

SUPPORTING STATEMENT FOR
VA FORM 26-6850, NOTICE OF DEFAULT
VA FORM 26-6850a, NOTICE OF DEFAULT AND INTENTION TO FORECLOSE
AND
VA FORM 26-6851, NOTICE OF INTENTION TO FORECLOSE
(2900-0021)

A. JUSTIFICATION

1. Holders of guaranteed loans under 38 U.S.C. 3710 and 3712 (exhibits A & B) are required to notify VA within 45 days of a loan default by reason of nonpayment of any installment for a period of 60 days from the date of the first uncured default. This notice is required by 38 U.S.C. 3732(a)(1) and 38 CFR 36.4315 (exhibits C and D). Holders are also required to notify VA of their intention to foreclose. This notice is required by 38 U.S.C. 3732(a)(2) and 38 CFR 36.4317 (exhibits E and F). After delivery of such notice to VA, 30 days must pass before the holder can begin court proceeding or give notice of sale under power of sale or otherwise take steps to terminate the debtor's rights in the security.

Many times, defaults are determined insoluble by holders at the time the notice of default is to be filed with VA. In such cases, holders are requested to file VA Form 26-6850a which will provide both notice of default and intent to foreclose together on one form.

VA Form 26-6850a requires that servicing efforts be fully explained so that VA can determine whether supplemental servicing could develop further information which might justify the extension of forbearance to the veteran-borrower as opposed to foreclosure. The information provided is then used to coordinate the actions of VA and the holder to ensure that all legal requirements regarding foreclosure and claim payment are met.

2. When VA receives either VA Form 26-6850, 26-6850a, or 26-6851, the loan service representative will review the form and assign a rating as to the timelines/completeness of the holder's report. A complete and timely report is necessary to facilitate VA's determination as to the need for and extent of supplemental servicing in individual cases. The loan status is then coded into LS&C (Loan Service and Claims System). LS&C is a centralized automated data processing system for the operational control of default reporting, loan servicing, and liquidations and claims on outstanding GI loans.

3. VA Forms 26-6850, 26-6850a, or 26-6851 are available on the One-VA web site in a fillable electronic format. VBA is currently hosting these forms on a secure server and does not currently have the technology in place to allow for the complete submission of the form. Validation edits are performed to assure data integrity. Efforts within VA are underway to provide a mechanism to allow the information to be submitted electronically with a recognized signature technology. There currently is no utility process in place that will allow the data submitted on the forms to be incorporated with an existing centralized legacy database.

4. The information is not contained in any other VA records. No duplication of information is involved as the form collects information about individual mortgage loans which is not available except in holders loan accounting records.

5. Collection of information does involve small businesses (loan holders). The information requested is the minimum necessary to establish the status of loan defaults.

6. This information collection is not a recurring or repetitive report. It is accomplished when a holder of a guaranteed loan notifies VA that a loan is in default and the holder's intention to foreclose.

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 agency notice was published in the Federal Register on April 2, 2007, Vol. 72, Number 62, page 15768. No outside consultations were solicited as no changes are being made to the forms. There have been no reports of applicants having had difficulty in comprehending the requirements of the forms. No comments were received.

9. No payments or gifts to respondents have been made under this collection of information.

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. Sensitive questions may be involved. In servicing the loan, the holder might find that the reason for default is due to a recent divorce, loss of job, etc. Although this information may be considered sensitive or personal, it is considered vital in the overall development of the case.

12. Estimate of Information Collection Burden

a. Number of respondents is estimated at 279,000.

VA Form 26-6850	121,000
VA Form 26-6850a	78,000
VA Form 26-6851	80,000

b. Frequency of response is generally one-time.

c. The total annual burden is estimated at 66,166 hours.

VA Form 26-6850	20,166 hours
VA Form 26-6850a	26,000 hours
VA Form 26-6851	20,000 hours

d. The estimated response times are based on the experience of Loan Guaranty personnel and previous usage of the forms.

VA Form 26-6850 10 minutes

VA Form 26-6850a 20 minutes

VA Form 26-6851 15 minutes

e. The total estimated cost to respondents is \$992,490 (\$15 per hour)

VA Form 26-6850 \$302,490

VA Form 26-6850a \$390,000

VA Form 26-6851 \$300,000

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 1,566,149 Estimated Loan Guaranty processing cost for FY 2006
(VA Form 26-6850 = 121,000 cases x 10 minutes x \$23.67 per hour (average Loan Guaranty field salary))
VA Form 26-6850a = 78,000 cases x 20 minutes x \$23.67 per hour (average Loan Guaranty field salary)).
(VA Form 26-6851 = 80,000 cases x 15 minutes x \$23.67 per hour (average Loan Guaranty field salary))

\$ 100 Estimated printing cost for 1000 of each form for depot stock.
VA Form 26-6850 (\$25 per 1000)
VA Form 26-6850a (\$50 per 1000)
VA Form 26-6851 (\$25 per 1000)

15. There is no change in burden hours.

16. Information collection is not for tabulation or publication use.

17. The collection instruments, VA Forms 26-6850, 26-6850a, 26-6851, may be reproduced and/or stocked by the respondents and veterans service organizations. These forms do not display an expiration date, and if required to do so it would result in unnecessary waste of existing stocks of these forms. 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 Forms 26-6850, 26-6850a, and 26-6851.

18. This submission does not contain any exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," on OMB 83-1.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

1. The Veteran's Benefits Administration does not collect information employing statistical methods.