

SUPPORTING STATEMENT FOR VA FORM 26-8937
VERIFICATION OF VA BENEFITS
(2900-0406)

A. JUSTIFICATION

1. Since March of 1982, as a result of OMB's approval of VA's Debt Collection Plan, lenders authorized to make VA-guaranteed home or manufactured home loans on the automatic basis have been required to determine through VA Finance Officers whether any benefits-related debts exist in the veteran-borrower's name prior to the closing of any automatic loan pursuant to 38 U.S.C. 3702(d), Title 38, Veterans' Benefits, Part III – Readjustment and Related Benefits, Chapter 37 – Housing and Small Business Loans, Subchapter I - General. This requirement is one of the measures utilized to effect repayment of such debts pursuant to 38 U.S.C. 5314(c), Title 38, Veterans' Benefits, Part IV - General Administrative Provisions, Chapter 53 - Special Provisions Relating To Benefits.

2. VA has instructed lenders that they may not close any proposed automatic loan until they have evidence from VA that there is no debt, or if a debt exists, an acceptable repayment plan has been agreed to by the veteran, or payments under a plan already in effect are current.

VA Form 26-8937 is designed to assist lenders and VA in the completion of debt checks in a uniform manner. The form restricts information requested to only that needed for the debt check and also eliminates unlimited versions of lender-designed forms.

Lenders assure the completion of the upper portion of VA Form 26-8937, including the veteran's authorization for release of the information, and forward it to the appropriate VA Finance Officer. Finance personnel perform the debt check, complete the balance of the form, and return it to the lender, who considers any repayment terms in evaluating the veteran's credit worthiness. Following the closing of any automatic loan, the lender submits the form with the loan report and related documents to the applicable Loan Guaranty Office of Jurisdiction for issuance of guaranty. The form is reviewed by a loan examiner to assure that debt check requirements have been observed in each case.

The form also provides information advising the lender whether or not the veteran is exempt from paying the funding fee which must be collected on all VA home loans unless the veteran is receiving service-connected disability compensation. This benefits the lender by streamlining the procedure to verify the veteran's receipt of compensation. It also eliminates the possibility of the lender making an incorrect determination that the veteran is exempt from the funding fee. VA Form 26-8937 also cites specific instances when a lender must submit a veteran's loan application to VA for prior approval processing.

3. Use of improved information technology is applicable as lenders can retrieve this form on the internet at <http://www.va.gov/vaforms/>. We have Rite Fax capability at our field stations which will allow lenders to send the completed form by fax to a VA employee's workstation.

4. There is no duplication of information involved.

5. Small businesses are not involved.

6. This information collection is not a recurring or repetitive report. It is generally conducted on a one-time basis per individual applicant.

7. There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

8. The Department notice was published in the Federal Register on October 3, 2006, on pages 58477-58478. No outside consultations were solicited because the form is being satisfactorily completed by the parties involved. No comments were received.

9. Decisions to provide any payment or gift to respondents does not apply.

10. Loan Guaranty Home, Condominium and Manufactured Home Loan Applicant Records, Specially Adapted Housing Applicant Records, and Vendee Loan Applicant Records - VA (55VA26) (67FR72721) are contained in the Privacy Act Issuances, 2001.

11. No sensitive questions appear on the form.

12. Estimate of Information Collection Burden

a. Number of respondents is estimated at 50,000 per year.

b. Frequency of response is generally one-time.

c. Annual burden is 4,167 hours.

d. The estimated response time of 5 minutes is based on trial use with Loan Guaranty office staff and no adjustment is necessary.

e. The total estimated cost to respondents is \$62,505.00.
(4,167 hours x \$15 per hour)

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 98,625.00 Estimated Loan Guaranty processing cost for FY 2006
(50,000 cases x 5 minutes x \$23.67 per hour
(average Loan Guaranty field salary))

No Printing cost

\$ 98,625.00 Total Estimated Cost to Federal Government

15. The decrease in burden hours is due to a significant decrease in the number of VA guaranteed loans. We expect the number to remain lower than it had been previously.

16. Information is not for publication purposes.

17. The collection instrument, VA Form 26-8937, may be reproduced and/or stocked by the respondents and veterans service organizations. This VA form does not display an expiration date, and if required to do so it would result in unnecessary waste of existing stocks of this form. These forms are submitted to OMB for approval every 3 years. As such, this date requirement would also result in an unnecessary burden on the respondents and would delay Department action on the benefit being sought. VA also seeks to minimize its cost to itself of collecting, processing, and using the information by not displaying the expiration date. For the reasons stated, VA continues to seek an exemption that waives the displaying of the expiration date on VA Form 26-8937.

18. There is no exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-1.

B. STATISTICAL METHODS

1. The Veterans Benefits Administration does not collect information employing statistical methods.