

SUPPORTING STATEMENT
Loan Guaranty: Processing Assumptions of VA-Guaranteed Home Loans under
38 U.S.C. 3714
OMB 2900-0516

Summary of Changes from the Previously Approved Collection

- This information collection needs to be reinstated, because it ensures VA has met all legal requirements concerning collection of discussed credit package under 38 CFR 36.4301 and copy of the executed deed and/or assumption agreement pursuant to 38 CFR 36.4303(l)(1)(i)(A).
- The burden has been reduced due to a reduction in assumption applications received by VA. Prior response reported in 1992 was 55,000 (31,625 burden hours). In 1990, we said 1,825 annually (10,432 burden hours).
- One public comment was received in response to the 60-day FRN

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 package seeks to reinstate the OMB approval of control number 2900-0516, which expired in 1995. The individual forms collected for the assumption reporting each have an associated control number as detailed below, but VA seeks to reinstate this control number to account for the overarching collection process. Regulations codified at 38 CFR 36.4303(l) detail the requirements of holders or their authorized servicing agent (herein after collectively referred to as holders) to report loan assumptions to VA.

With respect to any loan for which a commitment was made on or after March 1, 1988, VA requires that the Secretary of VA be notified whenever the holder receives knowledge of disposition of the residential property securing a VA-guaranteed loan. 38 CFR 36.4303(l).

In cases where the seller applies for prior approval of the loan assumption, where the holder of the loan is an automatic lender, the assumption is approved, and the transfer of the security is completed, the holder of the loan must notify the Secretary by providing the credit package¹ and a copy of the executed deed and/or assumption agreement as required by VA. 38 CFR 36.4303(l)(1)(i)(A). VA requires the notice to be submitted to VA with the receipt for the payment of the

¹ 38 C.F.R. §36.4301

VA funding fee provided for in § 36.4313(e)(2). *Id.* (Please note, however, this notice and receipt process is presently encompassed within a separate collection, under control number 2900-0474).

In cases where the application for assumption is disapproved, the holder is required to notify the seller and the purchaser that the decision may be appealed to VA within 30 days. 38 CFR 36.4303(l)(1)(i)(B). In such cases, the holder shall make available to VA all items used by the holder in making its decision in case the decision is appealed to VA. *Id.* If the application is subsequently approved and the sale is completed, then the holder shall provide the previously mentioned notice. *Id.*

In cases where the seller applies for prior approval of the loan assumption and the holder is not an automatic lender, the notice to VA shall include:

- (A) Advice regarding whether the loan is current or in default;
- (B) A copy of the purchase contract; and
- (C) A complete credit package developed by the holder which the Secretary may use for determining the creditworthiness of the purchaser.

38 CFR 36.4325(h)(1). In all cases, the assumption shall be approved if the holder, or VA, determines that:

- (A) The proposed purchase is creditworthy under VA's credit underwriting standards at 38 CFR 36.4340;
- (B) The assumer is contractually obligated to assume the loan; and
- (C) The loan is current.

38 CFR 36.4313(e)(2). A fee of one-half of one percent of the loan balance must be paid to the Secretary by a person assuming a loan, unless a waiver is applicable under 38 USC § 3729. The fee must be remitted to VA by the holder within 15 days after closing the assumption in an electronic format prescribed by the Secretary. (Collection currently approved under 2900-0474).

38 CFR 36.4303(l)(1)(ii). If the seller fails to notify the holder before disposing of the property securing the loan, the holder shall notify the Secretary within 60 days after learning of the transfer. 38 CFR 36.4303(l)(2). Such notice shall advise whether or not the holder intends to exercise its option to immediately accelerate the loan and whether or not an opportunity will be extended to the transferor and transferee to apply for retroactive approval of the assumption. *Id.*

38 CFR 36.4309(c). If the seller transfers ownership of the property, to which section 3714 applies, the holder may accelerate the loan and call it due and payable immediately unless the transfer is exempted under § 36.4309(c)(1). Exempted transfers are considered unrestricted transfers and although ownership is conveyed, liability to the loan is not. Should the transferee wish to become liable for the loan, the transferee can apply to the holder to assume the loan.

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.

Holders obtain information from borrowers and assumers in the normal course of business. VA does not ascribe burden hours to information provided by borrowers. Holders then report information to VA for VA to update loan records, process prior-approval and appeal requests, and review adherence to VA's assumption policies.

As part of the assumption reporting, VA collects underwriting and closing documents, some of which are also covered by OMB control numbers. The following forms may be included in the holder's assumption reporting to VA, the OMB control number has been provided where applicable:

- (A) 2900-0110, VA Form 26-6381: *Application for Assumption Approval and/or Release from Personal Liability to the Government on a Home Loan*
- (B) 2900-0111, VA Form 26-06382: *Statement of Purchaser or Owner Assuming Sellers Loan*
- (C) 2900-0047, VA Form 26-6807: *Financial Statement*
- (D) 2900-0521, VA Forms 26-8497 and 26-8497(a): *Verification of Deposit and Verification of Employment*
- (E) 2900-0474, VA Form 26-8986, *Create Payment Request for the VA Funding Fee Payment System (VA FFPS); A Computer Generated Funding Fee Receipt*
- (F) 2900-0523, VA Form 26-6393: *Loan Analysis*
- (G) 2900-0055, VA Form 26-1817: *Request for a Determination of Loan Guaranty Eligibility – Unmarried Surviving Spouses*
- (H) 2900-0086, VA Form 26-1880: *Request for a Certificate of Eligibility*
- (I) VA Form 26-8106: *Statement of Veteran Assuming GI Loan*
- (J) VA Form 26-0592: *Counseling Checklist for Military Homebuyers*

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.

Holders currently report loan assumptions, after remitting the loan fee (separate, above-discussed collection having control number 2900-0474), to VA through an electronic system. Updates, including the use of automated collection techniques, are underway for the vast majority of VA Loan Guaranty systems, and while, due to the limited number of assumptions processed annually, VA does not immediately expect to make significant technology changes to the assumption process, VA is examining ways to use technology to improve business processes.

- 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.**

The information is not contained in any other VA records. Similar information is not available elsewhere.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

The information collected does not have a significant economic impact on a substantial number of small entities.

- 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 of information is through electronic submission and is accomplished only once per respondent, per loan assumption transaction. This collection is necessary to identify the individual case to ensure VA has met all legal requirements concerning collection of the above-discussed credit package under 38 CFR 36.4301 and copy of the executed deed and/or assumption agreement pursuant to 38 CFR 36.4303(l)(1)(i)(A).

- 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.**

This collection is a loan-reporting-specific collection of individual loan-related information. The collection will occur only one time per VA loan assumption.

VA is required by statute to ensure any person that meets requirements to assume a VA loan is a satisfactory credit risk (see 3714(a)(B)(ii), and 38 U.S.C. 3710(b)(3), (g)(2)), and to determine the current-ness of a loan pending a potential loan assumption, and that binding contractual obligations of the assuming party are in place (see 38 U.S.C. 3714(B)(i)). However, as noted above, VA-guaranteed or -insured loan assumptions are a fairly limited occurrence in average home mortgage market circumstances, by an annual

measure. Therefore, as the collection will not be conducted more frequently for any given respondent than upon an assumption being submitted by that holder to VA, VA does not envision in a typical mortgage market, any unnecessarily over-frequent collection. This collection does not otherwise involve special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5.

- 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.**

A 60-Day Federal Register Notice for the collection published on Wednesday, May 29, 2024. The 60-Day FRN citation is 89 FR 46573 page 46573.

A 30-Day Federal Register Notice for the collection published on Friday, August 2, 2024. The 30-Day FRN citation is 89 FR 63255 page 63255.

Comment received on July 29, 2024:

“The Mortgage Bankers Association (MBA) appreciates the Department of Veterans Affairs’ (VA) demonstrated commitment to improving access to affordable homeownership for our nation’s Veterans. MBA and its members value the VA’s continued effort to work with the industry to identify opportunities to improve efficiency and lower costs for consumers. The MBA is the national association representing the real estate finance industry, and industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation’s residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, real estate investment trusts (REITs), Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA’s website: www.mba.org. Feedback on selected questions “(4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or the use of other forms of information technology.” The current policy mandating that lenders obtain a recorded deed before submitting the assumption package to the VA for approval

has led to significant delays (VA Circular 26-23-10 Exhibit A). These delays can especially be felt in areas with long deed recording times, which can exceed 20 days. Combined with an additional 30 days for the Regional Loan Center's review, Veterans in these regions often find themselves in limbo while awaiting their Substitution of Entitlement approval. This creates considerable obstacles in their efforts to secure a new home, forcing many Veteran clients to extend purchase contract dates, renegotiate terms, or even terminate contracts due to the inability to close on their new homes promptly. Loan assumptions guaranteed by the VA are required to include "one instrument evidencing that either the loan or the mortgage or deed of trust contains a notice informing the Veteran that their loan is not assumable without approval from the VA (38 U.S.C. 3714 (d)). MBA proposes VA allow lenders to submit a copy of the deed or alternative documentation in lieu of the recorded deed to complete the assumption package. This adjustment would not only expedite the process but also provide much needed relief to Veterans who rely on the VA's support for their housing needs. By implementing this policy modification, the VA would demonstrate its continued commitment to supporting Veterans in their pursuit of homeownership, improving the competitiveness of the VA loan program and ensuring that they can transition smoothly into a new primary residence without unnecessary hindrances."

Loan Guaranty Service Response:

"Thank you for your comment related to Loan Guaranty's Information Collection for Processing Assumptions of VA-Guaranteed Home Loans (OMB Control No. 2900-0516). VA strives to ensure processes are efficient and allow for timely processing of all requests, especially requests related to eligibility and entitlement. As such, in cases where Veterans are relying on a substitution of entitlement to obtain a new loan, the Veteran, their authorized representative, or their lender, can submit supporting documentation through the eligibility request to have their entitlement restored before the final processing of the assumption. Regardless, VA is in the process of modernizing all aspects of reporting for the home loan benefit and is looking to streamline the receipt and processing of assumptions as part of that process. VA will retain your feedback as part of that effort. VA appreciates your feedback and dedication to our nation's Veterans."

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.

Loan Guaranty Fee Personnel and Program Participant Records—VA (17VA26) contained in the Privacy Act Issuances, 2023 Compilation, published in the Federal Register on 7/12/2023, Volume 88, No. 132, pages 44462-44466. Loan Guaranty Home, Condominium and Manufactured Home Loan Applicants Records, Specially Adapted Housing Applicant Records, and Vendee Loan Applicant Records – VA (55VA26) are contained in the Privacy Act Issuances, 2023 Compilation, published in the Federal Register on 9/15/2023, Volume 88, No. 178, pages 63686-63692.

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.

There are no questions of a sensitive nature.

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

VA estimates an ongoing burden associated with assumption reporting.

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>Assumptions Processed Automatically</i>							
Reporting and certification	1,840	1	1,840	0.25 hours (15 min)	460	\$37.01	\$17,024.60
<i>Assumptions Requiring Prior Approval</i>							
Prior-Approval Submission	100	1	100	0.25 hours (15 min)	25	\$37.01	\$925.25
Reporting and Certification after close	90	1	90	0.25 hours (15 min)	22.5	\$37.01	\$832.73
<i>Assumption Appeals</i>							
Appeal Submission	15	1	15	0.25 hours (15 min)	3.75	\$37.01	\$138.79
Reporting and Certification after Close	10	1	10	0.25 hours (15 min)	2.5	\$37.01	\$92.53
<i>Total</i>							
Total	2,055		2,055		513.75		\$19,013.90

Estimate of Information Collection Burden.

a. Number of Respondents:

*Assumptions Processed Automatically:
Report and Certification Post-Close: 1,840 loans*
*Assumptions Requiring Prior-Approval:
Prior-Approval Submission: 100 loans
Report and Certification Post-Close: 90 loans*
*Assumption Appeals
Appeal Submission: 15 loans
Report and Certification Post-Close: 10 loans*

Total Number of Respondents: 2,055

a. Frequency of Response: one time per transaction type.

b. Annual Burden Hours:

Assumptions Processed Automatically: 460 hours (1,840 x 0.25)
Assumptions Requiring Prior Approval: 47.5 hours (190 x 0.25)
Assumption Appeals: 6.25 hours (25 x 0.25)

Total Burden Hours: 514

c. Estimated Completion Time:

Assumptions Processed Automatically: The estimated burden is 0.25 hours (15 minutes) per assumption submission for automatically closed assumptions.

Assumptions Requiring Prior Approval: The estimated burden is 0.25 hours (15 minutes) per request for prior approval for an assumption, and an additional 0.25 hours (15 minutes) to report the assumption after close.

Assumption Appeals: The estimated burden is 0.25 hours (15 minutes) per assumption appeal submission, and an additional 0.25 hours (15 minutes) to report the assumption after close.

d. The respondent population is composed of Compliance Officers of mortgage servicing entities. VA used the mean hourly wage 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 weekly earnings of full-time wage and salary workers are \$1,480.39.

Assuming a forty (40) hour work week, the mean hourly wage is \$37.01 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 2022)

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 \$19,013.90 (513.75 burden hours x \$37.01 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).

There are no recordkeeping, capital, start-up or maintenance costs associated with this information collection.

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.

The annualized cost estimates for the Federal Government are based on a \$40.56 per hour cost that is based on a GS-11 staff review. If the debt-to-income ratio exceeds certain thresholds, or if a lower-level employee recommends denial, a GS-12 (\$48.61 per hour cost) must review the assumption. A GS-14 (\$68.31 per hour cost) must review recommendations for assumption or assumption appeal denial. The within-grade step (6) of each employee represents the average experience of employees within each grade. The processing time estimates below are based on the actual amount of time employees of the grade level spend to process assumptions. Printing, production, and analyzing costs are not included as loan reports and funding fees are submitted and stored electronically.

VA presently reviews every closed assumption.

Grade	Step	Burden Time	Hourly Rate	Cost Per Response	Total Responses	Total
<i>Assumptions Processed Automatically</i>						
11	6	0.5 hours	\$40.56	\$20.28	1,840	\$37,315.20
Overhead at 100% Salary						\$37,315.20
<i>Assumptions Requiring Prior Approval – Pre-close Review</i>						
11	6	1 hour	\$40.56	\$40.56	100	\$4,056.00
12	6	0.5 hours	\$48.61	\$24.31	20	\$486.20

14	6	0.25 hours	\$68.31	\$17.08	10	\$170.78
Overhead at 100% Salary						\$4,712.98
<i>Assumptions Requiring Prior Approval – Post-close Review</i>						
11	6	0.25 hours (15 min)	\$40.56	\$10.14	90	\$912.60
Overhead at 100% Salary						\$912.60
<i>Assumption Appeals – Pre-close Review</i>						
11	6	1 hour	\$40.56	\$40.56	15	\$608.40
12	6	0.5 hours	\$48.61	\$24.31	10	\$243.10
14	6	0.25 hours	\$68.31	\$17.08	5	\$85.40
Overhead at 100% Salary						\$936.90
<i>Assumption Appeals – Post-close Review</i>						
11	6	0.25 hours (15 min)	\$40.56	\$10.14	10	\$101.40
Overhead at 100% Salary						\$101.40
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						\$0
Printing and Production Cost						\$0
Total Cost to Government						\$43,979.08

Estimated Costs to the Federal Government are accessible through this link: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/RUS_h.aspx

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

Prior response reported in 1992 was 55,000 (31,625 burden hours). In 1990, we said 1,825 annually (10,432 burden hours). The burden has been reduced due to a reduction in assumption applications received by VA since the previous ICR response.

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.