

**DEPARTMENT OF VETERANS  
AFFAIRS****Loan Guaranty: Loan Servicing and  
Claims Procedures Modifications  
Segment 8 Effective Date**

**AGENCY:** Department of Veterans Affairs (VA).

**ACTION:** Notice of applicability of Subpart F of 38 CFR, Part 36, to Segment 8 of the mortgage servicing industry.

**SUMMARY:** This publication is to serve as notice that on November 14, 2008, Subpart F of Title 38, Code of Federal Regulations, Part 36, will be applicable to industry segment 8. Program participants in the VA Home Loan Guaranty Program's servicing and claims activities were assigned to one of nine industry segments as part of the planned phased implementation of the rules in Subpart F. All program participants were given notice of their respective segments and were afforded opportunity to comment during the regulatory development process (see **SUPPLEMENTARY INFORMATION** section, below). Segment 8 participants will be under the authority of Subpart F rules on November 14, 2008. VA continues to work with these participants to ensure

that all necessary servicing system modifications, defect corrections, interface testing and data transmission are addressed.

**SUPPLEMENTARY INFORMATION:** On Friday, February 1, 2008, VA published final regulations that modify its Loan Guaranty Program's loan servicing and claims procedures modifications (73 FR 6294). In response to comments received to the proposed regulations (70 FR 8472, published February 18, 2005) and to a supplemental notice published on November 27, 2006 (71 FR 68498), VA published a second supplemental notice on June 1, 2007 (72 FR 30505), in which the agency put forth a proposal to phase-in implementation of the new tracking system.

Based on comments received to the proposed regulations and the first supplemental notice, VA decided to proceed with gradual implementation of the new rules and its computer-based tracking system, the VA Loan Electronic Reporting Interface (VALERI), with nine separate industry segments to be phased in over a period of approximately 11 months. In order to ease the confusion that was created by the original schedule showing the fourth segment not subject to the new rules until approximately the same time as the ninth segment, VA moved the former

members of industry segment four into the last segment and renumbered all subsequent segments accordingly. This resulted in only eight industry segments. The first segment was subject to the new rules upon publication of the final regulations, when the rules became effective. The second segment was subject to the new rules effective April 19, 2008 (73 FR 21176). The third segment was subject to the new rules effective May 30, 2008 (73 FR 34993). The fourth segment was subject to the new rules effective June 27, 2008. The fifth segment was subject to the new rules effective July 25, 2008. The sixth segment was subject to the new rules effective September 19, 2008. The seventh segment was subject to the new rules effective October 17, 2008. The eighth segment will be subject to the new rules effective November 14, 2008.

**FOR FURTHER INFORMATION CONTACT:** Mike Frueh, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, (202) 461-9521 (Not a toll-free number).

Approved: September 16, 2008.

**Gordon H. Mansfield,**

*Deputy Secretary of Veterans Affairs.*

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