order to facilitate the orderly resolution of the defaulting counterparty; or

(ii) Where the agreement is subject by its terms to, or incorporates, any of the laws referenced in paragraph (2)(i) of this definition;

(3) The agreement does not contain a walkaway clause (that is, a provision that permits a non-defaulting counterparty to make a lower payment than it otherwise would make under the agreement, or no payment at all, to a defaulter or the estate of a defaulter, even if the defaulter or the estate of the defaulter is a net creditor under the agreement); and

(4) In order to recognize an agreement as a qualifying master netting agreement for purposes of this subpart, a Board-regulated institution must comply with the requirements of § 217.3(d) with respect to that agreement.

* * * * *

Repo-style transaction means a repurchase or reverse repurchase transaction, or a securities borrowing or securities lending transaction, including a transaction in which the Board-regulated institution acts as agent for a customer and indemnifies the customer against loss, provided that:

(3) * * *

(ii) * * *

(A) The transaction is executed under an agreement that provides the Board-regulated institution the right to accelerate, terminate, and close-out the transaction on a net basis and to liquidate or set-off collateral promptly upon an event of default, including upon an event of receivership, insolvency, liquidation, or similar proceeding, of the counterparty, provided that, in any such case, any exercise of rights under the agreement will not be stayed or avoided under applicable law in the relevant jurisdictions, other than in receivership, conservatorship, or resolution under the Federal Deposit Insurance Act, Title II of the Dodd-Frank Act, or under any similar insolvency law applicable to GSEs, or laws of foreign jurisdictions that are substantially similar [8] to the U.S. laws referenced in this paragraph (3)(ii)(a) in order to facilitate the orderly resolution of the defaulting counterparty; or

* * * * *

[8] The Board expects to evaluate jointly with the OCC and Federal Deposit Insurance Corporation whether foreign special resolution regimes meet the requirements of this paragraph.

PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)

■ 7. The authority citation for part 249 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321–338a, 481–486, 1467a(g)(1), 1818, 1828, 1831p–1, 1831o–1, 1844(b), 5365, 5366, 5368.

■ 8. Section 249.3 is amended by:

■ a. Revising the definition of ''qualifying master netting agreement''; and

■ b. In paragraph (2) of the definition of ''regulated financial company'', redesignating footnote 1 as footnote 2.

§ 249.3 Definitions.

* * * * *

Qualifying master netting agreement means a written, legally enforceable agreement provided that:

(1) The agreement creates a single legal obligation for all individual transactions covered by the agreement upon an event of default following any stay permitted by paragraph (2) of this definition, including upon an event of receivership, conservatorship, insolvency, liquidation, or similar proceeding, of the counterparty;

(2) The agreement provides the Board-regulated institution the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set-off collateral promptly upon an event of default, including upon an event of receivership, conservatorship, insolvency, liquidation, or similar proceeding, of the counterparty, provided that, in any such case, any exercise of rights under the agreement will not be stayed or avoided under applicable law in the relevant jurisdictions, other than:

(i) In receivership, conservatorship, or resolution under the Federal Deposit Insurance Act, Title II of the Dodd-Frank Act, or under any similar insolvency law applicable to GSEs, or laws of foreign jurisdictions that are substantially similar [1] to the U.S. laws referenced in this paragraph (2)(i) in order to facilitate the orderly resolution of the defaulting counterparty; or

(ii) Where the agreement is subject by its terms to, or incorporates, any of the laws referenced in paragraph (2)(i) of this definition;

(3) The agreement does not contain a walkaway clause (that is, a provision that permits a non-defaulting counterparty to make a lower payment than it otherwise would make under the agreement, or no payment at all, to a defaulter or the estate of a defaulter, even if the defaulter or the estate of the defaulter is a net creditor under the agreement); and

(4) In order to recognize an agreement as a qualifying master netting agreement for purposes of this subpart, a Board-regulated institution must comply with the requirements of § 249.4(a) with respect to that agreement.

* * * * *

[1] The Board expects to evaluate jointly with the OCC and Federal Deposit Insurance Corporation whether foreign special resolution regimes meet the requirements of this paragraph.

Dated: December 16, 2014.

Thomas J. Curry,

Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, December 16, 2014.

Margaret McCloskey Shanks,

Deputy Secretary of the Board.

[FR Doc. 2014–30218 Filed 12–29–14; 8:45 am]

BILLING CODE P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 34

[Docket No. OCC–2014–0027]

RIN 1557–AD90

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Docket No. R–1443]

RIN 7100–AD 90

BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Part 1026

RIN 3170–AA11

Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Adjustment—Final Rule

AGENCY: Board of Governors of the Federal Reserve System (Board); Bureau of Consumer Financial Protection (Bureau); and Office of the Comptroller of the Currency, Treasury (OCC).

ACTION: Final rule; official staff interpretations; technical amendment.

SUMMARY: The OCC, the Board and the Bureau are publishing final rules amending the official staff interpretations for their regulations that implement section 129H of the Truth in Lending Act (TILA). Section 129H of TILA establishes special appraisal requirements for ''higher-risk

mortgages,'' termed ''higher-priced mortgages'' or ''HPMLs'' in the agencies' regulations. The OCC, the Board, the Bureau, the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) and the Federal Housing Finance Agency (FHFA) (collectively, the Agencies) issued joint final rules implementing these requirements, effective January 18, 2014. The Agencies' rules exempted, among other loan types, transactions of $25,000 or less, and required that this loan amount be adjusted annually based on any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W). Based on the annual percentage increase in the CPI–W as of June 1, 2014, the OCC, the Board and the Bureau are adjusting the exemption threshold to $25,500, effective January 1, 2015.

DATES: This final rule is effective January 1, 2015.

FOR FURTHER INFORMATION CONTACT:

OCC: Beth Knickerbocker, Counsel, Legislative & Regulatory Activities Division, at (202) 649–5490; for persons who are deaf and hard of hearing, TTY, (202) 649–5597.

Board: Lorna M. Neill, Counsel, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452–3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263–4869.

Bureau: James Wylie, Counsel, Office of Regulations, Bureau of Consumer Financial Protection, at (202) 435–7700.

SUPPLEMENTARY INFORMATION:

I. Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) amended the Truth in Lending Act (TILA) to add special appraisal requirements for ''higher-risk mortgages.'' [1] In January 2013, the Agencies issued a joint final rule implementing these requirements and adopted the term ''higher-priced mortgage loan'' (HPML) instead of ''higher-risk mortgage'' (the January 2013 Final Rule).[2] In December 2013, the Agencies issued a supplemental final rule with additional exemptions from the January 2013 Final Rule (the December 2013 Supplemental Final Rule).[3] Among other exemptions, the Agencies adopted an exemption from the new HPML appraisal rules for transactions of $25,000 or less, to be adjusted annually for inflation.

The Bureau's, the OCC's, and the Board's versions of the January 2013 Final Rule and December 2013 Supplemental Final Rule and corresponding official interpretations are substantively identical. The FDIC, NCUA, and FHFA adopted the Bureau's version of the regulations under the January 2013 Final Rule and December 2013 Supplemental Final Rule.[4]

Section 34.203(b)(2) of Subpart G of part 34 of the OCC's regulations, § 226.43(b)(2) of the Board's Regulation Z, and § 1026.35(c)(2)(ii) of the Bureau's Regulation Z, and their accompanying interpretations, provide that the exemption threshold for smaller loans will be adjusted effective January 1 of each year based on any annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) that was in effect on the preceding June 1. Any increase in the threshold amount will be rounded to the nearest $100 increment. For example, if the annual percentage increase in the CPI–W would result in a $950 increase in the threshold amount, the threshold amount will be increased by $1,000. However, if the annual percentage increase in the CPI–W would result in a $949 increase in the threshold amount, the threshold amount will be increased by $900.[5]

II. Adjustment and Commentary Revision

Effective January 1, 2015, the adjusted exemption threshold amount is $25,500. This adjustment is based on the CPI–W index in effect on June 1, 2014, which was reported on May 15, 2014. The Bureau of Labor Statistics publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. The CPI–W is a subset of the CPI–U index (based on all urban consumers) and represents approximately 28 percent of the U.S. population. The adjustment reflects a 2 percent increase in the CPI–W from April 2013 to April 2014. Accordingly, the OCC, the Board, and the Bureau are revising the interpretations to their respective regulations to add new comments as follows:

- Comment 203(b)(2)–1.ii to 12 CFR part 34, Appendix C to Subpart G (OCC);
- Comment 43(b)(2)–1.ii to Supplement I of 12 CFR part 226 (Board); and
- Comment 35(c)(2)(ii)–1.ii in Supplement I of 12 CFR part 1026 (Bureau).

These new comments state that, from January 1, 2015 through December 31, 2015, the threshold amount is $25,500. These revisions are effective January 1, 2015.

III. Administrative Law Matters

Administrative Procedure Act

Under the Administrative Procedure Act (APA), notice and opportunity for public comment are not required if an agency finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest.[6] This annual adjustment is required by the December 2013 Supplemental Final Rule. The amendment in this notice is technical and non-discretionary, and it applies the method previously established, through notice and comment, in the Agencies' regulations for determining adjustments to the exemption threshold. For these reasons, the OCC, the Board and the Bureau have determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendments are adopted in final form.

The effective date of this final rule is January 1, 2015. Under the APA, the required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except, among other things, as provided by the agency for good cause found and published with the rule.[7] Because this rule adjusts the exemption threshold consistent with the procedural requirements of the official staff interpretations, the OCC, the Board and the Bureau conclude that it is not substantive within the meaning of the APA's delayed effective date provision. Moreover, the agencies find that there is good cause for dispensing with the delayed effective date requirement, even if it applied, because their current rules already provide notice that the exemption threshold will be adjusted effective January 1 based on any annual percentage increase in the CPI–W that was in effect on the preceding June 1.

[1] Public Law 111–203 section 1471, 124 Stat. 1376 (2010), codified at TILA section 129H, 15 U.S.C. 1639h.

[2] 78 FR 10368 (Feb. 13, 2013).

[3] 78 FR 78520 (Dec. 26, 2013)

[4] *See* NCUA: 12 CFR 722.3; FHFA: 12 CFR part 1222. Although the FDIC adopted the Bureau's version of the regulation, the FDIC did not issue its own regulation containing a cross-reference to the Bureau's version. *See* 78 FR 10368, 10370 (Feb. 13, 2013).

[5] *See* 12 CFR part 34, Appendix C to Subpart G, comment 203(b)(2)–1 (OCC); 12 CFR part 226, Supplement I, comment 43(b)(2)–1 (Board); and 12 CFR part 1026, Supplement I, comment 35(c)(2)(ii)–1 (Bureau).

[6] 5 U.S.C. 553(b)(B).

[7] 5 U.S.C. 553(d)(3).

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) does not apply to a rulemaking where a general notice of proposed rulemaking is not required.[8] As noted previously, the agencies have determined that it is unnecessary to publish a general notice of proposed rulemaking for this joint final rule. Accordingly, the RFA's requirements relating to an initial and final regulatory flexibility analysis do not apply.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995,[9] the agencies reviewed this final rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

Unfunded Mandates Reform Act

The OCC analyzes proposed rules for the factors listed in Section 202 of the Unfunded Mandates Reform Act of 1995, before promulgating a final rule for which a general notice of proposed rulemaking was published.[10] As discussed above, the OCC had determined that the publication of a general notice of proposed rulemaking is unnecessary.

List of Subjects

12 CFR Part 34

Appraisal, Appraiser, Banks, Banking, Consumer protection, Credit, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth in lending.

12 CFR Part 226

Advertising, Appraisal, Appraiser, Consumer protection, Credit, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements, Truth in lending.

12 CFR Part 1026

Advertising, Appraisal, Appraiser, Banking, Banks, Consumer protection, Credit, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth in lending.

Department of the Treasury

Office of the Comptroller of the Currency

Authority and Issuance

For the reasons set forth in the preamble, the OCC amends 12 CFR part 34 as set forth below:

[8] 5 U.S.C. 603 and 604.

[9] 44 U.S.C. 3506; 5 CFR 1320.

[10] 2 U.S.C. 1532.

PART 34—REAL ESTATE LENDING AND APPRAISALS

■ 1. The authority citation for part 34 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.,* 25b, 29, 93a, 371, 1463, 1464, 1465,1701j–3, 1828(o), 3331 *et seq.,* 5101 *et seq.,* 5412(b)(2)(B) and 15 U.S.C. 1639h.

Subpart G—Appraisals for Higher-Priced Mortgage Loans

■ 2. In Appendix C to Subpart G, under *Section 34.203—Appraisals for Higher-Priced Mortgage Loans,* paragraph 34.203(b)(2)–1.ii is added to read as follows:

Appendix C to Subpart G—OCC Interpretations

* * * * *

Section 34.203—Appraisals for Higher-Priced Mortgage Loans

* * * * *

34.203(b) Exemptions

* * * * *

Paragraph 34.203(b)(2)

1. *Threshold amount.* * * *

ii. From January 1, 2015 through December 31, 2015, the threshold amount is $25,500.

* * * * *

Board of Governors of the Federal Reserve System

Authority and Issuance

For the reasons set forth in the preamble, the Board amends Regulation Z, 12 CFR part 226, as set forth below:

PART 226—TRUTH IN LENDING (REGULATION Z)

■ 3. The authority citation for part 226 continues to read as follows:

Authority: 12 U.S.C. 3806; 15 U.S.C. 1604, 1637(c)(5), 1639(l), and 1639h; Pub. L. 111–24 § 2, 123 Stat. 1734; Pub. L. 111–203, 124 Stat. 1376.

Subpart A—General

■ 4. In Supplement I to part 226, under *Section 226.43—Appraisals for Higher-Priced Mortgage Loans,* under Paragraph 43(b)(2), paragraph 43(b)(2)–1.ii is added to read as follows:

Supplement I to Part 226—Official Staff Interpretations

* * * * *

Subpart E—Special Rules for Certain Home Mortgage Transactions

* * * * *

Section 226.43—Appraisals for Higher-Priced Mortgage Loans

* * * * *

43(b) Exemptions

* * * * *

Paragraph 43(b)(2)

1. *Threshold amount.* * * *

ii. From January 1, 2015 through December 31, 2015, the threshold amount is $25,500.

* * * * *

Bureau of Consumer Financial Protection

Authority and Issuance

For the reasons set forth in the preamble, the Bureau amends Regulation Z, 12 CFR part 1026, as set forth below:

PART 1026—TRUTH IN LENDING (REGULATION Z)

■ 5. The authority citation for part 1026 continues to read as follows:

Authority: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 *et seq.*

■ 6. In Supplement I to part 1026, under *Section 1026.35—Requirements for Higher-Priced Mortgage Loans,* under Paragraph 35(c)(2)(ii), paragraph 35(c)(2)(ii)–1.ii is added to read as follows:

Supplement I to Part 1026—Official Interpretations

* * * * *

Subpart E—Special Rules for Certain Home Mortgage Transactions

* * * * *

Section 1026.35—Requirements for Higher-Priced Mortgage Loans

* * * * *

35(c) Appraisals

* * * * *

35(c)(2) Exemptions

* * * * *

Paragraph 35(c)(2)(ii)

1. *Threshold amount.* * * *

ii. From January 1, 2015 through December 31, 2015, the threshold amount is $25,500.

* * * * *

Dated: December 11, 2014.

Amy Friend,

Senior Deputy Comptroller and Chief Counsel.

By order of the Board of Governors of the Federal Reserve System, acting through the

Secretary of the Board under delegated authority, December 19, 2014.

Robert deV. Frierson,

Secretary of the Board.

Dated: December 18, 2014.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.

[FR Doc. 2014–30419 Filed 12–29–14; 8:45 am]

BILLING CODE 4810–33–P; 6210–01–P; 4810–AM–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 91

[Docket No. FAA–2014–0708; Amendment No. 91–334; SFAR No. 114]

RIN 2120–AK61

Prohibition Against Certain Flights Within the Damascus (OSTT) Flight Information Region (FIR)

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Immediately adopted final rule.

SUMMARY: This action prohibits certain flight operations in the Damascus (OSTT) Flight Information Region (FIR) by all U.S. air carriers; U.S. commercial operators; persons exercising the privileges of a U.S. airman certificate, except when such persons are operating a U.S.-registered aircraft for a foreign air carrier; and operators of U.S.-registered civil aircraft, except when such operators are foreign air carriers. The FAA previously prohibited such flight operations in a Notice to Airmen (NOTAM) 4/4936, which was issued on August 18, 2014, and absent this rule, would have remained in effect until December 31, 2014. This Special Federal Aviation Regulation (SFAR) adopts the prohibitions currently in effect via the NOTAM, and requires compliance with the prohibitions for 2 years from the date of publication of this final rule, unless the FAA determines that it is necessary to amend or rescind this rule based on the situation in the region. The FAA finds that this action is necessary to address a potential hazard to persons and aircraft engaged in such flight operations.

DATES: This final rule is effective on December 30, 2014, and remains in effect through December 30, 2016.

FOR FURTHER INFORMATION CONTACT: For technical questions about this action, contact Will Gonzalez, Air Transportation Division, AFS–220, Flight Standards Service, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone: 202–267–8166; email: *will.gonzalez@faa.gov.*

For legal questions concerning this action, contact: Robert Frenzel, Office of the Chief Counsel, AGC–200, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone (202) 267–7638.

SUPPLEMENTARY INFORMATION:

Good Cause for Immediate Adoption

Section 553(b)(3)(B) of title 5, U.S. Code, authorizes agencies to dispense with notice and comment procedures for rules when the agency for ''good cause'' finds that those procedures are ''impracticable, unnecessary, or contrary to the public interest.'' In this instance, the FAA finds that notice and public comment to this immediately adopted final rule, as well as any delay in the effective date of this rule, are contrary to the public interest due to the immediate need to address the potential hazard to civil aviation that exists in the OSTT FIR, as described in the Background section of this final rule.

Authority for This Rulemaking

The FAA is responsible for the safety of flight in the United States and for the safety of U.S. civil operators, U.S.-registered civil aircraft, and U.S.-certificated airmen throughout the world. The FAA's authority to issue rules on aviation safety is found in title 49 of the U.S. Code. Subtitle I, section 106(f), describes the authority of the FAA Administrator. Subtitle VII of title 49, Aviation Programs, describes in more detail the scope of the agency's authority. Section 40101(d)(1) provides that the Administrator shall consider in the public interest, among other matters, assigning, maintaining, and enhancing safety and security as the highest priorities in air commerce. Section 40105(b)(1)(A) requires the Administrator to exercise his authority consistently with the obligations of the U.S. Government under international agreements.

This SFAR is promulgated under the authority described in Title 49, Subtitle VII, Part A, Subpart III, section 44701, General requirements. Under that section, the FAA is charged broadly with promoting safe flight of civil aircraft in air commerce by prescribing, among other things, regulations and minimum standards for practices, methods, and procedures that the Administrator finds necessary for safety in air commerce and national security. This regulation is within the scope of that authority because it prohibits certain flight operations in the OSTT FIR due to the potential hazard to persons and aircraft engaged in such flight operations that is described in the ''Background'' section of this final rule.

I. Overview of Immediately Adopted Final Rule

This action prohibits certain flight operations in the OSTT FIR, by all U.S. air carriers; U.S. commercial operators; persons exercising the privileges of a U.S. airman certificate, except when such persons are operating a U.S.-registered aircraft for a foreign air carrier; and operators of U.S.-registered civil aircraft, except when such operators are foreign air carriers. The FAA previously prohibited such flight operations in FDC NOTAM 4/4936, which was issued on August 18, 2014. This action incorporates that prohibition into the Code of Federal Regulations (CFR). The FAA finds this action necessary to address a potential hazard to persons and aircraft engaged in such flight operations, as described below.

II. Background

Due to the ongoing armed conflict and volatile security environment in Syria, the FAA has serious concerns regarding potential hazards to U.S. civil flight operations in the OSTT FIR. A number of armed extremist groups are known to be equipped with a variety of anti-aircraft weapons that have the capability to threaten civil aircraft. These groups have successfully shot down Syrian military aircraft and have previously warned civil air carriers against providing service to Syria. Due to the presence of these weapons, threats made by the extremist groups, and ongoing fighting throughout Syria involving various forms of weaponry used by various groups, as well as military fighter aircraft used by the Syrian Air Force, the FAA believes there is a significant threat to U.S. civil aviation operating in the OSTT FIR at any altitude.

On August 18, 2014, in response to the potentially hazardous situation created by the armed conflict in Syria, the FAA issued FDC NOTAM 4/4936, which prohibited flight operations in the OSTT FIR by all U.S. air carriers; U.S. commercial operators; persons exercising the privileges of a U.S. airman certificate, except when such persons are operating a U.S.-registered aircraft for a foreign air carrier; and operators of U.S.-registered civil aircraft, except when such operators are foreign air carriers. In addition, on September 23, 2014, the President announced that U.S. and allied forces had begun airstrikes against the Islamic State in