

**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.

VA is revising this information collection to incorporate regulatory collection requirements previously captured under OMB control number 2900-0601. The purpose is to consolidate information collection requirements applicable only for interest rate reduction refinance loans (IRRRLs) under one information collection package.

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 C.F.R. § 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: (1) The recoupment of all fees (minus taxes, amounts held in escrow and the VA funding fee) occurs within 36 months; (2) The loan passes a "Net Tangible Benefit Test," which means a reduction of 50 basis points from an underlying fixed rate loan to a new fixed rate loan, or a reduction of 200 basis points from an underlying fixed rate loan to a new adjustable rate loan; and (3) The loan meets both seasoning requirements: at least six consecutive monthly 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 lender provide the Veteran with the net tangible benefit test.

Lenders must also collect certain information under 38 U.S.C. § 3710 concerning the Veteran and the Veteran's credit history (and spouse or other co-borrower, as applicable), in order to properly underwrite an IRRRL made to refinance a delinquent loan. In addition, per §36.4307(a)(5), an IRRRL loan made to refinance a delinquent loan will only be eligible for guaranty if the Secretary approves the loan in advance. To request approval, VA requires that the lender provide VA with the credit information, which is collected as part of normal business practice for mortgage lenders, to assure itself that IRRRLs to refinance delinquent loans are underwritten in a reasonable and prudent manner. Additionally, the borrower, through the lender, must provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected.

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, for all interest rate reduction refinancing loans; they must also submit the form with the loan file when the loan is selected by VA for audit review. The subject form ensures that lenders correctly compute the funding fee and the maximum permissible loan amount under 38 U.S.C. § 3710. 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. In providing the Veteran with the net tangible benefit test, the lender must provide a written 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.

Finally, VA collects the information provided by the borrower, through the lender, regarding a delinquent loan, along with the underwriting information, in order to confirm that the reasons for the delinquency on the original loan no longer exist and that the Veteran is a satisfactory credit risk.

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.

The agency knows of no improved information technology that would reduce the burden on program participants to collect underwriting and delinquency information when refinancing delinquent loans.

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.

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 loan applicant. The use of the 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. The collection of underwriting documentation for the purpose of making an IRRRL to refinance a delinquent loan is also once per delinquent loan 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 August 17, 2021, Volume 86, Number 156, page 46090.

VA received one public comment. The public citizen requested clarification on the revisions of this information collection and asked if VA plans to combine OMB 2900-0386 and OMB 2900-0601. The response provided is that the control number was updated to include information previously collected under 2900-0601, exclusively to IRRRLs made to refinance specific delinquent loans. In particular, VA requires lenders making these loans to collect information under 38 U.S.C. § 3710, concerning a borrower's credit history (or other co-borrower, as applicable), in order to properly underwrite an IRRRL made to refinance a delinquent loan. Such loans also require prior approval from VA to be eligible for guaranty (§36.4307(a)(5)).

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

Description of Information Collection	Frequency of Response	Total Annual Responses (loans)	Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
<i>All Interest Rate Reduction Refinancing Loans</i>						
VA 26-8923, certifications,	1	662,065	0.5 (30 min)	156,685	\$36.99	\$5,795,778.15

and disclosures						
<i>Additional Burden for Loans Requiring Prior Approval for Guaranty</i>						
IRRRLs made to refinance delinquent loans	1	100	0.5 (30 min)	50	\$36.99	\$1,849.50
Total		662,165		156,735		\$5,797,627.65

a. Number of respondents is estimated at 662,165 per year.

b. Frequency of response is generally one time per loan.

c. Annual burden is 156,735 hours.

d. The estimated burden of 30 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 lenders or lenders on behalf of Veterans. VA has therefore used wage data for lenders 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 \$36.99 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_nat.htm#13-0000.

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.

VA estimates the total cost to the Federal government an estimated \$5,797,627.65. (156,735 hours x \$36.99 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 expected startup, overhead, or 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
<i>All Interest Rate Reduction Refinancing Loans</i>						
11	6	30 minutes (0.50)	\$36.14	\$18.07 (0.50 x 36.14)	662,065	\$11,963,514.60
<i>Additional Burden for Loans Requiring Prior Approval for Guaranty</i>						
11	6	30 minutes (0.50)	\$36.14	\$18.07 (0.50 x 36.14)	100	\$1,807.00
Overhead at 100%						\$11,965,321.60
Processing/Analyzing Costs						\$0
Printing and Production Cost						\$0
Total Cost to Government						\$11,965,321.60

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.

The processing time estimates above are based on the actual amount of time employees of each grade level spend reviewing the underwriting and delinquency information submitted by lenders for IRRRLs made to refinance a delinquent loan. There is no government cost associated with the VA 26-8923, certifications, and disclosures. Such documents and certifications are only reviewed by employees during loan audits; the cost of reviewing such information is already captured under OMB approval number 2900-0515.

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 includes a general locality adjustment for the entire United States.

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

The burden hour has increased because VA is incorporating additional information collection requirements previously covered by another OMB control number in this information collection package.

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.