ADDRESSES section for the address and phone number) between 9 a.m. and 5 p.m., Monday through Friday, except federal holidays. An informal docket may also be examined during normal business hours at the Northwest Mountain Regional Office of the Federal Aviation Administration, Air Traffic Organization, Western Service Area, System Support Group, 1601 Lind Avenue, SW., Renton, WA 98057.

Persons interested in being placed on a mailing list for future NPRM's should contact the FAA's Office of Rulemaking, (202) 267–9677, for a copy of Advisory Circular No. 11–2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

The Proposal

The FAA is proposing an amendment to Title 14 Code of Federal Regulations (14 CFR) part 71 by establishing Class E airspace at Everett, WA. Class E surface airspace is required to accommodate aircraft executing SVFR operations at Everett, Snohomish County Airport (Paine Field), Everett, WA.

Class E airspace designations are published in paragraph 6002 of FAA Order 7400.9P, dated September 1, 2006, and effective September 15, 2006, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in this Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation; (1) Is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule, when promulgated, would not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the FAA Order 7400.9P, Airspace Designations and Reporting Points, dated September 1, 2006, and effective September 15, 2006 is amended as follows:

Paragraph 6002. Class E Airspace Areas Designated as a Surface Area.

* * * * *

ANM WA, E2 Everett, WA [New]

Everett, Snohomish County Airport (Paine Field), WA
(Lat. 47°54′27″ N., long. 122°16′53″ W.)

That airspace extending upward from the surface to and including 3,100 feet MSL within a 4.5-mile radius of the Snohomish County Airport. This Class E airspace is effective when the tower is not in operation. The effective date and time will be continuously published in the Airport/Facility Directory.

* * * * *

Issued in Seattle, Washington, on May 7, 2007.

Clark Desing,

Manager, System Support Group, Western Service Area.

[FR Doc. E7–10565 Filed 5–31–07; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 54

[REG–143797–06]

RIN 1545–BF97

Employer Comparable Contributions to Health Savings Accounts Under Section 4980G

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations providing guidance on employer comparable contributions to Health Savings Accounts (HSAs) under section 4980G in instances where an employee has not established an HSA by December 31st and in instances where an employer accelerates contributions for the calendar year for employees who have incurred qualified medical expenses. In general, these proposed regulations affect employers that contribute to employees' HSAs. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by August 30, 2007. Outlines of topics to be discussed at the public hearing scheduled for September 28, 2007, at 10 a.m., must be received by August 28, 2007.

ADDRESSES: *Send submissions to:* CC:PA:LPD:PR (REG–143797–06), Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered to CC:PA:LPD:PR (REG–143797–06), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Federal eRulemaking Portal at *www.regulations.gov* (IRS REG–143797–06). The public hearing will be held in the IRS Auditorium, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Mireille Khoury at (202) 622–6080; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Kelly Banks at (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). Comments on the collections of information should be sent to the Office of Management and Budget, *Attn:* Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, *Attn:* IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:S Washington, DC 20224. Comments on the collection of information should be received by July 31, 2007.

Comments are specifically requested concerning:

Whether the proposed collections of information are necessary for the proper performance of the functions of the IRS, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information; How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collection of information in these proposed regulations is in Q & A–14. This information is needed for purposes of making HSA contributions to employees who establish an HSA after the end of the calendar year but before the last day of February. The likely respondents are employers that contribute to employees' HSAs.

Estimated total annual reporting burden: 1,250,000 hours.

The estimated annual burden per respondent is: .25 hour.

Estimated number of respondents: 5,000,000.

The estimated annual frequency of responses: 1.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

This document contains proposed Pension Excise Tax Regulations (26 CFR part 54) under section 4980G of the Internal Revenue Code (Code). Under section 4980G, an excise tax is imposed on an employer that fails to make comparable contributions to the HSAs of its employees.

Section 1201 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Act), Public Law 108–173, (117 Stat. 2066, 2003) added section 223 to the Code to permit eligible individuals to establish HSAs for taxable years beginning after December 31, 2003. Section 4980G was also added to the Code by the Act. Section 4980G(a) imposes an excise tax on the failure of an employer to make comparable contributions to the HSAs of its employees for a calendar year. Section 4980G(b) provides that rules and requirements similar to section 4980E (the comparability rules for Archer Medical Savings Accounts (Archer MSAs)) apply for purposes of section 4980G. Section 4980E(b) imposes an excise tax equal to 35% of the aggregate amount contributed by the employer to the Archer MSAs of employees during the calendar year if an employer fails to make comparable contributions to the Archer MSAs of its employees in a calendar year. Accordingly, if an employer fails to make comparable contributions to the HSAs of its employees during a calendar year, an excise tax equal to 35% of the aggregate amount contributed by the employer to the HSAs of its employees during that calendar year is imposed on the employer. See sections 4980G(a) and (b) and 4980E(b). See also Notice 2004–2 (2004–2 CB 269), Q & A–32. See § 601.601(d)(2).

On August 26, 2005, proposed regulations (REG–138647–04) on the comparability rules of section 4980G were published in the **Federal Register** (70 FR 50233). On July 31, 2006, final regulations (REG–138647–04) on the comparability rules were published in the **Federal Register** (71 FR 43056). The final regulations clarified and expanded upon the guidance regarding the comparability rules published in Notice 2004–2 and in Notice 2004–50 (2004–33 IRB 196), Q & A–46 through Q & A–54. See § 601.601(d)(2). Q & A–6(b) of the final regulations reserved the issue dealing with an employee who has not established an HSA by the end of the calendar year. These proposed regulations address that reserved issue and one additional issue concerning the acceleration of employer contributions.

Section 4980G was amended by section 306 of the Tax Relief and Health Care Act of 2006, Public Law 109–432 (120 Stat. 2922), effective for taxable years beginning after December 31, 2006. The Treasury Department and IRS expect to publish guidance on the amendment to section 4980G.

Explanation of Provisions

Employee Has Not Established HSA by December 31

The proposed regulations provide a means for employers to comply with the comparability requirements with respect to employees who have not established an HSA by December 31, as well as with respect to employees who may have established an HSA but not notified the employer of that fact. The proposed regulations provide that, in order to comply with the comparability rules for a calendar year with respect to such employees, the employer must comply with a notice requirement and a contribution requirement. In order to comply with the notice requirement, the employer must provide all such employees, by January 15 of the following calendar year, written notice that each eligible employee who, by the last day of February, both establishes an HSA and notifies the employer that he or she has established the HSA will receive a comparable contribution to the HSA. For each such eligible employee who establishes an HSA and so notifies the employer by the end of February, the employer must contribute to the HSA by April 15 comparable amounts (taking into account each month that the employee was a comparable participating employee) plus reasonable interest. The notice may be delivered electronically. The proposed regulations provide sample language that employers may use as a basis in preparing their own notices.

Acceleration of Employer Contributions

The proposed regulations also address a second issue relating to acceleration of contributions. They provide that, for any calendar year, an employer may accelerate part or all of its contributions for the entire year to the HSAs of employees who have incurred during the calendar year qualified medical expenses exceeding the employer's cumulative HSA contributions at that time. If an employer accelerates contributions for this reason, these contributions must be available on an equal and uniform basis to all eligible employees throughout the calendar year and employers must establish reasonable uniform methods and requirements for acceleration of contributions and the determination of medical expenses. An employer is not required to contribute reasonable interest on either accelerated or non-accelerated HSA contributions. But see Q & A–6 and Q & A–12 in § 54.4980G–4 for when reasonable interest must be paid.

Other Issues

These proposed regulations concern only section 4980G. Other statutes may impose additional requirements (for example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (sections 9801–9803)).

Proposed Effective Date

It is proposed that these regulations apply to employer contributions made on or after the date the final regulations are published in the **Federal Register**. However, taxpayers may rely on these regulations for guidance pending the issuance of final regulations. Alternatively, until the publication of final regulations, an employer may continue to rely on the last sentence of Q&A 6(a) of § 54.4980G–4 of the proposed regulations published in the **Federal Register** on August 26, 2005, which provides that, an employer is not required to make comparable contributions for a calendar year to an employee's HSA if the employee has not established an HSA by December 31st of the calendar year.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. It is hereby certified that the collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact the estimated burden associated with the information collection averages 15 minutes per respondent. Moreover, a model notice has been provided for employers who are subject to this collection of information any burden imposed on employees due to the collection of information in these regulations will be outweighed by the benefit of receiving HSA contributions. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. Chapter 6) is not required. Pursuant to section 7805(f) of the Internal Revenue Code, this regulation will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed regulations and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for September 27, 2007, beginning at 10 a.m. in the Auditorium, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the **FOR FURTHER INFORMATION CONTACT** section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit written or electronic comments by August 30, 2007 and an outline of the topics to be discussed and the amount of time to be devoted to each topic (a signed original and eight (8) copies) August 28, 2007. A period of 10 minutes will be allotted to each person for making comments. An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal author of these proposed regulations is Mireille Khoury, Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities), Internal Revenue Service. However, personnel from other offices of the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 54

Excise taxes, Pensions, Reporting and recordkeeping requirements.

Proposed Amendment to the Regulations

Accordingly, 26 CFR part 54 is proposed to be amended as follows:

PART 54—PENSION EXCISE TAXES

Paragraph 1. The authority citation for part 54 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 54.4980g–0 is amended by adding entries under § 54.4980g–4 for Q–14, Q–15 and Q–16 to read as follows:

§ 54.4980g–0 Table of contents.

* * * * *

§ 54.4980g–4 Calculating comparable contributions.

* * * * *

Q–14: How does an employer comply with the comparability rules if an employee has not established an HSA by December 31st?

Q–15: For any calendar year, may an employer accelerate part or all of its contributions for the entire year to the HSAs of employees who have incurred, during the calendar year, qualified medical expenses (as defined in section 223(d)(2)) exceeding the employer's cumulative HSA contributions at that time?

Q–16: What is the effective date for the rules in Q & A–14 and 15 of this section?

Par. 3. Section 54.4980g–4 is amended by:

1. Removing paragraph (b) and redesignating paragraph (c) as paragraph (b) in Q & A–6.

2. Adding Q & A–14, Q & A–15 and Q & A–16.

The additions read as follows:

§ 54.4980G–4 Calculating comparable contributions.

* * * * *

Q–14: Does an employer fail to satisfy the comparability rules for a calendar year if the employer fails to make contributions with respect to eligible employees because the employee has not established an HSA or because the employer does not know that the employee has established an HSA?

A–14: (a) *In general.* An employer will not fail to satisfy the comparability rules for a calendar year merely because the employer fails to make contributions with respect to an eligible employee because the employee has not established an HSA or because the employer does not know that the employee has established an HSA, if—

(1) The employer provides timely written notice to all such eligible employees that it will make comparable contributions for eligible employees who, by the last day of February of the following calendar year, both establish an HSA and notify the employer (in accordance with a procedure specified in the notice) that they have established an HSA; and

(2) For each such eligible employee who establishes an HSA and so notifies the employer on or before the last day of February of such following calendar year, the employer contributes to the HSA comparable amounts (taking into account each month that the employee was a comparable participating employee) plus reasonable interest by April 15th of such following calendar year.

(b) *Notice.* The notice described in paragraph (a) of this Q & A–14 must be

provided to each eligible employee who has not established an HSA by December 31 or if the employer does not know if the employee established an HSA. The employer may provide the notice to other employees as well. However, if the employee has earlier notified the employer that he or she has established an HSA, or if the employer has previously made contributions to that employee's HSA, the employer may not condition making comparable contributions on receipt of any additional notice from that employee. For each calendar year, a notice is deemed to be timely if the employer provides the notice no earlier than 90 days before the first HSA employer contribution for that calendar year and no later than January 15 of the following calendar year.

(c) *Model notice.* Employers may use the following sample language as a basis in preparing their own notices.

Notice to Employees Regarding Employer Contributions to HSAs:

This notice explains how you may be eligible to receive contributions from [employer] if you are covered by a High Deductible Health Plan (HDHP). [Employer] provides contributions to the Health Savings Account (HSA) of each employee who is [insert employer's eligibility requirements for HSA contributions] (''eligible employee''). If you are an eligible employee, you must do the following in order to receive an employer contribution:

(1) Establish an HSA on or before the last day in February of [insert year after the year for which the contribution is being made] and;

(2) Notify [insert name and contact information for appropriate person to be contacted] of your HSA account information on or before the last day in February of [insert year after year for which the contribution is being made]. [Specify the HSA account information that the employee must provide (e.g., account number, name and address of trustee or custodian, etc.) and the method by which the employee must provide this account information (e.g., in writing, on a certain form, etc.)].

If you establish your HSA on or before the last day of February in [insert year after year for which the contribution is being made] and notify [employer] of your HSA account information, you will receive your HSA contributions, plus reasonable interest, for [insert year for which contribution is being made] by April 15 of [insert year after year for which contribution is being made]. If, however, you do not establish your HSA or you do not notify us of your HSA account information by the deadline, then we are not required to make any contributions to your HSA for [insert applicable year]. You may notify us that you have established an HSA by sending an [e-mail or] a written notice to [insert name, title and, if applicable, e-mail address]. If you have any questions about this notice, you can contact [insert name and title] at [insert telephone number or other contact information].

(e) *Electronic delivery.* An employer may furnish the notice required under this section electronically. See § 1.401(a)–21 of this chapter.

(f) *Examples.* The following examples illustrate the rules in this Q & A–14:

Example 1. In a calendar year, Employer Q contributes to the HSAs of current employees who are eligible individuals covered under any HDHP. For the 2009 calendar year, Employer Q contributes $50 per month on the first day of each month, beginning January 1st, to the HSA of each employee who is an eligible employee on that date. For the 2009 calendar year, Employer Q provides written notice satisfying the content requirements on October 16, 2008 to all employees regarding the availability of HSA contributions for eligible employees. For eligible employees who are hired after October 16, 2008, Employer Q provides such a notice no later than January 15, 2010. Employer Q's notice satisfies the notice requirements in paragraph (a)(1) of this Q & A–14.

Example 2. Employer R's written cafeteria plan permits employees to elect to make pre-tax salary reduction contributions to their HSAs. Employees making this election have the right to receive cash or other taxable benefits in lieu of their HSA pre-tax contribution. Employer R automatically contributes a non-elective matching contribution to the HSA of each employee who makes a pre-tax HSA contribution. Because Employer R's HSA contributions are made through the cafeteria plan, the comparability requirements do not apply to the HSA contributions made by Employer R. Consequently, Employer R is not required to provide written notice to its employees regarding the availability of this matching HSA contribution. See Q & A–1 in § 54.4980G–5 for treatment of HSA contributions made through a cafeteria plan.

Example 3. In a calendar year, Employer S maintains an HDHP and only contributes to the HSAs of eligible employees who elect coverage under its HDHP. For the 2009 calendar year, Employer S employs ten eligible employees. For the 2009 calendar year, all ten employees have elected coverage under Employer S's HDHP and have established HSAs. For the 2009 calendar year, Employer S makes comparable contributions to the HSAs of all ten employees. Employer S satisfies the comparability rules. Thus, Employer S is not required to provide written notice to its employees regarding the availability of HSA contributions for eligible employees.

Example 4. In a calendar year, Employer T contributes to the HSAs of current full-time employees with family coverage under any HDHP. For the 2009 calendar year, Employer T provides timely written notice satisfying the content requirements to all employees regardless of HDHP coverage. Employer T makes identical monthly contributions to all eligible employees (meaning full time employees with family HDHP coverage) that establish HSAs. Employer T contributes comparable amounts (taking into account each month that the employee was a comparable participating employee) plus reasonable interest to the HSAs of the eligible employees that establish HSAs and provide the necessary information after the end of the year but on or before the last day of February, 2010. Employer T makes no contribution to the HSAs of employees that do not establish an HSA and provide the necessary information on or before the last day of February, 2008. Employer T satisfies the comparability requirements.

Example 5. For 2007, Employer V contributes to the HSAs of current full time employees with family coverage under any HDHP. Employer V has 500 current full time employees. As of the date for Employer V's first HSA contribution for the 2007 calendar year, 450 employees have established HSAs. Employer V provides timely written notice satisfying the content requirements only to those 50 current full time employees who have not established HSAs. Employer V makes identical quarterly contributions to the 450 employees who established HSAs. Employer V contributes comparable amounts to the eligible employees who establish HSAs and provide the necessary information after the end of the year but on or before the last day of February, 2008. Employer V makes no contribution to the HSAs of employees that do not establish an HSA and provide the necessary information on or before the last day of February, 2008. Employer V satisfies the comparability rules.

Q–15: For any calendar year, may an employer accelerate part or all of its contributions for the entire year to the HSAs of employees who have incurred, during the calendar year, qualified medical expenses (as defined in section 223(d)(2)) exceeding the employer's cumulative HSA contributions at that time?

A–15: (a) *In general.* Yes. For any calendar year, an employer may accelerate part or all of its contributions for the entire year to the HSAs of employees who have incurred, during the calendar year, qualified medical expenses exceeding the employer's cumulative HSA contributions at that time. If an employer accelerates contributions to employees' HSAs, all accelerated contributions must be available throughout the calendar year on an equal and uniform basis to all eligible employees. Employers must establish reasonable uniform methods and requirements for accelerated contributions and the determination of medical expenses.

(b) *Satisfying comparability.* An employer that accelerates contributions to the HSAs of its employees will not fail to satisfy the comparability rules because employees who incur qualifying medical expenses exceeding the employer's cumulative HSA contributions at that time have received more contributions in a given period than comparable employees who do not incur such expenses, provided that all comparable employees receive the same

amount or the same percentage for the calendar year. Also, an employer that accelerates contributions to the HSAs of its employees will not fail to satisfy the comparability rules because an employee who terminates employment prior to the end of the calendar year has received more contributions on a monthly basis than employees who work the entire calendar year. An employer is not required to contribute reasonable interest on either accelerated or non-accelerated HSA contributions. But see Q & A–6 and Q & A–12 of this section for when reasonable interest must be paid.

Q–16: What is the effective date for the rules in Q & A–14 and 15 of this section?

A–16: It is proposed that these regulations apply to employer contributions made on or after the date the final regulations are published in the **Federal Register**. However, taxpayers may rely on these regulations for guidance pending the issuance of final regulations. Alternatively, until the publication of final regulations, an employer may continue to rely on the last sentence of Q&A 6(a) of section 54.4980G–4 of the proposed regulations published in the **Federal Register** on August 26, 2005, which provides that, an employer is not required to make comparable contributions for a calendar year to an employee's HSA if the employee has not established an HSA by December 31st of the calendar year.

Kevin M. Brown,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E7–10529 Filed 5–31–07; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 36

RIN 2900–AL65

Loan Guaranty: Loan Servicing and Claims Procedures Modifications

AGENCY: Department of Veterans Affairs.

ACTION: Second supplemental notice of proposed rulemaking; reopening of comment period.

SUMMARY: This document provides a second supplemental notice regarding a proposal to amend the Department of Veterans Affairs (VA) Loan Guaranty regulations related to several aspects of the servicing and liquidating of guaranteed housing loans in default, and submission of guaranty claims by loan holders. This notice provides specific information regarding VA's proposal to phase-in implementation of the new electronic reporting requirement and other provisions in the proposed rule published February 18, 2005 (70 FR 8472). In addition, VA is taking this opportunity to address certain comments raised by some members of industry in response to VA's publication of the first supplemental notice to this rulemaking (November 27, 2006 (71 FR 68948)), and to provide further explanation of the ongoing development of VA's computer-based tracking system. VA is reopening the comment period for the limited purpose of accepting public comments concerning the supplemental information provided in this notice.

DATES: Comments must be received on or before June 15, 2007. All comments previously received following publication of the proposed rule and the supplemental notice referenced above are being considered and do not need to be resubmitted.

ADDRESSES: Written comments may be submitted through *www.regulations.gov;* by mail or hand-delivery to the Director, Regulations Management (00REG), Department of Veterans Affairs, 810 Vermont Ave., NW., Room 1068, Washington, DC 20420; or by fax to (202) 273–9026. Comments should indicate that they are submitted in response to ''RIN 2900–AL65.'' Copies of comments received will be available for public inspection in the Office of Regulation Policy and Management, Room 1063B, between the hours of 8 a.m. and 4:30 p.m., Monday through Friday (except holidays). Please call (202) 273–9515 for an appointment. In addition, during the comment period, comments may be viewed online through the Federal Document Management System (FDMS). Comments previously received regarding the notice of proposed rulemaking for RIN 2900-AL65, published February 18, 2005 (70 FR 8472), and the supplemental notice published November 27, 2006 (71 FR 68948), will still be considered in the rulemaking process and do not need to be resubmitted.

FOR FURTHER INFORMATION CONTACT: Mike Frueh, Assistant Director for Loan Management (261), Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, at 202–273–7325. (This is not a toll-free telephone number.)

SUPPLEMENTARY INFORMATION: VA published a notice of proposed rulemaking in the **Federal Register** on February 18, 2005 (70 FR 8472), to amend regulations concerning the servicing and claims submission requirements on VA-guaranteed home loans. The extensive changes in the proposed rule package were the result of an in-depth business process reengineering project that consulted mortgage-industry and government experts to help develop a plan to ensure that the VA home loan program continued to provide the best possible service to veterans of our armed forces in recognition of their service to our country.

Included in the proposed rule were requirements for reporting information to VA under a new 38 CFR 36.4315a. Under the Revised Reporting Requirements preamble heading, 70 FR 8474–8475, VA stated that proposed § 36.4315a would require all loan holders to electronically report information to the Department by use of a computer system, and that VA would be providing more specific information on this system prior to implementation. As VA progressed in developing its tracking system necessary to receive reports from loan servicers, it more clearly defined the system events and data elements that would be reported under § 36.4315a. VA published more detailed information on those data elements and events in a supplemental notice dated November 27, 2006 (71 FR 68948). Public comments in response to that notice and the original proposed rules expressed concern that providing the amount of data requested by VA (and the corresponding need to adapt industry servicing systems to provide this data) would be extensive and time-consuming. The comments also expressed a desire for careful testing of all aspects of the new electronic reporting requirements. In response to these comments, VA proposes a phased implementation by industry segment and submits the following for public comment.

The purpose of this notice is to solicit views, suggestions and comments from program participants, as well as the general public, as to what extent VA's proposed phased implementation should be adopted or modified, or other action taken, and to ensure that participants, beneficiaries, and the general public have the information they need to provide informed comments. To facilitate consideration of the issues covered by this supplemental notice, VA has set forth below a few matters with respect to which views, suggestions, comments and information are requested. Interested persons, however, are encouraged to address any other matters they believe to be germane