

SUPPORTING STATEMENT FOR VA FORM 26-8937  
VERIFICATION OF VA BENEFITS  
(2900-0406)

A. JUSTIFICATION

1. Since March of 1982, as a result of OMB's approval of VA's Debt Collection Plan, lenders authorized to make VA-guaranteed home or manufactured home loans on the automatic basis have been required to determine through VA whether any benefits-related debts exist in the veteran-borrower's name prior to the closing of any automatic loan. This requirement is one of the measures utilized to effect repayment of such debts pursuant to 38 U.S.C. 5314(c).

2. VA has instructed lenders that they may not close any proposed loan until they have evidence from VA that there is no debt, or if a debt exists, an acceptable repayment plan has been agreed to by the veteran, or payments under a plan already in effect are current.

VA Form 26-8937 is designed to assist lenders and VA in the completion of debt checks in a uniform manner. The form restricts information requested to only that needed for the debt check and also eliminates unlimited versions of lender-designed forms.

Lenders ensure the completion of the upper portion of VA Form 26-8937, including the veteran's authorization for release of the information, and forward it to the appropriate VA Officer. VA personnel perform the debt check, complete the balance of the form, and return it to the lender, who considers any repayment terms in evaluating the veteran's creditworthiness. Following the closing of any loan, the lender submits the form with the loan report and related documents to the applicable Loan Guaranty Office of Jurisdiction if the file is identified for past closing review. The form is reviewed by a loan examiner to ensure that debt check requirements have been observed in each case.

The form also provides information advising the lender whether or not the veteran is exempt from paying the funding fee which must be collected on all VA home loans unless the veteran is receiving service-connected disability compensation. This benefits the lender by streamlining the procedure to verify the veteran's receipt of compensation. It also eliminates the possibility of the lender making an incorrect determination that the veteran is exempt from the funding fee. VA Form 26-8937 also cites specific instances when a lender must submit a veteran's loan application to VA for prior approval processing.

3. The form can be downloaded from the internet and when completed faxed to the appropriate VA field station. VA is presently working on a system to automate this process which will reduce usage of the form. There are no plans at this time to create an electronic system to have the form submitted to VA. We are automating the process so lenders will not have to submit anything to VA, except in isolated cases. The plan is to

combine this check with the online Certificate of Eligibility (COE) process. We expect this will result in dramatic decrease in usage of the form. In light of that, an expenditure of resources that will have a relatively small impact, is not considered prudent.

4. There is no duplication of information involved.
5. Small businesses are not involved.
6. This information collection is not a recurring or repetitive report. It is generally conducted 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 November 13, 2009, pages 58684-58685. There were no comments received in response to this notice.
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) are contained in the Privacy Act Issuances, 2001.
11. A social security number is requested on this form as a way of identifying a veteran and their status.
12. Estimate of Information Collection Burden
  - a. Number of respondents is estimated at 150,000 per year.
  - b. Frequency of response is generally one-time.
  - c. Annual burden is 12,500 hours.
  - d. The estimated response time of 5 minutes is based on trial use with Loan Guaranty office staff and no adjustment is necessary.
  - e. The total estimated cost to respondents is \$187,500.00.  
(12,500 hours x \$15 per hour)
13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 332,499.85 Estimated Loan Guaranty processing cost for FY 2009  
(150,000 cases x 5 minutes x \$26.60 per hour  
(average Loan Guaranty field salary))

No Printing cost

\$ 332,499.85 Total Estimated Cost to Federal Government

15. The increase in burden hours is due to a significant increase in the number of VA guaranteed loans.

16. Information is not for publication purposes.

17. The collection instrument, VA Form 26-8937, 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. 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 26-8937.

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 collect of information does not employ statistical methods.