

**SUPPORTING STATEMENT
FOR VA FORM 26-8844, FINANCIAL COUNSELING STATEMENT**

(2900-0270)

1. VA Form 26-8844 was developed pursuant to 38 U.S.C. 3732. The form is an integral part of VA's supplemental servicing program for helping veteran-borrowers who are seriously delinquent on guaranteed or insured VA home loans. In VA's supplemental servicing effort, financial counseling is performed in appropriate cases to afford veteran-borrowers the maximum assistance possible to retain their homes during periods of temporary financial difficulty.

2. VA Form 26-8844 provides for recording comprehensive financial information concerning the borrower's net income, total expenditures, net worth, suggested areas for which expenses can be reduced or income increased, the arrangement of a family budget and recommendations for the terms of any repayment agreement on the defaulted loan.

The form is completed by the VA loan service representative and the borrower during an interview in the office, field, or by phone. The form solicits information necessary for the loan service representative to make recommendations to the borrower in an effort to help the borrower cure the default status of the loan. Financial counseling entails income analysis and establishment of a repayment schedule as part of a realistic budget. VA Form 26-8844 serves as a necessary tool in the performance of financial counseling.

3. VA Form 26-8844 is available on the One VA forms website at <http://www.va.gov/vaforms>. Use of improved information technology in gathering this information would be of limited benefit. The data itself may be obtained via the internet from connected borrowers. However, it is during the interview process with the borrowers when VA Loan Service Representatives are able to discern more subjective information, such as attitude toward the default, intensity of desire to retain home ownership, and understanding of financial management. These factors greatly impact how successful VA may be in its efforts to mitigate guaranty losses.

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

5. Small organizations are not involved.

6. The form is completed by the VA loan service representative and the borrower during an interview in the office, field, or by phone. The form solicits information necessary for the loan service representative to make recommendations to the borrower in an effort to help the borrower cure the default status of the loan. VA Form 26-8844 serves as a necessary tool in the performance of financial counseling. The collection is generally conducted only once.

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 January 22, 2008, Volume 73, Number 14, pages 3806-3807. There were no comments 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) contained in the Privacy Act Issuances, 2001 Compilation.

11. No sensitive questions appear on the form.

12. Estimated Cost to Respondents

a. The number of respondents per year is estimated at 5,000 per year.

b. Frequency of response is generally on occasion.

c. Annual burden is estimated at 3,750 hours.

d. The response time of 45 minutes is based on loan service representative experience with completion of the form.

e. The total estimated cost to respondents is \$56,250 (3,750 burden hours x \$15 per hour).

13. This submission does not involve any recordkeeping costs.

14. Estimate of Cost to the Federal Government

\$91,088 Estimated Loan Guaranty Processing Cost for FY 2008
(5,000 cases x 45 minutes x \$24.29 per hour (average Loan Guaranty field salary))

\$91,088 Total estimated cost to Federal Government

15. There is no change in burden hours.

16. Information collection is not for publication purposes.

17. The collection instrument, VA Form 26-8844, may be reproduced and/or stocked by the respondents and veteran service organizations. 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 26-8844.

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

B. STATISTICAL METHODS

The collect of information does not employ statistical methods.