

SUPPORTING STATEMENT FOR
VA FORM 26-8903, REPORT TRANSFER OF CUSTODY EVENT
(2900-0381)

A. JUSTIFICATION

1. Section 3732 of title 38, United States Code provides formulae for determining whether or not a loan holder has the option to elect to convey a property to VA if it acquires a property at a termination sale, based on the borrower's indebtedness and the net value of the property to VA. If the holder is the successful bidder at the sale, the holder will credit the indebtedness with the amount required by the formulae. The holder may then retain the property, or not later than 15 days after the date of sale, advise the Secretary of its election to convey, and transfer the property to the Secretary. Under 38 CFR 36.4320(a)(1), the advice may be transmitted via certified mail. However, under 38 CFR 36.4823(a), as promulgated February 1, 2008, the advice must be by electronic means.

2. When a holder elects to convey a property to the Secretary under the authority cited above, VA needs to know the amount bid at the sale, tax and hazard insurance coverage. VA Form 26-8903 has traditionally provided the holder with a convenient and uniform means of notification to the proper VA regional office. VA Form 26-8903 served four purposes: holder's election to convey, invoice for the purchase price of the property, VA's voucher for authorizing payment to the holder, and establishment of VA's property records.

In order to support the electronic reporting required by 38 CFR 36.4823(a), VA has contracted for an application service called VALERI (VA Loan Electronic Reporting Interface) that accepts information electronically, primarily through a direct connection from the holder's information technology service provider. The electronic version of this form will allow direct entry of the information via a secure web portal.

3. Since all servicers have migrated to the new VALERI environment, the information is collected electronically on a secured web portal.

4. No duplication is involved as the information collected relates to the conveyance of a property which secured a foreclosed GI loan.

5. Small organizations are involved and to help minimize their burden, VA Form 26-8903 was developed by VA and is distributed to holders of GI loans. The VALERI web portal will allow those organizations to continue to participate in the program.

6. This information collection is not a recurring or repetitive report. It is accomplished on a one-time basis per individual applicant.

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 October 3, 2008, page 57730. There were no comments received in response to this notice.

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) are contained in the Privacy Act Issuances, 2001.

11. No sensitive questions appear on the form.

12. Estimate of Information Collection Burden

a. The number of respondents is estimated at 15,000 per year.

b. Frequency of response is on occasion.

c. Annual burden is 2,500 hours.

d. The estimated response time of 10 minutes per case is for completion of the form, based on informal consultation with staff personnel, including loan specialists, who are familiar with the type of information required by the form. As all holders transmission to the VALERI environment, the response time will be greatly reduced, as it will typically not involve manual preparation of a form, or entry of data into the VALERI web portal, but will be prepared and transmitted electronically.

e. The total estimated cost to respondents is \$37,500.
(2,500 hours x \$15 per hour)

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$63,475	Estimated Loan Guaranty processing cost for FY 2008 (15,000 cases x 10 minutes per case x \$25.39 per hour (average loan guaranty salary))
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15. There is a reduction in the estimated number of burden hours, due to lower foreclosure experience over the past few years that is expected to continue with the increased focus on loss mitigation in the VALERI environment.

16. Information collection is not for publication purposes.

17. The collection instrument, VA Form 26-8903, is contained in the VALERI system. This VA form does not display an expiration date, and if required to do so it 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 26-8903.

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

This data collection does not collect information employing statistical methods.