

SUPPORTING STATEMENT FOR VA FORM 26-6382
STATEMENT OF PURCHASER OR OWNER ASSUMING SELLER'S LOAN
(2900-0111)

A. JUSTIFICATION

1. This form is completed by purchasers who are assuming veterans' guaranteed, insured, and direct home loans. The data furnished on the form is essential to determinations for release of liability and substitution of entitlement in accordance with 38 U.S.C. 3713(a) (release of liability) and 3702(b)(2) (substitution of entitlement). The majority of releases of liability cases are now processed by servicers, rather than VA. However, although not required, some servicers do use this form. Additionally, VA may use it in the limited number of cases where our staff does the processing.

One of the important features of the GI (guaranteed/insured) Loan Program is that a veteran who has used his or her GI loan benefit is able to readily dispose of the property at a later date. If a veteran chooses to sell his or her home, for any reason, VA will allow a qualified purchaser to assume the veteran's loan and all responsibility under the guaranty or insurance. However, in order to approve the purchaser's assumption of the veteran's loan, section 3713(a) specifically states that the Secretary must determine that the purchaser:

“(A) Has obligated himself/herself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan, and (B) qualifies from a credit standpoint, to the same extent as if the transferee were a veteran eligible under section 3710 of this title, for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which the transferee has assumed liability.”

In regard to substitution of entitlement cases, eligible veteran purchasers must meet all requirements of release of liability in addition to having available Loan Guaranty entitlement. Title 38, U.S. Code, section 3710(b)(2) and (3) states that no loan can be guaranteed unless the veteran is a satisfactory credit risk and the mortgage payments bear a proper relation to the veteran's income and expenses.

2. The information collected on VA Form 26-6382 is essential for VA to make determinations for release of liability as well as for credit underwriting determinations for substitution of entitlement cases as required in 38 U.S.C. 3710(b)(2) and (3).

3. VA Form 26-6382 is available on the One-VA website in a fillable electronic format. VBA is currently hosting this form on a secure server and does not currently have the technology in place to allow for the complete submission of the form. An electronic submission system is not beneficial to the government at this time. The majority of form usage is done by lenders, and cases processed by VA are done on a very limited basis. In

cases where a lender may use this form or where it's required by VA, it is part of a complete loan package which, at this time, cannot be transmitted electronically from a lender to VA.

4. No duplication of information is involved.
5. Small businesses are not involved.
6. The information collected on this form is completed by purchasers who are assuming veteran's guaranteed, insured, and direct home loans. The data furnished on this form is essential to determinations for release of liability and substitution of entitlement in accordance with 38 U.S.C. 3713(a) (release of liability) and 3702(b)(2) (substitution of entitlement). 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 September 9, 2010, page 54965. There were no comments in response to this notice.
9. A decision 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 Vendeo Loan Applicant Records-VA(55VA26) are contained in the Privacy Act Issuances, 2001 Compilation.
11. No sensitive questions appear on the form.
12. Estimate of Information Collection Burden
 - a. Number of respondents is estimated at 1000 per year. Decrease may be attributed to general decline in housing activity nationwide.
 - b. Frequency of response is generally one-time.
 - c. Annual burden is 250 hours.
 - d. The estimated response time of 15 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 \$ 3,750.00. (250 hours × \$15 per hour)
13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$4,695.00 Loan Guaranty processing cost for release of liability cases (750×15 minutes = 187.5 hours \times \$25.04 per hour, average loan guaranty salary).

\$1,565.00 Loan Guaranty processing cost for substitution of entitlement cases (250×15 minutes = 62.5 hours \times \$25.04 per hour, average loan guaranty salary).

\$6,260.00 Total estimated cost to Federal Government

15. Although Loan Guaranty Service has developed a new, supplemental servicing and claims payment functions, lenders may still use VA Form 26-6382 when processing transfers of ownership. While the majority of the servicing functions may now be submitted electronically, copies of documents relating to transfers of ownership cannot yet be submitted electronically to VA Staff for review. They must be mailed to the appropriate office for review to ensure the proper transfer procedures were followed. The overall decrease in the usage of this form can be attributed to the general decline in housing activity nationwide.

16. Information is not for publication purposes.

17. The collection instrument, VA Form 26-6382, 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 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 26-6382.

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 Veterans Benefits Administration does not collect information employing statistical methods.