

SUPPORTING STATEMENT
REQUIREMENTS FOR INTEREST RATE REDUCTION REFINANCING LOANS
(2900-0601)

A. Justification

1. Pursuant to 38 U.S.C. 3710, VA may guarantee loans to veterans to refinance existing mortgage loans previously guaranteed by VA provided the veteran still owns the property used as security for the loan. Lenders must collect certain information concerning the veteran and the veteran's credit history (and spouse or other co-borrower, as applicable), in order to properly underwrite delinquent Interest Rate Reduction Refinancing Loans (IRRRLs). Under these requirements, VA requires that the lender provide VA with the credit information to assure itself that IRRRLs to refinance delinquent loans are underwritten in a reasonable and prudent manner.

2. This information is to be provided by the lender making the IRRRL so that VA may determine that the reasons for the delinquency on the original loan no longer exist and that the veteran is a satisfactory credit risk.

3. The Agency knows of no improved information technology that would reduce the burden on program participants. There are no technical or legal obstacles to reducing the burden.

4. This information collection does not duplicate any existing information collection.

5. The collection of information does not involve small businesses.

6. The information collected is necessary in order for VA to be assured that Interest Rate Reduction Refinancing Loans being made to refinance delinquent VA-guaranteed loans are underwritten in a reasonable and prudent manner. The collection is generally conducted once 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 60-day Department notice was published in the Federal Register Vol. 79, No. 11, January 16th 2014, page 2939. One comment was received from Sam Garcia from Mortgage Daily on June 13, 2014:

Crystal:

I'm trying to determine exactly what change is being proposed in today's Federal Register notice. It looks like VA is proposing to guarantee delinquent VA mortgages that are being refinanced at a lower rate. Would you please clarify and provide additional details?

Erica Lewis a subject matter expert with Loan Guaranty Service replied via e-mail to Mr. Garcia on June 17, 2014:

Mr. Garcia,

This Federal Register Notice is a routine notice required of all agencies on a periodic (usually 3 year) basis. The purpose of the notice is to document any changes in the paperwork and information collection burden imposed on the public by the regulation. There is no change to the program itself.

Does this help?

No further correspondence from Mr. Garcia was received.

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. There are no questions of a sensitive nature.

12. Estimate of Information Collection Burden

a. The number of respondents is estimated at 50.

b. Frequency of response is generally one time.

c. Annual burden is 25 hours.

d. The estimated response time is 30 minutes.

e. According to the U.S. Bureau of Labor Statistics Average Hourly Earnings, the cost to the respondent is \$24, making the total cost to the respondents an estimated \$600 (25 hours x \$24 per hour).

13. This submission does not involve any recordkeeping costs.

14. Estimated Annualized Cost to the Federal Government

\$681 Total estimated cost to the Government (Loan Guaranty processing cost for FY 2013 (50 cases x 30 minutes x \$27.24 per hour (average loan guaranty field salary)

15. There is no change in burden hours.

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

17. Not applicable.

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

B. Collections of Information Employing Statistical Methods

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