

SUPPORTING STATEMENT
VA LOAN ELECTRONIC REPORTING INTERFACE (VALERI) SYSTEM and TITLE
REQUIREMENTS FOR CONVEYANCE OF REAL PROPERTY TO THE SECRETARY
OMB #2900-0021

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 provides the authority for VA-guaranteed mortgage servicers to assist Veteran borrowers and their families experiencing financial difficulty. VA then provides oversight of the servicers' actions by collecting specific documentation and data. In today's environment, this collection is done via the VALERI application. Federal Regulations under 38 C.F.R. 36.4300 require specific, critical information be provided to VA and without the collection of such documentation and data, the number of foreclosures of VA-guaranteed loans and homeless Veterans would increase. Federal Regulation under 38 C.F.R. 36.4807 also requires servicers to report information consistent with the partial claim payment home retention option authorized under 38 C.F.R. 36.4800 *et seq.*

VA has an approved ICR, to account for data collection requirements associated with the COVID-19 Refund Modification. Much like VA's temporary COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP), servicers who offer the COVID-19 Refund Modification are required to report information related to selecting this home retention option to VA electronically. VA added new data elements to the Partial Claim event report that would enable VA to appropriately identify the event being reported as a COVID-19 Refund, rather than a COVID-VAPCP, and collect information regarding any principal amounts included in the COVID-19 Refund.

VA is submitting this modification to address information collection in the event loss mitigation efforts are unsuccessful and a VA-guaranteed loan goes into foreclosure. Statutory requirements for conveyance of properties to the Secretary are found in chapter 37 of title 38, United States Code. The implementing regulations are found in part 36 of title 38, Code of Federal Regulations (C.F.R.). In 38 C.F.R. § 36.4323, titled "Election to convey security", VA explains that each conveyance or transfer of real property to the Secretary pursuant to this section shall be acceptable if:

The holder thereby covenants or warrants against the acts of the holder and those claiming under the holder (e.g., by special warranty deed); and

It vests in the Secretary or will entitle the Secretary to such title as is or would be acceptable to prudent lending institutions, informed buyers, title companies, and attorneys, generally, in the community in which the property is situated.

The collection of information specifies documents that servicers must submit to VA before VA can determine whether the regulatory standard has been met. The regulation also provides that the Secretary may request other evidence as the Secretary determines reasonably necessary. It is impossible for VA to identify, in advance, every document VA may need before determining that the regulatory standard has been met. However, VA attempts to provide some degree of uniformity when requiring “other evidence,” and periodically issues additional clarification.

In June 2021, under OMB control number 2900-0021, VA received the most recent approval through December 31, 2024, to collect information associated with holders (loan servicers) reporting of a default and subsequent notice of intention to foreclose on a loan guaranteed under 38 U.S.C. chapter 37. See 38 U.S.C. § 3732. VA is seeking an amendment to this information collection to include the requirements associated with conveying a property to VA following such procedures.

Specifically, this collection of information pertains to situations where a holder acquires a property secured by a VA-guaranteed loan through a liquidation sale or acceptance of a deed-in-lieu of foreclosure and elects to convey that property to VA. See 38 U.S.C. § 3732. The procedures implementing the statutory authority are found in 38 C.F.R. § 36.4323. This collection was previously approved under OMB control number 2900-0381, which has expired.

Pursuant to § 36.4323(a), in order for VA (the Secretary) to accept conveyance of the property, the holder must notify the Secretary by electronic means no later than 15 calendar days after the date of liquidation sale (i.e., the event which fixes the rights of the parties in the property, such as the date of foreclosure sale, date of recordation of a deed-in-lieu of foreclosure, or confirmation/ratification of sale date when required under local practice) that the holder elects to convey the property to the Secretary. 38 C.F.R. § 36.4323(a).

Pursuant to § 3732, if the calculation by the holder shows that the net value is equal to or less than the unguaranteed portion of the loan (i.e., the total indebtedness minus VA's maximum claim payable under the guaranty), conveyance is prohibited. See *also* 38 C.F.R. § 36.4323(b). However, the holder may desire to convey the property to VA and may decide to waive a portion of the indebtedness to the extent that the property may be conveyed under [38 U.S.C. 3732\(c\)](#). 38 C.F.R. § 36.4323(b). In such a case, the holder must provide the notice described in § 36.4323(a), and must subsequently waive that portion of the total indebtedness remaining after application of the net value amount and VA's guaranty claim payment. *Id.* The holder must send the borrower(s) a notice describing the amount of indebtedness that has been waived no later than 15 calendar days after receipt of the guaranty claim. *Id.* Section 36.4323(c) provides that the holder, in accounting to the Secretary in connection with the conveyance of any property pursuant to § 36.4323, may include as a part of the indebtedness all actual

expenses or costs of the proceedings, paid by the holder, within the limits defined in [§ 36.4314](#). 38 C.F.R. § 36.4323(c). Section 36.4323(c) sets forth the allowed expenses.

Section 36.4323(d) provides that the notice of the holder's election to convey the property to the Secretary shall state the amount of the holder's successful bid and shall state the insurance coverage then in force, specifying for each policy, the name of the insurance company, the hazard covered, the amount, and the expiration date. 38 C.F.R. § 36.4323(d). With respect to a voluntary conveyance to the holder in lieu of foreclosure, the amount of the holder's successful bid shall be deemed to be the lesser of the net value of the property or the total indebtedness. *Id.* Coincident with the notice of election to convey or transfer the property to the Secretary or with the acquisition of the property by the holder, following such notice, whichever is later, the holder shall request endorsements on all insurance policies naming the Secretary as an assured, as his/her interest may appear. *Id.* Such insurance policies shall be forwarded to the Secretary at the time of the conveyance or transfer of the property to the Secretary or as soon after that time as feasible. *Id.* If insurers cancel policies, holders must properly account for any unearned premiums refunded by the insurer.

Occupancy of the property by anyone properly in possession by virtue of and during a period of redemption, or by anyone else unless under a claim of title which makes the title sought to be conveyed by the holder of less dignity or quality than that required by this section, shall not preclude the holder from conveying or transferring the property to the Secretary. *Id.* Except with the prior approval of the Secretary, the holder shall not rent the property to a new tenant, nor extend the term of an existing tenancy on other than a month-to-month basis. *Id.*

The notice shall provide property tax information to include all taxing authority property identification numbers. *Id.* Any taxes, special assessments or ground rents due and payable within 30 days after date of conveyance or transfer to the Secretary must be paid by the holder. *Id.*

Each conveyance or transfer of real property to the Secretary pursuant to this section shall be acceptable if:

(A) The holder thereby covenants or warrants against the acts of the holder and those claiming under the holder (e.g., by special warranty deed); and

(B) It vests in the Secretary or will entitle the Secretary to such title as is or would be acceptable to prudent lending institutions, informed buyers, title companies, and attorneys, generally, in the community in which the property is situated.

Id. Any title will not be unacceptable to the Secretary by reason of any of the limitations on the quantum or quality of the property or title stated in [§ 36.4354\(b\)](#). *Id.* Provided, that:

(A) At the time of conveyance or transfer to the Secretary there has been no breach of any conditions affording a right to the exercise of any reverter.

(B) With respect to any such limitations which came into existence subsequent to the making of the loan, full compliance was had with the requirements of [§ 36.4327](#).

Id. The acceptability of a conveyance or transfer will generally be established by delivery to the Secretary of the following evidence of title showing that title to the property of the quality specified in § 36.4323(d)(5) is or will be vested in the Secretary:

(A) A copy of the deed or document evidencing transfer of interest and title at the liquidation sale;

(B) A special warranty deed conveying the property to the Secretary;

(C) Origination Deed of Trust or Mortgage;

(D) Original or Copy of Mortgagee's Title Insurance Policy from Loan Origination (except in Iowa, where a title abstract is required);

(E) Owner's Title Insurance Policy issued after loan termination in the name of the Secretary (except in Iowa, where a title abstract is required);

(F) Loan Assignments;

(G) Appointment of Substitute Trustee (where required as part of the termination process);

(H) Estoppel Affidavit for deed in lieu of foreclosure, if required by State law and appropriate language cannot be included in the deed in lieu of foreclosure; and/or

(I) Any evidence that the Secretary may reasonably require.

Id. In lieu of such title evidence, the Secretary will accept a conveyance or transfer with general warranty with respect to the title from a holder described in [38 U.S.C. § 3702\(d\)](#) or from a holder of financial responsibility satisfactory to the Secretary. *Id.*

Lastly, Department of Veterans Affairs (VA) is clarifying the information collected in the VALERI Events Bulk Upload Template, under OMB 2900-0021. This template was expanded under OMB 2900-0889 to allow servicers to report information in response to VA's temporary COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP). This is a non-substantial revision to VA's approved information collection regarding the VALERI Events Bulk Upload Template to report events in the VALERI application under 38 C.F.R. §36.4317. The supporting statement indicates VA provides oversight of the servicers' actions by collecting specific documentation and data.

The VALERI Events Bulk Upload Template, used to report the Partial Claim event, is being updated to clarify one data field for the 'DOB of Second Borrower' to indicate the field is required when we have a second borrower. We are also updating a formatting issue with one column, to request a dollar amount. There is no change to the information being requested, only clarifying the descriptions and formatting to ensure servicers populate the fields appropriately.

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 is provided by loan servicers. VA has moved toward placing greater reliance on private-sector servicing in accordance with VA guidelines, with VA using advanced technology to oversee holder actions. In addition, this information is used by VA to determine if acceptable title has been received in order for VA to accept custody of the asset.

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.

The Agency has adopted advances in telecommunications and other technology to minimize the impact to the industry. An internet-based reporting system has replaced the following OMB-approved forms: 26-6850, 26-6850a, and

26-6851 (OMB Collection #2900-0021), 26-567 (OMB Collection #2900-0131), 26-8903 (OMB Collection #2900-0381), 26-1874 and 26-1874a (OMB Collection #2900-0362), and 26-8778 (OMB Collection #2900-0251).

Electronic submission is permitted and will not change for both the VALERI system and title documentation.

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.

Out of the 127 servicers for which VA has sufficient data to determine their size, 36 (or 28.35 percent) are considered small by SBA standards. Regarding the economic impact, that is, the paperwork burden, VA notes that the changes adopted resulted in a 33 percent reduction in the estimated per loan paperwork burden to servicers.

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.

Certain portions of this information collection consist of a monthly reporting burden of a servicer's portfolio. This collection is necessary in order for VA to responsibly meet its obligations to oversee loan holder actions.

This collection is also necessary for VA to determine if acceptable title has been provided to allow the property to be conveyed to the Secretary. If collection is not conducted, the Secretary would not be able to validate clear title on Real Estate Owned (REO) assets being conveyed to the Secretary.

7. Explain 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 May 9, 2022, Volume 87, No 89, pages 27700 - 27701.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts 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.

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 on the form.

12. Estimate of the hour burden of the collection of information:

12(A)- Estimate of Information Collection Burden for the VALERI System.

- a. Number of Respondents: 967
- a. Frequency of Response: one-time
- b. Annual Burden Hours: 70 hours
- c. Estimated Completion Time: 1 minute
- d. The respondent population is composed of loan servicers. VBA used general wage data for Loan Officers to estimate the respondents' costs associated with

completing the information collection. Data includes mortgage loan officers and agents, collection analysts, loan servicing officers, and loan underwriters.

The Bureau of Labor Statistics gathers information on full-time wage and salary workers. Accordingly, the median weekly earnings of full-time wage and salary worker is \$1,549.60. Assuming a forty (40) hour work week, the mean hourly wage is \$38.74.

The general wage code 13-2072 for “Loan Officers” may be found by clicking this link: 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 and a person or business may not accept payment for assisting a respondent 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 \$2,711.80 (70 burden hours x \$38.74 per hour).

12(B). Estimated time per title package performed by Servicers. Servicers are required to prepare title packages regardless of the purchaser, however the numbers below are unique to the VA.

- a. The number of Title Package reviews is estimated at 15,542 per year
- b. Title Packages are received daily
- c. Annual burden is 2,957 hours
- d. The estimated response time is 10 minutes per title submission (time to send email with standard verbiage and all attachments)
- e. The respondent population is composed of loan servicers. VBA used general wage data for Loan Officers to estimate the respondents’ costs associated with completing the information collection. Data includes mortgage loan officers and agents, collection analysts, loan servicing officers, and loan underwriters.

The Bureau of Labor Statistics gathers information on full-time wage and salary workers. Accordingly, the median weekly earnings of full-time wage and salary worker is \$1,549.60. Assuming a forty (40) hour work week, the mean hourly wage is \$38.74.

The general wage code 13-2072 for “Loan Officers” may be found by clicking this link: 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 and a person or business may not accept payment for assisting a respondent 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 \$100,065.42 (2,583 burden hours x \$38.74 per hour).

Please note that these fees are reimbursable by VA.

Total Number of Responses: 16, 509 (VALERI System-967 plus Servicers -15,542),
Estimated Completion: Time 11 minutes, Burden estimate: 3027 hrs.

13. Provide an estimate of the total annual cost burden to respondents or record-keepers 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. 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 are accessible through this link:
https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/GS_h.pdf

Grade	Step	Burden Time	Hourly Rate	Cost Per Response	Total Responses	Total
12	10	1 min (0.02)	\$42.55	0.85 (42.55 x 0.02)	967	\$ \$821.95
Overhead at 100% Salary						\$ \$821.95
<i>Note: GS-12 completes 90% of the time. On occasion GS-13 or GS-14 may complete.</i>						
Overhead costs are 100% of salary and are same as the wage listed above and the amounts are included in the total.						
Processing / Analyzing Costs						\$821.95
Printing and Production Cost						\$ 0
Total Cost to Government						\$821.95

The processing time estimates above are based on the actual amount of time employees of the grade level spend to process to completion a claim received.

The chart below represents the typical grade of legal staff (paralegals and attorneys) that conduct the title package approval determination.

	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total

		(min)					
GS-11 (Paralegal)	5	42	0.7	\$30.94	\$21.66	4,853	\$105,115.98
Overhead at 100% Salary							\$0
14 (lawyer)	5	34	0.56	\$52.12	\$29.19	10,689	\$312,011.91
Overhead at 100% Salary							\$0
Processing / Analyzing Costs							\$417,127.89
Printing and Production Cost							\$0.00
Total Cost to Government							\$417,127.89

Total Cost to the Government:
 $\$821.95 + \$417,127.89 = \mathbf{\$417,949.84}$

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

The increase in burden is due to the addition of the information collection for title documentation to the previously approved collection.

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.

VA does not publish this information or make it available for publication.

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 exceptions 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.