

**SUPPORTING STATEMENT FOR VA FORM 26-8778,  
REQUEST TO LENDER FOR STATUS OF LOAN ACCOUNT - LCS  
(2900-0251)**

JUSTIFICATION

1. After VA receives notification of a loan default, the servicer is contacted to obtain pertinent data about the status of the account. VA must obtain this information in order to assure that necessary action is taken to cure the default. Title 38, U.S.C., Section 3704(d) or 3720(a)(5) and (c) and 38 CFR 36.4280, 36.4282, 36.4317, 36.4319 or 36.4600(c) provide VA the authority to request this information.

2. VA Form 26-8778 is basically used to collect information from the servicer and it serves as a code sheet to input data in the automated Loan Service & Claims System (LS &C). The form is computer-generated and sent directly to the servicer of the loan from the Austin Data Processing Center. The servicer completes its portion and sends the form to the Regional Loan Center having responsibility for the loan. Upon receipt of the form, Loan Guaranty personnel take whatever action is necessary to properly service the loan. Appropriate coding is then accomplished.

3. Use of improved information technology has been limited in gathering this information because of the wide variations in servicers' systems. Some servicers use a Servicing Institution (S/H), which is connected to VA's Electronic Data interchange (EDI), and defaulted loans are electronically updated. Others are not connected to EDI, hence, the need for the continued use of this form. VA has proposed a new rule for requiring electronic reporting of this information by all entities, and the final rule should be going to OMB later this year.

4. The information is not contained in any other VA records. Similar information is not available elsewhere.

5. Small organizations are involved and to help minimize their burden, VA Form 26-8778 was designed. The use of this form assures VA of the necessary information needed to service all of the defaulted loans.

6. Collection of data occurs on occasion; i.e., once every 30 days, until such time that a defaulted loan is either cured or liquidated. Without this form, VA would not collect information from the servicer on the status of a loan gone into default, and consequently would not prompt action necessary to properly service the loan. In addition VA would not have the status update reporting, provided by the form, to input into the LS & C system.

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 April 2, 2007, pages 15768-15769 in the Federal Register and June 20, 2007, page 34070. Specific consultations outside the Department were not made since the form is being completed satisfactorily by the parties involved.

9. Decisions to provide any payment or gift to respondents do 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) contained in the Privacy Act Issuances, 2001 Compilation.

11. No sensitive questions appear on the form.

12. Estimate of Information Collection Burden

a. The number of respondents per year is estimated at 175,000.

b. Frequency of response is on occasion. Every 30 days a form is sent for each default until the default is cured (e.g., if a loan is not cured for 4 months, 4 forms for that default will be generated).

c. Annual burden is 29,167 hours.

d. The estimated response time of 10 minutes is based on trial use with Loan Guaranty Office Staff and no adjustment is necessary.

e. The total estimated cost to respondents is \$437,505 (175,000 respondents x 10 minutes average response x \$15 per hour).

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 3,188,063 Estimated Loan Guaranty Processing Cost for FY 2004  
(175,000 responses x 45 minutes x \$24.29 per hour (average Loan Guaranty field salary))

71,750 Estimated cost for printing and mailing

\$ 3,259,813 Estimated cost to Federal Government

15. There is no change in the burden hours.

16. Information collection is not for publication purposes.

17. This VA form does not display an expiration date, and if required to do so would result in unnecessary waste of existing stocks of this form. This form is 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 26-8778.

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