

SUPPORTING STATEMENT
VA REQUEST FOR DETERMINATION OF REASONABLE VALUE AND
APPRAISAL MANAGEMENT PROCESS
OMB 2900-0045
VA FORMS 26-1805, and 26-1805-1

A. JUSTIFICATION

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

This information collection clearance package seeks to revise the OMB Control Number of 2900-0045 in order to modernize and standardize the VA LGY appraisal management process. 38 USC 3731 (c) authorizes VA to require that lenders provide an appraisal to VA to determine the reasonable value of a property, construction, repairs, or alterations to qualify for one of VA LGY's loan guaranty programs. Regulations codified in 38 CFR § 36.4339, 38 CFR § 36.4519, 38 CFR § 36.4347, and 38 CFR § 36.4365 detail the requirements for determining reasonable value of a property for each of VA LGY's programs (loan guaranty, direct loan, Lender Appraisal Processing Program (LAPP), and condominium program).¹

Under 38 CFR § 36.4347 (LAPP regulations), the regulations state that "... a copy of the lender notification letter to the veteran and the appraisal report must be forwarded to the VA office of jurisdiction at the same time the veteran is notified. In addition, the original appraisal report, related appraisal documentation, and a copy of the reasonable value determination notification to the veteran must be submitted to the VA with the request for loan guaranty."

VA utilizes Form 26-1805 (paper form) and 26-1805-1 (digital form) for lenders to request an appraisal and assign an appraiser (i.e., "ordering" an appraisal), which ultimately provides the appraiser with the authority to be on the property to conduct the appraisal (i.e., an engagement letter). This information collection request seeks to expand this data collection clearance to encompass a modernized, end-to-end appraisal management process. Under this revised ICR, VA will not only capture information from lenders around when an appraisal has been ordered (current VA Form 26-1805), but will also capture information and workflow associated with the assignment, scheduling, and review of an appraisal by VA or a lender. This new process will be consistent with the rest of the mortgage industry, and will align LGY's appraisal process with the industry standard.

This revised ICR also seeks to modify and fully digitize the Form 26-1805 to improve usability of the digital form. The current Form 26-1805 contains many fields that are no longer relevant in the appraisal process, which adds additional burden on the appraisal requestor, the appraiser and LGY.

¹ Related to the Notice of Value process, which is covered under this revised ICR, 38 USC 3731 refers to this process as the Certificate of Value.

A streamlined Form 26-1805 will reduce this burden, increase data accuracy and improve the timeliness of the appraisal request process. Updates to Form 26-1805 include elimination of fields that are no longer relevant and capturing additional information that will provide for a more efficient appraisal ordering process. This ICR also seeks to revise the Form 26-1805 to include additional data fields that will identify a point of contact for Tidewater.

This revised, expanded ICR will also standardize communications and lender reviews around the LGY appraisal process, which will reduce the burden for lenders and appraisers that participate in LGY programs. Today, appraisal-related communications do not occur in a standardized format. This revised ICR will not only standardize these communications directly within the system, but will support development of LGY appraisal reporting and dashboards to improve lender and appraiser operations.

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.

LGY requires lenders to collect, review, and certify the appraised value of a property in order to comply with statutory and regulatory requirements for determining eligibility and reasonable value of a property for LGY loan programs. This section outlines the specific data collections from lender and appraiser respondents.

The specific items of this information collection are as follows:

- a. **Initial Appraisal Ordering (Form 26-1805):** The respondent in this process step is a lender. Lenders utilize Form 26-1805 to “order” an appraisal. As part of this process, a lender will request an appraisal for a particular property. In this revised ICR, the Form 26-1805 includes more prescriptive data fields that will increase data accuracy and capture necessary information to complete the appraisal request process more efficiently. The addition of relevant points of contact in the appraisal process will further improve communications between the lender, appraiser and VA.
- b. **Appraisal Ordering Acknowledgement:** The respondent in this process step is the appraiser. This revised ICR will enable the appraiser to receive an email notification when an appraisal has been requested, and allow the appraiser to either accept or request reassignment of the appraisal.
- c. **Appraisal Reassignment:** The respondent in this process step is the appraiser. In a small percentage of cases, the appraiser may submit a request to LGY staff to reassign the appraisal to another appraiser. This process previously did not occur in a standardized format.
- d. **Appraisal Scheduling:** The respondent in this process step is the appraiser. This revised ICR will enable the appraiser to inform LGY that he/she has scheduled the appraisal by providing the date that the appraisal has been scheduled directly within the system. The appraiser will also validate within the system that the appraisal site visit has been

completed, or will indicate in the system that the appraisal needed to be rescheduled. This process previously did not occur in a standardized format.

- e. **Upload Appraisal:** The respondent in this process step is the appraiser. The appraiser will send LGY information about the condition of the property and other market research to determine his/her assessment of the value of the property.
 - f. **Appraisal Review Checklist:** The respondent in this process step is the lender. The lender will review the appraisal and compare against a defined list of eligibility criteria within VA LGY systems and provide LGY with a certification that all criteria were met. This process previously did not occur in a standardized format.
 - g. **Issuance of Notice of Value (NOV):** The respondent in this process step is the lender. Upon reviewing the appraisal, VA or a lender (if participating in LAPP) will submit approval of the appraisal to VA LGY in the form of a Notice of Value (NOV). The system will record when the NOV was issued. This process previously did not occur in a standardized format.
- 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 intended outcome of this ICR is to reduce the burden on LGY's lender and appraiser customers by standardizing all communications and tracking of appraisals directly in a web-based system, which is not available today under the existing ICR. Under this revised ICR, LGY staff, lenders, and appraisers will utilize VA LGY systems to digitally record all process steps associated with the ordering and scheduling an appraisal. WebLGY will also automatically generate an appraisal request on VA Form 26-1805 for the requester. The revised Form 26-1805 will also request additional points of contact, which will minimize duplication of data entry at other points in the appraisal process.

- 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.

- 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 information collection is not a recurring or repetitive report. The collection is generally conducted once per individual applicant.

- 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 at Volume 86, Number 142, pages 40679 and 40680.

- 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), and Loan Guaranty Fee Personnel and Program Participant Reports – VA (17VA26) are contained in the Privacy Act Issuances, 2013 and 2014 Compilations.

- 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 (totals):

Description of Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Hours per Response	Annual Burden Hours	Hourly Cost	Respondent	Total Annual Cost
				(expressed as percentage of hour for calculating burden hours)				
Initial Appraisal Ordering (Form 26-1805)	650,000	1.00	650,000	0.10	65,000	\$21.17	Lender	\$1,376,050
Appraisal Ordering Acknowledgment	650,000	0.98	637,000	0.05	31,850	\$30.58	Appraiser	\$973,973
Appraisal Reassignment	650,000	0.02	13,000	0.05	650	\$30.58	Appraiser	\$19,877
Appraisal Scheduling	650,000	1.00	650,000	0.05	32,500	\$30.58	Appraiser	\$993,850
Upload Appraisal	650,000	1.00	650,000	0.10	65,000	\$30.58	Appraiser	\$1,987,700
Appraisal Review Checklist	650,000	1.00	650,000	0.50	325,000	\$30.58	Appraiser Reviewer	\$9,938,500
Issuance of Notice of Value (NOV)	650,000	1.00	650,000	0.10	65,000	\$30.58	Appraiser Reviewer	\$1,987,700
Totals				0.95	585,000			\$17,277,650

a. Number of respondents is estimated at 650,000 per year.

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

c. Annual Burden Hours: 585,000 hours.

d. Estimated Completion Time: The combined burden is .95 of an hour or 57 min. 6 minutes for the initial ordering of the appraisal has been determined by lenders to be an average time spent to report the

information requested and no wide variance is likely. Due to the automation and removing a significant amount of unneeded information the future estimated time to complete will be reduced by half. The time estimated for appraisers is estimated at 51 total min.

e. Appraisers ordering acknowledgement, reassignment, scheduling, inspection complete and the up loading of the appraisal is estimated at about 3 min for each transaction. This is approximately about the same time or less than the current configuration of typing in open text in a notes filed.

f. Staff Appraiser Reviewer (SAR) reviews the appraisal in detail once received from the Appraiser from their lender. This has never been captured data as each lender does this task differently. Feedback from lenders has been that this task takes from 30 min to most have stated 1 hour. By the development of a standardized appraisal review checklist that is automated is anticipated to reduce this time to an estimated 30 mins across the board. This is anticipated to reduce errors and provide a more consistent loan process. This person also issues the Notice of Value (NOV). This position is unique for lenders and has the similar qualifications and job duties as the Appraisers and that same job code was used to determine the median hourly pay.

The respondent population for VA Form 26-1805 is composed of both Loan Interviewers and clerks and Property Appraisers and Assessors. 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 \$21.17 based on the BLS wage code – “**43-4131 Loan Interviewers and Clerks.**” This information was taken from the following website: <https://www.bls.gov/oes/current/oes434131.htm>.

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 \$30.58 based on the BLS wage code – “**13-2020 Property Appraisers and Assessors**” This information was taken from the following website: <https://www.bls.gov/oes/current/oes132020.htm>

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 \$15,901,600 (520,000 burden hours x \$30.58 per hour).

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 Annualized Cost to the Federal Government.

Estimated Annualized Cost to the Federal Government							
Grade	Step	Burden Time Min	Fraction of Hour	Hourly Rate	Cost Per Response	Total Response	Total
11	6	60	1.00	\$31.17	\$31.17	32,500	\$1,013,025.00
Overhead at 100% Salary							
13	6	15	0.25	\$44.42	\$11.11	32,500	\$360,912.50
Overhead at 25% Salary							
						Processing / Analyzing Costs	\$1,373,937.50
						Printing and Production Costs	\$0.00

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 does not include any locality adjustment as applicable.

The processing time estimates above are based on the actual amount of time employees of each grade level spend to process to completion a claim received on this form. The within-grade step (3) 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.**

VA LGY's loan volume has increases substantially since the last time this ICR was completed, which is one driver for why the burden hour changes have increased. However, VA has also streamlined the initial appraisal ordering process (Form 26-1805), which has resulted in the reduction of several fields

in the form. Due to the automation, the estimated time to complete the Form 26-1805 has been reduced from 12 minutes to 6 minutes for the Loan Interviewees and Clerks only.

Additionally, this revised ICR includes new data collection fields for communication activities (appraisal acknowledgement, scheduling, NOV notifications) that were previously occurring “offline” through telephone calls, emails, or the “notes” fields of other systems. Those activities were not previously captured in any standardize format as part of any form or system. This ICR now includes estimated burden for those communication/notification activities, which has also caused the burden hour changes to increase since the last submission by 51 minutes. However, VA LGY believes that the overall time burden of performing the end-to-end appraisal management process will ultimately decrease with these new system features (compared to the current state where communications were captured in a non-standardized way).

- 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.**

The expiration date placeholder is on the form.

- 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 data collection does not employ statistical methods.