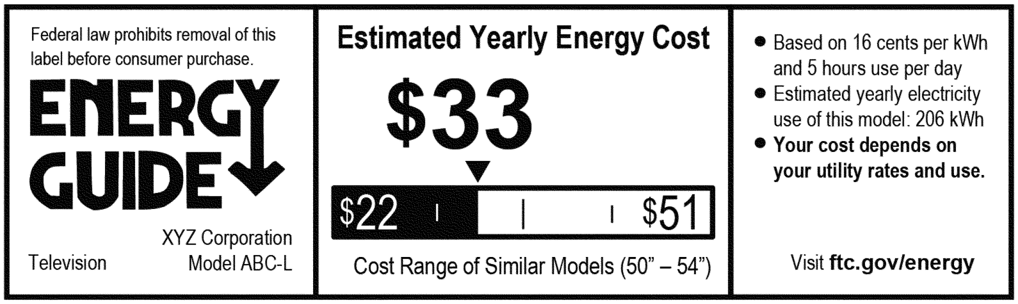

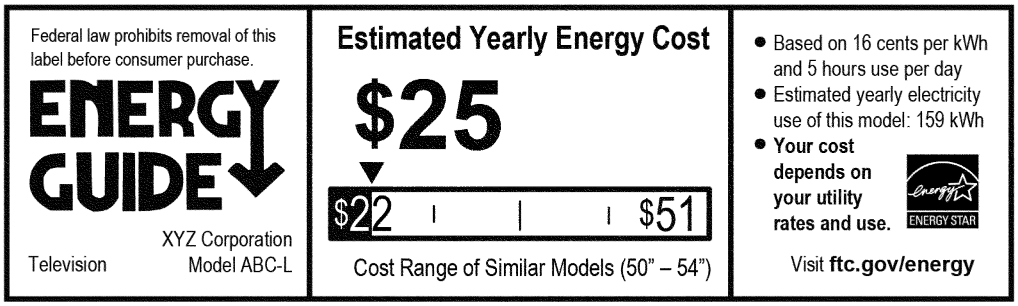

Sample Label 16, Horizontal Television Labels

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By direction of the Commission.

April J. Tabor,

Secretary.

[FR Doc. 2024–02036 Filed 2–1–24; 8:45 am]

BILLING CODE 6750–01–C

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 202

[Docket No. FR–6321–F–02]

RIN 2502–AJ63

Changes in Branch Office Registration Requirements

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

ACTION: Final rule.

SUMMARY: The Office of the Assistant Secretary for Housing—Federal Housing Commissioner is issuing final regulations to amend the Department of Housing and Urban Development's (HUD) requirement for branch office registration. The final rule removes the requirement that lenders and mortgagees register each branch office where they conduct FHA business with HUD. After considering public comments received in response to the proposed rule HUD published on March 1, 2023, this final rule adopts the proposed rule without change.

DATES: Effective March 4, 2024.

FOR FURTHER INFORMATION CONTACT: Timothy Laramie, Mortgagee Approval Analyst, U.S. Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410, telephone number 202–402–6814 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.*

SUPPLEMENTARY INFORMATION:

I. Background

On March 1, 2023, HUD published the ''Changes in Branch Office Registration Requirements'' proposed rule (''the proposed rule'') in the **Federal Register.** [1] In the proposed rule, HUD sought to revise 24 CFR 202.5(k) and (i) by eliminating the requirement that a lender or mortgagee register all branch offices used to conduct FHA business. This change would give lenders and mortgagees (1) the option to select which offices to register and maintain as branch offices with HUD, and (2) make fees applicable to each branch office that a lender or mortgagee registers with HUD, rather than applying fees to each branch office where they are authorized to originate Title I or Title II loans. HUD based these changes on the mortgage industry's evolution over time, the advancement of technology, and due to no longer needing to maintain several branch offices to conduct FHA business nationwide.

Prior to 1995, HUD required each mortgagee office to get approval from the FHA Field Office(s) located where the lender or mortgagee intended to submit mortgages for insurance endorsement.[2] After 1995, HUD expanded the geographic areas where lenders and mortgagees were allowed to conduct FHA business. The expansion allowed FHA Field Offices to create a ''lending area'' and permitted lenders and mortgagees to conduct business with several FHA Field Offices within that area. HUD required that lenders and mortgagees ''maintain at least one approved branch office within a 'lending area from which loans are submitted to the FHA Field Offices.'' [3] Currently, HUD follows its policy from HUD Handbook 4000.1 that was established in September of 2015. This policy calls a geographic area where a

[1] 88 FR 12906.

[2] *See* HUD, *Mortgagee Letter 95–36: Mortgagee Approval—Single Family Loan Production—Revised Mortgagee/Program Requirements,* Aug. 2, 1995, *https://www.hud.gov/sites/documents/DOC_20554.TXT.*

[3] *Id.; See also* HUD Handbook 4060.1 REV–1, *Mortgagee Approval Handbook I (4060.1)—Chapter 5 Part A. Branch Offices, https://www.hud.gov/sites/documents/40601C5HSGH.PDF.*

branch office is permitted to conduct FHA business an ''Area Approved for Business'' (AAFB).[4] HUD Handbook 4000.1 states that all branch offices that are registered with HUD are granted a nationwide AAFB to conduct FHA business; however, the registered branch ''may only exercise its authority to originate or underwrite FHA mortgages in those states where the lender or mortgagee fully complies with state origination and/or underwriting licensing and approval requirements.''

As the mortgage industry has evolved, HUD has found it necessary to update its regulations. In response to this change, HUD published a proposed rule on March 1, 2023, that would give lenders and mortgagees the option to register and maintain branch offices with HUD, which would allow them to be placed on HUD's Lender List Search page. In addition, the proposed rule would revise 24 CFR 202.5(i) to make fees applicable to each branch office that a lender or mortgagee registers with HUD, rather than applying fees to each branch office where they are authorized to conduct FHA business. These revisions were intended to reduce the administrative burden for existing lenders and mortgagees and eliminate barriers for entities interested in FHA programs. In addition to providing relief for the mortgage industry, HUD's proposed rule would provide the flexibility to encourage more lenders and mortgagees to originate FHA-insured mortgages. Removing the requirement to register branch offices will not affect HUD's monitoring of lenders and mortgagees. HUD will continue to maintain oversight and risk management of lenders and mortgagees who will remain responsible to FHA for the actions of its branch offices and employees.

In response to public comments as discussed further below, HUD is publishing this final rule without change from the proposed rule.

II. The Public Comments

HUD received 11 public comments on the proposed rule from various interested parties, including individuals, lenders and mortgagees, and business associations.

Support for the Rule

Numerous commenters supported finalizing the proposed rule.

Removing the branch office registration requirement is a needed update in response to industry developments resulting from technological changes and the COVID–19 Pandemic.

Commenters in support of the rule discussed the industry trend towards remote work. These commenters described a shift away from conducting FHA business in centralized workplaces to remote homes or smaller, less-centralized offices as a result of pre-pandemic technological developments and the COVID–19 pandemic shift to work from home. One commenter stated that remote work was likely to remain a part of the industry moving forward. Another comment stated that, due to remote work, their business had more locations that could possibly be considered branch offices based on the current rule.

HUD Response: HUD agrees with industry feedback that the requirement to register branch offices has become cumbersome and no longer aligns with the virtual environment in which the industry operates. Additionally, the requirement is somewhat redundant as branch offices will still need to be licensed by the state according to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. 5101, *et seq.*) (SAFE Act). The rule may reduce administrative burden for existing lenders and mortgagees and eliminate barriers for entities interested in FHA programs.

Revising fee applicability to only branch offices registered with HUD will decrease costs.

One commenter stated that altering fee applicability to apply to only branch offices registered with HUD will lower lenders' overhead costs and maintain low FHA origination costs.

HUD Response: HUD agrees that the rule should reduce overhead costs of participating in FHA programs. The rule may also incentivize small size lenders, mortgagees, banks, and credit unions to offer FHA programs in branch offices in which they did not previously register with HUD. Expanding the availability of FHA programs to underserved urban and rural communities may provide homeowners with better access to FHA-insured mortgages and loans.

Eliminating this requirement will benefit homeowners by increasing access to FHA-insured products.

A commenter noted that the rule will likely increase the number of banks and credit unions participating in FHA programs and improve access for homeowners to FHA-insured mortgage products.

HUD Response: HUD agrees that removing the requirement to register branch offices with HUD will provide lenders and mortgagees greater flexibility and removes a burdensome administrative and financial burden when participating in FHA programs.

As branch offices are subject to state licensing, HUD's current requirement for branch office registration is unnecessary.

One commenter said that under the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (SAFE Act), branch offices are still subject to state licensing, so HUD's branch office registration requirement is unnecessary and removing the requirement will not affect HUD's monitoring of mortgagees.

HUD Response: HUD agrees and is revising its branch registration requirements because all lenders and mortgagees must comply with state licensing and approval requirements. Further, lenders and mortgagees can only exercise the authority to conduct FHA business from those branch office locations in which they fully comply with state licensing and approval requirements for origination, underwriting and/or servicing. Therefore, the current requirement to also register branch offices with HUD has become redundant. Removing the branch office registration requirement will not affect HUD's monitoring. HUD can monitor lenders and mortgagees even without the specific branch office identification, and lenders and mortgagees will still remain responsible to FHA for the actions of its branch offices and employees.

Self-regulation by lenders will prevent unregistered branch offices from becoming non-compliant with applicable laws.

A commenter stated that branch offices will still be overseen by ''home'' offices motivated by licensing requirements and business reputation to ensure branch offices remain compliant. The commenter also stated that a lender's compliance could still be enforced through the audit process and, as lenders regularly submit loan files to FHA, any later attempts by these lenders to alter records will alert regulators of non-compliance.

HUD Response: HUD agrees and notes that while it will continue to maintain oversight and risk management of lenders and mortgagees, it is the responsibility of each lender and mortgagee to ensure compliance with all FHA program requirements. Each lender and mortgagee is responsible for the actions of its staff that participate in FHA transactions. Each lender and mortgagee must continue to maintain effective internal controls and execute risk and control procedures on a day-to-day basis. Further, HUD has existing processes and procedures for

[4] *See* HUD Handbook 4000.1 I.A.4b, *Single Family Lending Area (4000.1), https://www.hud.gov/sites/dfiles/OCHCO/documents/4000.1hsgh-080923.pdf.*

enforcement activities to address noncompliance.

FHA lenders will continue to be monitored by HUD's Office of Lender Activities and Program Compliance—Quality Assurance Division.

One commenter stated that the rule states that FHA lenders will continue to be monitored by HUD's Office of Lender Activities and Program Compliance—Quality Assurance Division. The commenter stated that, as a result, HUD will still review the level of early defaults and claims on mortgages originated from each lender or mortgagee in a HUD field office's geographic area. The commenter stated lenders and mortgagees with excessive rates of early default and claims could then have their authority terminated by FHA.

HUD Response: The rule does not affect HUD's monitoring of lenders and mortgagees. Further HUD's Office of Lender Activities and Program Compliance—Quality Assurance Division will continue to monitor FHA mortgagees quarterly to determine whether Credit Watch Termination is warranted.

Opposition to the Rule

Some commenters opposed this rule without providing a basis for their opposition.

HUD Response: HUD is unable to address commenters' opposition to the rule, as they did not provide specific reasons for their opposition.

Concerns With the Rule

There is a potential for lenders to become lax in complying with applicable regulations if branch offices are not registered.

One commenter said that while they welcome the rule, it could result in lenders becoming less compliant if branch offices are not registered with HUD. The commenter stated that if offices were no longer subject to branch inspections, lenders will be less likely to hold branch office employees accountable.

HUD Response: HUD appreciates this comment and the concern raised. However, as stated previously in this preamble, each lender and mortgagee has, and will continue to have, the responsibility to manage its risk, to comply with regulations and standards, and to carry out its defined risk management processes. HUD will continue its proactive monitoring of the performance for lenders and mortgagees. Further, HUD has existing processes and procedures for enforcement activities to address noncompliance.

There should be limitations on what an unregistered branch office can and cannot do.

One commenter expressed concern with reduced compliance by unregistered branch offices and suggested imposing limitations on what an unregistered branch office can and cannot do.

HUD Response: HUD does not agree that a bifurcation between the permitted activities for registered and unregistered branch offices is necessary. Each lender and mortgagee has been, and will continue to be, responsible for the actions of its staff that participate in FHA transactions. Further lenders and mortgagees must continue to exercise control over the management and supervision of such staff, which must include regular and ongoing reviews of staff performance and of the work performed. Performance monitoring will include FHA activity from both registered and unregistered branch offices. Further, HUD currently has existing processes and procedures for enforcement activities to address noncompliance.

Questions about HUD's current practices and implementation of the rule.

One commenter questioned ''if eliminating the requirement that lenders register all branch offices conducting FHA business will affect reporting Neighborhood Watch/Compare Ratio Data by branch office and, if so, if it will skew the data by excessively expanding the dataset to larger geographic parameters results?'' The commenter stated concerns about how FHA will record branch level data without individual branch office registration.

Another commenter had various questions regarding HUD's current practices and implementation of the proposed rule including: ''1. [d]oes HUD currently monitor excessive rates of early defaults and claims based on the branch ID or mortgages originated within the geographic area served by a HUD field office?'' ''2. If HUD monitors based on the geographic area served by a HUD field office, and FHA terminates the lender's authority, does that termination apply to the entire geographic area served by a HUD field office, regardless of how many branches serve that area, or just the branch with the excessive rate of early defaults and claims in that geographic area?'' ''3. If HUD monitors based on excessive rate of early defaults and claims by branch ID, what would happen if an institution only had one branch registered under the proposed rule?'' ''Would the entire institution be terminated, or would the institution be terminated in that specific geographic area where an excessive rate of early defaults and claims occurred?'' ''4. If a lender chooses to have multiple branch IDs, would HUD require the registered branch manager to be physically located somewhere within the geographic area served by a HUD field office based on the branch's physical address?'' ''5. If so, what would HUD's expectation be for those call center branches where the employees work remotely?'' ''In that instance, would the required office address be the home office?'' ''Would HUD permit a branch manager to be listed under multiple lender branch IDs (for the same lender) or would the need for a branch manager be removed altogether, permitting a lender ''manager'' assigned by lender ID?''

HUD Response: Once the rule becomes effective, FHA branch registration will become optional. Mortgagees that elect to register branch offices will still be able to access branch-level data in Neighborhood Watch, including Compare Ratios for registered branches. For mortgagees that discontinue branch office registration or that never had a business model that included local or regional branch offices, Neighborhood Watch provides a variety of geographic parameters independent of branch IDs. Most FHA monitoring processes already focus on mortgagee-level data based on a variety of geographic areas. For example, FHA's current Credit Watch Termination process focuses on properties underwritten by each Direct Endorsement Mortgagee in a particular HUD field office jurisdiction, regardless of the originating branch. FHA expects mortgagees to conduct similar analysis, and to continue tracking the performance of specific branches using their own data if necessary.

HUD currently monitors excessive rates of early defaults and claims based on mortgages originated/underwritten within the geographic area served by a HUD field office. When FHA terminates a mortgagee's authority through the Credit Watch Termination process, that termination applies to the entire geographic area served by the HUD field office, regardless of how many branches serve that area.

Currently, HUD defines a branch manager as an onsite manager for a branch office who manages one branch office. HUD defines a regional manager as a manager who oversees the operation of multiple branch offices. Each lender and mortgagee must have a branch and/or regional manager to oversee each of its branch offices. Furthermore, each lender and mortgagee must ensure that it and its employees comply with the requirements of the SAFE Act, including the licensing and registration of its employees in the Nationwide Mortgage Licensing System (NMLS).

III. Findings and Certifications

Regulatory Review—Executive Orders 12866, 13563, and 14094

Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and, therefore, subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the order. Executive Order 13563 (Improving Regulation and Regulatory Review) directs executive agencies to analyze regulations that are ''outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.'' Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies are to identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public. Executive Order 14094 entitled ''Modernizing Regulatory Review'' (hereinafter referred to as the ''Modernizing E.O.'') amends section 3(f) of Executive Order 12866 (Regulatory Planning and Review), among other things.

The final rule will revise 24 CFR 202.5 (i) and (k) to update HUD's regulation to conform with the mortgage industry's evolving business practices. Additionally, the rule will lessen the administrative burden on lenders and mortgagees. This rule was determined not to be a ''significant regulatory action'' as defined in section 3(f) of Executive Order 12866 as amended by Executive Order 14094 and is not an economically significant regulatory action and therefore was not subject to OMB review.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4; approved March 22, 1995) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments, and on the private sector. This final rule does not impose any Federal mandates on any state, local, or tribal government, or on the private sector, within the meaning of the UMRA.

Environmental Review

This final rule does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*), generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. The rule will remove the requirement that lenders and mortgagees register with HUD each branch office where they conduct FHA business. This will not create an undue burden on small entities, instead it will eliminate the burden for all lenders and mortgagees of having to register branch offices with HUD and pay the associated fees. HUD has determined that this rule will not have a significant economic impact on a substantial number of small entities.

Executive Order 13132, Federalism

Executive Order 13132 (entitled ''Federalism'') prohibits an agency from publishing any rule that has Federalism implications if the rule either imposes substantial direct compliance costs on state and local governments or is not required by statute, or the rule preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule will not have Federalism implications and will not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive Order.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid Office of Management and Budget (OMB) control number. The information collection requirements contained in this final rule have been approved by OMB under the Paperwork Reduction Act and assigned OMB control number 2502–0059.

List of Subjects in 24 CFR Part 202

Administrative practice and procedure, Home improvement, Manufactured homes, Mortgage insurance, Reporting, and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble above, HUD amends 24 CFR part 202 as follows:

PART 202—APPROVAL OF LENDING INSTITUTIONS AND MORTGAGEES

■ 1. The authority citation for part 202 continues to read as follows:

Authority: 12 U.S.C. 1703, 1709 and 1715b; 42 U.S.C. 3535(d).

§ 202.5 [Amended]

■ 2. Amend § 202.5 by:
■ a. In paragraph (i) removing ''authorized to originate Title I loans or submit applications for mortgage insurance'' and adding in its place ''that the lender or mortgagee registers with the Department'';
■ b. In paragraph (k), adding ''or mortgagee'' after ''A lender'' in the first sentence of paragraph (k), and removing the second sentence.

Julia R. Gordon,
Assistant Secretary of Office of Housing—Federal Housing Administration.

[FR Doc. 2024–02023 Filed 2–1–24; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF JUSTICE

28 CFR Parts 0 and 27

[Docket No. JMD 154; AG Order No. 5872–2024]

RIN 1105–AB47

Whistleblower Protection for Federal Bureau of Investigation Employees

AGENCY: Department of Justice.

ACTION: Final rule.

SUMMARY: This rule updates the Department of Justice (''Department'') regulations on the protection of whistleblowers in the Federal Bureau of Investigation (''FBI''). This update reflects changes resulting from an assessment conducted by the Department in response to Presidential Policy Directive–19 of October 10, 2012, ''Protecting Whistleblowers with Access to Classified Information'' (''PPD–19''), and the Federal Bureau of Investigation Whistleblower Protection Enhancement Act of 2016 (''FBI WPEA of 2016''). This