

**REQUEST FOR EMERGENCY APPROVAL
(OMB Control Numbers 2900-XXXX and
2900-0021)**

ISSUE:

The COVID-19 Veterans Assistance Partial Claim Payment (VAPCP) program and COVID-19 Refund Modification were introduced as emergency measures to assist Veterans financially impacted by the COVID-19 pandemic retaining their VA-guaranteed home loans. Both programs were temporary solutions to address the financial pressures of the National Emergency. The VAPCP program sunset October 28, 2022. The COVID-19 Refund Modification is scheduled to sunset December 31, 2023. At the end of the pandemic, interest rates began to dramatically increase creating a rising rate environment. The rising rate environment combined with the residual impact of the pandemic has left traditional loss mitigation options insufficient to meet the need of affordable home retention options. The Department of Veterans Affairs (VA) is initiating a permanent program for borrowers and VA-guaranteed loans that are facing foreclosure, and do not qualify for a traditional loss mitigation option called VA Servicing Purchase (VASP).

Under VASP, the servicer will be required to work with the borrower to review the VA-guaranteed loan for certain criteria and, if appropriate, submit a VASP Event in the VALERI application. VALERI will review the event submission and either accept or reject the Event. If VALERI accepts the Event, the VA-guaranteed loan will be purchased and brought into VA's owned-portfolio. VA relies on the authority under 38 U.S.C. §3732 and 38 C.F.R. 36.4320, Refunding of Loans in Default, to exercise its statutory option to purchase a defaulted loan from a servicer. Through VASP, the loan will be modified to make it more affordable to the borrower.

VA currently has approval under OMB control number 2900-0021 (VA Loan Electronic Reporting (VALERI) IC) to collect various types of information regarding general loan servicing functions. The VASP program, however, necessitates the collection of additional information. Therefore, this Information Collection is necessary to review and process requests for a VASP loan, as well as to conduct oversight of the program.

As part of this administrative action, VA is requesting emergency approval of a new information collection (IC) that is associated with servicers (and borrowers) preparing, executing, and providing the required loan documents to VA.

Given the time constraints associated with launching this new VASP program, VA is developing technology requirements that will deliver a minimally viable product (MVP) to enable VA to complete a loan review for VASP. Servicers will utilize an application to report data elements necessary to complete a VASP consideration. VA will utilize the VALERI application to review, approve and certify acquisition of the VA-guaranteed loan

before the servicer executes a loan modification with more flexible terms. The modified loan will be placed in VA's owned portfolio for servicing.

Approval of these ICs is needed immediately because VA needs to begin accepting VASP submissions no later than March 2024. Any delay in securing approval to collect the information contained in both the new IC and the revised IC will seriously threaten both VA's and servicers' ability to assist Veterans impacted by the pandemic retain their home and avoid foreclosure.

In order to begin accepting submissions in March 2024, Loan Guaranty Service (LGY) needs to release system enhancements and conduct servicer training. The VASP program includes three new events in the VALERI application, which servicers have requested at least a 60-90 day lead time to implement these new events. Given the holidays, LGY needs to begin development, to ensure we have the ability to accept VASP submissions, and start servicer and field training in December, to ensure all parties are ready to implement by go live. In addition, if the industry is not notified through this notice, it will put the implementation date at risk.