

**SUPPORTING STATEMENT  
INTEREST RATE REDUCTION REFINANCING LOAN WORKSHEET  
OMB 2900-0386  
VA FORM 26-8923**

**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).)

For a loan to be eligible for guaranty, the lender must certify that the loan meets the following requirements required under 38 U.S.C 3709: The recoupment of all fees (minus taxes, amounts held in escrow and the VA Funding fee) occurs within 36 months and that the loan passes the "Net Tangible Benefit Test". The following items may satisfy the Net Tangible Benefit Test: Reduction of 50 basis points from the underlying fixed rate loan to the new fixed rate loan or a reduction of 200 basis points from the underlying fixed rate loan to a new adjustable rate loan and the reduction of interest is not based solely on the charging of discount points. The loan must meet both seasoning requirements: At least six consecutive payments have been made to the underlying loan and 210 days passed since the first payment due date. In addition, 38 U.S.C. 3709 requires that the Veteran is provided a disclosure that indicates the recoupment time and net tangible benefit.

**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 interest rate reduction refinancing loans and submit the form with the loan file when selected by VA for audit review. 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. The form reduces the time spent by VA personnel in explaining the computation to lenders and reviewing the closing documents after submission to VA.

The VA utilizes the certifications regarding recoupment, net tangible and seasoning to ensure that loans adhere to 38 U.S.C. 3709. The lender must provide a disclosure to the Veteran that reflects recoupment calculation and a

comparison of the new and existing loan terms. This requirement alerts the Veteran to the impact of the refinance.

**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. Use of improved information technology is not applicable as the information sought relates to an individual real estate transaction. A fillable version of the form is at VA's website:

<https://vbaw.vba.va.gov/bl/20/cio/20s5/forms/VBA-26-8923-ARE.pdf> .

The recoupment, seasoning and Net Tangible Benefit certifications are performed upon guaranty via the electronic WebLGY portal. The electronic submission reduces the time burden on lenders.

The disclosure is provided to the Veteran by the lender as required by VA; however, there is not a specific form that the lender must utilize. The lender must ensure that the required items are reflected on the form. As this is not a VA form, use of improved technology to reduce the submission burden is impractical.

**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. The form solicits personal information about the loan and would not be available in another record.

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

Participating lending institutions are seldom in the small business category. However, the information collected is typical of mortgage loan applications and should present no unusual burden for any small firms.

**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. The collection of the Net Tangible Benefit, seasoning and recoupment certifications ensure that the lender is adhering to each requirement. The required disclosure to the Veteran is generally provided twice at application and closing. The disclosure is provided to ensure the Veteran is aware of the impact of the refinance.

**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 10, 2021, Volume 86, Number 45, pages 13789.

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

No decisions to provide any payment or gift 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.**

VA will not disclose information collected on this form to any source other than what has been authorized under the Privacy Act of 1974 or Title 38, Code of Federal Regulations 1.576 for routine uses (i.e., to a member of Congress inquiring on behalf of a veteran) as identified in the VA system of records, 55VA26, Loan Guaranty Home, Condominium and Manufactured Home Loan Applicant Records, Specially Adapted Housing Applicant Records, and Vendee Loan Applicant Records - VA, and published in the Federal Register.

<https://www.federalregister.gov/documents/2018/08/13/2018-17228/privacy-act-of-1974-system-of-records>.

**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 662,065 per year.
- b. Frequency of response is generally one time per IRRRL.
- c. Annual burden is 156,685 hours.
- d. The estimated burden of 30 minutes per transaction has been determined by lenders to be an average time to review the instructions, find the information, and complete the form. No wide variances are likely.
- e. VBA estimates the total burden hour cost for completing the information collection as \$5,795,778 (156,685 hours x \$36.99 per hour).

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 \$36.99 based on the BLS wage code – “13-2072 Loan Officers.” This information was taken from the following website:  
[https://www.bls.gov/oes/current/oes\\_stru.htm](https://www.bls.gov/oes/current/oes_stru.htm)

**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 Costs to the Federal Government:

Grade	Step	Burden Time Employee	Hourly Rate	Cost Per Response	Total Responses	Government Cost
11	1	30 (.50) minutes	\$26.72	13.36 (.50x26.72)	662,065	<b>\$8,845,188</b>
Overhead at 100%.						<b>\$8,845,188</b>
Processing/Analyzing Costs						
Printing and Production Cost						
Total Cost to Government						<b>\$8,845,188</b>

Overhead costs are 100% of salary and are the same as the wage listed above and the amounts are included in the total.

This collection has no printing and production cost.

Note: The hourly wage information above is based on the hourly 2021 General Schedule (Base) Pay ([https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/GS\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/GS_h.pdf)). This rate does not include any locality adjustment as applicable.

The processing time estimates above are based on the actual amount of time employees of each grade level spend to process to completion a claim received on this form. The within-grade step (3) of each employee represents the average experience of employees within each grade.

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

The burden hour has been updated to reflect current loan volumes.

**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**

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