

SUPPORTING STATEMENT
COVID-19 Veterans Assistance Partial Claim Payment program UNDER 38
C.F.R. 36.4803, 38.4805, 38.4806, and 38.4807
OMB 2900-XXXX [new]

A. JUSTIFICATION

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

VA is initiating a temporary program via rulemaking for veterans with VA-guaranteed or insured loans who requested forbearance under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), including forbearance granted to a veteran for a financial hardship due, directly or indirectly, to the COVID-19 national emergency. To implement the COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP), VA relies on its loss-mitigation authority for helping veterans retain their homes. Under this program, a servicer may consider a partial claim option when evaluating loss-mitigation for a veteran exiting a COVID-19 forbearance. For veterans and servicers who participate in the program, the servicer is required to originate a new loan repayable to VA and provide documentation to VA. This collection of information is necessary to ensure that veterans and servicers can comply with VA regulatory requirements proposed at 38 C.F.R. §§ 36.4803, 36.4805, 38.4806, and 38.4807.

The new collection of information in proposed 38 CFR 36.4803 requires the veteran to execute all loan documents necessary to establish an obligation to repay the Secretary for the partial claim payment.

In § 36.4805, the servicer is required to prepare a note and security instrument in favor of “the Secretary of Veterans Affairs, an Officer of the United States.” VA requires that the note be consistent with the terms described in § 36.4806 and include all borrowers who are obligated on the guaranteed loan. The security instrument is required to include all non-borrowers who have an interest in the property securing the guaranteed loan. The servicer is required to submit to the Secretary the application for partial claim payment, as prescribed in § 36.4807.

In § 36.4806, VA requires the veteran to execute a note and security instrument in favor of “the Secretary of Veterans Affairs, an Officer of the United States.” VA requires specific terms in the note and security instrument. In § 36.4807, VA requires the servicer to provide VA with the original note, required by § 36.4805. VA also requires the servicer to provide VA with the original security instrument and evidence of recordation not later than 180 days following the date the security instrument is executed. If the recording authority causes a delay, VA allows the servicer to request an extension of time, in writing, from VA.

Finally, in § 36.4807, the servicer is required to report information related to the partial claim event to VA electronically; this information, however, has been included as a revision to an already approved information collection for VA’s electronic loan servicing system (OMB control number 2900-0021).

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.

The information will be used by VA to determine if the veteran qualifies for a partial claim payment and, if qualified, to administer the payment.

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.

Provided a note and security instrument meet the legal requirements outlined in proposed § 36.4806, they will be accepted by VA.

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.

Program reviews were conducted to identify potential areas of duplication; however, none were found to exist. There is no known Department or agency which maintains the necessary information, nor is it available from other sources within our Department.

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

The collection of information does not involve small businesses.

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 collection is necessary for VA to implement its COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP).

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 December 9, 2020 at 85 FR 79142, pages 79156-79157 as part of VA's proposed rule RIN 2900-AR05, Loan Guaranty: COVID-19 Veterans Assistance Partial Claim Payment Program. VA received public comments regarding the regulatory requirements, and the burdens associated with such requirements, related to borrower and servicer certifications, financial evaluation of the borrower, and completion of an application form. VA responded to such public comments in the final rule and, consistent with those comments, VA amended the regulation to eliminate those requirements. These amendments are reflected in this supporting statement and resulted in a decreased cost and hour burden to both servicers and veterans.

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.

Privacy to the extent permitted by law is covered by VA System of Records Loan Guaranty Home, Condominium and Manufactured Home Loan Applicant Records Specially Adapted Housing Applicants Records, and Vendee Loan Applicant Records – VA (55VA26) are 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 in this collection.

12. Estimate of the hour burden of the collection:

Estimate of Information Collection Burden

VA notes that due to the unprecedented nature of the current national emergency and the novelty of VA's partial claim payment program, there is some

uncertainty as to how many respondents would be impacted by this rulemaking. As discussed in VA's regulatory impact analysis that accompanies the final rule, RIN 2900-AR05, VA has estimated a lower/upper bound of estimated partial claim payments associated with this temporary initiative that corresponds directly to those who would be subject to the paperwork requirements associated with this rulemaking. VA has further estimated a distribution of these partial claim payments (or respondents) over fiscal years 2021 and 2022. Given that this proposed temporary initiative is limited to COVID-19 forbearances, VA does not anticipate any partial claim payments (or applications) will be received in FY 2023 and beyond. To ensure that VA's paperwork burden estimate coincides with its regulatory impact analysis, VA has presented a range of paperwork burden estimates. For OMB reporting purposes, VA will utilize the average of these estimates, annualized over two years.

a. Number of respondents: VA estimates the total number of respondents will fall between 101,132 and 151,812. Over the two-year period of this information collection, the number of respondents is estimated to fall between 50,566 and 75,906, with average annual respondents equal to 63,236.

b. Frequency of response: one time per application for partial claim payment

c. Annual burden hours: VA estimates between 75,849 and 113,859 annual burden hours with average annual burden hours equal to 94,854. The breakdown between servicers and veterans is as follows:

Veterans: 25,283 to 37,953 hours (average equals 31,618 hours)
Servicers: 50,566 to 75,906 hours (average equals 63,236 hours)

d. Estimated Completion Time: 90 minutes per application. The breakdown between servicers and veterans is as follows:

Veterans: 30 minutes (to understand and execute the original note and security instrument)
Servicers: 60 minutes (to prepare, deliver, and record the original note and security instrument)

e. The respondent population is composed veterans and servicers pursuing a partial claim payment. To estimate costs associated with servicer respondent burden, VA used the Bureau of Labor Statistics (BLS) median hourly wage for loan officers (occupation code 13-2072) of \$36.64 per hour. To estimate costs associated with veteran respondent burden, VA used the median hourly wage for all occupations of \$25.72 per hour. This information is available at <https://www.bls.gov/oes/current/oes131041.htm>.

Legally, respondents may not pay a person or business for assistance in completing the information collection. Therefore, there are no expected overhead costs for completing the information collection. VBA estimates the total annual cost to all respondents to be as follows:

Veterans: \$650,279 (25,283 burden hours x \$25.72 per hour) to \$976,151 (37,953 burden hours x \$25.72 per hour). Average equals \$813,215 (31,618 burden hours x \$25.72 per hour).

Servicers: \$1,852,738 (50,566 burden hours x \$36.64 per hour) to \$2,781,196 (75,906 burden hours x \$36.64 per hour). Average equals \$2,316,967 (63,236 burden hours x \$36.64 per hour).

Total annual burden hour cost is between \$2,503,017 and \$3,757,347, with an average total annual burden hour cost of \$3,130,182.

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).

There are no additional costs to lenders, servicers, holders, or other record keepers resulting from this collection.

14. Estimated Annualized Cost to the Federal Government

There is an annualized cost associated with two employees reviewing the information provided to determine if the veteran qualifies for a partial claim payment as follows:

LOWER Estimate							
Grade	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
12	6		0.25	\$37.36	\$9.34	50,566	\$472,286
Overhead at 100% Salary							\$472,286
13	6		0.25	\$44.42	\$11.11	50,566	\$561,535
Overhead at 100% Salary							\$561,535
Processing / Analyzing Costs							\$1,033,822
Printing and Production Cost							\$ 0.00
Total Cost to Government							\$1,033,822
UPPER Estimate							
Grade	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
12	6		0.25	\$37.36	\$9.34	75,906	\$708,962
Overhead at 100% Salary							\$708,962
13	6		0.25	\$44.42	\$11.11	75,906	\$842,936
Overhead at 100% Salary							\$842,936
Processing / Analyzing Costs							\$1,551,898
Printing and Production Cost							\$ 0.00
Total Cost to Government							\$1,551,898
AVERAGE Estimate							
Grad	Step	Burden	Fractio	Hourly	Cost Per	Total	Total

e		Time	n of Hour	Rate	Response	Responses	
12	6		0.25	\$37.36	\$9.34	63,236	\$590,624
Overhead at 100% Salary							\$590,624
13	6		0.25	\$44.42	\$11.11	63,236	\$702,236
Overhead at 100% Salary							\$702,236
Processing / Analyzing Costs							\$1,292,860
Printing and Production Cost							\$ 0.00
Total Cost to Government							\$1,292,860

Overhead costs are 100% of salary and are the same as the wage listed above and the amounts are included in the total. VA estimates no printing costs. The processing time estimates above are based on the actual amount of time employees of each grade level spend to process to completion an application for partial claim payment received on this form. The within-grade step (6) of each employee represents the average experience of employees within each grade.

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). This rate does not include any locality adjustment as applicable.

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

This is a new information collection request. Nevertheless, VA notes that there is a change in burden hour estimates published in VA's proposed rule on COVID-VAPCP (RIN 2900-AR05). Specifically, there is an overall increase in burden hours associated with the final rule. Notably, the final rule resulted in a decrease in the estimated completion time due to the elimination of the proposed application form, financial evaluation, and borrower and servicer certifications. However, despite this decrease in individual respondent burden, the overall burden hour estimate increased due to an increase in the number of estimated respondents. As discussed in the Regulatory Impact Analysis, VA anticipated a number of larger servicers would opt for alternative home retention options (such as a loan modification or deferment) rather than participate in COVID-VAPCP. Given that the program is more aligned with FHA and USDA partial claim programs, VA now anticipates such servicers (and the loans they service that are currently in a COVID-19 forbearance) will now utilize the partial claim payment option.

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.

There is no exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

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