

SUPPORTING STATEMENT FOR VA FORM 26-6381,
APPLICATION FOR ASSUMPTION APPROVAL AND/OR
RELEASE FROM PERSONAL LIABILITY TO THE
GOVERNMENT ON A HOME LOAN
(2900-0110)

A. Justification

1. A detailed explanation of the circumstances which make the form necessary is as follows:

This form is completed by veterans who are selling their homes by assumption rather than requiring purchasers to obtain their own financing to pay off the loan. The data furnished on the form is essential to determinations for assumption approval, release of liability, and substitution of entitlement in accordance with 38 U.S.C. 3713(a) and 3714 and 3702(b)(2).

VA processes requests for assumption approvals in a manner similar to that used for releases of liability. Title 38 U.S.C., section 3713(a) provides that when a veteran disposes of his or her interest in the property securing the loan, VA may, upon request, release the original veteran-borrower from personal liability to the Government only if three requirements are fulfilled. First, the loan must be current. Second, the purchaser must assume all of the veteran's liability to the Government and to the mortgage holder on the guaranteed loan. Third, the purchaser must qualify from a credit and income standpoint, to the same extent as if he or she were a veteran applying for a VA-guaranteed loan in the same amount as the loan being assumed.

In substitution of entitlement cases, the veteran-seller may have used all or part of their entitlement and to get that entitlement restored to purchase another home, the veteran-transferee (buyer) must agree to "substitute" his or her entitlement for the same amount of entitlement the veteran originally used to get the loan. The buyer must also meet the occupancy and income and credit requirements of the law.

2. Once VA is notified that a sale by assumption is pending or has been completed, and that the veteran-seller seeks approval for the assumption and/or wishes to be released from personal liability and/or have his or her entitlement restored by substitution of entitlement, VA will send VA Form 26-6381 as part of a package for completion. The information collected on VA Form 26-6381 enables VA Loan Specialists to begin processing the veteran's request and ultimately make a final determination of approval or disapproval.

3. Use of improved information technology is not applicable. The information sought in each case concerns the status of an individual real estate transaction and related data. However, we have placed the form on the OneVA Form website to facilitate veterans who need it.

4. The information collected on VA Form 26-6381 is unique to VA and is not duplicated in other agencies' records or in other VA records.
5. The collection of information does not involve small business organizations.
6. The information collected on this form is completed by veterans who are selling their homes by assumption. The data furnished on this form is essential to VA in determining approval under 38 USC 3713. 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 February 2, 2009, page 5897. There were no comments in response to this notice.
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. No questions of a sensitive nature appear on the form.
12. Estimate of Information Collection Burden
 - a. The number of respondents are estimated at 250 per year.
 - b. Frequency of response is generally one-time.
 - c. Annual burden is 42 hours.
 - d. The estimated response time of 10 minutes is based on informal consultation with staff personnel, including loan specialists, who are familiar with the type of information required by the form.
 - e. The total estimated cost to respondents is \$630 (42 hours x \$15 per hour).
13. This submission does not involve any recordkeeping costs.

14. Estimated Cost to the Federal Government

\$ 1,108 Estimated Loan Guaranty Processing Cost for Release of Liability Cases and Substitution of Entitlement Cases for FY 09 (250 cases x 10 minutes x \$26.60 per hour (average Loan Guaranty field salary))

\$1,108 Total Estimated Cost to Government

15. The decrease in burden is an adjustment. The decrease represents a decrease in the number of release of liability and substitution of entitlement cases processed by VA Regional Loan Centers due to new regulations that authorize loan holders or servicers to process almost all ownership transfer requests.

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

17. The collection instrument, VA Form 26-6381, 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 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 collection, 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 26-6381.

18. This submission does not contain any exceptions to the certification statement.

B. Collection Of Information Employing Statistical Methods

The data collection does not employ statistical methods.