

SUPPORTING STATEMENT FOR  
VA FORM 26-1874, CLAIM UNDER LOAN GUARANTY AND  
VA FORM 26-1874a, CLAIM FORM ADDENDUM - ADJUSTABLE RATE  
MORTGAGES  
(2900-0362)

**A. Justification**

1. VA Form 26-1874 is used by lenders and holders of VA-guaranteed home loans as the notification to VA of default on such loans which is required by 38 U.S.C. 3732(a)). The information obtained is essential to VA determinations concerning the amount owed the holder under the guaranty. (Also, see 38 CFR 36.4321, 36.4322, 36.4330.)

VA Form 26-1874a will be used by lenders and holders of VA loans as an attachment to VA Form 26-1874 when filing a claim under the loan guaranty resulting from the termination of an Adjustable Rate Mortgage loan (ARM). The information obtained is essential to VA in determining the amount owed to the holder under the guaranty.

2. Information on VA Form 26-1874 is reviewed for appropriateness for payment by Loan Guaranty personnel and amounts are coded into the Loan Service and Claims System, which produces a computer-generated analysis of the account and claim, including the total claim payment. There is no other source from which this data could be obtained. Holders must therefore extract data from the loan accounting records they maintain on loan accounts in their portfolios. (Once a loan is guaranteed by VA, no information on loan balances or advances is maintained by or furnished to VA except in connection with initial reports or default.)

Information on VA Form 26-1874a will be reviewed in conjunction with the information supplied in the accompanying VA Form 26-1874 to determine its accuracy and to assure that the holder has complied with the provisions of 38 U.S.C. 3707(b) in adjusting the mortgage interest rate. The information is also necessary to confirm the remaining principal balance claimed by the holder. There is no other source from which this data could be obtained. Holders must therefore extract data from the loan accounting records they maintain on loan accounts in their portfolios.

3. VA Forms 26-1874 and 26-1874a are available on the One-VA Forms Website at [www.va.gov/vaforms/](http://www.va.gov/vaforms/). Efforts within VA are underway to provide a mechanism to allow the information to be submitted electronically.

4. No duplication exists. Information is extracted from loan accounting records of financial institutions and the claim is the only submission of this data.

5. Small organizations are affected. However, VA's computer analysis of the claim and the computation of the amount due the holder minimize the burden to small organizations.

6. This information collection is not a recurring or repetitive report. It is accomplished only once per respondent, after foreclosure of a guaranteed loan.

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 23, 2008, Volume 73, Number 15, pages 4046-4047. There were no comments 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 Compilation.

11. No sensitive questions appear on the forms.

12. Estimate of Information Collection Burden

	VA FORM <u>26-1874</u>	VA FORM <u>26-1874a</u>	<u>TOTAL</u>
1. Number of respondents	25,806	1,000	26,806
2. Number of responses per respondent	1	1	1
3. Total annual responses	25,806	1,000	26,806
4. Hours per response	60 mins.	20 mins	
5. Total hours	25,806	333	26,139
6. Frequency of response is generally on occasion.			
7. The total estimated cost to respondents is \$402,090 (\$387,090 for VAF 26-1874 and \$15,000 for VAF 26-1874a).			

13. This submission does not involve any recordkeeping costs.

14. Estimated Cost to the Federal Government

a. VA Form 26-1874

\$2,293,250 Estimated Loan Guaranty processing costs for FY 2008 (25,806 responses x 3.5 hours per case x \$25.39 per hour (average Loan Guaranty field salary))

b. VA Form 26-1874a

\$4,232 Estimated Loan Guaranty processing costs for FY 2008 (1000 responses x 10 minutes per case x \$25.39 per hour (average Loan Guaranty field salary))

15. There is no change in the burden hours.

16. Information collections are not for tabulation or publication purposes.

17. The collection instruments, VA Form 26-1874 and VA Form 26-1874a may be reproduced and/or stocked by the respondents and veteran service organizations. The VA forms do not display an expiration date, and if required to do so 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 Form 26-1874 and VA Form 26-1874a.

18. There is no exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act Submission."

**B. Collection of Information Employing Statistical Methods**

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