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 to VA's consideration of implementation methods.

Proposed Phased System Implementation

VA proposes to implement its new, computer-based tracking system over an approximately 11-month timeframe, with program participants grouped into nine segments that will ''go live'' on VA's new system during designated phases of implementation. Each phase of implementation will incorporate time for data clean-up, system modifications, defect corrections, testing of interfaces and data transmission, and review of lessons learned before initiating the next phase. With respect to this proposal to designate phases of implementation, VA asks program participants and the general public to respond to or otherwise comment on the following questions:

1. Does this phased implementation approach, in which program participants would be grouped into nine industry segments, appear reasonable in light of VA's need to balance industry participation with the potential for risks to the Government and program beneficiaries?

2. Are there other ways that VA can segment the industry to effectively limit the risks to the Government and beneficiaries?

3. Is the industry segmentation information provided in this supplemental notice clear enough for program participants to understand their role in the implementation process?

4. What additional information would program participants need to prepare for implementation of their industry segment?

5. Do program participants have any concerns about being unprepared for their scheduled, phased implementation? If so, what alternatives for implementation are available to VA?

Industry Segmentation Decisions

VA proposes to phase-in the implementation based on criteria unique to each industry segment defined below. By implementing the new tracking system in this way, VA's goal is to bring on board the largest number of loans as early as its system can handle them, while also taking into account the number of servicers, the extent of servicers' interfaces, the types of loan portfolios, and other unique testing factors that VA can anticipate at this stage. The nine industry segments identified in this supplemental notice account for all current program participants. Each segment would have a corresponding effective date for the phased-in implementation.

Industry Segment One: With the first industry segment, VA will need to bring into the new tracking system a large number of loans that are in different stages of delinquency. This is important because VA must have a representative cross-sampling by which it can test its new system's capabilities at various milestones. However, VA cannot manage the risk associated with simultaneously bringing multiple servicers into the system and adding such a large number of loans. As such, VA will select the first industry segment based on the largest number of delinquent loans with a representative portfolio and a loan servicing system that is already common to the industry.

Industry Segment Two: The second segment would bring on-line a proprietary servicing system. Proprietary servicing systems are less common and, as a result, have characteristics that may present unique challenges to implementation. It is necessary for VA to determine early that its tracking system will be able to communicate seamlessly with such a servicing system, so that when VA is ready to begin taking on multiple servicers with proprietary systems, VA will be certain that its tracking system can handle the demands. Consequently, in Segment Two, VA will bring on-line a large program participant that is capable of participating at such an early stage and that uses a proprietary system to manage a high volume of delinquent loans.

Industry Segment Three: For Segment Three, VA would begin introducing to its system multiple program participants with medium-sized delinquent loan portfolios. Since this would be the first time that VA's system would have to handle an influx of multiple participants, however, VA would also limit Industry Segment Three to those who use the same servicing system as Industry Segment One, a common loan servicing platform with which VA's system would already be familiar.

Industry Segment Four: With the fourth industry segment, VA would introduce another servicing system common to the industry. VA would identify the program participant with the largest, most representative portfolio of delinquent loans. As with Industry Segments One and Two, this would allow VA to bring on-line a large number of loans without the risk of shutting down multiple program participants in the case of testing defects.

Industry Segment Five: Segment Five would focus on program participants with smaller portfolios where the program participants would use a variety of servicing systems. In the aggregate, this group would have a moderate number of delinquent loans. The increased complexity of interacting with multiple servicing systems would be offset by the ease of working with smaller portfolios. This segment would allow VA to verify its ability to implement with multiple servicers and multiple servicing systems for the first time.

Industry Segment Six: At this stage, VA would be ready to bring large numbers of program participants into the system. VA would list the remaining servicers in descending order by size of delinquent loan portfolio. From this list, VA would create three groups of approximately equal size. From these three groups, VA would randomly select a group for Industry Segment Six. By selecting Industry Segment Six in this way, VA would focus for the first time on large numbers of servicers while keeping implementation risks low by selecting servicers with relatively small delinquent loan portfolios.

Industry Segment Seven: For Industry Segment Seven, VA would randomly select the second group of servicers with relatively small delinquent loan portfolios for implementation.

Industry Segment Eight: Industry Segment Eight would include the remaining group of servicers with relatively small delinquent loan portfolios.

Industry Segment Nine: VA would reserve Industry Segment Nine for any servicers that have not been brought into the new tracking system in a previous industry segment.

Proposed Effective Dates of New Rules

For most of the regulatory changes proposed on February 18, 2005 (70 FR 8472), the effective date of the new rules for each industry segment would correspond to the date that segment ''goes live'' on the new system. Final implementation of the new rules would occur approximately 11 months after publication of the final rule. The table below provides the approximate effective date that we anticipate for each industry segment. These approximate effective dates are based on an anticipated publication of the final rules in September of 2007. The schedule would maintain the general timeframes described below, but could change due to unforeseen circumstances. There may be other factors at time of implementation that would influence the ordering of the industry segments (for example, industry consolidation and/or unacceptable testing results discovered during preparations for an industry segment implementation). Because we cannot predict with certainty the precise date on which we will be ready to begin phase one, or the precise dates on which we will be ready to move from segment to segment, we intend to publish as notices in the **Federal Register** the actual effective dates for the industry segments.

Segment No.	Effective date of phased-in rules (by calendar year quarter)
1	4th Quarter, 2007.
2	4th Quarter, 2007.
3	1st Quarter, 2008.
4	1st Quarter, 2008.
5	1st Quarter, 2008.
6	1st Quarter, 2008.
7	2nd Quarter, 2008.
8	2nd Quarter, 2008.
9	3rd Quarter, 2008.

Proposed Exceptions to the Effective Dates of the New Rules

There would be three exceptions to the phased implementation for the new rules, meaning that all program participants would be subject to these proposed exceptions upon the date of the final rules' publication. These exceptions can be implemented immediately because they are not dependent on the new tracking system. The first exception is the proposed revision to § 36.4313(b)(5) on allowable legal fees, which would be effective upon publication of the final rule. The second exception is the provision in new § 36.4321(d) that allows 1 year after termination for filing a claim under the guaranty, which would be effective upon publication of the final rule. The third exception is the new authority proposed in § 36.4344a for the Servicer Appraisal Processing Program, which would be effective upon publication of the final rule.

Proposed New 38 CFR 36.4800, *et seq.*

All program participants not yet brought online would be governed by the existing regulations in 38 CFR 36.4300 through 36.4393, as amended through this rulemaking. Program participants would also be immediately subject to the three exceptions described earlier. As industry segments are brought on-line, however, they would then be subject to the phased-in rules, which would be found at a new 4800 series in 38 CFR part 36.

To make implementation less confusing, the 4800 series would reprint the existing rules not affected by this rulemaking. To illustrate: If a servicer were brought on-line and wanted to know the definition of a key term, it would look to 38 CFR 36.4801 to determine the meaning. The servicer would find the new § 36.4801 different from the existing § 36.4301 in the way that VA has proposed. On the other hand, if the same servicer wanted information about how guaranties are computed, it would look to § 36.4802 in the new environment, and would find it identical to the existing rule in 38 CFR 36.4302 because VA has not proposed a change to that section as a part of this rulemaking.

When all industry segments have been brought on-line, VA will remove current §§ 36.4300 through 36.4393, and redesignate the new 4800 series to replace current §§ 36.4300 through 36.4393. At that time, all program participants would be subject to the new rules.

Anticipated Effect of the Phase-in on Veterans and the Lending Industry

The impact on veterans by this phasing of effective dates of the new rules would be minimal. Under the existing rules, veterans experiencing payment problems receive financial counseling and other assistance from VA to help them avoid foreclosure whenever possible. Under the new rules, loan servicers would be responsible for providing similar assistance to veterans and VA would be assuming an oversight role, monitoring the servicers' direct intervention, while retaining the ability to intervene on the veteran's behalf when necessary. VA would do everything possible to mitigate potential disparities and to minimize the time to move to full implementation of the new rules. VA would, to the maximum extent permitted by law, help veterans who may be affected by any differences. Nevertheless, VA believes the phase-in approach offers the least risk with the most opportunity for success, as other alternatives contemplated might severely impact VA's ability to serve any veteran. VA recognizes that mortgage servicers would incur some expenses for conversion to the new reporting requirements through the use of VA's new tracking system. However, as servicers shift over to VA's new system, they would become eligible for certain incentives authorized under the new rules. VA believes that the overall impact on servicers would be minimized by phasing in implementation of the new rules in accordance with the schedule for bringing servicers on-line with VA's new system, and this approach also offers the least risk to VA in the event the new system requires modifications.

With respect to the effect of the proposed phased implementation, VA asks program participants and the general public to respond to or otherwise comment on the following questions:

1. Does VA's proposal balance the competing interests of the Government, beneficiaries, and program participants?
2. Are there program participants who would want to be brought in to the system at an earlier or later date than proposed in this supplemental notice?
3. How could VA modify the proposal for implementing the new system to accommodate program participants who seek an alternative phase-in date?
4. Are there other issues, such as the impact of incentives authorized under the new rules or the cost of preparing to be brought in to the system, which VA should consider in deciding whether there is any other feasible alternative to the phased implementation?

Proposed Clarification on Servicer or Holder

The holder is the entity ultimately responsible for compliance with VA regulations and under § 36.4301 ''holder'' means ''the authorized servicing agent of the lender or assignee or transferee.'' However, for purposes of tier ranking (§ 36.4316) and loss mitigation options and incentives (§ 36.4317), VA's intent is to measure performance of the actual loan servicer and reward it accordingly. In order to make this distinction clearer, VA proposes to add a new definition in § 36.4301 to describe the duties, responsibilities and rights of servicers.

Proposed Clarifications on Loan Modifications

VA proposed extensive changes to the existing rule in § 36.4314 to clarify the conditions under which a loan holder could modify an existing loan without the prior approval of VA. In reviewing the proposed rule VA realized that two aspects of it remained confusing and in need of clarification.

First, proposed paragraph (a)(1) includes the phrase ''or default is imminent.'' Because VA is proposing a hierarchy of loss mitigation options for consideration within the new regulatory package, it would not be appropriate for a holder to consider modification of a loan until after first considering a repayment plan or a period of forbearance in order to allow loan reinstatement. Therefore, it would not normally be feasible for a holder to consider modification of a loan where default is only imminent, because that would not allow for prior consideration of a repayment plan or a period of forbearance. Accordingly, in addition to the amendments noted in the notice of proposed rulemaking published on February 18, 2005 (70 FR 8472), VA proposes to eliminate the words ''or default is imminent'' from the proposed rule.

Second, proposed paragraph (a)(4) includes the phrase, ''At least 12 months must have elapsed since the closing of the loan.'' As we reviewed this proposal, we realized that the intent of the redesign group had been misconstrued with this language. VA actually intended for a holder to be empowered to consider a loan modification without VA's prior approval if the borrower had made at least 12 payments on the loan. The actual language in the proposed rule did not accurately convey this condition, and could allow loan modification even if a borrower had made no payments on the loan, but 12 months had elapsed since origination. VA would definitely want to review such a unique case prior to loan modification. However, if a borrower has made 12 payments after origination, then a holder should be allowed to modify the loan without prior VA approval, provided the other conditions are satisfied. Therefore, in addition to the amendments noted in the notice of proposed rulemaking published on February 18, 2005 (70 FR 8472), VA proposes to replace ''months must have elapsed'' with ''payments must have been paid'' in proposed § 36.4314(a)(4).

Paperwork Reduction Act

While the proposed rule sets forth collections of information pertaining to proposed § 36.4315a, this supplemental notice of proposed rulemaking contains no new or proposed revised collections of information outside those referenced in the proposed rule.

Executive Order 12866

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity). The Executive Order classifies a ''significant regulatory action,'' requiring review by the Office of Management and Budget (OMB) unless OMB waives such review, as any regulatory action that is likely to result in a rule that may: Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

The economic, interagency, budgetary, legal, and policy implications of this supplemental notice of proposed rulemaking have been examined, and it has been determined to be a significant regulatory action under Executive Order 12866.

Unfunded Mandates

The Unfunded Mandates Reform Act requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before developing any rule that may result in expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of $100 million or more in any given year. This supplemental notice of proposed rulemaking would have no such effect on State, local, or tribal governments, or the private sector.

Regulatory Flexibility Act

The Secretary hereby certifies that this supplemental notice of proposed rulemaking would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. The vast majority of VA loans are serviced by very large financial companies. Only a handful of small entities service VA loans and they service only a very small number of loans. This supplemental notice of proposed rulemaking, which only impacts veterans, other individual obligors with guaranteed loans, and companies that service VA loans, will have a very minor impact on a very small number of small entities servicing such loans. Therefore, pursuant to 5 U.S.C. 605(b), the supplemental notice of proposed rulemaking is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance Program number is 64.114, Veterans Housing Guaranteed and Insured Loans.

List of Subjects in 38 CFR Part 36

Condominiums, Handicapped, Housing, Indians, Individuals with disabilities, Loan programs—housing and community development, Loan programs—Indians, Loan programs—veterans, Manufactured homes, Mortgage insurance, Reporting and record keeping requirements, Veterans.

Approved: April 24, 2007.

Gordon H. Mansfield,

Deputy Secretary of Veterans Affairs.

For the reasons set out in the preamble, the Department of Veterans Affairs proposes to amend 38 CFR part 36 as follows:

PART 36—LOAN GUARANTY

1. The authority citation for part 38 continues to read as follows:

Authority: 38 U.S.C. 501, 3701–3704, 3707, 3710–3714, 3719, 3720, 3729, 3762, unless otherwise noted.

2. Amend § 36.4301 as proposed to be amended on February 18, 2005 (70 FR 8483) by revising the following terms in alphabetical order to read as follows:

§ 36.4301 Definitions.

* * * * *

Compromise sale. A sale to a third party for an amount less than is sufficient to repay the unpaid balance on the loan where the holder has agreed in advance to release the lien in exchange for the proceeds of such sale.

* * * * *

Holder. The lender or any subsequent assignee or transferee of the guaranteed obligation or the authorized servicing agent (also referred to as ''the servicer'') of the lender or of the assignee or transferee.

* * * * *

Liquidation sale. * * * This term also includes a compromise sale.

* * * * *

Servicer. The authorized servicer may be the servicing agent of a holder or the holder itself if the holder is performing all servicing functions on a loan. The servicer is typically the entity reporting all loan activity to VA and filing claims under the guaranty on behalf of the holder. VA will generally issue guaranty claims and other payments to the servicer, which will be responsible for forwarding funds to the holder in accordance with its servicing agreement. Incentives under § 36.4317 will generally be paid directly to the servicer based on its performance under that section and in accordance with its tier ranking under § 36.4316.

* * * * *

Total indebtedness. For purposes of 38 U.S.C. 3732(c), the veteran's ''total indebtedness'' shall be the sum of: The unpaid principal on the loan as of the date of the liquidation sale, accrued unpaid interest permitted by § 36.4321(a), and fees and charges permitted to be included in the guaranty claim by § 36.4313.

* * * * *

3. Revise § 36.4314 to read as follows:

§ 36.4314 Loan modifications.

(a) Subject to the provisions of this section, the terms of any guaranteed loan may be modified by written agreement between the holder and the borrower, without prior approval of the Secretary, if all of the following conditions are met:

(1) The loan is in default;

(2) The event or circumstances that caused the default have been or will be resolved and it is not expected to re-occur.

(3) The obligor is considered to be a reasonable credit risk, based on a review by the holder of the obligor's creditworthiness under the criteria specified in § 36.4337, including a current credit report. The fact of the recent default will not preclude the holder from determining the obligor is now a satisfactory credit risk provided the holder determines that the obligor is able to resume regular mortgage installments when the modification becomes effective based upon a review of the obligor's current and anticipated income, expenses, and other obligations as provided in § 36.4337.

(4) At least 12 monthly payments have been paid since the closing date of the loan;

(5) The current owner occupies the property securing the loan and is obligated to repay the loan.

(6) All current owners of the property are parties to, and have agreed to the terms of, the loan modification.

(7) The loan will be reinstated to performing status by virtue of the loan modification.

(b) A loan can be modified no more than once in a 3-year period and no more than three times during the life of the loan.

(c) All modified loans must bear a fixed-rate of interest, which may not exceed the lesser of—

(1) A rate which is 100 basis points above the interest rate in effect on this loan just prior to the execution of the modification agreement, or

(2) The Government National Mortgage Association (GNMA) current month coupon rate that is closest to par (100) in effect at the close of business on the business day immediately preceding the date the modification agreement is executed by the obligor plus 50 basis points.

(d) The unpaid balance of the modified loan may be re-amortized over the remaining life of the loan. The loan term may extend the maturity date to the shorter of—

(1) 360 months from the due date of the first installment required under the modification, or

(2) 120 months after the original maturity date of the loan.

(e) Only unpaid principal, accrued interest, and deficits in the taxes and insurance impound accounts may be included in the modified indebtedness. Late fees and other charges may not be capitalized.

(f) Holders will ensure the first lien status of the modified loan. No current owner of the property will be released from liability as a result of executing the modification agreement without prior approval from VA. Releasing a current owner obligor from liability without prior approval will release the Secretary from liability under the guaranty.

(g) The dollar amount of the guaranty may not exceed the greater of the original guaranty amount of the loan being modified or 25 percent of the loan being modified subject to the statutory maximum specified at 38 U.S.C. 3703(a)(1)(B).

(h) The obligor may not receive any cash back from the modification.

[FR Doc. E7–10630 Filed 5–31–07; 8:45 am]

BILLING CODE 8320–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Parts 52 and 81

[EPA–R03–OAR–2007–0324; FRL–8321–1]

Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania; Redesignation of the Johnstown (Cambria County) 8-Hour Ozone Nonattainment Area to Attainment and Approval of the Area's Maintenance Plan and 2002 Base Year Inventory

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to approve a redesignation request and State Implementation Plan (SIP) revisions submitted by the Commonwealth of Pennsylvania. The Pennsylvania Department of Environmental Protection (PADEP) is requesting that the Johnstown (Cambria County) ozone nonattainment area (Cambria Area) be redesignated as attainment for the 8-hour ozone national ambient air quality standard (NAAQS). EPA is proposing to approve the ozone redesignation request for the Cambria Area. In conjunction with its redesignation request, the Commonwealth submitted a SIP revision consisting of a maintenance plan for the Cambria Area that provides for continued attainment of the 8-hour ozone NAAQS for at least 10 years after redesignation. EPA is proposing to make a determination that the Cambria Area has attained the 8-hour ozone NAAQS, based upon three years of complete, quality-assured ambient air quality monitoring data for 2003–2005. EPA's proposed approval of the 8-hour ozone redesignation request is based on its determination that the Cambria Area has met the criteria for redesignation to attainment specified in the Clean Air Act (CAA). In addition, the Commonwealth has also submitted a 2002 base year inventory for the Cambria Area which EPA is proposing to approve as a SIP revision. EPA is also providing information on the status of its adequacy determination for the motor vehicle emission budgets (MVEBs) that are identified in the maintenance plan for the Cambria Area for purposes of transportation conformity, which EPA is also proposing to approve. EPA is proposing approval of the redesignation request and of the maintenance plan and 2002 base year inventory SIP revisions in accordance with the requirements of the CAA.

DATES: Written comments must be received on or before July 2, 2007.

ADDRESSES: Submit your comments, identified by Docket ID Number EPA–R03–OAR–2007–0324 by one of the following methods:

A. *http://www.regulations.gov.* Follow the on-line instructions for submitting comments.

B. *E-mail: miller.linda@epa.gov.*

C. *Mail:* EPA–R03–OAR–2007–0324, Linda Miller, Acting Chief, Air Quality Planning Branch, Mailcode 3AP21, U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103.

D. *Hand Delivery:* At the previously-listed EPA Region III address. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.

Instructions: Direct your comments to Docket ID No. EPA–R03–OAR–2007–0324. EPA's policy is that all comments received will be included in the public docket without change, and may be made available online at *http://www.regulations.gov*, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information