

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) (exhibit A).

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. Use of improved information technology is applicable as lenders can download this form on the Internet. We have Right Fax capability at our field stations which will allow lenders to send the completed form by fax to a VA employee's workstation. VA also requires lenders to utilize the Credit Alert Interactive Voice Response System to search for outstanding Federal debts. This is a HUD-maintained system which lenders now access via the Internet. VA has also enhanced the online Certificate of Eligibility function so it now shows, in most cases, whether the veteran is exempt from the VA funding fee.

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 October 19, 2012, page 64383. No outside consultations were solicited because the form is being satisfactorily completed by the parties involved. No comments were received.

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 120,000 per year.

b. Frequency of response is generally one-time.

c. Annual burden is 10,000 hours.

d. The estimated response time of 5 minutes is based on trial use with Loan Guaranty Office staff and no adjustment is necessary.

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e. The total estimated cost to respondents is \$150,000.00.
(10,000 hours x \$15 per hour)

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$ 272,400 Estimated Loan Guaranty processing cost for FY 2013
(120,000 cases x 5 minutes x \$27.24 per hour
(average Loan Guaranty field salary))

No Printing cost

\$ 272,400 Total Estimated Cost to Federal Government

15. The decrease in burden hours is due to enhancements that reduce the times VA staff have to process the form. The decrease would have been much greater, except for the fact that the volume of VA-guaranteed loans increased dramatically due to heavy refinance activity because of low interest rates.

16. Information is not for publication purposes.

17. Not requesting exemption.

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

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