

**SUPPORTING STATEMENT FOR VA FORM 26-6705,
OFFER TO PURCHASE AND CONTRACT OF SALE, VA FORM 26-6705b,
CREDIT STATEMENT OF PROSPECTIVE PURCHASER,
AND VA FORM 26-6705d, ADDENDUM TO VA FORM 26-6705 (VIRGINIA)
(2900-0029)**

A. JUSTIFICATION

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

Under the authority of 38 U.S.C. 3720(a)(5) and (6) the Department of Veterans Affairs (VA) acquires properties for sale to the general public utilizing a private Service Provider. The Service Provider utilizes private listings and sales brokers to sell VA properties.

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.

VA Form 26-6705 are used by private sector real estate agents to submit an offer to purchase VA-acquired property on behalf of a prospective buyer and Vendor Resource Management (VRM) to oversee and manage these properties. The form is prepared for each proposed contract submitted to the VA Service Provider. The form simplifies the selection process among competing offers and ensures that the offer selected provides the greatest value to VA using the “highest net return/cash equivalent value” (HNR/CEV) procedure. The procedure requires one or more calculations on each offer in order to convert it to a “net to VA” basis which can easily be compared to other offers, and thus enable VA to be sure that the highest real dollar offer is accepted. The sole purpose of the HNR/CEV is to determine which offer is the most financially advantageous to the VA and in turn, the taxpayers. This procedure is very similar to the calculation prepared on most private sector transactions in order to show the seller what he or she will receive as proceeds of sale.

If the offer to purchase is accepted, it then becomes a contract of sale. The form defines the terms of sale, provides the prospective buyer with a receipt for his/her earnest money deposit, eliminates the need for separate transmittal of a purchase offer, develops the contract without such intermediate processing steps, and furnishes evidence of the decision with respect to the acceptance of the contract as tendered.

VA Form 26-6705b or FNMA 1003 are used as a credit application to determine the creditworthiness of a prospective purchaser in those instances when the prospective purchaser seeks financing. In such sales, the offer to purchase will not be accepted until the purchaser’s income and credit history have been verified, and a loan analysis has been completed, indicating loan approval. Without this information, the creditworthiness of a prospective purchaser cannot be determined and the offer to purchase cannot be accepted. The industry has the option to use FNMA 1003 or VA Form 26-6705b.

FNMA

VA Form 26-6705d is an addendum to VA Form 26-6705 for use in Virginia. It includes requirements of State law which must be acknowledged by the buyer at or prior to closing.

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.

VA Forms 26-6705, 26-6705b and 26-6705d are made available to the public electronically, but may not be submitted electronically. The forms are contracts that require original signatures to be valid.

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.

The information is not contained in any other VA records. Similar information is not available elsewhere.

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

Collection of information does involve small businesses (sales brokers). The forms are specifically designed to minimize the burden on small firms and require only the necessary information pertinent to purchase offer selection, creditworthiness of a prospective buyer, and simplifies the selection process among competing offers.

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.

This information collection is not a recurring or repetitive report. It is accomplished only once per respondent, at or prior to loan closing. Without this collection, a determination of the best offer for a property and the highest HNR/CEV could not be made to determine the most financially advantageous purchase offer to the VA (VA Form 26-6705); the creditworthiness of a prospective buyer could not be determined and the offer to purchase could not be accepted (VA Form 26-6705b or FNMA1003; and, proper acknowledgment of State law by the buyer at or prior to closing would not be made (VA Form 26-6705d)).

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 August 15, 2017, Volume 82, No. 156, pages 38761-38762. No comments were received.

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.

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, 2014 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.

No questions of a sensitive nature are contained on the form.

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

Estimate of Information Collection Burden

a. The number of respondents is estimated at 53,500:

- VA Form 26-6705 – 30,000
- VA Form 26-6705b or FNMA 1003 – 22,000
- VA Form 26-6705d – 1,500

b. Frequency of response for all three forms: One time.

c. Annual burden is 17,458 hours:

- VA Form 26-6705 – 10,000 hours
- VA Form 26-6705b or FNMA 1003 – 7,333 hours
- VA Form 26-6705d – 125 hours

d. The estimated response time is 20 minutes and 5 minutes (average 15 minutes between the three):

- VA Form 26-6705 – 20 minutes
- VA Form 26-6705b or FNMA 1003 – 20 minutes
- VA Form 26-6705d – 5 minutes

e. The total estimated cost to respondents is \$261,875 (number of respondents x average response time x \$15 per hour (for three forms)) or broken out per form as follows:

VA Form 26-6705 – \$150,000
VA Form 26-6705b or FNMA 1003 – \$110,000
VA Form 26-6705d – \$1,875

The Bureau of Labor Statistics (BLS) gathers information on full-time wage and salary workers. According to the latest available BLS data, the median weekly earnings of full-time wage and salary workers are \$954.40. Assuming a forty (40) hour work week, the mean hourly wage is \$23.86 based on the BLS wage code – “00-0000 All Occupations.” This information was taken from the following website:

(http://www.bls.gov/oes/current/oes_nat.htm#00-0000, May 2016).

Legally, respondents may not pay a person or business for assistance in completing the information collection and a person or business may not accept payment for assisting a respondent in completing the information collection. Therefore, there are no expected overhead costs for completing the information collection. VBA estimates the total cost to the Federal government an estimated \$405,549.34. (17,458 hours x \$23.23 per hour)

13. Provide an estimate of the total annual cost burden to respondents or record keepers 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.

\$21,860,100 Total estimated cost to the government (Loan Guaranty Service processing cost for FY 2017 (53,500 cases x 15 minutes x \$27.24 per hour (average loan guaranty field salary)).

Broken out between the 3:

VA Form 26-6705 – 30,000 x 20 minutes x \$27.24 per hour = \$16,344,000
VA Form 26-6705b or FNMA 1003 – 22,000 x 20 minutes x \$27.24 per hour = \$11,985,600
VA Form 26-6705d – 1,500 x 5 minutes x \$27.24 per hour = \$204,300

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

There is no change in burden hours or respondent time.

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 use.

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.

Not applicable.

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

There is no exception to the certification statement identified in Item 19.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.