

**SUPPORTING STATEMENT- Part A
COMPLIANCE INSPECTION REPORT
OMB (2900-0406)
VA FORM 26-8937**

Summary of Changes from the Previously Approved Collection

- Burden hours for the public and government decreased as system enhancements have resulted in decreased usage of the form.
- No comments were received during the 60-day public comment period.

A. Justification

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

Prior to the obtaining of a VA-guaranteed loan, VA is required to determine if a person has outstanding Federal debt in delinquent status that is not subject to a waiver or exemption. Pursuant to section 3720B, of title 31 U.S.C., a person is barred from obtaining a Federal loan or loan insurance guarantee if that person has outstanding Federal debt in delinquent status not subject to a waiver or exemption. See also 38 CFR § 1.924. Additionally, section 5314, of title 38 U.S.C., requires VA to “deduct the amount of the indebtedness of any person who has been determined to be indebted to the United States by virtue of such person's participation in a benefits program administered by the Secretary from future payments made to such person under any law administered by the Secretary.” Furthermore, as part of the underwriting process, lenders participating in the VA Home Loan program are required to evaluate a borrower’s credit history, including the existence of any Federal debt. See 38 CFR §§ 36.4206, 36.4340.

Per 38 U.S. Code § 3729 (c) selected Veterans are eligible for an exemption from the funding fee. VA must inform the lender prior to the loan closing if the Veteran is eligible for this waiver. In addition, VA must provide the funding fee exemption of certain surviving spouses for Interest Rate Reduction Refinancing loans (IRRRLs) allowable per 38 U.S.C. § 3710(e)(3).

Pursuant to 38 U.S.C. § 3702(e), VA can require any class of loans to be submitted to VA prior to closing for approval. As such, there are instances where VA must inform the lender that specific information must be submitted for prior approval.

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.

VA has instructed lenders that they may not close any proposed loan until they have determined that there is no federal debt, or if one exists, an acceptable repayment plan has been agreed to by the Veteran and/or co-borrower, or payments under a plan already in effect are current. In all instances, the lender must check the Credit Alert Verification Reporting System (CAIVRS) administered by the Department of Housing and Urban Development which provides information on delinquent federal debts. VA has determined that in most instances this satisfies the requirement for the determination of whether the borrower has a delinquent federal debt. However, in cases where the Veteran indicates they have a delinquent VA debt the lender may submit VA Form 26-8937 Verification of Benefits to verify if there is any indebtedness and the status of any debt.

Lenders ensure the completion of the upper portion of VA Form 26-8937, including the Veteran's authorization for release of the information, and upload to VA's electronic information portal, WebLGY. VA personnel perform the debt check, complete the balance of the form, and return it to the lender via WebLGY, who considers any repayment terms in evaluating the Veteran's creditworthiness. Following the closing of any loan, the lender submits the form with the loan report and related documents to VA via WebLGY if the file is identified for post-closing review. The form is reviewed by a loan specialist to ensure that debt check requirements were observed in each case.

The form also provides information advising the lender whether or not the Veteran is exempt from paying the funding fee which must be collected on all VA home loans unless the Veteran is receiving or entitled to receive service-connected disability compensation, is a qualifying surviving spouse or serving active duty after receipt of a purple heart. In most instances, VA is able to provide this information on the Certificate of Eligibility that is required for every purchase or cash-out refinance transaction and the case number assignment for IRRRLs. In the cases of surviving spouse obligors for IRRRLs, the case number assignment is not accurate as it is based on the Veteran's exemption status rather than the surviving spouses. Veterans with pending pre-discharge claims are required to submit the VA Form 26-8937 to verify the most accurate exemption status.

VA Form 26-8937 cites specific instances when a lender must submit a Veteran's loan application to VA for prior approval processing. In most of these instances, the requirement is reflected on the COE or it's general requirement for that type of transaction. In limited instances, VA does not have the ability to place the condition on the COE accurately with the funding fee exemption status. The form allows VA to provide both the correct exemption status and the prior approval requirement in those instances.

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.

Use of improved information technology is applicable as lenders can download this form on the Internet. The form is uploaded via the WebLGY portal at which point it is automatically assigned to a Loan Specialist to review. VA enhanced the COE and system functionality to reduce the number of VA Form 26-8937s required to be completed. The appropriate exemption and prior approval conditions are now generally reflected on the COE, reducing form usage for these purposes.

In addition, VA requires lenders to utilize the CAIVRS to search for outstanding Federal debts. This is a HUD-maintained system which lenders now access via the Internet.

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.

Small organizations are generally not involved.

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. It is accomplished on a one-time basis per 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 C.F.R. § 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.**

A 60-Day Federal Register Notice (FRN) for the collection published on Thursday, January 16, 2025. The 60-Day FRN citation is Volume 90 FRN 4852 Page 4852. No comments were received during the 60-day comment period.

A 30-Day Federal Register Notice for the collection published on Friday, April 18, 2025. The 30-Day FRN citation is 90 FRN 16595.

- 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) 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.**

No sensitive questions appear on this form.

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

Estimate of Information Collection Burden

Description of Information Collection	Frequency of Response	Total Annual Responses	Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
VA Form 8937 completed by lender	1	3,000	5 min	250	\$40.62	\$10,155.00

- a. Number of respondents: 3,000 per year.
- b. Frequency of Response: One time.
- c. Annual Burden Hour: 250 hours.
- d. Estimated Completion Time: 5 minutes. The per transaction estimated time has been determined by lenders to be an average time spent to report the information requested and no wide variance is likely.
- e. The respondent population is composed of lenders on behalf of Veterans. VBA 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 the mortgage industry Loan Officers cost 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 \$1,624.80. Assuming a forty (40) hour work week, 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. Therefore, there are no expected overhead costs for completing the information collection. VBA estimates the total cost to all respondents to be \$10,155.00 (250 burden 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).

This submission does not involve any record keeping 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

https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/RUS_h.pdf

Grade	Step	Burden Time	Fraction of Hour	Hourly Rate	Cost Per Response	Total Responses	Total
11	6	750	15 min.	\$40.56	\$10.14	3,000	\$30,420.00
Overhead at 100% Salary							\$30,420.00
12	6	83	5 min.	\$48.61	\$4.05	1,000	\$4,050.00
Overhead at 100% Salary							\$4,050.00
13	6	42	5 min.	\$57.81	\$4.82	500	\$2,410.00
Overhead at 100% Salary							\$2,410.00
Processing / Analyzing Costs							\$36,880.00
Printing and Production Cost							\$0.00
Total Cost to Government							\$36,880.00

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

The reduction in burden is due to system enhancements that reduced the number of instances when the exemption status and prior approval condition are not automated on the COE. This has greatly reduced the frequency that the form must be completed and submitted to VA.

- 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.**

The information collection is not for tabulation or publication use. Loan Guaranty Service requires the lender to file all loan origination records in accordance with (IAW) 38 CFR § 36.4333 - Maintenance of records.

- 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

The data collection does not employ statistical methods.