

SUPPORTING STATEMENT
Statement of a Person Claiming Loan Fee Refund Due a Deceased Veteran,
Service Member, or Surviving Spouse
OMB 2900-XXXX
VA FORM 26-10280 and VA FORM 26-10280a

A. JUSTIFICATION

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

A funding fee must be paid to VA before a loan can be guaranteed. Pursuant to 38 U.S.C. § 3729(c), the funding fee is waived for certain individuals, including active-duty Service members in receipt of a purple heart, Veterans who are receiving compensation for service-connected disability, and Veterans who, but for receipt of retirement pay, would be entitled to receive compensation for their service-connected disability. Loans made to certain spouses of deceased Veterans are also exempt from payment of the funding fee, regardless of whether the spouse has his/her own eligibility.

In certain circumstances, the funding fee is paid by a Veteran, Service member, or spouse (hereinafter described collectively as Veteran), but VA later determines that such fee was not, in fact, owed. While this can sometimes occur due to lender error, most often it is the result of a retroactive disability compensation or survivor benefits decision where the effective date of such decision predates the closing date for a loan in which a funding fee was paid. The funding fee was therefore correctly charged at the time of the loan closing, but later events (e.g., the retroactive award) render the Veteran exempt from paying the fee. In both cases (error or retroactive award), the Veteran is owed a refund by VA in the amount of the funding fee paid but not owed.

VA may be alerted to potential funding fee refund cases by lenders and Veterans; it also has a process in place that cross-checks new compensation and survivor benefit awards and their effective dates with guaranteed loan closings/funding fees paid. In both cases, VA personnel determine whether a refund is owed after reviewing evidence and information of record. Where a refund is owed, VA electronically processes the refund directly to the Veteran, utilizing direct deposit whenever possible.

As part of the payment process, VA systems check for whether, according to the Internal Revenue Service Deceased Social Security Number List, an individual is deceased and, if deceased, VA systems will stop payment of the refund. Currently, VA will release a refund owed to a deceased Veteran to an individual who can provide evidence that he or she is the executor or administrator of the Veteran's estate. In cases where there is no executor or administrator, VA will release the refund to a surviving spouse in receipt of VA survivor benefits. In either case, VA issues the refund to the "estate of the deceased Veteran." VA has determined that the current process is time-consuming for both VA and the person claiming the refund owed to the Veteran, and often results in significant back-and-forth for information. Further, VA has encountered many cases where

the Veterans' estates do not require probate under a particular state's law (estate and probate). Thus, there is no executor or administrator of the estate, and Veterans' surviving spouses encounter difficulty endorsing the refund payment and obtaining the funds.

This new information collection seeks to streamline this process through the use of a form that collects information needed for VA to release the refund to an individual other than the Veteran. VA has further determined that it may release the funds directly to the individual, rather than to the estate of the Veteran, provided the person claiming the refund attests to certain information regarding the Veteran's estate as well as their intention to disburse the refund in accordance with appropriate estate laws. VA notes that this approach is consistent with how other federal agencies, such as the Internal Revenue Service, process refunds owed to deceased individuals.

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.

This information will be used by VA to determine whether a refund owed to a Veteran may be remitted to another individual, including the Veteran's spouse, the executor or administrator of the Veteran's estate, or another individual with a relationship to the Veteran. The information collected is necessary for VA to ensure that it is releasing the refund to an appropriate individual who will disburse the refund according to the laws of the state where the Veteran was a legal resident (e.g., estate laws).

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.

VA intends to use a form to collect this information. For persons claiming loan fee refunds due a deceased Veteran or Service member, VA has developed VA Form 26-10280, *Statement of a Person Claiming Loan Fee Refund Due a Deceased Veteran or Service Member*. For persons claiming loan fee refunds due a deceased surviving spouse, VA has developed VA Form 26-10280a, *Statement of a Person Claiming Loan Fee Refund Due a Deceased Surviving Spouse*. Both forms will be available for electronic download at <https://www.va.gov/find-forms/>. At this time, VA does not plan to implement a technology solution for persons to request the refund as VA anticipates a low volume of requests annually.

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 in order for VA to ensure that it is releasing the refund to an appropriate individual who will disburse the refund according to the laws of the state where the Veteran was a legal resident at the time of death (e.g., estate laws). VA believes that a standardized form presents the least burdensome way to collect this information.

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's notice was published in the Federal Register on March 15, 2022, Vol. 87, No. 50, page 14619.

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 estimates an hour burden associated with individuals completing this form, including gathering any necessary documentation to be submitted with the form. VA notes that it is currently working through a historical list of potential refunds owed to deceased Veterans that may initially lead to a higher-than-average number of annual respondents. Once VA completes its review of these cases and begins processing only ad-hoc requests and cases found during cross-checks with other VBA system information, VA anticipates the estimated number of respondents will drop significantly. VA will ensure that it updates such number in a future renewal or revision of this information collection.

- a. Number of respondents: 1,000
- b. Frequency of response: one-time
- c. Annual burden hours: 250
- d. Estimated Completion Time: 15 minutes
- e. The respondent population is composed of composed of various individuals claiming a refund owed a deceased Veteran, including next-of-kin, executors and administrators of estates, and others. VA 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 general wage data 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 is \$28.01 based on the BLS wage code – “00-0000 All Occupations.” This information was taken from the following website: 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 \$7,0002.50 (250 burden hours x \$28.01 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).

There are no additional costs, including recordkeeping costs, resulting from this information collection.

14. Estimated Annualized Cost to the Federal Government

There are no printing costs. VA Form 26-10280 and VA Form 26-10280a can be downloaded from the VA website. There is an annualized cost associated with reviewing the form, and any associated documentation, and processing the refund as follows:

Grade	Step	Burden Time (min)	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
11	6	30	0.5	\$36.14	\$18.07	1,000	\$18,070
Overhead at 100% Salary							\$0
13	6	15	0.25	\$51.51	\$12.88	1,000	\$12,880
Overhead at 100% Salary							\$0
14	6	15	0.25	\$60.87	\$15.22	1,000	\$15,220
Overhead at 100% Salary							\$0
Processing / Analyzing Costs							\$46,170
Printing and Production Cost							\$0.00
Total Cost to Government							\$46,170

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

This is a new information collection; therefore, there is no change reported.

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

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