

questions about the obstacle departure procedure and terms used in the Final Rule.

### Conclusion

After consideration of the comments submitted in response to the direct final rule, the FAA has determined that no further rulemaking action is necessary and believes that the Clarification of the Final Rule published September 30, 2014, will clarify any questions about the ODP and terms used in the Final Rule; therefore, amendment 135–131 remains in effect.

### How To Obtain Additional Information

#### A. Rulemaking Documents

An electronic copy of a rulemaking document may be obtained by using the Internet—

1. Search the Federal eRulemaking Portal (<http://www.regulations.gov>);
2. Visit the FAA's Regulations and Policies Web page at [http://www.faa.gov/regulations\\_policies/](http://www.faa.gov/regulations_policies/) or
3. Access the Government Printing Office's Web page at <http://www.gpo.gov/fdsys/>.

Copies may also be obtained by sending a request (identified by notice, amendment, or docket number of this rulemaking) to the Federal Aviation Administration, Office of Rulemaking, ARM–1, 800 Independence Avenue SW., Washington, DC 20591, or by calling (202) 267–9680.

#### B. Comments Submitted to the Docket

Comments received may be viewed by going to <http://www.regulations.gov> and following the online instructions to search the docket number for this action. Anyone is able to search the electronic form of all comments received into any of the FAA's dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.).

#### C. Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 requires FAA to comply with small entity requests for information or advice about compliance with statutes and regulations within its jurisdiction. A small entity with questions regarding this document, may contact its local FAA official, or the person listed under the **FOR FURTHER INFORMATION CONTACT** heading at the beginning of the preamble. To find out more about SBREFA on the Internet, visit [http://www.faa.gov/regulations\\_policies/rulemaking/sbre\\_act/](http://www.faa.gov/regulations_policies/rulemaking/sbre_act/).

Issued under authority provided by 49 U.S.C. 106(f), 44701(a), and 44703 in Washington, DC, on October 29, 2014.

**Lirio Liu,**

*Director, Office of Rulemaking.*

[FR Doc. 2014–26052 Filed 10–31–14; 8:45 am]

**BILLING CODE 4910–13–P**

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### 24 CFR Part 203

[Docket No. FR 5812–N–01]

#### HUD's Qualified Mortgage Rule: Announcement of Intention To Adopt Changes Pertaining to Exempted Transaction List

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

**ACTION:** Announcement of change to HUD's exempted transaction definition.

**SUMMARY:** The Consumer Financial Protection Bureau (CFPB) is issuing a final rule being published concurrently with this document, and it can be found elsewhere in this **Federal Register**, entitled “Amendments to the 2013 Mortgage Rules under the Truth in Lending Act (Regulation Z),” amending certain terms in CFPB's definition of “qualified mortgage” which HUD cross-referenced in HUD's qualified mortgage definition. In accordance with the procedures incorporated in HUD's definition of “qualified mortgage,” this document advises of HUD's intention to adopt, for HUD's qualified mortgage rule, CFPB's changes to the exemption for non-profit transactions from the qualified mortgage standards. HUD is not, however, adopting the new points and fees cure provision adopted by CFPB for the reasons stated in this document, but is providing guidance to mortgagees on curing points and fees errors prior to insurance endorsement.

**DATES:** *Effective Date:* November 3, 2014.

**FOR FURTHER INFORMATION CONTACT:** Michael P. Nixon, Office of Housing, Department of Housing and Urban Development, 451 7th Street SW., Room 9278, Washington, DC 20410; telephone number 202–402–5216, ext. 3094 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the Federal Relay Service at 800–877–8339 (this is a toll-free number).

**SUPPLEMENTARY INFORMATION:**

### I. Background

On December 11, 2013, at 78 FR 75215, HUD published a final rule that established a definition of “qualified mortgage” for single family residential mortgages that HUD insures, guarantees, or administers. Under HUD's qualified mortgage rule, qualified mortgage status attaches at origination and insurance endorsement to those single family residential mortgages insured under the National Housing Act (12 U.S.C. 1701 *et seq.*), section 184 loans for Indian housing under the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a) (Section 184 guaranteed loans), and section 184A loans for Native Hawaiian housing under the Housing and Community Development Act of 1992 (1715z–13b) (Section 184A guaranteed loans). HUD's definition of “qualified mortgage” is codified for each program at 24 CFR 201.7, 203.19, 1005.120 and 1007.80.

HUD defined “qualified mortgage” in a manner that aligned HUD's definition, to the extent feasible and consistent with HUD's mission, with that of the qualified mortgage definition promulgated by the CFPB, and which is codified at 12 CFR 1026.43. HUD undertook the alignment for the purpose of lessening future differences in standards for HUD's single family residential insured mortgages and those established by the CFPB, which apply to conventional mortgages seeking designation as qualified mortgage.

HUD's alignment to CFPB's standards also included cross-references to CFPB's list of transactions exempted from the qualified mortgage definition, including a non-profit transaction exemption, and CFPB's limit on points and fees for qualified mortgage status as of January 10, 2014. HUD's definition of qualified mortgage provides that when CFPB amends its definition of qualified mortgage, HUD may announce the adoption of CFPB change or changes through publication of a notice and after providing FHA-approved mortgagees with time, as may be determined necessary, to implement. Members of the public interested in more detail about HUD's qualified mortgage regulations may refer to the preamble of HUD's September 30, 2013, proposed rule and HUD's December 11, 2013, final rule, at 78 FR 59890, 78 FR 75215.

### II. HUD Notice of CFPB's Final Rule

Published elsewhere in this **Federal Register** is CFPB's final rule amending the non-profit transaction exemption from the ability-to-repay rule and providing a limited cure mechanism for

the points and fees limit that applies to qualified mortgages.

#### A. Amendment to the Non-Profit Transaction Exemption

CFPB's final rule amended the "exempted transaction" list to provide that certain interest-free, contingent subordinate liens originated by non-profit creditors would not be counted towards the credit extension limit of 200 transactions that qualifies a nonprofit for the nonprofit exemption at 12 CFR 1026.43(a)(3)(v)(D). Specifically, the rule excludes consumer credit transactions if the transaction is secured by a subordinate lien; for the purpose of down payment, closing costs, or other similar home buyer assistance, such as principal or interest subsidies; for property rehabilitation assistance; for energy efficiency assistance; or for the purpose of foreclosure avoidance or prevention. Additionally, the consumer credit contract must not require payment of interest; must provide that repayment of the amount of the credit extended is forgiven either incrementally or in whole, at a date certain, and subject only to specified ownership and occupancy conditions; and the total of costs payable by the consumer in connection with the transaction at consummation is less than 1 percent of the amount of credit extended and includes no charges other than: Fees for recordation of security instruments, deeds, and similar documents, a bona fide and reasonable application fee and a bona fide and reasonable fee for housing counseling services. Lastly, the creditor must also comply with all other applicable requirements of this part in connection with the transaction.

By excluding these interest-free, contingent subordinate liens from determining if a non-profit creditor qualifies for the non-profit exemption (i.e. extends credit secured by a dwelling no more than 200 times), more non-profit creditors will qualify for the exemption and additional consumers with income that does not exceed the low- and moderate-income household limit, as established pursuant to section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(20)), will have access to credit. For additional information about CFPB's change, interested members of the public should refer to the CFPB's proposed and final rules. See 79 FR 25730 and the CFPB's final rule published elsewhere in this **Federal Register** entitled "Amendments to the 2013 Mortgage Rules under the Truth in Lending Act (Regulation Z)."

HUD sees value in maintaining consistency with CFPB's rule when it is consistent with HUD's mission and statutes. HUD believes that the amendment to the non-profit exemption in the exempted transaction list is balanced in a way to protect against abuse while providing more access to credit for borrowers with low- and moderate-incomes, consistent with HUD's mission. Therefore, HUD is adopting the amendment and maintaining consistency with the CFPB's list of exempted transactions at 12 CFR 1026.43(a)(3), as cross-referenced in HUD's definition at 24 CFR 203.19.<sup>1</sup> HUD's definition will thus track the new CFPB definition as of November 3, 2014. This change will be effective for all case numbers assigned on or after the effective date of this document.

#### B. Amendment to the Points and Fees Limit Provision—Post Consummation Cure Provision

CFPB's final rule also provides a limited, post-consummation cure mechanism for loans that are originated with the expectation of qualified mortgage status but actually exceed the points and fees limit for qualified mortgage status. The CFPB's final rule amends the points and fees provision at 12 CFR 1026.43(e)(3) to permit a creditor or assignee to cure an inadvertent excess over the qualified mortgage points and fees limits by refunding to the consumer the amount of excess, under certain conditions.<sup>2</sup>

Given the complexity and exercise of judgment involved in determining points and fees, CFPB found that some creditors may not originate and secondary market participants may not purchase mortgage loans that are near the qualified mortgage points and fees limit. Given the establishment of this buffer, CFPB was concerned that access to credit for consumers seeking loans at the margins of the limits might be negatively affected. Therefore, the provision would permit a creditor or assignee to cure an inadvertent excess over the qualified mortgage points and

fees limit and the creditor or assignee must refund to the consumer within 210 days after consummation the amount of money over the points and fees limit. This new provision is intended to ease the current burden on the market, but will expire on January 10, 2021. For additional information about CFPB's change interested members of the public should refer to the CFPB's proposed and final rules. See 79 FR 25730 and the CFPB's final rule published elsewhere in this **Federal Register** entitled "Amendments to the 2013 Mortgage Rules under the Truth in Lending Act (Regulation Z)."

Despite HUD's authority under 24 CFR 203.19 to adopt the CFPB's changes to points and fees by notice for this subset of loans, and while recognizing the usefulness of a cure provision for these loans, HUD cannot adopt the CFPB's cure provision for the following reasons, including but not limited to: First, the CFPB's cure provision requires that the cured loan meet CFPB's qualified mortgage definition in order to qualify for the cure, but HUD has codified its own definition, which differs. Second, if HUD permitted a FHA lender to return funds to a borrower or pay down the principal balance for a single family mortgage insured under Title II, the amount returned could result in a violation of the statutorily required borrower minimum cash investment of 3.5 percent or other FHA requirements relating to interested party contributions and the calculation of the maximum insured mortgage value.<sup>3</sup> In addition, unlike the general market, the points and fees limit for Title II mortgages is a requirement for insurability of the mortgage by FHA. As an insurer of the mortgage, it is imperative that FHA ensure all eligibility requirements are met prior to insurance endorsement. Therefore, while permitting a cure in connection with FHA-insured mortgages may have the same benefit for the FHA-approved lender as a lender in the general market, the impact on FHA as the insurer is substantially different.

While FHA is not able to adopt the CFPB's cure provision that allows the cure period to extend beyond insurance endorsement, FHA approved lenders are not without the ability to cure errors that occur in origination before submission for insurance endorsement. FHA reminds all FHA-approved mortgagees that, consistent with FHA's existing Notice of Return/Notice of Non-

<sup>1</sup> The list of mortgage transactions exempted under 12 CFR 1026.43(a)(2) in the Title II program at 24 CFR 203.19 is also included in the Title I program at 24 CFR 201.7, the Section 184 guaranteed loan program at 24 CFR 1005.120 and the Section 184A guaranteed loan program at 24 CFR 1007.80 by cross-reference to 24 CFR 203.19(c)(2).

<sup>2</sup> Cure means a procedure to reduce points and fees or debt-to-income ratios after consummation when the qualified mortgage limits have been inadvertently exceeded. See 79 FR 25740 and the CFPB's final rule published elsewhere in this **Federal Register** entitled "Amendments to the 2013 Mortgage Rules under the Truth in Lending Act (Regulation Z)."

<sup>3</sup> See section 203(b)(9) of the National Housing Act (12 USC 1709(b)(9)) which requires the homebuyer to pay in cash or equivalent on account of the property an amount equal to not less than 3.5 percent of the appraised value of the property.

Endorsement (NOR) process, mortgagees may continue to cure errors and resubmit mortgages for insurance endorsement, provided all eligibility criteria are met at the time of insurance endorsement. FHA believes that the existing ability to cure errors is sufficient and is consistent with the attachment of qualified mortgage status at endorsement. As such, HUD is not adopting the CFPB's cure provisions and does not believe any further ability to cure is warranted.

In summary, HUD's qualified mortgage definition for Title II mortgages, except for manufactured housing and exempted transactions, will continue to use the CFPB's points and fees limit at 12 CFR 1026.43(e)(3) as of January 10, 2014 and not include the change published on November 3, 2014.

Dated: October 21, 2014.

**Carol J. Galante,**

*Assistant Secretary for Housing-Federal Housing Commissioner.*

[FR Doc. 2014-25492 Filed 10-31-14; 8:45 am]

**BILLING CODE 4210-67-P**

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9696]

RIN 1545-BH60

#### Local Lodging Expenses; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final regulations; correction.

**SUMMARY:** This document contains corrections to final regulations (TD 9696) that were published in the **Federal Register** on October 1, 2014 (79 FR 59112). The final regulations are relating to the deductibility of expenses for lodging when an individual is not travelling away from home (local lodging).

**DATES:** This correction is effective on November 3, 2014 and applicable beginning October 1, 2014.

**FOR FURTHER INFORMATION CONTACT:** Peter Ford, at (202) 317-7011 (not a toll free number).

**SUPPLEMENTARY INFORMATION:**

#### Background

The final regulations (TD 9696) that are the subject of this correction is under sections 162 and 262 of the Internal Revenue Code.

#### Need for Correction

As published, the final regulations (TD 9696) contain an error that may prove to be misleading and is in need of clarification.

#### Correction of Publication

Accordingly, the final regulations (TD 9696), that are the subject of FR Doc. 2014-23306, are corrected as follows:

On page 59115, first column, the fourth line of the signature block, the language "Approved: August 22, 2013." Is corrected to read "Approved: July 11, 2014."

**Martin V. Franks,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).*

[FR Doc. 2014-26068 Filed 10-31-14; 8:45 am]

**BILLING CODE 4830-01-P**

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## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 117

[Docket No. USCG-2014-0889]

#### Drawbridge Operation Regulation; Cerritos Channel, Long Beach, CA

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of deviation from drawbridge regulation.

**SUMMARY:** The Coast Guard has issued a temporary deviation from the operating schedule that governs the Henry Ford Avenue railroad drawbridge across Cerritos Channel, mile 4.8, at Long Beach, CA. The deviation is necessary to allow the bridge owner to make necessary bridge maintenance repairs. This deviation allows the bridge to remain in the closed-to-navigation position during the deviation period.

**DATES:** This deviation is effective from 5 a.m. on November 12, 2014, to 5 p.m. on November 17, 2014.

**ADDRESSES:** The docket for this deviation, [USCG-2014-0889], is available at <http://www.regulations.gov>. Type the docket number in the "SEARCH" box and click "SEARCH." Click on Open Docket Folder on the line associated with this deviation. You may also visit the Docket Management Facility in Room W12-140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this temporary deviation, call or email David H. Sulouff, Chief, Bridge Section, Eleventh Coast Guard District; telephone 510-437-3516, email

[David.H.Sulouff@uscg.mil](mailto:David.H.Sulouff@uscg.mil). If you have questions on viewing the docket, call Cheryl Collins, Program Manager, Docket Operations, telephone 202-366-9826.

**SUPPLEMENTARY INFORMATION:** The Port of Los Angeles has requested a temporary change to the operation of the Henry Ford Avenue railroad drawbridge, mile 4.8, over Cerritos Channel, at Long Beach, CA. The drawbridge navigation span provides 7 feet vertical clearance above Mean High Water in the closed-to-navigation position. In accordance with 33 CFR 117.147(b), the drawspan is maintained in the fully open position, except when a train is crossing or for maintenance. When the draw is in the closed position, it opens on signal. Navigation on the waterway is mainly recreational, emergency response and commercial tug and barge combinations between the ports of Los Angeles and Long Beach.

The Port of Los Angeles has requested the drawbridge be allowed to remain closed to navigation at various times from 5 a.m. on November 12, 2014 to 5 p.m. on November 17, 2014, so they can perform replacement of the auxiliary counterweight wire ropes on the drawbridge. The vertical lift span will be secured in the closed to navigation position at various times as follows: 6 a.m. to 10 a.m. November 12, 2014; 2:30 p.m. on November 12, 2014 to 6:30 a.m. on November 13, 2014; 6 a.m. to 3 p.m. November 14, 2014; and 6 a.m. to 3 p.m. on November 17, 2014.

Mariners must contact the bridge tender to obtain status of the drawbridge when planning transits between the ports. This temporary deviation has been coordinated with the waterway users. No objections to the proposed temporary deviation were raised.

Vessels able to pass through the bridge in the closed position may do so at anytime. The bridge will not be able to open for emergencies. There is an alternative route, transiting around the south side of Terminal Island, for vessels unable to pass through the bridge in the closed position. The Coast Guard will inform waterway users of this temporary deviation via our Local and Broadcast Notices to Mariners, to minimize resulting navigational impacts.

In accordance with 33 CFR 117.35(e), the drawbridge must return to its regular operating schedule immediately at the