

**REQUEST FOR EMERGENCY APPROVAL  
(OMB Control Numbers 2900-XXXX and  
2900-0021)**

**ISSUE:**

To further assist Veterans with VA-guaranteed loans retain their homes, VA is temporarily expanding the list of loan modification options that do not require VA's prior approval to include a new loan modification, the COVID-19 Refund Modification, to assist certain COVID-impacted Veterans as they exit a COVID-19 forbearance. To ensure that servicers are able to implement this new modification in time to assist the large number of borrowers exiting forbearance this summer/fall, VA plans to announce the COVID-19 Refund Modification via VA Circular in early- to mid-July with an effective date of July 27, 2021. This timeline is being coordinated by an interagency working group led by the Domestic Policy Council and National Economic Council to ensure that all federal housing agencies release guidance this summer offering additional home retention options to borrowers with federally backed mortgages.

As outlined in the VA Circular, servicers will be required to prepare and execute a note and security instrument on behalf of VA as part of this new modification, which includes a VA purchase of past due payments and, in some cases, unpaid principal. Servicers will also be required to provide VA with both legal documents and report the actions taken to bring the defaulted loan current in VA's electronic loan servicing system (VALERI).

As part of this administrative action, VA is requesting emergency approval of a new information collection (IC) that is associated with servicers (and Veterans) preparing, executing, and providing the required loan documents to VA. Much like VA's recently published COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP), and its accompanying IC requirements under OMB control number 2900-0889, this new IC does not require any specific form. Rather, VA will accept any note and security instrument that meet the requirements outlined in VA's Circular guidance. The terms VA requires for the note and security instrument for the COVID-19 Refund Modification and the COVID-VAPCP are identical; the only differences are who is eligible for each program and what amounts can be included in the loan repayable to VA (e.g., past due payments, unpaid principal).

In addition to the new IC request, VA is requesting emergency approval of a revision to existing OMB control number 2900-0021. Under this IC, servicers are already required to report activity on every VA-guaranteed loan in their servicing portfolio, regardless of the home retention option pursued. The amendment to this IC merely adds additional data elements to existing reporting requirements/loss mitigation events to facilitate reporting and oversight of the COVID-19 Refund Modification, as well as payment of the COVID-19 Refund.

Given the time constraints associated with launching this new modification option, VA is developing technology requirements that will deliver a minimally viable product (MVP) to

enable servicers to report data elements associated with executing the COVID-19 Refund Modification and requesting VA purchase of past due payments and, if necessary, unpaid principal. In order to deliver an MVP on time, VA will ask servicers to utilize existing loss mitigation events; that is, the Partial Claim and Loss Mitigation events to report necessary data elements. Both events already collect from servicers the information relevant to reporting the execution of the COVID-19 Refund Modification. VA plans, however, to add a drop-down indicator to the Partial Claim event to allow it to track that the event being reported is a COVID-19 Refund Modification. VA also plans to add an additional data element to the Partial Claim event to collect information regarding any amounts of unpaid principal included in the COVID-19 Refund request. The addition of these new data elements will be minimal and will not result in any discernible increase in burden estimates.

Approval of these ICs is needed immediately because VA needs to begin accepting COVID-19 Refund Modifications (and their associated requests for VA purchase of past due payments and unpaid principal) no later than July 27, 2021. Any delay in securing approval to collect the information contained in both the new IC and the revised IC will seriously threaten both VA's and servicers' ability to assist Veterans exiting a COVID-19 forbearance retain their home and avoid foreclosure.

**RECOMMENDATION:**

Approval of the request for emergency clearance of information collection requirements under new OMB control number 2900-XXXX and revisions to the information collection requirements under existing OMB control number 2900-0021.