

Proposed Rules

Federal Register

Vol. 78, No. 55

Thursday, March 21, 2013

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

OFFICE OF MANAGEMENT AND BUDGET

2 CFR Chapters I and II

Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements (Including Single Audit Act)

AGENCY: Executive Office of the President, Office of Management and Budget (OMB).

ACTION: Extension of comment period; proposed guidance.

SUMMARY: The Office of Management and Budget is extending the comment period for the Proposed Guidance on Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements (Including Single Audit Act) published February 1, 2013. The original comment period was scheduled to end on May 2, 2013. Today, OMB is extending the time period in which to provide public comments until June 2, 2013. This will allow interested parties additional time to analyze the issues and prepare their comments.

DATES: To be assured of consideration, comments must be received by OMB electronically through www.regulations.gov docket OMB-2013-0001 no later than 11:59 p.m. Eastern Standard Time (E.S.T.) on June 2, 2013.

ADDRESSES: Comments on this proposal must be submitted electronically at www.regulations.gov. In submitting comments, please search for docket OMB-2013-0001, which includes the full text of this proposal as well as supporting materials, and submit comments there.

FOR FURTHER INFORMATION CONTACT: For general information, please contact Victoria Collin at (202) 395-7791. For more information on grants management

and the Council on Financial Assistance Reform please visit www.cfo.gov/cofar.

Daniel I. Werfel,
Controller.

[FR Doc. 2013-06455 Filed 3-20-13; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2007-28059; Directorate Identifier 2007-NE-13-AD]

RIN 2120-AA64

Airworthiness Directives; Rolls-Royce plc Turbofan Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to supersede an existing airworthiness directive (AD) for all Rolls-Royce plc (RR) RB211-Trent 553-61, 553A2-61, 556-61, 556A2-61, 556B-61, 556B2-61, 560-61, 560A2-61, 768-60, 772-60, 772B-60, 875-17, 877-17, 884-17, 884B-17, 892-17, 892B-17, and 895-17 turbofan engines. The existing AD currently requires inspection of the intermediate-pressure (IP) compressor rotor shaft rear balance land for cracks. Since we issued that AD, a crack was detected in a Trent 500 IP compressor rotor shaft rear balance land during a shop visit, and further engineering evaluation done by RR concluded that the cracking may also exist in Trent 900 engines. This proposed AD would require inspections of the IP compressor rotor shaft as required by the existing AD while adding on-wing inspections for the Trent 500 engines, and on-wing and in-shop inspections for the Trent 900 engines. We are proposing this AD to detect cracking on the IP compressor rotor shaft rear balance land, which could lead to uncontained engine failure and damage to the airplane.

DATES: We must receive comments on this proposed AD by May 20, 2013.

ADDRESSES: You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- **Federal eRulemaking Portal:** Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.

- **Fax:** 202-493-2251.

- **Mail:** U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590.

- **Hand Delivery:** Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this AD, contact Rolls-Royce plc, Corporate Communications, P.O. Box 31, Derby, England, DE248BJ; phone: 011 44 1332 242424; fax: 011 44 1332 245418; email: http://www.rolls-royce.com/contacts/civil_team.jsp. You may view this service information at the FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA. For information on the availability of this material at the FAA, call 781-238-7125.

Examining the AD Docket

You may examine the AD docket on the Internet at <http://www.regulations.gov>; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received and other information. The street address for the Docket Office (phone: 800-647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Frederick Zink, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803; phone: 781-238-7779; fax: 781-238-7199; email: frederick.zink@faa.gov.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA-2007-28059; Directorate Identifier 2007-NE-13-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy

aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD because of those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

On May 15, 2012, we issued AD 2012-10-12, Amendment 39-17061 (77 FR 31176, May 25, 2012), for all RB211-Trent 553-61, 553A2-61, 556-61, 556A2-61, 556B-61, 556B2-61, 560-61, 560A2-61, 768-60, 772-60, 772B-60, 875-17, 877-17, 884-17, 884B-17, 892-17, 892B-17, and 895-17 turbofan engines. That AD requires continuing initial inspections, adding additional inspections, and a mandatory terminating action. That AD resulted from reports of additional cracking on RB211-Trent 700 and RB211-Trent 800 IP compressor rotor shafts. We issued that AD to detect cracking on the IP compressor rotor shaft rear balance land, which could lead to uncontained engine failure and damage to the airplane.

Actions Since Existing AD Was Issued

Since we issued AD 2012-10-12, Amendment 39-17061 (77 FR 31176, May 25, 2012), a crack in a Trent 500 IP compressor rotor shaft rear balance land was detected during a shop visit. Further engineering evaluation, done by RR, concluded that the cracking may also exist in Trent 900 engines.

Relevant Service Information

We reviewed RR Non-Modification Alert Service Bulletin (NMASB) No. RB.211-72-AH058, dated December 13, 2012, and RR NMASB No. RB.211-72-AH059, dated December 11, 2012. NMASB No. RB.211-72-AH058 describes procedures for inspection of RB211-Trent 553-61, 553A2-61, 556-61, 556A2-61, 556B-61, 556B2-61, 560-61, and 560A2-61 engines. NMASB No. RB.211-72-AH059 describes procedures for inspection of RB211-Trent 970-84, 970B-84, 972-84, 972B-84, 977-84, 977B-84, and 980-84 engines.

FAA's Determination

We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

Proposed AD Requirements

This proposed AD would retain all the requirements of AD 2012-10-12, Amendment 39-17061 (77 FR 31176, May 25, 2012). This proposed AD would add requirements to perform on-wing inspections for the Trent 500 and on-wing and in-shop inspections for the Trent 900 engines.

Costs of Compliance

We estimate that this proposed AD would affect about 136 engines installed on airplanes of U.S. registry. We also estimate that it would take about 14 hours per engine to perform required inspections. The average labor rate is \$85 per hour. Replacement parts are estimated to cost about \$2,271 per engine. Based on these figures, we estimate the cost of the proposed AD on U.S. operators to be \$470,696.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, Section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701, "General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We have determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the 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.

For the reasons discussed above, I certify that the proposed regulation:

- (1) Is not a "significant regulatory action" under Executive Order 12866,
- (2) Is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),

(3) Will not affect intrastate aviation in Alaska, to the extent that it justifies making a regulatory distinction, and

(4) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

- 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

- 2. The FAA amends § 39.13 by removing airworthiness directive (AD) 2012-10-12, Amendment 39-17061 (77 FR 31176, May 25, 2012), and adding the following new AD:

Rolls-Royce plc: Docket No. FAA-2007-28059; Directorate Identifier 2007-NE-13-AD.

(a) Comments Due Date

The FAA must receive comments on this AD action by May 20, 2013.

(b) Affected ADs

This AD supersedes AD 2012-10-12, Amendment 39-17061 (77 FR 31176, May 25, 2012).

(c) Applicability

This AD applies to Rolls-Royce plc (RR) RB211-Trent 553-61, 553A2-61, 556-61, 556A2-61, 556B-61, 556B2-61, 560-61, 560A2-61, 768-60, 772-60, 772B-60, 875-17, 877-17, 884-17, 884B-17, 892-17, 892B-17, 895-17, 970-84, 970B-84, 972-84, 972B-84, 977-84, 977B-84, and 980-84 turbofan engines.

(d) Unsafe Condition

This AD was prompted by detection of a crack in a Trent 500 intermediate-pressure (IP) compressor rotor shaft rear balance land with follow-on RR engineering evaluation concluding that cracking may also exist in Trent 900 engines. We are issuing this AD to detect cracking on the IP compressor rotor shaft rear balance land, which could lead to uncontained engine failure and damage to the airplane.

(e) Compliance

Comply with this AD within the compliance times specified, unless already done.

(f) RB211-Trent 700 Series Engines—Rear Balance Land Inspections

(1) Within 625 cycles-in-service (CIS) after June 29, 2012, or before the next flight after the effective date of this AD, whichever occurs later, borescope inspect the IP compressor rotor shaft rear balance land. Use RB211 Trent 700 Series Propulsion System Non-Modification Alert Service Bulletin (NMASB) No. RB.211-72-AG270, Revision 4, dated March 21, 2011, sections 3.A.(2)(a) through 3.A.(2)(c) and 3.A.(3)(a) through 3.A.(3)(c) for in-shop procedures, or 3.B.(2)(a) through 3.B.(2)(c) and 3.B.(4)(a) through 3.B.(4)(c) for on-wing procedures, to do the inspection.

(2) Thereafter, repeat the inspection within every 625 cycles-since-last inspection (CSLI). You may count CSLI from the last borescope inspection or the last eddy current inspection (ECI), whichever occurred last.

(3) At each shop visit after the effective date of this AD, perform an ECI and visually inspect the IP compressor rotor shaft rear balance land, and visually inspect the balance weights. Use RB211 Trent 700 and Trent 800 Series Propulsion Systems NMASB No. RB.211-72-AG085, Revision 2, dated July 7, 2011, sections 3.A. through 3.C., to do the inspections.

(g) RB211-Trent 800 Series Engines—Rear Balance Land Inspections

(1) Within 475 CIS after June 29, 2012, or before the next flight after the effective date of this AD, whichever occurs later, borescope inspect the IP compressor rotor shaft rear balance land. Use RB211 Trent 800 Series Propulsion System NMASB No. RB.211-72-AG264, Revision 5, dated March 21, 2011, sections 3.A.(2)(b) through 3.A.(2)(c) and 3.A.(3)(a) through 3.A.(3)(c) for in-shop procedures, or 3.B.(2)(a) through 3.B.(2)(c) and 3.B.(4)(a) through 3.B.(4)(c) for on-wing procedures, to do the inspection.

(2) Thereafter, repeat the inspection within every 475 CSLI. You may count CSLI from the last borescope inspection or the last ECI, whichever occurred last.

(3) At each shop visit, perform an ECI and visually inspect the IP compressor rotor shaft rear balance land, and visually inspect the balance weights. Use RB211 Trent 700 and Trent 800 Series Propulsion Systems NMASB No. RB.211-72-AG085, Revision 2, dated July 7, 2011, sections 3.A. through 3.C., to do the inspections.

(h) RB211-Trent 500 Series Engines—Rear Balance Land Inspections

(1) Within 340 CIS after the effective date of this AD, borescope inspect the IP compressor rotor shaft rear balance land. Use RB211 Trent 500 Series Propulsion Systems NMASB No. RB.211-72-AH058, dated December 13, 2012, sections 3.A.(2)(a) through 3.A.(2)(c), 3.A.(3)(a) through 3.A.(3)(d), and 3.A.(5)(a) through 3.A.(5)(c) for on-wing procedures, to do the inspection.

(2) Thereafter, repeat the inspection within every 340 CSLI. You may count CSLI from the last borescope inspection or the last ECI, whichever occurred last.

(3) At each shop visit, perform an ECI and visually inspect the IP compressor rotor shaft rear balance land, and visually inspect the

balance weights. Use RB211 Trent 500 and Trent 900 Series Propulsion Systems Non-Modification Service Bulletin (NMSB) No. RB.211-72-G448, Revision 3, dated July 7, 2011, sections 3.D.(4) through 3.D.(5), 3.D.(6)(f) through 3.D.(7)(w), 3.D.(8)(f) through 3.D.(8)(w), 3.D.(11), and 3.D.(12), to do the inspections.

(i) RB211-Trent 900 Series Engines—Rear Balance Land Inspections

(1) Within 280 flight cycles after the effective date of this AD, borescope inspect the IP compressor rotor shaft rear balance land. Use RB211 Trent 900 Series Propulsion Systems NMASB No. RB.211-72-AH059, dated December 11, 2012, sections 3.A.(2)(a) through 3.A.(2)(c), 3.A.(3)(a) through 3.A.(3)(d), and 3.A.(5)(a) through 3.A.(5)(c), to do the inspection.

(2) Thereafter, repeat the inspection within every 280 CSLI. You may count from the last borescope inspection or the last ECI, whichever occurred last.

(3) At each shop visit after the effective date of this AD, perform an ECI and visually inspect the IP compressor rotor shaft rear balance land, and visually inspect the balance weights. Use RB211 Trent 500 and Trent 900 Series Propulsion Systems NMSB No. RB.211-72-G448, Revision 3, dated July 7, 2011, sections 3.D.(4) through 3.D.(5), 3.D.(6)(f) through 3.D.(7)(w), 3.D.(8)(f) through 3.D.(8)(w), 3.D.(11), and 3.D.(12), to do the inspection.

(j) Mandatory Termination Action for RB211-Trent 700 and RB211-Trent 800 Engines

(1) For RB211-Trent 700 engines. At the next shop visit in which any level of inspection or strip is scheduled to be carried out on the IP compressor, remove the existing IP compressor balance weights.

(2) For RB211-Trent 800 engines. At the next shop visit in which any level of inspection or strip is scheduled to be carried out on the IP compressor, remove the existing IP compressor balance weights.

(3) Once you have removed the balance weights, do not re-install them on any IP compressor shaft rear balance land.

(k) Credit for Previous Actions

(1) For RB211-Trent 700 series engines:
(i) If you borescope inspected your RB211-Trent 700 series engine using RB211 Trent 700 Series Propulsion System NMASB No. RB.211-72-AG270, Revision 1, dated December 14, 2009, or Revision 2, dated December 21, 2010, or Revision 3, dated February 25, 2011, before the effective date of this AD, you have satisfied the requirements of paragraph (f)(1) of this AD.

(ii) If you performed the ECI and visual inspection of your RB211-Trent 700 series engines using RB211 Trent 700 and Trent 800 Series Propulsion Systems NMASB No. RB.211-72-AG085, Revision 1, dated September 27, 2010, before the effective date of this AD, you have satisfied the ECI and visual inspections required by paragraph (f)(3) of this AD.

(2) For RB211-Trent 800 series engines:

(i) If you borescope inspected your RB211-Trent 800 series engine using RB211 Trent 800 Series Propulsion System NMASB No.

RB.211-72-AG264, Revision 3, dated December 21, 2010, or Revision 4, dated February 25, 2011, before the effective date of this AD, you have satisfied the requirements of paragraph (g)(1) of this AD.

(ii) If you performed the ECI and in-shop visual inspection of your RB211-Trent 800 series engines using RB211 Trent 700 and Trent 800 Series Propulsion Systems NMASB No. RB.211-72-AG085, Revision 1, dated September 27, 2010, before the effective date of this AD, you have satisfied the ECI and visual inspections required by paragraph (g)(3) of this AD.

(3) For RB211-Trent 500 and 900 series engines:

(i) If you performed the ECI of your RB211-Trent 500 series engines using RB211 Trent 500, 700 and 800 Series Propulsion Systems NMASB No. RB.211-72-AF260, Revision 4, dated July 28, 2009, and RB211 Trent 500 and Trent 900 Series Propulsion Systems NMSB No. RB.211-72-G448, Revision 2, dated December 23, 2010 before the effective date of this AD, you have satisfied the ECIs required by paragraph (h)(3) of this AD.

(ii) If you performed the in-shop visual inspection of your RB211-Trent 500 series engines using RB211 Trent 500 and Trent 900 Series Propulsion Systems NMSB No. RB.211-72-G448, Revision 2, dated December 23, 2010, before the effective date of this AD, you have satisfied the in-shop visual inspections required by paragraph (h)(3) of this AD.

(l) Definitions

For the purpose of this AD, a shop visit is defined as introduction of an engine into a shop and disassembly sufficient to expose the IP compressor module rear face.

(m) Alternative Methods of Compliance (AMOCs)

The Manager, Engine Certification Office, FAA, may approve AMOCs for this AD. Use the procedures in 14 CFR 39.19 to make your request.

(n) Related Information

(1) For more information about this AD, contact Frederick Zink, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803; phone: 781-238-7779; fax: 781-238-7199; email: frederick.zink@faa.gov.

(2) European Aviation Safety Agency AD 2013-0002, dated January 4, 2013 also pertains to the subject of this AD.

(3) For service information identified in this AD, contact Rolls-Royce plc, Corporate Communications, P.O. Box 31, Derby, England, DE248BJ; phone: 011-44-1332-242424; fax: 011-44-1332-245418; Internet: http://www.rolls-royce.com/contact/civil_team.jsp.

(4) You may view the referenced service information at the FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803. For information on the availability of this material at the FAA, call 781-238-7125.

Issued in Burlington, Massachusetts, on March 13, 2013.

Colleen M. D'Alessandro,

Assistant Manager, Engine & Propeller Directorate, Aircraft Certification Service.

[FR Doc. 2013-06498 Filed 3-20-13; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 203

[Docket No. FR-5658-N-01]

Federal Housing Administration (FHA): Direct Endorsement Program Solicitation of Comment on Timeframe for Conducting Pre-Endorsement Review

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Request for comments.

SUMMARY: HUD is seeking comment on moving the timeframe that FHA conducts its pre-endorsement review of loans originated by Direct Endorsement lenders from a time that is prior to the lender closing each loan and before FHA's endorsement of the mortgage for insurance to a period after the loan has been closed. Comment is sought on whether this shift in time, as further described in this document, would reduce the processing time before the loans may be closed, and facilitate loan closing.

DATES: *Comment Due Date.* April 22, 2013.

ADDRESSES: Interested persons are invited to submit comments regarding this rule to the Regulations Division, Office of General Counsel, 451 7th Street SW., Room 10276, Department of Housing and Urban Development, Washington, DC 20410-0500. There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW., Room 10276, Washington, DC 20410-0500.

2. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare

and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the www.regulations.gov Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the notice.

No Facsimile Comments. Facsimile (FAX) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m., Eastern Time, weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number). Copies of all comments submitted are available for inspection and downloading at www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Joy Hadley, Director, Office of Lender Activities and Program Compliance, Office of Housing, U.S. Department of Housing and Urban Development, 490 L'Enfant Plaza East SW., Room P3214, Washington, DC 20024-8000; telephone number 202-708-1515 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

FHA grants lenders unconditional Direct Endorsement authority to close loans without prior FHA approval in accordance with the terms and conditions of HUD's regulations in 24 CFR 203.3. Under the Direct Endorsement program, the lender underwrites and closes the mortgage loan without prior FHA review or approval. Before being granted unconditional Direct Endorsement authority, the lender must submit a specified number of loan files for review

and approval by FHA as described in 24 CFR 203.3(b)(4). The regulations provide for the review of each loan file to be conducted by FHA, and the lender to be notified of the acceptability of the mortgage, prior to FHA endorsement of the mortgage for insurance. The Direct Endorsement program has been designed to give the lender sufficient certainty of FHA endorsement requirements to justify the assumption of the responsibilities involved in originating and closing mortgage loans without prior FHA review.

At present, FHA generally conducts this review of the loan files required under 24 CFR 203.3(b)(4) prior to closing and, if acceptable, issues a commitment to the lender at that time. After closing, the mortgage is then submitted to FHA for endorsement for insurance. While this is the general procedure utilized by lenders seeking unconditional Direct Endorsement approval, FHA currently allows lenders to close the loans before submission for review. A lender is eligible for unconditional Direct Endorsement authority once FHA has reviewed and found acceptable the requisite number of loan files, at either pre-closing or pre-endorsement review, provided that the lender has met the other requirements for Direct Endorsement approval under 24 CFR 203.3.

II. This Request for Comments

Proposed Transition of FHA's Review to Post-Closing, Pre-Endorsement

Through this document FHA proposes for consideration and public comment shifting the timeframe for FHA's review of loans prior to endorsement from pre-closing to post-closing. FHA proposes that a lender applying for unconditional Direct Endorsement authority submit the loan files required under 24 CFR 203.3(b)(4) only after closing. After determining that the mortgage is acceptable and meets all FHA requirements, FHA will notify the lender that the loan has been endorsed.

Feedback is sought on whether the proposed change in review time would benefit the lender by reducing the amount of time between loan origination and closing, and would result in operational savings of time and costs associated with approval timeframes, which FHA recognizes can be lengthy at times. Feedback is also sought on whether the proposed change in review time would benefit the borrower; that is, would the borrower be able to take advantage of shorter interest rate lock-in periods, which could help to ensure that the borrower receives the