

a. Each berth installed in the suite must incorporate a safety belt that meets § 25.785(f).

b. Each berth must be placarded to indicate the appropriate orientation of the occupant's head direction.

c. Each berth cushion must meet § 25.853(c).

6. If waste-disposal receptacles are fitted in the suite, the suite must be equipped with an automatic fire-extinguishing system that meets the performance requirements of § 25.854(b).

7. The design of each suite must:

a. Maintain minimum main aisle(s), cross aisle(s), and passageway(s) required by 14 CFR part 25 requirements when subjected to the ultimate inertia forces listed in § 25.561(d).

b. Prevent structural failure or deformation of components that could block access to the available evacuation routes (e.g., seats, doors, contents of stowage compartments, etc.).

8. In addition to the requirements of § 25.562 for seat systems, which are occupiable during taxi, takeoff, and landing, the suite structure must be designed for the additional loads imposed by the seats as a result of the conditions specified in § 25.562(b).

Issued in in Kansas City, Missouri, on July 30, 2024.

Patrick R. Mullen,

Manager, Technical Policy Branch, Policy and Standards Division, Aircraft Certification Service.

[FR Doc. 2024-17157 Filed 8-5-24; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 200

[Docket No. FR-6423-P-01]

RIN 2502-AJ72

Disbursing Multifamily Mortgage Proceeds: Permitting Mortgagees To Disburse Mortgage Proceeds With Mortgagor-Provided Funds

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (HUD).

ACTION: Proposed rule.

SUMMARY: When funds provided by a mortgagor to a mortgagee are not fully disbursed with the initial advance of the insured mortgage proceeds, the proposed rule would permit mortgagees to disburse up to 1 percent of the mortgage amount initially endorsed for

insurance before requiring that the funds provided by the mortgagor be disbursed in full. This proposed change would allow mortgagees to pool mortgages into mortgage-backed securities guaranteed by the Government National Mortgage Association prior to the funds provided by the mortgagor being disbursed in full.

DATES: Comments due October 7, 2024.

ADDRESSES: To receive consideration as public comments, comments must be submitted through one of the two methods specified in the text that follows. All submissions must refer to the docket number and title of this proposed rule.

1. *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 comments immediately available to the public. Commenters should follow the instructions provided on www.regulations.gov to submit comments electronically.

2. *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.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying at www.regulations.gov or between 8:00 a.m. and 5:00 p.m. weekdays at the above address. HUD strongly encourages the public to view the docket file at www.regulations.gov. 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 202-402-3055 (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>.

In accordance with 5 U.S.C. 553(b)(4), a summary of this proposed rule may be found at www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Willie Fobbs III, Director, Office of Multifamily Production, Department of Housing and Urban Development, 451 7th Street SW, Room 6134, Washington, DC 20410, telephone 202-402-3242 (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

24 CFR 200.54 and Ginnie Mae Guaranteed Mortgage-Backed Securities

Mortgagees seeking to originate a Federal Housing Administration (FHA)-insured mortgage regulated pursuant to 24 CFR part 200, subpart A, must comply with the project completion funding requirements in 24 CFR 200.54. These require that a mortgagor deposit funds with its mortgagee that are sufficient, when added to the proceeds from the FHA-insured mortgage, to assure completion of planned multifamily or healthcare facility project work and to pay the initial service charge, carrying charges, and legal and organization expenses incident to the construction of the project. Typically, 24 CFR 200.54(b) requires that the funds deposited by the mortgagor with the mortgagee (mortgagor-provided funds) must be disbursed in full for project work, material, and incidental charges and expenses (collectively, “project-related expenses”) before the mortgagee may disburse any mortgage proceeds. HUD requires that mortgagees disburse the mortgagor-provided funds in full before disbursing any mortgage proceeds as a basic risk measure.¹

For most mortgages regulated pursuant to 24 CFR part 200, subpart A, the mortgagor-provided funds are disbursed in full to pay for project-related expenses with the initial advance of the insured mortgage proceeds at the time the insured mortgage is endorsed. For certain mortgages, however, the amount of mortgagor-provided funds exceeds the amount of project-related expenses due at the time the insured mortgage is

¹ HUD's current regulations at 24 CFR 200.54(c) allow an exception to the requirement in 24 CFR 200.54(b) for certain projects involving low-income housing tax credit syndication proceeds, historic tax-credit syndication proceeds, New Markets Tax Credits proceeds, and funds provided by a grant or loan from a Federal, State, or local government.

endorsed. Where the mortgageor-provided funds are not fully disbursed at the time the insured mortgage is endorsed, the mortgageor-provided funds are fully disbursed through subsequent disbursements by the mortgagee, usually with the mortgageor-provided funds being disbursed within two months after the insured mortgage is endorsed.

Given that 24 CFR 200.54(b) does not permit insured mortgage proceeds to be disbursed until the mortgagee disburses all mortgageor-provided funds, if the mortgageor-provided funds are not fully disbursed at the time the insured mortgage is endorsed, the mortgage cannot be pooled into a mortgage-backed security (MBS) guaranteed by the Government National Mortgage Association (Ginnie Mae) without conflicting with 24 CFR 200.54(b).² As such, for an insured mortgage to be pooled into a Ginnie Mae guaranteed MBS, the insured mortgage proceeds must be permitted to be disbursed.

This conflict with 24 CFR 200.54(b) typically only exists for a short period of usually no longer than two months after the endorsement of the FHA-insured mortgage, by which time the mortgageor-provided funds are usually fully disbursed. During the short period where this conflict exists, the mortgagee must either implement unusual and burdensome mortgage servicing practices to maintain compliance with 24 CFR 200.54(b) or else the mortgagee will not be able to pool the insured mortgage into a Ginnie Mae guaranteed MBS at the time of endorsement. If a mortgagee is unable to pool an insured mortgage into a Ginnie Mae guaranteed MBS at endorsement, the mortgagee might never be able to securitize the insured mortgage and might fail to meet contractually required delivery dates between the mortgagee and investor. This could potentially lead to costly investor compensation fees. The mortgagee may also experience issues relating to its financial liquidity cycle. When many insured mortgages are unable to be pooled into Ginnie Mae guaranteed MBSs at the time the insured mortgages are endorsed, cascading issues for the broader mortgage market can occur. These can include reducing the overall liquidity of the mortgage market and increasing the cost on mortgageors to borrow funds, which reduces the availability of housing and ultimately harms HUD's mission to create strong, sustainable, inclusive

communities and affordable homes for all.

Partial Regulatory Waiver of 24 CFR 200.54(b)

HUD has recently addressed the described conflict with the requirements in 24 CFR 200.54(b) for mortgages insured under National Housing Act sections 213 and 221(d)(4) by issuing a partial regulatory waiver of the requirements of 24 CFR 200.54(b) (Partial Waiver of 24 CFR 200.54(b)).³ The Partial Waiver of 24 CFR 200.54(b) partially waived the requirement in 24 CFR 200.54(b) that mortgageor-provided funds "must be disbursed in full" for project-related expenses before any disbursement of funds from the insured mortgage. Instead, the Partial Waiver of 24 CFR 200.54(b) permitted, to the extent necessary, a mortgagee to disburse funds from the insured mortgage in an amount up to one-half percent (0.5%) of the initially endorsed mortgage amount. The Partial Waiver of 24 CFR 200.54(b) allows mortgagees to pool insured mortgages into Ginnie Mae guaranteed MBSs when mortgageor-provided funds are not fully disbursed at the time the insured mortgage is endorsed because it allows mortgagees to meet the Ginnie Mae requirement that the insured mortgage proceeds be disburseable.

II. This Proposed Rule

The Proposed Exception to 24 CFR 200.54(b)

Through this proposed rule, HUD proposes to add an exception to the requirement in 24 CFR 200.54(b) that the funds provided by the mortgageor must be disbursed in full before the disbursement of any proceeds from the insured mortgage. This proposed rule would also make non-substantive terminology and organizational edits to 24 CFR 200.54 that would not affect any other requirements within the section.

The exception proposed to be added to 24 CFR 200.54(b) would permit mortgagees, where the funds provided by the mortgageor are not fully disbursed with the initial advance of the insured mortgage proceeds, to disburse up to 1 percent of the mortgage amount initially endorsed for insurance before requiring that the funds provided by the mortgageor be disbursed in full. This proposed exception would permit that a mortgagee could disburse mortgage proceeds at the time the mortgage is

initially endorsed for insurance up to a maximum of 1 percent of the initially endorsed mortgage amount. Alternatively, a mortgagee could choose to disburse mortgage proceeds in any amount on a monthly basis, whether consecutive or not, up to a combined maximum of 1 percent of the initially endorsed insured mortgage amount until the mortgageor-provided funds are fully disbursed.

As described in the Background section of this proposed rule, the Partial Waiver of 24 CFR 200.54(b) permits a mortgagee to disburse funds from the insured mortgage in an amount up to one-half percent (0.5%) of the initially endorsed mortgage amount. HUD is proposing to set the amount of the proposed exception to 24 CFR 200.54(b) at 1 percent of the initially endorsed mortgage amount because in an environment where mortgage interest rates increase, additional mortgageor-provided funds are required to be deposited with the mortgagee. Where additional mortgageor-provided funds are deposited with a mortgagee, there is an increased chance that the mortgageor-provided funds will not be fully disbursed when the insured mortgage is initially endorsed. Permitting a 1% of the initially endorsed mortgage amount exception to 24 CFR 200.54(b) will allow additional mortgages to be securitized at the time of endorsement with no incremental risk to HUD compared to the one-half percent (0.5%) prescribed in the Partial Waiver of 24 CFR 200.54(b).

The proposed exception to 24 CFR 200.54(b) would allow mortgagees to disburse mortgageor-provided funds for project-related expenses in conjunction with the proceeds from the insured mortgage at the time the mortgage is initially endorsed even where the mortgageor-provided funds are not fully disbursed with the initial advance of the insured mortgage proceeds. This would allow mortgagees to pool a mortgage into a Ginnie Mae guaranteed MBS even when the mortgageor-provided funds were not fully disbursed with the initial advance of the insured mortgage proceeds.

This proposed exception would help keep FHA-insured mortgage products competitive in economic environments with rising interest rates and/or multi-year high interest rates, especially for new construction projects, where a higher proportion of mortgage proceeds are constrained by FHA's debt service coverage ratio requirements. In an economic environment with rising and high interest rates, mortgageors must deposit additional funds with their mortgagee, making it more likely that

² For additional information about Ginnie Mae and Ginnie Mae's guarantee of MBSs, see Ginnie Mae's About Us web page, available at https://www.ginniemae.gov/about_us/who_we_are/Pages/funding_government_lending.aspx.

³ The Partial Waiver of 24 CFR 200.54(b) was initially granted in July 2021. See 87 FR 14563 (Mar. 15, 2022). The Partial Waiver of 24 CFR 200.54(b) has subsequently been extended and remains in effect until July 4, 2025.

the mortgagor-provided funds will not be fully disbursed during the initial advance of the insured mortgage proceeds. HUD believes that the proposed exception would help ensure that interest rates for FHA-insured mortgages remain competitive and ensure the liquidity of FHA-insured mortgages on the secondary mortgage market.

Alternative Solution Considered

In determining whether to propose the exception to 24 CFR 200.54(b), HUD considered whether an alternative solution to the proposed exception to 24 CFR 200.54(b) existed that would better address the issue outlined throughout this proposed rule. One alternative solution considered by HUD was to encourage the mortgage industry to contract for the future delivery of MBSs once all mortgagor-provided funds had been disbursed from the insured mortgages that were to be pooled. While this solution could, in theory, correct the same issue that the proposed exception addresses, HUD ultimately determined that this would likely cause higher borrowing costs for mortgagors because interest rates would need to be hedged through some mechanism. Further, mortgagees would potentially experience unfavorable accounting classifications, having to book recently closed mortgages as “mortgages held for sale,” rather than booking closed mortgages as the more favorable “mortgage serving rights.” Mortgagees could also face unfavorable changes to their counterparty credit profile because of the need to hold whole mortgages on their balance sheet for a number of months, likely precluding smaller mortgagees from warehouse credit and potentially creating funding constraints. For these reasons, HUD believes that the proposed exception to 24 CFR 200.54(b) would be a better solution for mortgagors, mortgagees, FHA, and the secondary mortgage markets.

Evaluation of the Partial Waiver of 24 CFR 200.54(b)

HUD has evaluated the results of granting the Partial Waiver of 24 CFR 200.54(b). At the time that HUD granted the Partial Waiver of 24 CFR 200.54(b), HUD determined that permitting up to one-half percent (.5%) of the initially endorsed mortgage amount to be disbursed represented only a negligible increase of risk to FHA. As expected, since granting the Partial Waiver of 24 CFR 200.54(b) in July 2021, HUD has received positive feedback from mortgagees regarding the use of the partial waiver and FHA has experienced

no negative impacts due to mortgagees' reliance on the partial waiver.

In reviewing the knowledge gained from the implementation of the Partial Waiver of 24 CFR 200.54(b), HUD designed this proposed rule to be similar to the partial waiver, with a notable exception being that this proposed rule permits mortgagees to disburse mortgage proceeds in an amount up to 1 percent, rather than one-half percent, of the initially endorsed mortgage amount before requiring that the mortgagor-provided funds be disbursed in full. HUD determined that the proposed 1 percent of the initially endorsed mortgage amount produces no meaningful increase of risk to FHA, while better helping to ensure that mortgagees are more easily able to pool mortgages into Ginnie Mae guaranteed MBSs.

In summary, HUD believes that the proposed exception to 24 CFR 200.54(b) is the best solution to the potential conflict with the requirements in 24 CFR 200.54(b) where the mortgagor-provided funds are not fully disbursed with the initial advance of the insured mortgage proceeds for mortgages intended to be pooled into Ginnie Mae guaranteed MBSs. The proposed exception would assist FHA in keeping its mortgage products competitive and would further HUD's mission to create strong, sustainable, inclusive communities and affordable homes for all.

III. Findings and Certifications

Regulatory Review—Executive Orders 12866, 13563, and 14094

Pursuant to 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 Executive Order. Executive Order 13563 (Improving Regulations and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. The order also 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 further 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 (Modernizing Regulatory Review) amends section 3(f) of Executive Order 12866, among other things.

As discussed in this preamble, the only substantive regulatory change proposed in this rule would permit mortgagees, where the funds provided by the mortgagor are not fully disbursed with the initial advance of the insured mortgage proceeds, to disburse up to 1 percent of the mortgage amount initially endorsed for insurance before requiring that the funds provided by the mortgagor be disbursed in full. 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.

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 changes proposed in this rule are limited to permitting mortgagees, where the funds provided by the mortgagor are not fully disbursed with the initial advance of the insured mortgage proceeds, to disburse up to 1 percent of the mortgage amount initially endorsed for insurance before requiring that the funds provided by the mortgagor be disbursed in full. These proposed changes would not have a significant economic impact on a substantial number of small entities. Accordingly, the undersigned certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities.

Notwithstanding HUD's determination that this rule will not have a significant impact on a substantial number of small entities, HUD specifically invites comments regarding any less burdensome alternatives to this rule that will meet HUD's objectives as described in the preamble to this rule.

Executive Order 13132, Federalism

Executive Order 13132 (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 and is not required by statute or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the

Executive Order. This proposed rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

Environmental Impact

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The Finding of No Significant Impact is available for public inspection on www.regulations.gov and between the hours of 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410-0500.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) (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 proposed rule would not impose any Federal mandates on any State, local, or Tribal governments, or on the private sector, within the meaning of the UMRA.

List of Subjects in 24 CFR Part 200

Administrative practice and procedure, Claims, Equal employment opportunity, Fair housing, Housing standards, Lead poisoning, Loan programs—housing and community development, Mortgage insurance, Organization and functions (Government agencies), Penalties, Reporting and recordkeeping requirements, Social Security, Unemployment compensation, Wages.

For the reasons stated above, HUD proposes to amend 24 CFR part 200 as follows:

PART 200—INTRODUCTION TO FHA PROGRAMS

1. The authority citation for part 200 continues to read as follows:

Authority: 12 U.S.C. 1702-1715z-21; 42 U.S.C. 3535(d).

2. In § 200.54:

a. Revise paragraph (a) by removing the citation to “paragraph (d)” and adding, in its place, a citation to “paragraph (c)”;

- b. Revise paragraph (b) by removing the word “mortgage” and adding, in its place, “insured mortgage”;
c. Redesignate paragraph (c) as paragraph (b)(1);
d. Amend newly redesignated paragraph (b)(1) by removing the word “mortgage” and adding, in its place, “insured mortgage” and by adding the word “or” at the end of the paragraph;
e. Add paragraph (b)(2); and
f. Redesignate paragraph (d) as paragraph (c).

The addition reads as follows:

§ 200.54 Project completion funding.

* * * * *

(b) * * *

(2) If the funds provided by the mortgagor are not fully disbursed with the initial advance of the insured mortgage proceeds, the mortgagee may disburse up to 1 percent of the mortgage amount initially endorsed for insurance before requiring that the funds provided by the mortgagor be disbursed in full. The 1 percent of the initially endorsed mortgage amount may be disbursed in full at the time of initial endorsement or may be disbursed in any amount on a monthly basis, whether consecutive or nonconsecutive, until the funds provided by the mortgagor are fully disbursed.

* * * * *

Julia R. Gordon,

Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 2024-17033 Filed 8-5-24; 8:45 am]

BILLING CODE 4210-67-P

POSTAL SERVICE

39 CFR Part 111

Address Correction Notices IMpb

AGENCY: Postal Service™.

ACTION: Proposed rule.

SUMMARY: The Postal Service is proposing to amend Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM®) in various sections to remove the hardcopy address correction notice option for all packages bearing an Intelligent Mail® package barcode (IMpb®).

DATES: Submit comments on or before September 5, 2024.

ADDRESSES: Mail or deliver written comments to the manager, Product Classification, U.S. Postal Service, 475 L’Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. If sending comments by email, include the name and address of the commenter and send

to PCFederalRegister@usps.gov, with a subject line of “Address Correction Notices IMpb”. Faxed comments are not accepted.

You may inspect and photocopy all written comments, by appointment only, at USPS® Headquarters Library, 475 L’Enfant Plaza SW, 11th Floor North, Washington, DC 20260. These records are available for review on Monday through Friday, 9 a.m.–4 p.m., by calling 202-268-2906.

FOR FURTHER INFORMATION CONTACT: Michelle Evans at (901) 681-4474 or Garry Rodriguez at (202) 268-7281.

SUPPLEMENTARY INFORMATION: All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

Background

Ancillary service endorsements provide an option for mailers to instruct the Postal Service on how to treat their mail if it is determined to be undeliverable-as-addressed and to request address correction services. Address corrections are currently available in four available formats: a returned mailpiece with the new address or reason for nondelivery attached; PS Form 3547, Notice to Mailer of Correction in Address, that is mailed to the return address on a mailpiece; PS Form 3579, Notice of Undeliverable Periodical, mailed to the publisher address indicated in the publication ID Statement; or via ACS™ (Address Change Service) which is an electronic address correction notice made available to the sender via download from a secure USPS website that requires a login and password to access the files. Address correction fees are charged based on the method in which they are provided, with return mail costs and manual address correction fees that reflect the USPS costs to handle those notices.

The IMpb applied to packages allows shippers to obtain postage discounts and the ability to track their packages through the Postal network. The Postal Service can effectively provide address correction notices to our IMpb mailers electronically via ACS faster and more efficiently.

Proposal

The Postal Service is proposing to remove the option to request PS Forms 3547, Notice to Mailer of Correction in Address, and PS Form 3579, Notice of Undeliverable Periodical, for packages with an IMpb.