

SUPPORTING STATEMENT  
VERIFICATION OF VA BENEFITS  
OMB #2900-0406  
VA FORM 26-8937

A. JUSTIFICATION

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

Prior to the obtaining of a VA-guaranteed loan, VA is required to determine if a person has outstanding Federal debt in delinquent status that is not subject to a waiver or exemption. Pursuant to section 3720B, of title 31 U.S.C., a person is barred from obtaining a Federal loan or loan insurance guarantee if that person has outstanding Federal debt in delinquent status not subject to a waiver or exemption. See also 38 CFR § 1.924. Additionally, section 5314, of title 38 U.S.C., requires VA to “deduct the amount of the indebtedness of any person who has been determined to be indebted to the United States by virtue of such person's participation in a benefits program administered by the Secretary from future payments made to such person under any law administered by the Secretary.” Furthermore, as part of the underwriting process, lenders participating in the VA Home Loan program are required to evaluate a borrower's credit history, including the existence of any Federal debt. See 38 CFR §§ 36.4206, 36.4340.

Per 38 U.S. Code § 3729 (c) selected Veterans are eligible for an exemption from the funding fee. The VA must inform the lender prior to the loan closing if the Veteran is eligible for this waiver. In addition, the VA must provide the funding fee exemption of certain surviving spouses for Interest Rate Reduction Refinancing loans allowable per 38 U.S.C. § 3710(e)(3).

Pursuant to 38 U.S.C. § 3702(e), VA can require any class of loans to be submitted to VA prior to closing for approval. As such, there are instances where VA must inform the lender that specific information must be submitted for prior approval.

**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.**

VA has instructed lenders that they may not close any proposed loan until they have determined that there is no federal debt, or if one exists, an acceptable repayment plan has been agreed to by the Veteran and/or co-borrower, or payments under a plan already in effect are current. In all instances, the lender must check the Credit Alert Verification Reporting System (CAIVRS) administered by the Department of Housing and Urban Development which provides information on delinquent federal debts. VA has determined that in most instances this satisfies the requirement for the determination of whether the borrower has a delinquent federal debt. However, in cases where the Veteran indicates they have a delinquent VA debt the lender may submit VA Form 26-

8937 Verification of Benefits to verify if there is any indebtedness and the status of any debt.

Lenders ensure the completion of the upper portion of VA Form 26-8937, including the Veteran's authorization for release of the information, and upload to VA's electronic information portal, WebLGY. VA personnel perform the debt check, complete the balance of the form, and return it to the lender via WebLGY, who considers any repayment terms in evaluating the Veteran's creditworthiness. Following the closing of any loan, the lender submits the form with the loan report and related documents to VA via WebLGY if the file is identified for post-closing review. The form is reviewed by a loan specialist to ensure that debt check requirements were observed in each case.

The form also provides information advising the lender whether or not the Veteran is exempt from paying the funding fee which must be collected on all VA home loans unless the Veteran is receiving or entitled to receive service-connected disability compensation, is a qualifying surviving spouse or serving active duty after receipt of a purple heart. In most instances, VA is able to provide this information on the Certificate of Eligibility that is required for every purchase or cash-out refinance transaction and the case number assignment for Interest Rate Reduction Refinancing Loans (IRRRLs). In the cases of surviving spouse obligors for IRRRLS, the case number assignment is not accurate as it is based on the Veteran's exemption status rather than the surviving spouses. Veterans with pending pre-discharge claims are required to submit the VA Form 26-8937 to verify the most accurate exemption status.

VA Form 26-8937 cites specific instances when a lender must submit a Veteran's loan application to VA for prior approval processing. In most of these instances, the requirement is reflected on the COE or it's general requirement for that type of transaction. In limited instances, VA does not have the ability to place the condition on the COE accurately with the funding fee exemption status. The form allows VA to provide both the correct exemption status and the prior approval requirement in those instances.

**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.**

Use of improved information technology is applicable as lenders can download this form on the Internet. The form is now accepted via the WebLGY portal at which point it is automatically assigned to a Loan Specialist to review. In the future, VA intends to update COE functionality so fewer of VA Form 26-8937s will be required to be completed. The intent is to have the exemption and prior approval condition always reflected on the COE.

In addition, VA requires lenders to utilize the CAIVRS to search for outstanding Federal debts. This is a HUD-maintained system which lenders now access via the Internet.

**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.**

Small organizations are generally not involved.

**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 information collection is not a recurring or repetitive report. It is accomplished on a one-time basis per 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 March 11, 2022, volume 87, number 48, pages 14100-14101.

1 comment received:

**Comment:**

To: Nancy J. Kessinger, Veterans Benefits Administration (20M33),  
Subj: Comment submission for OMB Control No. 2900-0406  
Ref: OMB Control No. 2900-0406  
Title: Verification of VA Benefits, 26-8937

Specific topic to address: Pending military retirement claims program (Benefits at Delivery BDD/Direct Decision) document utility enhancement, timing vs purpose, & the costly conflict.

Nancy,

With retiring service members pending a BDD 20+ years service (approved) this form has more potential utility than its current use.

Issue: Members pending BDD and >60 days from discharge purchasing a home (transition out of military, relocating) have to close on a home prior to receiving BDD rating.

In most states (like Texas for example), the percentage of VA disability is a waiver for many forms taxes (like property taxes). They must reduce their affordability to compensate for property and other taxes; because the lender does not have a memorandum of proposed rating, or any indication the member

With a 350k-400k loan, this can be \$350-600 of the monthly mortgage payment. The member closes the home

What fixing the problem solves: further reduces time/paperwork at regional centers after a VA loan is completed for a retiring service member with a BDD. If the BDD is "submitted for decision.pending" for 1-2 months leading up to discharge, it is usually because it is waiting for the DD-214 - which is not coming until right at discharge.

Therefore, is not going to help any disability tax exemptions for the VA loan ..because the loan will normally be closed at the same time of discharge (so they can transition); it has to be, otherwise the retiring service member is prevented There should not be a trade off for the member.

This form can support retiring members with a BDD (waiting for the DD-214) and within 45 days of retirement date.

A. - wait until I am discharged to get a VA loan, so I know my state VA tax benefit

B. - get a loan with no tax or other state VA benefit considerations - reducing loan amount/affordability factor - only weeks later to then spend tens of hours of time and money submitting forms and processes to change your 30yr loan because 25% of the mortgage includes full property taxes, which all or a big portion is now exempt (now that a week-month after your discharge you get your BDD rating).

Why is this important: A service member cannot receive a BDD claim rating until well after the VA gets a final DD-214. And after discharge date.

This DD-214 is normally produced between 15 to 1 day(s) from discharge.

The Benefits Delivery at Discharge (BDD) program is the primary method for VA claims here. To focus, BDD begins 6 months prior to retirement date. The average processing time is 151 days (2022). That said, they are 60-90 days max to get to the "submitted/pending decision last parts).

-A VA home loan can take 60 days from start to finish.

-Most 20 year+ Service retiring members are relocating to a different state (back to home of record or next career location) at retirement.

-they are buying a home with a VA loan within 60 days of discharge (a home loan takes between 30 days minimum to close)

I submit this comment/concern because:

-I am active duty, Today is April 18, 2022

-My 20yrs service - BDD claim is "pending decision" not to be released until DD-214

-it takes 14 days to process the decision after receipt of DD-214

-I get my retirement DD214 on 15 June 2022

My discharge date is 30 June 2022

-I am transition my family back to my Home of Record in Texas.

-I must buy a home & move in by 30 June 2022.

-My BDD has over 20 pending disability (med-record problems list) with multiple service/combat connections and I am retiring on permanent limited duty.

-Texas reduces your property tax (state/city/county) by the rating percentage. If 100% home property taxes are waived.

This is 25% of the mortgage. I have to secure a roof over my family's head in Texas at the same time I am getting my VA rating.

-I must reduce my home affordability by 25% (and get 25% less home) without any info regarding a proposed rating.

Therefore, will have a 30 year VA loan that includes full property taxes. Now I and the state, and the VA will have to spend months, exhaustively to reverse all that. (full property taxes included on a 30 year VA loan that less than a month later, get the rating that waives all or part of that)

Final thoughts: This form is a solid utility for 20+ year retiring service members pending BDD/Direct Decision claim.

Enhance its function by providing a lender a proposed memorandum rating (or something) if the member is within 45 days of discharge date, pending a BDD with a rating in limbo waiting for a DD-214 that will process after the loan closes.

And Nancy, thank you for taking the time in reading this and your hard work towards a vital job, a function that almost always goes unnoticed, behind the scenes and unappreciated; With the VBA, I hope you and your colleagues get a lot of healthy recognition.

Thanks for listening,

GySgt Damon E. Cecil, USMC

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**LGY's Response:**

Dear Gunnery Sergeant Cecil,

Thank you for your comment and your service. VA Form 26-8937 allows VA to collect relevant information from lenders and facilitates a review of the existing medical evidence for the issuance of a memorandum rating for the purpose of a waiver of the VA funding fee collected under 38 USC 3729. Lenders are to submit this form when an active duty Veteran indicates they have a pre-discharge claim pending with VA. Under 38 USC 3729(c)(2), VA waives the funding fee for a Veteran who is rated eligible to receive service-connected disability compensation as the result of a pre-discharge examination and rating or if a memorandum rating is issued based on a pre-discharge review of existing medical evidence. Statute only requires a Veteran be rated eligible to receive service-connected disability and does not require a certain percentage of rating. This is an important distinction that generally enables VA to issue the memorandum more expeditiously while a discharging Veteran is trying to close on a home loan. State and local real estate taxes and exemption requirements vary significantly across the country. You should contact your tax assessor or taxing authorities to determine acceptable documentation and the conditions necessary to establish a tax exemption. If you have a pre-discharge claim pending and want to request a memorandum rating for a waiver of the funding fee, your lender can submit VA Form 26-8937, or you can reach out to us at 1-877-827-3702, option 1, Monday - Friday 8am-6pm ET.

Thank you,  
Loan Guaranty Service

**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.**

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.

**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	Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
VA Form 8937	1	5,500	5 min	440	\$36.99	\$16,275

completed by lender			.08			
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- a. Number of respondents is estimated at 5,500 per year.
- b. Frequency of response is generally one time.
- c. Annual burden is 440 hours.
- d. The estimated burden of 5 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 on behalf of Veterans. VBA cannot make further assumptions about the population of respondents because of the variability of factors such as the educational background and wage potential of respondents. Therefore, VBA used the mortgage industry loan officers cost 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 weekly earnings of full-time wage and salary workers are \$1,549.6 Assuming a forty (40) hour work week, the mean hourly wage is \$38.74 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](https://www.bls.gov/oes/current/oes_nat.htm), May 2021).

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 cost to all respondents to be \$17,045.60 (440 burden hours x \$38.74 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 recordkeeping costs.

**14. Estimated Annualized Cost to the Federal Government**

Grade	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
11	6	825	15min .25	\$31.85	\$7.97	5,500	\$43,835
Overhead at 100% Salary							\$43,835
12	6	220	5 min .08	\$38.18	\$3.05	2,750	\$8,387

Overhead at 100% Salary							\$8,387
13	6	220	5 min .08	\$46.70	\$3.74	2,750	\$10,285
Overhead at 100% Salary							\$62,507
Processing / Analyzing Costs							\$62,507
Printing and Production Cost							\$ 0.00
Total Cost to Government							\$62,507

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 complete the review of the VA Form 26-8937. The within-grade step (6) 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 reduction in burden is due to policy changes that reduced the number of instances when the exemption status and prior approval condition are not automated on the COE. This has greatly reduced the frequency that the form must be completed and submitted to VA.

**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. Loan Guaranty Service requires the lender to file all loan origination records in accordance with (IAW) 38 CFR § 36.4333 - Maintenance of records.

**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.