

SUPPORTING STATEMENT
MAINTENANCE OF RECORDS UNDER 38 C.F.R. 36.4333
OMB 2900-0515

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 submitting this revised information collection in advance of implementing new technology and oversight procedures in which VA will collect from lenders certain loan origination information via a computable electronic format.

The Department of Veterans Affairs (VA) Loan Guaranty program guarantees loans made by private lenders to Veterans for the purchase, construction, and refinancing of homes owned and occupied by Veterans.

Under 38 C.F.R. § 36.4333, VA requires holders (hereinafter servicers) to maintain and lenders to retain for a minimum of three years all records pertaining to loans guaranteed by VA. This includes records supporting a holder's decision to approve any home retention option exercised by the servicer and borrower, as well as any records supporting a holder's decision to pursue a partial claim payment under the COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP), codified at 38 CFR 36.4800 et seq. Under this same authority, VA has a right to inspect, examine, or audit, at a reasonable time and place, such records to ensure program participants are in compliance with applicable laws, regulations, policies, and procedures. VA implements this authority through both ad hoc and routine oversight activities, including post-closing Full File Loan Reviews (FFLRs), and lender/servicer audits.

In addition to the requirements of § 36.4333, VA is authorized to take action if it finds any lender or servicer failed to maintain adequate loan accounting records, to demonstrate proper ability to service loans adequately, to exercise proper credit judgment, or has willfully or negligently engaged in practices otherwise detrimental to the interest of veterans or of the Government. 38 U.S.C. 3704(d); 38 CFR § 36.4336; 36.4810.

VA has already implemented an electronic reporting system for loan holders, in which servicers of guaranteed loans report certain information to VA monthly or as certain loan events occur. This reporting requirement is currently approved under OMB control number 2900-0021. However, under § 36.4333, servicers must still submit certain information via manual upload when requested by VA for further examination and/or audit. Information reported by lenders for the purpose of VA oversight and inspection activities is currently completed via manual upload into WebLGY.

Currently, when VA audits loans for inspection, lenders submit all loan origination documents, including the Closing Disclosure (CD) and Uniform Residential Loan Application (URLA), to VA in a portable document format

(PDF). VA personnel must then input the information in the PDF documents into VA's electronic system via manual data entry during a FFLR. VA has developed a technological solution to allow lenders to submit the Uniform Closing Dataset (UCD) and the Uniform Loan Application Dataset (ULAD) as computable electronic information in a Mortgage Industry Standards Maintenance Organization (MISMO) format (e.g., XML data file).

To update the current lender inspection process and reduce burden to both lenders and the government, VA intends to request lenders provide the UCD and ULAD, in addition to other loan origination documents, for loans selected for examination. Many lenders are already providing these datasets to the single-family loan guarantee program within the Federal Housing Administration (FHA), and the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. Lenders will have the option to submit the UCD and ULAD either via manual upload of the XML data file or via a Loan Review Application Programming Interface (API) VA is developing. In some instances, VA may require additional documentation from the lender. Lenders will be able to provide supplemental or trailing documentation via the Loan Review API or the existing manual upload process.

VA also intends to offer lenders an opportunity for pre-closing feedback regarding certain VA loan requirements such as maximum guaranty and funding fee amounts. To obtain this feedback, lenders will submit to VA certain pre-closing loan information, including the ULAD and proposed UCD, via a Pre-Closing API. Use of the Pre-Closing API is voluntary, and it is strictly a tool the lender may use to review whether loan information provided by the lender at the time of submission conforms with certain VA regulations, policies, and statutes. Use of the Pre-Closing API will not confer that the loan is in fact in conformance and eligible for guaranty.

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.

The information collected under § 36.4333 is used by VA to ensure lenders and servicers who participate in VA's Loan Guaranty program follow statutory and regulatory requirements, such as those relating to credit information, loan processing requirements, underwriting standards, servicing requirements, and other applicable laws, regulations and policies. VA also uses data collected under this authority to provide annual feedback to lenders, through the Lender Scorecard, on certain loan characteristics such as interest rate, fees and charges, audit results, etc., as compared to the national average of all VA lenders.

As described above, VA will use information submitted via the Pre-Closing API to assist lenders in ensuring their loans meet certain VA statutory and regulatory requirements prior to closing. The Pre-Closing API will alert the lender to specific errors that may impact the acceptability of the loan for guaranty. The enhancement will allow lenders to proactively rectify any issues to ensure the loan meets VA requirements prior to loan closing.

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 does not use a form to collect this information. As previously noted, servicers already report a large amount of information to VA electronically that is used for oversight purposes; this collection of information is approved under OMB control number 2900-0021. For all other information and documents requested under § 36.4333, servicers and lenders submit such files electronically as a PDF.

As described in the response to question 1 above, VA has developed a technological solution that allows lenders to submit certain documents in the loan origination file, such as the CD and URLA, through an API as computable electronic information in an industry standard format – the UCD and ULAD in MISMO format (e.g., XML data file). Lenders who use the Loan Review API will be able to transmit documentation requested under § 36.4333 without leaving their own systems/applications. Lenders who choose to use the API will see significant reduction in their reporting burden as there will be no need to enter VA systems to comply with information collection requirements. There will also be reductions in Government burden as VA personnel will no longer be required to translate information from the PDF to VA's internal oversight system.

Lenders who do not use the Loan Review API will still provide requested documentation to VA via manual upload in WebLGY. These lenders will manually upload the XML data file for the UCD and ULAD; the remaining documents will be submitted via a PDF. While there is no reduction in burden to lenders who opt for manual upload, there will still be reductions in Government burden as the XML data file will be used to repopulate VA's internal oversight system.

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 responsibly meet its obligations to oversee loan holder and lender actions.

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 May 26, 2022 Volume 87, No 102, page 32076.

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 ongoing hour burden associated with lenders and servicers submitting files to VA in association with normal audit activities. The burden associated with such activity has been divided into two categories: (1) manual submission and (2) API submission. Given that most lenders are already transmitting information in the CD to other federal housing agencies via an API, VA expects the majority of lenders to provide information using this method. VA also expects early adoption of the Pre-Closing API for lenders who opt to submit audit collections through the API.

Description of Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
<i>Audit Collections</i>							
Manual Submission	7,000	1	7,000	0.5 hours	3,500	\$36.45	\$127,575
API Submission	28,000	1	28,000	30 seconds	233	\$36.45	\$8,492.85
<i>Subtotal</i>	<i>35,000</i>		<i>35,000</i>		<i>3,733</i>		<i>\$136,067.85</i>
Pre-closing API Review	450,000	3	1,350,000	30 seconds	11,250	\$38.74	\$435,825
<i>Subtotal</i>	<i>450,000</i>		<i>1,350,000</i>		<i>11,250</i>		<i>\$435,825</i>
Total	485,000		1,385,000		14,983		\$571,892.85

a. Number of respondents:

Audit Collections: 35,000 loans annually

Voluntary Pre-closing API Submission: 450,000 loans annually

Total Respondents: 485,000

Total Annual Responses: 1,385,000

b. Frequency of response:

Audit Collections: one-time

Voluntary Pre-closing API Submission: 3 times

Weight Average Frequency of Response: 2.9 times

c. Annual burden hours:

Audit Collections: 3,733 hours ((7,000 x 0.50 hours) + (28,000 x 30 seconds))

Voluntary Pre-closing API Submission: 11,250 hours (1,350,000 x 30 seconds)

Total Burden Hours: 14,983 hours

d. Estimated Completion Time:

Audit Collections: The estimated burden of 30 minutes per manually uploaded transaction has been determined by lenders and holders to be an average time spent to report the information requested and no wide variance is likely.

The estimated burden of 30 seconds per transaction electronically submitted through the Loan Review API has been estimated by VA to be an average time spent to report the information requested and no wide variance is likely.

Voluntary Pre-closing API Submission: The estimated burden of 30 seconds or less per transaction has been estimated by VA to be an average time spent to report the information requested. VA estimates lenders may decide to submit loan information multiple times to ensure compliance throughout the loan application process.

Weighed Average Time to Complete: 0.01 hours

e. The respondent population for audit collections is composed of composed of mortgage issuing entities. 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 \$36.45 based on the BLS wage code – “13-1041 Compliance Officers. This information was taken from the following website: <https://www.bls.gov/oes/current/oes131041.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 annual cost to all respondents to be as follows:

Audit Collections: \$136,067.85 (3,733 burden hours x \$36.45 per hour)

The respondent population for voluntary pre-closing API collections is composed of composed of mortgage issuing entities. 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 \$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/oes132072.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 annual cost to all respondents to be as follows:

Voluntary Pre-closing API Submission: \$435,825 (11,250 burden hours x \$38.74 per hour)

Total annual burden hour cost is \$571,892.85

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 to lenders, holders, or other record keepers resulting from this collection as VA notes the recordkeeping

requirements under this regulation and information collection are consistent with customary and usual business practices for loan originators and holders.

Regarding any electronic submissions from lenders, VA does not assume any startup cost associated with any required software or information technology upgrades necessary to submit the information electronically. Currently, federal housing programs require lenders to submit loan origination files electronically, at or before delivery of all loans as part of an ongoing initiative to enhance loan quality and consistency. As such, lenders are equipped with the technology to submit loan origination files as computable electronic information in a MISMO format. Furthermore, in an attempt to improve communication between various parties and vendors in the loan process, the MISMO began the process that established industry-wide standards as computer-based loan origination system (LOS) and underwriting engines began to enter the industry. As such, costs that are associated with total capital and start-up component (annualized over its expected useful life) and total operation and maintenance and purchase of services component are a standard part of lenders' business. Therefore, any modifications to LOS to include MISMO should be a standard update. VA assumes that lenders will modify their product document libraries to include the MISMO, for the disclosure covered by this information collection. Any costs for updates are customary and usual business practice for lenders. Since there are no additional costs for a lender beyond their standard business practice, there are no reportable cost estimates that may be expected.

14. Estimated Annualized Cost to the Federal Government

There are no printing costs. VA Form 26-8084 can be downloaded from the VA website. There is an annualized cost associated with reviewing the information provided for audit as follows:

Grade	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
11	6	5	0.75	\$31.85	\$23.89	35,000	\$836,062.50
Overhead at 100% Salary							\$836,062.50
12	6	2.5	0.50	\$38.18	\$19.09	35,000	\$ 668,150
Overhead at 100% Salary							\$ 668,150
13	6	1.25	0.25	\$45.40	\$11.35	35,000	\$ 397,250
Overhead at 100% Salary							\$ 397,250
Processing / Analyzing Costs							\$1,901,462.50
Printing and Production Cost							\$ 0.00
Total Cost to Government							\$1,901,462.50

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 post-close file review. No government time is ascribed to the voluntary pre-closing API submissions. The within-grade step (6) of each employee represents the average experience of employees within each grade.

Note: The hourly wage information above is based on the hourly 2022 General Schedule (Base) Pay (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/GS_h.pdf).

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

The figures presented reflect current loan volumes. Burden for respondents' submissions for post-closing loan audits will decrease with respondent adoption of the Loan Review API. New burden for the voluntary pre-closing API is also reported with this 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.

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.