

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

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Identify legal or administrative requirements that necessitate the collection of information.

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. Indicate how, by whom, and for what purposes the information is to be used; indicate actual use the agency has made of the information received from current collection.

Lenders are required to complete VA Form 26-8923, Interest Rate Reduction Refinancing Loan (IRRRL) Worksheet, on all interest rate reduction refinancing loans and submit the form in the loan file when selected by VA for quality review. Audits are randomly selected by the system and the lender is notified to the current 3% requirement. The exceptions are early payment defaults, loans that are submitted for guaranty more than 60 days after the loan close, high debt ratio, low residual income. 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. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

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. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

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

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Small business organizations are not involved.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently as well as any technical or legal obstacles to reducing burden.

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. Explain any special circumstances that would cause an information collection to be conducted more often than quarterly or require respondents to prepare written responses to a collection of information in fewer than 30 days after receipt of it; submit more than an original and two copies of any document; retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years; in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study and require the use of a statistical data classification that has not been reviewed and approved by OMB.

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. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the sponsor's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the sponsor in responses to these comments. Specifically address comments received on cost and hour burden.

The Department notice was published in the Federal Register on January 16, 2015, Volume 80, No. 11, page 2482. One comment was received.

The comment was received, on March 4, 2015, from Nancy Meehan asking if “this (Interest Rate Reduction Finance Loan) only going to apply to Veterans?” The commenter has not had success in refinancing her current non-VA loan, and provided some additional details pertaining to her specific situation. She closed her comment by asking for assistance in refinancing and potentially reducing the balance on her mortgage. LGY provided response stating that this information collection pertains to VA-guaranteed home loans, which she does not have, and directing her to HUD for further assistance.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts to respondents have been made under this collection of information.

10. Describe any assurance of privacy, to the extent permitted by law, provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Information will be protected as described in the system of records notice, 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. Provide additional justification for any questions of a sensitive nature (Information that, with a reasonable degree of medical certainty, is likely to have a serious adverse effect on an individual's mental or physical health if revealed to him or her), such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private; include specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The form does not contain any questions of a sensitive nature.

12. Estimate of the hour burden of the collection of information:

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. 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 \$559,992 (23,333 burden hours x \$24 per hour).

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

This submission does not involve any recordkeeping costs.

14. Provide estimates of annual cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operation expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimated Annualized Cost to the Federal Government:

\$ 363,767 Estimated Loan Guaranty processing cost for FY 2014
(140,000 cases x 5 minutes per case x \$31.18 per hour
(average Loan Guaranty field salary))

\$ 363,767 Total estimated cost to Federal Government

15. Explain the reason for any burden hour changes since the last submission.

There is no change in burden. The expiration date is being added to the form.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Information collection is not for tabulation or publication purposes.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

We are not seeking approval to omit the expiration date for OMB approval.

18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB 83-I.

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

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

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