

SUPPORTING STATEMENT
VA FORM 26-6808, LOAN SERVICE REPORT
(2900-0249)

A. JUSTIFICATION

1. VA Form 26-6808 is used when servicing delinquent guaranteed and insured loans and loans sold under 38 CFR 36.4600. With respect to the servicing of guaranteed and insured home loans and loans sold under 38 CFR 36.4600, the holder has the primary servicing responsibility. However, VA has the responsibility to see that the servicing efforts of holders are consistent with VA policies and guidelines. In those cases in which early payment of the delinquency appears unlikely, supplemental servicing by VA will be conducted to determine whether any relief measures may have been overlooked by the holder. Since there are ordinarily financial losses to both the borrower and the Government resulting from the foreclosure of a guaranteed loan, supplemental servicing can protect the interest of each by assuring that appropriate relief is extended to those borrowers whose loans can be reinstated within a reasonable period of time.

2. VA Form 26-6808 is completed by Loan Service Representatives (LSRs) during the course of personal contacts with delinquent obligors. The information documented on the form is necessary for VA to determine whether a loan default is insoluble or whether the obligor has reasonable prospects for curing the default and maintaining the mortgage obligation in the future.

The information acquired may form the basis of VA's intercession with the holder for the acceptance of specially arranged repayment plans or other forbearance aimed at assisting the obligor in retaining his or her home. In this connection, the obligor's experience with and attitude toward the holder must be developed by the LSR in order to evaluate the holder's servicing and to provide a firm basis for subsequent discussion with the holder by the obligor and/or VA. In those cases in which the mortgage holder refuses to extend forbearance, the information obtained through supplemental servicing provides VA with the basis for making a determination on whether the loan should be refunded pursuant to 38 U.S.C. 3732.

3. Use of improved information technology in gathering this information has been employed in VA's Loan Service and Claims (LS&C) system. That data is still captured via telephone interview, but the system guides the LSR through the items needing review. However, the form is still used when telephone contact cannot be made or the borrower does not have time to provide the information over the telephone and requests a written document for completion.

This form was originally designed to record a personal contact by a VA LSR with a veteran borrower, with the intent of that contact being to obtain financial data and other information that could affect the potential for reinstatement of a delinquent VA-guaranteed home. As indicated in item 3 of the supporting statement use of improved information collection in gathering this information has been employed in VA's LS&C

System. The data is still captured primarily via telephone interview, but the LS&C System guides the LSR through the items needing review. This form may occasionally be mailed to a borrower for completion of financial information, but VA also utilizes another form designed specifically for that purpose, VA Form 26-6807, Financial Statement. VA Form 26-6807 is available on VA's website and borrowers can even complete a version of it electronically, save that in a file, and transmit to VA electronically. Since financial information can be submitted electronically using VA Form 26-6807, there is no need to add such capability to this form, since it is primarily designed for VA LSRs to complete based on their observations and information gathered during personal interviews.

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

5. Small business organizations are not involved.

6. The information collected on this form is completed by LSRs during the course of personal contacts with delinquent obligors. The data furnished on this form is essential for VA to determine whether loan default is insoluble or whether the obligor has reasonable prospects for curing the default and maintaining the mortgage obligation in the future. This collection is generally conducted only once, when an individual's loan is in a delinquent status.

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 April 9, 2007, Volume 72, Number 67, page 17627. Specific consultations outside the Department were not made since the form is being completed satisfactorily by the parties involved. 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) 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 15,000 per year.

b. Frequency of response is generally one-time.

c. Annual burden is 6,250 hours.

d. The average response time of 25 minutes per case is based on trial use with Loan Guaranty staff.

e. The total estimated cost to respondents is \$93,750 (\$15 x 6,250 hours).

13. This submission does not involve any recordkeeping costs.

14. Estimated Cost to the Federal Government

\$ 207,112.50	Estimated Loan Processing Cost (15,000 cases x 35 minutes x \$23.67 per hour (average Loan Guaranty field salary))
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<u>2,325.00</u>	Estimated printing cost (\$25 per 1,000 = \$375 and mailing costs 5,000 x .39 = \$1,950)
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\$ 209,437.50	Total estimated cost to Federal Government
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15. The reduction in cases is due to two reasons. First, the new LS&C System allows the LSR to enter necessary information directly into the system during telephone interviews. Second, there are fewer defaults being reported to VA, thus fewer interviews are needed.

16. The information collection is not for publication purposes

17. The collection instrument, VA Form 26-6808, 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 an 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 26-6808.

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

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