and other animals, except seeing-eye dogs, shall not be brought upon property except as authorized by the head of the facility or designee. Our current regulation can be interpreted to allow the head of a VA facility or designee to bar access to all animals other than seeing-eye dogs, which is inconsistent with both section 3103(a) and section 109. We therefore revise our regulation to be consistent with the requirements in section 3103(a) and section 109. The collection associated with this regulation revision only applies to those service dogs that would be staying on VA property with a Veteran for extended periods of time while that Veteran is being treated in a residential treatment setting. This collection is not associated with the basic entry of a service dog generally on VA property. This collection is also associated with the entry of Animal Assisted Therapy and Animal Assisted Activity animals on VA property, and residential animals on VA residential units.

Affected Public: Individuals or Households.

Estimated Annual Burden: 125 burden hours.

Estimated Average Burden per Respondent: 5 minutes.

Frequency of Response: Annually.

Estimated Number of Respondents: 1,500.

By direction of the Secretary.

Kathleen M. Manwell,

VA Privacy Service, Office of Privacy and Records Management, Department of Veterans Affairs.

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DEPARTMENT OF VETERANS AFFAIRS

Loan Guaranty: Net Value Percentage Update

AGENCY: Department of Veterans Affairs (VA).

ACTION: Notice.

SUMMARY: This notice provides information to lenders and mortgage holders in the U.S. Department of Veterans Affairs (VA) home loan guaranty program concerning the percentage to be used in calculating the purchase price of a property that secured a terminated loan. The new percentage is 15.95 percent.

DATES: The new percentage is effective December 23, 2015.

FOR FURTHER INFORMATION CONTACT: Andrew Trevayne, Assistant Director for Loan and Property Management, Department of Veterans Affairs, 810 Vermont Ave. NW., Washington, DC 20420, (202) 632–8795 (not a toll-free number).

SUPPLEMENTARY INFORMATION: The VA home loan guaranty program, authorized by 38 U.S.C. chapter 37, offers a partial guaranty against loss to loan holders who are the holders of home loans to veterans. When a veteran borrower defaults on a VA-guaranteed loan, VA is obligated to pay a guaranty claim to the loan holder. See 38 U.S.C. 3732. If the requirements of 38 U.S.C. 3732(c) are satisfied, a foreclosing loan holder also has the option of conveying a foreclosed property to VA. Requirements related to conveyance of properties are found at 38 CFR 36.4322 through 36.4326. A key component in the conveyance of a property to VA is the net value of the property to the Government. Net value is prescribed in 38 U.S.C. 3732(c) and further defined at 38 CFR 36.4301.

Essentially, net value is the fair market value of the property, minus the total costs the Secretary estimates would be incurred by VA resulting from the acquisition and disposition of the property for property operating expenses, selling expenses, and administrative cost. See 38 CFR 36.4301. The costs of acquisition and disposition are represented by a percentage that VA computes annually. Id. VA refers to the computed percentage as the cost factor. Id.

In computing the cost factor, VA determines the average operating expenses incurred for managing properties that were sold during the preceding fiscal year, as well as the average administrative cost to VA associated with the property management activity. The cost factor calculation also includes an amount equal to the gain or loss experienced by VA on the resale of those properties. VA annually analyzes its property management results and computes a new cost factor. The cost factor that is applicable to program participants is the cost factor most recently published in the Notices section of the **Federal Register**. See 38 CFR 36.4301.

The published cost factor remained unchanged at 11.87 percent between 1999 and 2012, as VA was concerned that a dramatic increase would have caused risk-averse lenders to significantly limit VA lending, impose stricter credit overlays, or cease making VA-guaranteed loans altogether. The net effect would have diminished the ability of veteran borrowers to use their VA home loan guaranty benefit, and the no-downpayment option and foreclosure-avoidance protections associated with it.

As market conditions improved, and in an effort to more closely reflect the costs of real property disposition, VA began a measured approach to increasing the cost factor in FY 2012, by raising it to 14.95 percent.

VA is continuing its measured approach to align its published cost factor with property disposition costs. In order to more accurately reflect the costs of acquiring, managing, and reselling properties in the home loan guaranty program, VA is revising the net value cost factor to 15.95 percent. Accordingly, the loan holder (or its authorized servicing agent) will use a 15.95 percent cost factor to calculate the subtraction from the fair market value to arrive at the net value of the property under the provisions of 38 CFR 36.4322(c). This revised cost factor will be used in net value calculations made by loan holders and servicers, beginning on December 23, 2015.

Dated: November 18, 2015.

Jeffrey M. Martin,

Program Manager, Regulation Policy and Management, Office of the General Counsel.

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