**SUPPORTING STATEMENT**

**CREATE PAYMENT REQUEST FOR THE VA FUNDING FEE PAYMENT SYSTEM (VA FPPS); A COMPUTER GENERATED FUNDING FEE RECEIPT**

**OMB 2900-0474  
VA FORM 26-8986**

**A. Justification**

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

A funding fee must be paid to VA before a loan can be guaranteed. The funding fee is payable on all VA-guaranteed loans; i.e., Assumptions, Manufactured Housing, Refinances, and Real Estate purchase, and Construction loans. The funding fee is not required from veterans who are eligible purple heart recipients, veterans who are in receipt of compensation for service-connected disability, veterans in receipt of compensation for service-connected disability, or veterans who, but for receipt of retirement pay, would be entitled to receive compensation for their service-connected disability. Loans made to the certain surviving spouses of veterans are exempted from payment of the funding fee, regardless of whether the spouse has his/her own eligibility. This funding fee is required by 38 U.S.C. 3729, 38 CFR 36.4232, and 36.4312.

1. **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.**

In order for a loan to be eligible for guaranty, lenders must provide a copy of the funding fee receipt or evidence that the veteran is exempt. In April 2002, VA deployed an Internet-based application, VA Funding Fee Payment System (FFPS) that permits lenders to pay the funding fee online. The application calculates the appropriate fee, including any late fees and interest that may be due. Once submitted, the transaction is processed by the Federal Reserve Bank in Cleveland and lenders can usually print their receipts out within 24 hours. This is a vast improvement over the previous system where lenders had to wait 7 to 9 days to have receipts mailed to them. With VA FFPS, lenders can also register online and make changes to their account information. Previously this was a paper process. The data entered into VA FFPS is necessary to ensure the right fee amount is calculated.

1. **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 Form 26-8986 is available on the VA Funding Fee Payment System (VA FFPS) in a fillable electronic format that is submitted directly with the payment also being made online.

1. **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.

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

All lenders participating in the VA loan guaranty program must use VA FFPS.

1. **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 of information is through electronic submission and is accomplished only once per respondent. This collection is necessary to identify the individual case to ensure VA has met all legal requirements concerning collection of the funding fee and to determine that the correct funding fee is remitted.

1. **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.

1. **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 February 12, 2020, volume 85, number 29, page 8101. No comments were received.

1. **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.

1. **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 Compilation.

1. **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 sensitive questions appear on the input screen for VA FFPS.

1. **Estimate of the hour burden of the collection of information:**

Estimate of Information Collection Burden.

1. Number of Respondents: 400,000
2. Frequency of Response: one-time
3. Annual Burden Hours: 13,334 hours (400,000 respondents X 2 minutes= 800,000/60 min)
4. Estimated Completion Time: 2 minutes
5. The respondent population is composed of Loan Officers. VBA used general wage data for Loan Officers to estimate the respondents’ costs associated with completing the information collection. Data includes mortgage loan officers and agents, collection analysts, loan servicing officers, and loan underwriters.

The Bureau of Labor Statistics gathers information on full-time wage and salary workers. Accordingly, the median weekly earnings of full-time wage and salary worker is $1,212.40. Assuming a forty (40) hour work week, the median hourly wage is $30.31.

The general wage code 13-2072 for “Loan Officers” may be found by clicking this link: <https://www.bls.gov/oes/current/oes132072.htm>, effective May 2018.

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 all respondents to be $404,123.23 (13,334 burden hours x $30.31 per hour).

1. **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.

1. **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 Costs to the Federal Government are accessible through this link <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/20Tables/html/RUS.aspx>.

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| --- | --- | --- | --- | --- | --- | --- |
| Grade | Step | Burden Time | Hourly Rate | Cost Per Response | Total Responses | Total |
| 10 | 5 | 1 min | $31.64 | $0.53 | 400,000 | $ 212,000 |
| Overhead at 100% Salary | | | | | | $ 212,000 |
| **Overhead costs are 100% of salary and are same as the wage listed above and the amounts are included in the total.** | | | | | |  |
| Processing / Analyzing Costs | | | | | | $212,000 |
| Printing and Production Cost | | | | | | $ 0 |
| Total Cost to Government | | | | | | $212,000 |

The processing time estimates above are based on the actual amount of time employees of the grade level spend to process to completion a claim received on this form.

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

Not applicable as the burden has not changed.

1. **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.**

VA does not publish this information or make it available for publication.

1. **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.

1. **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 exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods**

This collection of information by the Veterans Benefits Administration does not employ statistical methods.