

SUPPORTING STATEMENT
Guaranteed or Insured Loan Reporting Requirements
OMB 2900-0909

Summary of Changes from the Previously Approved Collection

- Burden hours decreased
- There were no additional changes

A. Justification

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

The Department of Veterans Affairs (VA) is submitting this revised information collection in conjunction with a proposed rulemaking that would implement new technology and reporting procedures in which VA would collect from lenders certain loan origination information and the appropriate funding fee via a computable electronic format. VA statute requires lenders to report a guaranteed or insured loan to VA in such detail as the Secretary may prescribe under 38 U.S.C. § 3702(c). In cases where the loan is guaranteed, the Secretary shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. Regulations codified at 38 CFR § 36.4303 and 38 CFR § 36.4209 detail the requirements of lenders to report loans to VA in order to obtain evidence of the guaranty.

VA also requires the payment of a funding fee before VA can issue evidence of guaranty. The funding fee is payable on all VA-guaranteed loans (i.e., assumptions, manufactured housing, refinances, and real estate purchase and construction loans). The funding fee is not required from active-duty service members awarded a purple heart, Veterans who are receiving compensation for service-connected disability, or Veterans who, but for receipt of retirement pay, would be entitled to receive compensation for service-connected disabilities. Certain surviving spouses of Veterans are also exempted from payment of the funding fee, regardless of whether the spouse has his/her own eligibility. The funding fee is required by 38 U.S.C. § 3729, 38 CFR § 36.4232 and § 36.4313.

In VA's proposed amendments to the reporting regulation at 38 CFR § 36.4303(a), lenders with authority to automatically close VA-guaranteed loans would be required to report such loans in an electronic format prescribed by the Secretary no later than 15 days following full disbursement and with the appropriate funding fee and accompanying certifications outlined in subparagraphs (a)(1)(i) through (iv). If the lender reports the loan after 15 days, 38 CFR § 36.4303(d) and § 36.4313(e)(3) would require the lender also submit a statement which explains why the loan was reported late and remit applicable late charges and interest to receive evidence of guaranty.

For lenders without authority to automatically close VA-guaranteed loans, joint loans under 38 CFR § 36.4308 (loans where the obligors are a veteran and someone other than their spouse), and other cases (see 38 U.S.C. § 3702(e)) where VA provides

advance notice that the category of loan must be submitted electronically to VA for prior approval, proposed 38 CFR § 36.4303(b) would require lenders to submit such loans to VA prior to closing for a determination as to whether such loan submitted is eligible for a guaranty certificate. If eligible, VA would issue a certificate of commitment to the lender as evidence of VA's willingness to issue evidence of guaranty. The lender would be subsequently entitled to evidence of guaranty if the loan is reported electronically within 15 days of VA's issuance of the certificate of commitment and the closed loan is identical in all respects to that submitted to VA in the lender's original report for a certificate of commitment and the lender remit the appropriate funding fee. The lender would still be required to complete the 15-day late reporting statement to obtain the 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.

Lenders obtain information from borrowers in the normal course of business. VA does not ascribe burden hours to information provided by borrowers. Lenders then report information to VA electronically for the purpose of obtaining evidence of guaranty. While borrowers must meet certain requirements established by VA to qualify for the guaranty, lenders bear less risk because VA will pay the lender a portion of the loss (guaranty amount) if a homeowner defaults on his or her loan. The Late Reporting Statement is required on files submitted to VA 15 days or greater after the date of the loan closing as required per 38 CFR § 36.4303(d).

The lender would report to VA in an electronic format information regarding the loan, including but not limited to the loan application (e.g., Uniform Loan Application Dataset), the loan closing (e.g., Uniform Closing Dataset), the appropriate funding fee and any other information required by the Secretary as necessary to issue a loan guaranty certificate.

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.

Each loan report has its own unique characteristics of property, mortgage terms, and borrower, making manual reporting cumbersome and prone to data-entry errors. As lenders obtain and store the information necessary to report a loan for guaranty in their own Loan Origination System (LOS) through the normal course of doing business, VA has developed a technological solution that allows lenders to submit these unique loan characteristics and obtain evidence of guaranty through an Application Programming Interface (API). Use of API technology significantly reduces collection time as lenders are able to transmit the necessary information as computable electronic information without leaving their LOS.

- 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.**

Some of the information collected regarding the loan, that is; information necessary to report the funding fee, the closing disclosure dataset, and loan application dataset, are currently associated with approved information collections with OMB control numbers 2900-0474 and 2900-0515. Once VA finalizes this rule and information collection, VA will cease collection under those numbers and submit separate administrative actions to OMB to revise or rescind those information collections.

- 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. The collection is typical across the mortgage industry and would not create an undue burden to small business.

- 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. This collection is necessary to identify the individual case to ensure VA has met all legal requirements concerning the automatic issuance of the Loan Guaranty Certificate.

- 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 requires respondents to report information more often than quarterly. The reporting burden is loan-specific and, thus, cannot be conducted less frequently than on every single loan submitted to VA for guaranty. It 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 Proposed Rule Federal Register Notice (FRN) for the collection published on Wednesday, November 20, 2024. The Proposed Rule FRN citation is 89 FRN 91624.

A Final Rule Federal Register Notice for the collection published on (Day of the Week, Month Day, Year). The Final Rule FRN citation is (volume number) FRN (Page number).

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 Home, Condominium and Manufactured Home Loan Applicant Records, Specially Adapted Housing Applicant Records, and Vendee Loan Applicant Records – VA (55VA26) are contained in the Privacy Act Issuances, 2023 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.

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 lender loan reporting. The burden ascribed to lender use of VA's Guaranty Remittance API for loan reporting is the same burden ascribed for other APIs used in VA's Loan Guaranty Program.

Description of Information Collection	Frequency of Response	Total Annual Responses	Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
Guaranteed Loans						
Reporting and certification for a loan that does not require VA prior approval.	1	484,019	0.008 hours (about 30 seconds)	4,033	\$40.62	\$163,820.46
Reporting and certification	1	1,815	0.008 hours	15	\$40.62	\$609.30

of a loan that requires VA prior approval.			(about 30 seconds)			
Late reporting statement	1	24,201	0.03 (about 2 minutes)	807	\$40.62	\$32,780.34
Insurance Credit						
Reporting and certification	0	Less than 10				0
Late reporting statement	0	Less than 10				0
Manufactured Homes Not Permanently Affixed to a Foundation						
Reporting and certification	0	Less than 10				
Late reporting statement	0	Less than 10				
Total		510,035		4,855		\$197,210.10

a. Number of respondents:

Loans reported for Guaranty: 484,019 loans annually

Loans reported for Prior-Approval: 1,815 loans annually

Loans requiring Late Reporting Statements: 24,201 loans`

Total Number of Respondents 510,035

b. Frequency of response is generally one time per transaction type.

c. Annual Burden Hours:

Loans reported for Guaranty: 4,033 hours

Loans reported for Prior-Approval: 15 hours

Loans requiring Late Reporting Statements: 807

Total Annual Burden Hours: 4,855

d. Estimated Completion Time:

Loans reported for Guaranty: The estimated burden is 0.008 hours (30 seconds) per guaranty submission regardless of the type of loan or the authority under which the loan was made.

Loans reported for Prior-Approval: The estimated burden is 0.008 hours (30 seconds) per guaranty submission regardless of the type of loan or the authority under which the loan was made.

Loans requiring Late Reporting Statements: The estimated burden is 2 minutes per late reporting certification regardless of the type of loan or the authority under which the loan was made.

e. The respondent population is composed of Loan Officers. VA used the mean hourly wage to estimate the respondents' costs associated with completing the information collection. It is noted that the definition of Loan Officer includes Loan Underwriters who in general complete this task.

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

\$40.62 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 2023).

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 their total cost to all respondents to be \$197,169.52 (4,855 hours x \$40.62 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 additional costs to lenders, holders, or other record keepers that would result 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.

VA assumes a one-time startup cost associated with software or information technology upgrades necessary to integrate their LOS with VA's Guaranty Remittance API. The API is straightforward and passes defined data sets to VA directly from the lender's LOS. VA notes that the technology integration cost for lenders is dependent on whether the lender utilizes a LOS developed by a technology software provider or if the lender utilizes a proprietary LOS. VA assumes that nearly 99% of VA's active lenders utilize a LOS provided by a software company. These LOS providers will update their products appropriately to comply with VA requirements and will therefore absorb the one-time cost. For the 1% of lenders utilizing a proprietary LOS, VA assumes they will bear all costs related to integration. VA also assumes a training cost for all lenders, regardless of LOS, to inform and train their staff on changes to their LOS and to update policies and procedures. VA estimates the total average cost per lender to be \$2,283.

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 step 6 staff review. 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 issue loan guaranty certificates for prior approval loans. Printing, production and analyzing costs are not included as the certifications are submitted and stored electronically in the WebLGY.

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.

VA does not review every file where a loan guaranty is issued, or a late reporting certification is completed. The burden hours for those reviewed during the audit process are covered under OMB Control #2900-0515.

Grade	Step	Burden Time	Hourly Rate	Cost Per Response	Total Responses	Total
<i>Reporting and Certification for Loans that Require VA Prior Approval</i>						
11	6	0.25 hours (15 min)	\$40.56	\$10.14	1,815	\$18,404
Overhead at 100% Salary						\$18,404
Overhead costs are 100% of salary and are same as the wage listed above and the amounts are included in the total.						\$18,404
Processing / Analyzing Costs						\$0
Printing and Production Cost						\$0
Total Cost to Government						\$18,404

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

Public burden hours have decreased significantly as a result of the new electronic reporting and remittance processes implemented by VA. The use of API technology allows lenders to simultaneously remit the VA funding fee and submit a loan for guaranty without leaving their LOS and without entering VA's systems or manually keying in information. This process improvement results in a significant reduction in the average time to submit a loan for guaranty. While updating this ICR, VA noted that there was a misreporting in the total public burden hours on the previous supporting statement. While the table in question 12 reflected 128,554.50 hours, the total burden hour reported was only 67,452 hours. Regardless of this miscalculation, the process improvements and technological processes result in a significant burden hour reduction. VA also expects that the ease and convenience of loan submission through VA's Loan Guaranty API will reduce the number of loans reported late, as such the number of loans reported late, and the associated burden decreased since the last submission.

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.