

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.

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 to VA. 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.

Lenders complete the Interest Rate Reduction Refinance Loan Worksheet to determine the maximum loan amount, information which is needed to determine eligibility for guaranty. This form is automatically generated by the lender's loan origination system using information already captured during the refinancing process, however, VA does have the form on the 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.

There is no duplication of information involved.

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

The Small Business Administration (SBA) states that a mortgage business is small if annual revenue is less than \$7,500,000. See 13 CFR 121.201. Based on this definition, it is possible, but unlikely that any small businesses will be impacted by this information collection. In that regard, a lender would need to do a very small number of loans per year to meet this size standard (e.g., 50 loans at \$150,000 each = \$7,500,000) and it is unlikely that such low volume would enable a lender to remain in business.

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. The collection is generally conducted once per individual applicant.

7. There 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 March 23, 2018, volume 83, number 12848, pages 1. Two comments were received.

Comment One: I am concerned that VA in the face of mounting pressure regarding it allowing serial financing of Veterans has attempted to introduce a new and seemingly significant policy change through this notice. The abstract states that this form is to be given to a Veteran within 3 days of application. This is a new policy and is not found anywhere. Recent guidance states that the Veterans statement and lenders certification must be provided to a Veteran within 3 business days. I expect that VA will either clarify this notice or face potential legal ramifications for its misuse of its administrative powers.

Comment One response: The purpose of this form is to assist the lender in calculating the loan amount for an Interest Rate Reduction Refinancing Loan. Lenders are required to complete the form and keep it in their file and provide to VA in the event VA requests this form in a file review audit. This has been a long-standing practice.

VA has recently given guidance in Circular 26-18-1 that lenders, "Starting with loans closed on and after April 1, 2018, lenders should: Provide the Veteran's Statement and Lender Certification (note: lender certification only needed for payment increases of 20 percent or more), as outlined in VA Lender's Handbook, Chapter 6 section 1d. Lenders should provide this information to the Veteran with the initial disclosure documents no later than the third business day after receiving the Veteran's application." This notification and the Handbook reference is a long-standing VA policy. In the referenced Circular, VA is requesting that the current notification that is provided to Veterans occurs within 3 days of the loan application, which is consistent with other mortgage loan disclosures that are currently provided within this timeframe.

Comment Two: Agree completely – comment one copy and pasted. Over regulation.

Comment Two response: The purpose of this form is to assist the lender in calculating the loan amount for an Interest Rate Reduction Refinancing Loan. Lenders are required to complete the form and keep it in their file and provide to VA in the event VA requests this form in a file review audit. This has been a long-standing practice.

VA has recently given guidance in Circular 26-18-1 that lenders, "Starting with loans closed on and after April 1, 2018, lenders should: Provide the Veteran's Statement and Lender Certification (note: lender certification only needed for payment increases of 20 percent or more), as outlined in VA Lender's Handbook, Chapter 6 section 1d. Lenders should provide this information to the Veteran with the initial disclosure documents no later than the third business day after receiving the Veteran's application." This notification and the Handbook reference is a long-standing VA policy. In the referenced Circular, VA is requesting that the current notification that is provided to Veterans occurs within 3 days of the loan application, which is consistent with other mortgage loan disclosures that are currently provided within this timeframe.

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

Decisions to provide any payment or gift to respondents does not apply.

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) are contained in the Privacy Act Issuances, 2014. See 83 FR 40140.

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:

Estimate of Information Collection Burden

- a. Number of respondents is estimated at 140,000 per year.
- b. Frequency of response is generally one time.
- c. Annual burden is 23,333 hours.
- d. The estimated burden of 10 minutes per transaction has been determined by lenders to be an average time spent to report the information requested and no wide variance is likely.
- e. The respondent population is composed of Veterans or lenders/appraisers on behalf of Veterans. VBA cannot make further assumptions about the population of respondents because of the variability of factors such as the educational background and wage potential of respondents. Therefore, VBA used general wage data to estimate the respondents' costs associated with completing the information collection.

The Bureau of Labor Statistics (BLS) gathers information on full-time wage and salary workers. According to the latest available BLS data, the mean hourly wage for a Loan Officer is \$36.67 based on the BLS wage code – “13-2072 Loan Officers.” This information was taken from the following website: (https://www.bls.gov/oes/2016/may/oes_nat.htm).

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 burden hour cost for completing the information collection as \$855,621.11 (23,333 hours x \$36.67 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

There are no printing costs. VA Form 26-8923 can be downloaded from the VA website.

Estimated Annualized Cost to the Federal Government:

\$ 798,466.67 Estimated Loan Guaranty processing cost for FY 2018

(140,000 cases x 10 minutes per case x \$34.22 per hour (average Loan Guaranty field salary is GS:11 Step 6))

\$ 798,466.67 Total estimated cost to Federal Government

Note: The hourly wage information above is based on the hourly 2018 General Schedule (Base) Pay (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/18Tables/html/RUS_h.aspx).

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.

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

Not applicable.