

* * * * *

(h) *Seller concessions*. Purchasing a home if the seller, or other interested third party, contributes more than 6 percent, unless otherwise provided by the Agency, of the property's sales price toward the purchaser's mortgage financing costs, closing costs, escrow accounts, furniture, or other giveaways. Real estate commission fees are excluded from the 6 percent seller concession limitation.

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George Kelly,
Administrator,
Rural Housing Service.
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