

SUPPORTING STATEMENT FOR VA FORM 26-8923
INTEREST RATE REDUCTION REFINANCING LOAN WORKSHEET
(2900-0386)

A. JUSTIFICATION

1. Title 38, U.S. Code, section 3729(a) requires VA to collect a funding fee in connection with all guaranteed or direct loans. The only exceptions are loans made to veterans receiving VA compensation for service-connected disabilities, or who, but for receipt of retirement pay, would be entitled to receive compensation, and loans made to surviving spouses of veterans who died in service or from a service-connected disability.

For a loan to be eligible for guaranty under 38 U.S.C. 3710(a)(8) or 3712(a)(1)(F), 38 U.S.C. 3710(e)(1)(C) provides that the amount of the loan may not exceed an amount equal to the sum of the balance of the loan being refinanced and such closing costs (including any discount permitted pursuant to section 3703(c)(3)(A) of this title) as may be authorized by the Secretary, under regulations which the Secretary shall prescribe, to be included in such loans. (See also 38 CFC 36.4223(a)(3) and 36.4306(a)(3).)

2. Lenders are required to complete VA Form 26-8923, Interest Rate Reduction Refinancing Loan Worksheet, on all interest rate reduction refinancing loans and submit the form in the loan file when selected by VA for quality review. The subject form ensures that lenders correctly compute the funding fee and the maximum permissible loan amount for interest rate reduction refinancing loans. Prior to the form being issued, lenders were frequently required to adjust these amounts before guaranty could be issued. Also, the form reduces the time spent by VA personnel in explaining the computation to lenders and reviewing the closing documents after submission to VA.

3. Use of improved information technology is not applicable as the information sought relates to an individual real estate transaction. However, we do have the form on our VA website in a fillable version.

4. No duplication is involved. The form solicits personal information about the loan and would not be available in another agency's records.

5. Small business organizations are not involved.

6. The collection is generally one time per applicant. The use of this form ensures that the funding fee and maximum permissible loan amount are computed correctly.

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 April 6, 2012, page 20890. There were no comments received 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. The form does not contain any questions of a sensitive nature.

12. Estimate of Information Collection Burden

a. The number of respondents is estimated at 140,000 per year.

b. Frequency of response is generally on occasion for each IRRRL.

c. Annual burden is 23,333 hours.

d. The estimated response time of 10 minutes is based on information provided by lenders.

e. The total estimated cost to respondents is \$349,995.00 (23,333 hours x \$15).

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 331,100 Estimated Loan Guaranty processing cost
(140,000 cases x 5 minutes per case x \$28.38 per hour
(average Loan Guaranty field salary))

15. The increase in burden hours is due to a dramatic increase in the number of Interest Rate Reduction Refinancing Loans. This is due to interest rates being historically low.

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

17. The collection instrument, VA Form 26-8923, 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 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 26-8923.

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

B. STATISTICAL METHODS

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