## Chapter 7 Certificate of Eligibility (COE) and Entitlement

#### Overview

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| Change Date | May 27, 2015* This is a new chapter added to M26-1.
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| In this Chapter | This chapter contains the following topics:

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#### 1. General Procedures

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| **a. Terminology** | Certain acronyms and abbreviations commonly used within the context of the VA Home Loan program are used in this chapter. A table of acronyms and abbreviations appears below for easy reference, so that acronyms and abbreviations do not have to be defined each time they appear.

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| **Acronyms or Abbreviations** | **Definition** |
| ADSM  | An **Active Duty Servicemember** is considered a Veteran eligible for VA home loan benefits if he or she served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard for at least the minimum required LOS, and was discharged with an acceptable Character of Service (COS). |
| ACDUTRA, ADT, IDT & IADT  | Designates **Active Duty Training, Inactive Duty for Training** and **Initial Active Duty Training** on DD-214’s for R/NG cases. |
| AGR | Some Selected Reserve members may also be designated as **Active Guard Reserve**. Such members have been ordered to active duty at some point in their R/NG career. It is necessary to determine which type of orders an AGR served under (e.g. Title 10 U.S.C. or Title 32 U.S.C.). |
| CIWD | **Condition Interfered with Duty exception** is a LOS discharge that is the result of a physical or medical condition that was not characterized as a disability, but did interfere with the performance of duty. |
| COE  | A **Certificate of Eligibility** is a document that evidences a particular Veteran is eligible to participate in the VA Home Loan program. |
| COG | **Convenience of the Government** is an exception that applies to Army Veterans who served at least 20 months of a 2-year enlistment.  |
| Compromise Claim  | Functions like a foreclosure for VA entitlement purposes (but not for underwriting purposes). Also known as a **short-sale**. |

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1. General Procedures, Continued

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| **a. Terminology,**(continued) |

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| COS  | **Character of Service** – Types of COS are Honorable, Other Than Honorable (OTH), General, etc. |
| DD-214  | The ***Armed Forces of the United States Report of Transfer or Discharge*****DD-214** will list service dates, COS, and other needed information for ADSMs and activated R/NGs. |
| DIC | A surviving spouse in receipt of **Dependency and Indemnity Compensation** may be eligible for the VA home loan benefit. The DIC must be primary, secondary, ancillary or Chapter 38. If the surviving spouse is in receipt of 1150, they do not qualify for the VA home loan benefit.  |
| EPTS | **Existing Prior to Service** indicates a medical condition that existed prior to entry into active duty service, and as such is not service-connected. |
| IRR | **Individual Ready Reserve** members do not drill or perform other types of training, but does have a commitment to remain eligible and available for service if called. |
| Gray Area Retiree  | R/NG who have received a 20-year letter, but who are not yet receiving any retirement benefits. Found in Veteran Information Solution (VIS). |
| LOS  | **Length of Service –** The time spent in the military on a particular tour. |
| Lost Time | As defined in **10 U.S.C. 972**, ADSM time lost results from active duty without the approval of the military.  |
| MOS | **Military Occupational Specialty** is a code used to identify the type of work performed (personnel classification).  |
| Membership Points  | Point credit given to R/NG members just for being on the rolls. Such points are not counted toward creditable service since they are automatically given even if the member does not participate.  |
| NGB 22  | **National Guard Bureau Form 22** - Discharge certificate for National Guard members. The NGB 22 will list service dates and COS. |

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1. General Procedures, Continued

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| **a. Terminology,**(continued) |

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| **Acronyms or Abbreviations** | **Definition** |
| Paper  | COE applications (VA Form 26-1880) that are received by mail, email, or delivered in-person by a requestor, and is processed in WebLGY. The determination is mailed or emailed when an email address is provided by the requestor.  |
| Point Statement | The **itemization of credits** that a Reservist receives as evidence of satisfactory attendance at drills. |
| R/NG | **Reserve/National Guard** identifies all Veterans designated and as members of the Selected Reserve, which includes both Reservists National Guard members.**Note**: All Veterans/Servicemembers fall into one of two categories: ADSM or R/NG.  |
| Restoration | The **act of reinstating eligibility** used on a particular loan.  |
| ROTC | The **Reserve Officers' Training Corps** is a college-based program for training commissioned officers of the United States Armed Forces. |
| Return Application  | An application that has been suspended pending the receipt of additional information from the requestor. The processor will send a notice to the requestor outlining what is needed to complete the application. |
| SCD | **Service-Connected Disability** compensation evidences the Veteran has an approved compensation claim due to a service-connected disability. (Service Connected Discharge will be written to avoid any confusion within this chapter). |
| VIS | **Veterans Information Solution** provides access to electronic Servicemember discharge data. |

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1. General Procedures, Continued

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| b. Systems Access for Determining Eligibility and Entitlement | The processing of COEs and Restoration of Entitlements (ROE) requires the use of various systems to perform an accurate determination. The complete list of the access to required systems is below. For a Loan Specialist to perform COE and ROE tasks, it is necessary for Regional Loan Center (RLC) management to provide access to the listed systems. In addition to WebLGY, the three systems that are utilized most frequently are SHARE, GI Loans, and VIS.

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| System Name | Purpose of Access | How to Gain Access |
| Veterans Information Portal (VIP)/WebLGY | Access the COE workbucket and perform COE determinations | The employee registers in VIP, and then the supervisor sends an email request to the Program Management & Data Integration (PMDI) support inbox (LGYPMDISupport.VBAVACO@va.gov), including the application access needs and the employee’s role. |
| GI Loans | Research losses prior to year 2000 and order physical files | The supervisor sends an email request to the PMDI support inbox (LGYPMDISupport.VBAVACO@va.gov), including the application access needs and the employee’s role. |
| SHARE | Provides service information, SCD, funding fee exemption, pension, fiduciary, and COS.  | RLC management must request access through Common Security Employee Manager (CSEM) and/or [VA Form 20-8824e](https://vaww.portal.va.gov/sites/vbaco-iso/public/Shared%20Documents/Blank%20Forms/20-8824e%20-%20Common%20Security%20Services%20Access%20Request%20Form.pdf). |

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1. General Procedures, Continued

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| b. Systems Access for Determining Eligibility and Entitlement, continued |

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| System Name | Purpose of Access | How to Gain Access |
| Veteran Information Solution (VIS) | Assist with determining Active Duty time and additional information necessary to meet the LOS requirement. Provides access to electronic Servicemember discharge data. | RLC management through the local Information Security Officer will approve access. |
| VIRTUAL/Veterans Benefits Management System (VBMS)/Veterans Appeals Control and Locator System(VACOLS)  | Assist with determination of surviving spouse eligibility, funding fee status, and appeals | RLC management must request access through Common Security Employee Manager (CSEM) and/or [VA Form 20-8824e](https://vaww.portal.va.gov/sites/vbaco-iso/public/Shared%20Documents/Blank%20Forms/20-8824e%20-%20Common%20Security%20Services%20Access%20Request%20Form.pdf). |
| VA Loan Electronic Reporting Interface (VALERI) | Verify status of prior loan and/or existing loan | VALERI helpdesk (VALERIhelpdesk.vbaco@va.gov)  |
| Contract Assurance – Portfolio Loans/Debt Management | Obtain information regarding foreclosure debts and acquired loans | RLC management must select a point of contact (POC). |

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#### 1. General Procedures, Continued

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| c. VA Form 26-1880 | VA Form 26-1880, [*Request for a Certificate of Eligibility*](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf), is the official application for determination of eligibility for the VA Home Loan program. Without a properly completed VA Form 26-1880 on file, VA will not be able to determine a Veteran’s eligibility for the program.All necessary fields of [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf) must be legibly completed and the form must be signed and dated by the Veteran or his/her legal representative (i.e., a VA-approved power of attorney or a fiduciary assigned through the courts.)If an application is submitted through [eBenefits](https://www.ebenefits.va.gov/ebenefits/homepage), it is not necessary for the Veteran to submit [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf). The Veteran’s information is transferred from eBenefits and the VA employee can then access the record in WebLGY. **Note:** If the Loan Specialist notes that [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf) is signed by someone other than the Veteran, he/she must verify the signatory is VA-approved. Check the Beneficiary Identification and Records Locator System (BIRLS) inquiry screen in SHARE to verify the signatory and then, follow up with the Veteran to ensure the application was submitted with their knowledge.  |

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| c. Timeliness Requirements | Because the timeliness of the COE determination is paramount to providing the Veteran with notification of eligibility for a VA-guaranteed home loan, a timeliness requirement has been established. RLCs are responsible for issuing a COE determination within 5-business days of receipt (assigned to a Loan Specialist) of the COE application. The timeliness criteria for acceptable performance are meeting the 5-business day requirement at least 90 percent of the time, on a monthly basis.Paper COE applications (mailed, faxed, emailed, or in person) must be entered into the ACE system within 2-business days of the mailroom receipt date, and the application received date must be recorded in the “Details” page in the ACE system. Then, the Loan Specialist will have 5-business days from the date assigned to process the COE determination. **Note:** A determination is defined as a returned application, an issued COE, a denial letter, or a case pending Veteran Service Center (VSC) referral. Any other status is not considered a determination for the timeliness requirement. |

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1. General Procedures, Continued

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| d. Escalation Procedures | On a case-by-case basis, a case must be escalated to RLC management (Loan Production Officer (LPO)/Assistant LPO) prior to escalation to Central Office. The escalation must include RLC Management’s analysis of the determination. The following steps must be completed prior to submitting an escalated case to Central Office:

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| Step | Action |
| 1 | Document in the “note” function of the COE record the reason the case needs to be escalated. Local RLC management should be informed of the decision. For a list of case types that will be escalated, see Appendix A. |
| 2 | RLC management will review the employee’s decision and concur or non-concur on the employee’s recommendation, prior to submitting the case to Central Office for review. |
| 3 | If the case needs to be referred to Central Office, RLC management must prepare a comprehensive report of findings, which includes a recommendation for the outcome of the determination. Cases should be submitted to the Central Office email box at LoanPolicy.VBAVACO@va.gov.If the case does not need to be escalated, based on RLC management review, document the case notes and do not forward to Central Office.  |
| 4 | Provide Central Office Loan Policy with the case analysis (to include recommendation) within the 5-business day processing timeframe for COEs. If notification to Central Office is outside of the 5-business day processing timeframe, local management must include an explanation for the delay in the case recommendation.  |
| 5 | Once a final recommendation is submitted, Central Office will advise the station within 2-business days from receipt of the escalation of the appropriate action to take. The time that the case is under Central Office review does not count against the RLC’s COE determination timeliness. |

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1. General Procedures, Continued

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| e. COE Issued in Error | The COE is a critical document in determining whether the Veteran is eligible for the benefit, and the loan amount the Veteran is eligible for. It is vital that every effort is taken to ensure the accuracy of each COE determination. * If VA issues a COE in error and the loan is closed, VA will honor that COE and no other transaction, to include Interest Rate Reduction Refinance Loans (IRRRLs), cash-out refinances or purchases, will be permitted based upon the error COE.

 * If a COE was issued in error and the Veteran requests an ROE, then no restoration of entitlement can be granted. A COE will not be issued in this instance, unless the Veteran can provide additional supporting documentation to establish their eligibility for the benefit.
* In the event that a COE is issued in error and the Veteran has not closed on the loan, the RLC that issued the COE must immediately notify the Veteran and the lender, verbally and in writing, of the error and document WebLGY.

In all instances above, the Loan Specialist must place a thorough explanation of the error in the notes section of the COE reference number. Additionally, the Loan Specialist must make the necessary change to documentation that caused the error. If the error was system generated, the RLC management must notify VA Central Office immediately of the error.  |

#### 2. Determining Eligibility – Active Duty Servicemember (ADSM)

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| a. ADSM Defined  | An ADSM is considered a Veteran eligible for VA home loan benefits if he or she served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard for at least the minimum required LOS, and was discharged with an acceptable COS.An ADSM is also a Veteran who previously served or is currently serving on active duty full time. This includes both officers and enlisted personnel. ADSM does not include Selected R/NG members who serve(d) full time, unless he or she served under the authority in Title 10 of the U.S. Code. Eligibility requirements for this group are discussed later in this chapter. |

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| b. LOS Requirements | For Veterans whose service included any part of the period **before** September 8, 1980 (enlisted personnel), or October 17, 1981 (officers), the minimum required LOS is as follows:* 90 days or more, any part of which occurred during wartime. If the discharge documents reflect 90 or more days of continuous active duty service with an acceptable COS, the Veteran is eligible, regardless of the narrative reason for discharge.

**OR*** 181 continuous days or more during peacetime. If the discharge documents reflect 180 or more days of continuous active duty service with an acceptable COS, the Veteran is eligible, regardless of the narrative reason for discharge.

A greater LOS requirement has been established for Veterans who:* Enlisted (and service began) **after** September 7, 1980, or
* Officers whose service began **after** October 16, 1981.

Such Veterans are subject to the 2-year requirement and must have completed either:* 24 months or more of continuous service, or
* The full period for which ordered to active duty, but not less than 90 days (any part during wartime) or 181 continuous days (peacetime).
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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| c. Specifics on the 2-year requirement | Generally, both enlistment and commencement of active duty in a regular component of the Armed Forces must have occurred after September 7, 1980, for the 2-year requirement to apply (the 2-year requirement does not apply if the individual was already serving in the Armed Forces on or before September 7, 1980, when an overlap occurs). However, the 2-year requirement applies to individuals who enlisted before September 7, 1980 if:* They were separated from service without completing the 90 or 181 continuous days active duty requirement, then began active duty after September 7, 1980, regardless of any Reserve duty prior to that date.

**OR*** Enlistment was under the Delayed Entry Program and active duty began after September 7, 1980.

**OR*** The Veteran was an officer whose service began after October 16, 1981.

Refer the case to local RLC/Regional Office management if the applicant has enlisted service in other than a regular component of the Armed Forces and it is unclear whether the 2-year requirement applies. |

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| d. LOS Exception Note | If an ADSM is later discharged without having met the full 2-year requirement, and no valid LOS exception exists, eligibility is lost. It may bepossible for a Veteran to have been eligible when a prior VA loan was obtained while on active duty, and then no longer be eligible to participate in the program after having been discharged. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| e. Wartime and Peacetime Defined | Wartime and peacetime, as used in the General Rule for Eligibility, refer to the following periods of time: |
| Wartime | Peacetime |
| World War II9/16/1940 - 7/25/1947 | Post-World War II period7/26/1947 - 6/26/1950 |
| Korean conflict6/27/50 - 1/31/1955 | Post-Korean period2/1/55 - 8/4/1964 |
| Vietnam era\*8/5/1964 – 5/7/1975 | Post-Vietnam period5/8/1975 - 8/1/1990 |
| Gulf War / GWOT8/2/1990 – undetermined |  |
| [\*The Vietnam era begins 2/28/1961 for certain individuals who served in the Republic of Vietnam.]**Note:** An expansive list for all periods is located in Exhibit 7-B. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| f. Other Qualifying Service | Active duty pursuant to Executive Order 10957, dated 8/10/1961, is considered active duty in a non-training assignment. The DD-214 denotes separation from active duty status, but not from membership in the R/NG component. |
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|  | **Example 1:** John served 90 days active duty, 89 days in peacetime, and 1 day during the Korean conflict. He is eligible. |
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|  | **Example 2:** Katie enlisted in 2003, for 24 months, but was discharged for pregnancy after 18 months. She neither completed 24 months of continuous service, nor completed the period for which she was ordered to active duty. Katie is not eligible. |
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|  | **Example 3:** Ernest was a National Guard member activated in 2005, under Title 10 U.S.C. orders. His DD-214 narrative states that he completed the term for which he was ordered to active duty. Ernest completed at least 90 days during wartime, and he completed the period for which he was ordered to active duty. Ernest is eligible. |
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|  | **Example 4:** Jane, a National Guard member, completed 90 days active duty as AGR under Title 10 U.S.C. in 1979. In 1981, she received another active duty assignment under Title 10. The orders called for 24 months, but she was released after 18 months so she could attend college. She is not eligible based on her 1979 service because she did not complete 181 days (which is required during a peacetime era), and she is not eligible based on her 1981 service because she did not complete the full term for which she was ordered to active duty. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| g. Cadets | Military academy cadets can be screened for eligibility using the General Rule of Eligibility for ADSMs. * The length and COS requirements for enlistees also applies to cadets.
* Cadet discharge information may be entered on the DD-214, or it may consist of a letter from the academy itself.
* Transcripts alone are not sufficient evidence of service.
* Service as a cadet that is contiguous with service as an enlistee may be considered to be a single LOS.

**Note:** Cadet service does not include ROTC membership. Membership in ROTC does not qualify for VA home loan guaranty benefit. |
|  | **Example:** Hugo was a Naval Academy cadet for 18 months. He withdrew from the academy and entered into active duty where he served for 6 months. Both his time at the academy and his discharge from active duty service was honorable. Hugo is eligible.  |

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| h. Service with Allied Countries in World War II Exception | A Veteran who served in the active military or naval service of a government allied with the United States in World War II under conditions other than dishonorable is eligible, if he or she meets **all** of the following conditions:* The applicant served 90 days or more, any part of which occurred during World War II, or by reason of injury or disability incurred in service in line of duty served less than 90 days, and
* The applicant's service was at a time when the government allied with the United States was at war with the common enemy, and
* At the time of entrance into such active service, the applicant was a citizen of the United States, and
* The applicant is a resident (citizenship not required) of the United States when application is made, and
* The applicant has not applied for, or received, the same or similar benefits from the government in whose forces he or she served.
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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| i. Qualifying Allied Countries | * United Kingdom of Great Britain and Northern Ireland,
* Australia,
* New Zealand,
* Canada,
* India,
* Republic of South Africa,
* China, and
* France.
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| j. Service with Allied Countries in World War II Application Materials | 1. [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf), *Request for Certificate of Eligibility*,
2. Original Discharge or other release documents, and
3. Signed affidavit showing that applicant:
* Was a citizen of the United States at the time of entrance into the qualifying active service,
* Is a resident of the United States at the time of application, and
* Has not applied for or received the same or similar benefit from the government on whose forces he or she served, or stating what, if any, such benefits have been received.
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| k. What to Include in Referral | Referrals should include all application materials and a complete statement of facts when the applicant believes he or she may be eligible despite benefits received from another government. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| l. Specifics on Service in the Canadian Armed Forces | Types of acceptable active service include:* Canadian Army - including Canadian Women's Army Corps.
* Royal Canadian Air Force - including Women's Division of the Royal Canadian Air Force.
* Royal Canadian Navy - including Royal Canadian Naval Reserve, Royal Canadian Naval Volunteer Reserve, and Women's Royal Canadian Naval Service.

Nurses have the same status as commissioned officers in the above services.Payment of a war service gratuity, and a re-establishment credit to discharged personnel under the Canadian War Service Grants Act of 1944, are not considered similar to VA loan benefits, and thus are not a bar to eligibility.All discharges are considered issued under conditions other than dishonorable except those described in the following chart. Any type of discharge described in this chart bars eligibility. |

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| m. Unacceptable Types of Discharges for Canadian Armed Forces |

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| **Service** | **Authority** | **Reference** | **Reason for Discharge** |
| Royal Canadian Army | Routing Order | 1029(7)1029(8)1029(9) | Convicted by a civil power during serviceMisconductSentenced to be discharged with ignominy |
| Royal Canadian Navy | King's Regulations Royal Canadian Navy (K.R.)(R.C.N.) | Article 7.8014.14 | MisconductDismissal with or without disgrace |
| Royal Canadian Air Force | King's Regulations(Air K.R.) (Air) | Paragraph150(a)150(b) | MisconductConvicted by a civil power |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| n. Replacing Lost Canadian Armed Forces Discharge Certificates | A Veteran may replace a lost discharge certificate by written request to: Canadian Military Attaché (as indicated by his or her service)Canadian EmbassyWashington, D.C.The request must include:• Full name,• Service number,• Rate or rank at time of discharge,• Place and date of enlistment,• Place and date of discharge, and • Any other pertinent identifying information. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| o. Exception for Service During World War II  | Service in the following organizations, services, programs, and schools qualify as active duty for purposes of applying the General Rule for Eligibility, subject to any conditions or dates specified.

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| **Type of Service** | **Qualifying Dates/Conditions, if any** |
| Women's Army Corps, Women's Army Auxiliary Corps (WAAC), Women's Air Force Service Pilots (WASP) and similar service  | From date of commission or enlistment, on or after 7/1/1943, if the Secretary of the service determines it is active military service. Service in the Women's Army Corps, WAAC, WASP, and as an Engineer Field Clerk is certified as active military service. Discharge other than honorable or general discharge bars eligibility.  |
| Women's Reserve of the Navy or Marine Corps | From date of commission or enlistment, on or after 7/30/1942. |
| Women's Reserve of the Coast Guard | From date of commission or enlistment, on or after 11/23/1942. |
| Army Nurse Corps (female) | While employed in active service under the Department of the Army or the Air Force, or civilian employees who served in defense of Bataan and Corregidor from 1/2/1942 to 2/3/1945. |
| Navy Nurse Corps (female) | While employed in active service under the Department of the Navy. |
| Dietetic and Physical Therapy personnel (female) | Appointed with relative rank on or after 12/22/1942 or commissioned on or after 6/22/1944. Does not include students and apprentices. |
| Commissioned Officers of the Coast and Geodetic Survey  | While assigned during World War II to duty: On projects for the Army, Navy, or Air Force in areas outside the continental U.S. or in Alaska, or In coastal areas of the U.S. determined by the Army, Navy, or Air Force to be of immediate hazard. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| o. Exception for Service During World War II, continued |

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| **Type of Service** | **Qualifying Dates/Conditions, if any** |
| Commissioned Officers of the Coast and Geodetic Survey, Environmental Science Services Administration (ESSA) and their successor agency, National Oceanic and Atmospheric Administration (NOAA)… | …Who served on full-time duty on or after 7/29/1945 |
| Merchant Marine seamen… | …Who served in active oceangoing service from 12/7/1941 to 8/15/1945 |
| Civilian crewmen of the U.S. Coast Guard and Geodetic Survey (U.S.C.GS) vessels: Derickson, Explorer, Gilbert, Hilgard, E. Lester Jones, Lydonia, Patton, Surveyor, Wainwright, or Westdahl… | …Who served on one or more of these vessels while conducting cooperative operations with and for the U.S. Armed Forces either:* In Atlantic areas outside U.S. inland waters (including Atlantic and Gulf of Mexico coastal waters) from 12/7/1941 through 5/8/1945, OR
* In Pacific areas outside of U.S. inland waters (including Pacific coastal and Alaskan coastal waters) from 12/7/1941 through 8/14/1945.
 |
| Civil service crewmembers aboard U.S. Army Transport Service and Naval Transportation Service vessels… | …In oceangoing service. |
| Civilian Navy Identification Friend or Foe (IFF) Technicians… | …Who served in the Combat Areas of the Pacific between 12/7/1941 and 8/15/1945 aboard a U.S. Navy vessel deployed in the Pacific Ocean beyond the continental limits of the U.S., and were employed by the Hazeltine Electronics Corporation under a valid contract with the U.S. Navy. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| o. Exception for Service During World War II (continued) |

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| **Type of Service** | **Qualifying Dates/Conditions, if any** |
| United States Merchant Seamen… | …Who served on blockships in support of Operation Mulberry. |
| U.S. civilian employees of American Airlines… | …Who served overseas as a result of American Airlines' contract with the Air Transport Command between 12/7/1941 and 8/14/1945. |
| U.S. Civilian Flight Crew and Aviation Ground Support Employees of United Airlines… | …Who served overseas as a result of United's contract with the Air Transport Command between 12/7/1941 and 8/14/1945. |
| U.S. Civilian Flight Crew and Aviation Ground Support Employees of Consolidated Vultee Aircraft Corp. (Consairway Division)… | …Who served overseas as a result of a contract with the Air Transport Command between 12/7/1941 and 8/14/1945. |
| U.S. Civilian Flight Crew and Aviation Ground Support Employees of Pan American World Airways and its subsidiaries and affiliates… | …Who served overseas as a result of Pan American's contract with the Air Transport Command and Naval Air Transport Service between 12/7/1941 and 8/14/1945. |
| U.S. Civilian Flight Crew and Aviation Ground Support Employees of Eastern Airlines-Military Transport Division… | …Who served overseas as a result of a contract with the Air Transport Command between 12/7/1941 and 8/14/1945. |
| U.S. Civilian Flight Crew and Aviation Ground Support Employees of Northwest Airlines… | …Who served overseas as a result of a contract with the Air Transport Command between 12/7/1941 and 8/14/1945. |
| Officers or enlisted personnel on retired list… | …Ordered to active duty by the Army, Navy, or Air Force subsequent to being placed on the retired list. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| o. Exception for Service During World War II (continued) |

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| **Type of Service** | **Qualifying Dates/Conditions, if any** |
| U.S. civilians of the American Field Service… | …Who served overseas under U.S. Armies and U.S. Army Groups between 12/7/1941 and 5/8/1945. |
| Members of the American Volunteer Group (Flying Tigers)… | …Who served honorably in China between 12/7/1941 and 7/18/1942 and provide honorable discharge document or letter, or identification as honorably discharged in credible publication or document. |
| Members of the American Volunteer Guard, Eritrea Service Command… | …Between 6/21/1942 and 3/31/1943. Must have been honorably discharged. |
| Members of "the Civilian Personnel Assigned to the Secret Intelligence Element of the Office of Strategic Services (OSS)" | N/A |
| Members of the "Guam Combat Patrol" | N/A |
| Members of the "old" Philippine Scouts (a component of the U.S. Armed Forces | NA |
| Members of the “New” Phillipine Scouts and Philippine Commonwealth Army… | …Enlistment under section 14 of the Armed Forces Voluntary Recruitment Act of 1945, Public Law 190, which created the "new" Philippine Scouts does not qualify. Service in the Philippine Commonwealth Army, including the recognized guerrillas, does not qualify. |
| Members of the Army Specialized Training Program or Navy College Training Program… | …Does not include members of the Army Specialized Training Program Reserve. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| p. Exception for Service During World War II and/or Later | Service in the following organizations, services, programs and schools qualify as active duty for purposes of applying the General Rule for Eligibility, subject to any conditions or dates specified.

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| **Type of Service** | **Qualifying Dates/Conditions, if any** |
| Cadets of the U.S. Military Academy, U.S. Coast Guard Academy, and Air Force Academy, and midshipmen of the U.S. Naval Academy | N/A  |
| Commissioned Officers of the Public Health Service Regular and Reserve on or after 11/11/1943… | …Who are detailed with the Army, Navy, or Coast Guard, orServed in time of war outside the continental limits of the U.S. or Alaska, orServed in Commissioned Corp. of the Public Health Service between 7/29/1945 and 7/3/1952, orServed full-time after 1/31/1955. |

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| q. Specifics on Commissioned Officers of the Public Health Service | All commissioned officers of the Public Health Service were separated from active duty on July 3, 1952, unless they were detailed with the U.S. military.* The DD-214 or other evidence of separation on July 3, 1952, will indicate the authority for separation as Executive Orders 9575 and 10367 and Public Law 82-313.
* Those on detail with the U.S. military on July 3, 1952, were released from active duty at the expiration of their detail period.
* For service after January 1, 1955, documentation of active duty consists of PHS Form 1867, *Statement of Service-Verification of Status of Commissioned Officers of the U.S. Public Health Service*, which is issued only at or after the time of discharge or release from active duty.
* Commissioned officers still on active duty must provide documentation of such, signed by, or at the direction of, the adjutant or personnel officer or commanding officer of the unit or higher headquarters.
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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| r. Applicability of Other Exceptions | The exceptions for a Veteran discharged or released for an SCD, an un-remarried surviving spouse of a Veteran who died while in service or from an SCD, a spouse of a serviceperson missing in action or prisoner of war or exceptions to the 2-year requirement apply to eligibility through these other types of qualifying service. |

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| s. General Notes Pertaining to Exceptions | * If the DD-214 reflects multiple potential exceptions in the narrative, the Veteran only needs to qualify for a single exception.
* Examples of DD-214 narratives that do not warrant an exception include the following:
* Physical standards (includes a failure to meet),
* Disability incurred while on unauthorized absence,
* Volunteered to serve with National Guard / Reserves,
* Resignation,
* Voluntary – Miscellaneous reasons,
* Conscientious objector,
* Erroneous entry, and
* Substance abuse failure.

**Note**: AGR members who have been activated under Title 10 U.S.C. orders must have a narrative that indicates the Veteran completed the term to which ordered to active duty. |
|  | **Example**: Chang enlisted in 1987, and was discharged after 7 months. His DD-214 narrative stated “COG, Dyslexia”. Though Chang does not meet the requirements established for the COG exception, he does meet the CIWD exception because Dyslexia was listed in the narrative. Therefore, Chang is eligible. |

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2. Determining Eligibility – Active Duty Servicemember (ADSM), Continued

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| t. COS Requirements | A Veteran must complete at least one satisfactory period of service to be deemed eligible. If a Veteran is discharged with an unsatisfactory COS, but had a previous or subsequent tour that was satisfactory, the Veteran may still qualify using the satisfactory tour. For enlisted Servicemembers, a reenlistment or extension will satisfy that the COS was satisfactory.An acceptable COS includes:• Honorable,• General, and• Under Honorable Conditions.**Note:** The Department of Defense (DOD) is responsible for annotating the discharge status on the DD-214 (or other separating documentation). Based on experience, each Secretary of the DOD may use different language to represent the discharge status for a Veteran. VA employees making eligibility determinations should pay close attention to the description of a Veterans’ COS to ensure compliance with VA requirements.  |

#### 3. Determining Eligibility – R/NG

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| a. General Rule for Eligibility – R/NG | Members of the R/NG, who have neither a qualifying **tour** as an ADSM, nor a qualifying Title 10 U.S.C. activation, must have 6 creditable years of service and receive an Honorable discharge to be eligible.**Note:** If a member of the R/NG has a qualifying tour as an ADSM, use that tour to determine eligibility. |

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| c. Selected Reserve Defined | Selected Reserve describes a member or unit within the Ready Reserve designated by their respective services and approved by the Joint Chiefs of Staff as so essential to initial wartime missions that they have priority over all other reserves. All Selected Reservists are in an active status. The Selected Reserve also includes individuals in active duty for training status.Selected Reserve members participate actively in training periods (drills) and serve on active duty for ADT each year. This includes reserve members of the Army, Navy, Air Force, Marine Corps, and Coast Guard. This category also includes members of the Army National Guard and Air National Guard. |

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| d. AGR Defined | Some Selected Reserve members may also be designated as AGR. Such members have been ordered to active duty at some point in their R/NG career. It is necessary to determine which type of orders an AGR served under (e.g. Title 10 U.S.C. or Title 32 U.S.C.). |

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3. Determining Eligibility – R/NG, Continued

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| e. Individual Mobilization Augmentee (IMA) Eligibility | IMA members perform their inactive training duty with an active duty organization and are not typically assigned to a Reserve or Guard unit. As members of the Selected Reserve, they are subject to immediate, involuntary order to active duty whenever a Presidential reserve call-up is invoked under Title 10, United States Code, Section 12304 (10 U.S.C. 12304). They are also subject to involuntary order to active duty in time of war or national emergency when declared by the President or Congress under the provisions of 10 U.S.C. 12301, 12302, or 12303. IMA members activated under this Title would qualify as if they were an ADSM. |

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| f. IRR Eligibility | The period of IRR service is not creditable toward the 6-year requirement for R/NG members, nor does it count toward the service requirements established for ADSM. |

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| g. Procedures for Determining Eligibility | * Step 1: Does the Veteran have a qualifying tour as an ADSM as per the General Rule of Eligibility for ADSM?
* Yes. Go no further. Issue the COE using the enlistee status.
* No. Go to step 2.
* Step 2: Has the Veteran been activated under Title 10 U.S.C. orders?
* Yes. Apply the General Rule of Eligibility for ADSM and if eligible issue the COE as ADSM. If not eligible, go to step 3.
* No. Go to step 3.
* Step 3: Does the Veteran have a qualifying tour as per the General Rule of Eligibility for AGR?
* Yes. Issue the COE utilizing the AGR status.
* No. Go to step 4. Review the list of exceptions (Topic 7).
* Step 4: Are there any exceptions that might apply?
* Yes. Review the criteria for the exception and ensure it does apply to the Veteran.
* No. Applicant is not eligible.
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3. Determining Eligibility – R/NG, Continued

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| h. COS Requirements – R/NG | If discharged, R/NG members must have received an Honorable discharge for their reserve service. A discharge of General, Under Honorable Conditions, Under Other Than Honorable Conditions, Bad Conduct, or Dishonorable is not acceptable. If the member is still actively participating, no COS determination is required.An Honorable COS must be provided for each separate tour or component. If an R/NG member has a gap in tours with the same component, or changes components, each separate tour must be qualified in order for it to count toward the 6-year requirement. Care must be taken to ensure that a document that evidences a COS applies to the period of service in question. |
|  | **Example 1:** Jim joined the National Guard and served 6 creditable years. However, he received an Under Honorable Conditions discharge. Jim is not eligible. |
|  | **Example 2:** Lauren is currently a member of the National Guard. Her statement of service letter indicates she has been a member and actively participating for 7 continuous years. No COS is mentioned. Lauren is eligible. |
|  | **Example 3:** After acquiring 5 years of creditable reserve service, Geraldine was discharged in 2007, with an Honorable discharge. In 2008, she joined the Army Reserves for 2 years. She attended drills and earned inactive duty for training (IDT) points for both years, and was honorably discharged. Geraldine is now eligible since she has at least 6 creditable years of service and an Honorable discharge for each tour served. |
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|  | **Example 4:** Mortimer served in the Army Reserve for 3 years and was discharged. A year later he again enlisted in the Army Reserves and served for 3 more years. Mortimer has evidence of his honorable discharge for the second tour, but does not have documentation evidencing the COS of his first tour. Mortimer has not provided sufficient evidence to be considered eligible. |

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3. Determining Eligibility – R/NG, Continued

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| h. COS Requirements – R/NG, (continued) | **Example 5:** Mortimer provides additional evidence in the form of an honorable discharge from the time he spent in the IRR. Mortimer still has not provided sufficient evidence to be considered as eligible since time spent in the IRR is not creditable, nor is the COS for IRR service applicable. |
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|  | **Example 6:** Mortimer presents a case whereby he claims he evidently served honorably on the first tour in the Reserve; otherwise he would not have been eligible to enlist for a second time. The basis for such a claim is invalid. A reenlistment or subsequent enlistment is not sufficient evidence that a previous tour was served honorably. |

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| i. LOS Requirements – R/NG | R/NG members must complete 6 creditable years of service.**Note**: For Army, Navy, Air Force, or Coast Guard R/NG Veterans, membership in the Reserves or National Guard begins on the date the enlistment contract is signed, even if the member does not report for training for several months. The Marine Corps does not consider the Veteran a member of its Selected Reserve until he or she begins active-duty training.The period of service served as a member of the IRR is not creditable for qualifying purposes.If an R/NG member has a qualifying tour as an ADSM, the member should be granted eligibility based upon that tour. This allows the Veteran to utilize the lower funding fee established for ADSM.If an AGR member has been activated under Title 10 U.S.C., the General Rule for Eligibility for ADSM applies.  |

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3. Determining Eligibility – R/NG, Continued

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| j. Creditable Service Defined | For a period of R/NG service to be deemed creditable, the Veteran must have received at least one point, in addition to the automatic 15 membership points, during the anniversary year.The anniversary year covers the 12-month period commencing on the month and day that the Veteran began service. If a Veteran entered service on March 3, each anniversary year runs from March 3to March 2of the following year.Only ADT and IDT/weekend drill points are qualifying. Membership points alone are not qualifying. Periods for which the Veteran was activated for training, including IADT / recruit, result in ADT points which apply toward the 6-year requirement. |
|  | **Example 1**: Geraldine enlisted in the National Guard on July 3, 2001. She attended one drill in August, and did not return the rest of the year. She received points for the year, therefore the year was deemed to be creditable. |
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|  | **Example 2**: Geraldine did not drill for the next 13 months, but did attend drills regularly thereafter until her discharge on July 2, 2007. Her point statement reflected IDT points for 5 years and membership points for 6 years. Geraldine is not eligible since she did not earn qualifying points for 6 years.**Note**: The 6 years of service need not be continuous, nor in the same component or unit. |

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| k. Retired R/NG Members | Members of the Reserves or Guard who have completed 20 years of service often receive a ‘20-year letter’, which verifies the successful completion of 20 years as an active R/NG member. This letter supports the LOS requirement; however, a points statement is still necessary. |

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3. Determining Eligibility – R/NG, Continued

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| l. R/NG Members Still Serving | R/NG members must provide a statement of service letter signed by or at the direction of the adjutant or personnel officer or commanding officer of the applicant's unit to verify current service. The statement of service must clearly indicate:* The Veteran’s full name,
* Social security number (last 4 digits is acceptable),
* The date of entry into active duty,
* The duration of lost time, if any,
* The name of the command providing the information,
* The type of orders the Veteran is serving under (typically Title 10 U.S.C. or Title 32),
* Whether the Veteran is serving in a training status, and
* No COS is required.
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#### 4. Activated R/NG Members

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| a. Activated R/NG Members Defined | R/NG members typically perform their duties under an inactive duty training status; IDT consists of weekend drills. When an R/NG member is activated, the member may be serving under an ADT status, or may be serving in a duty status that is not part of any training exercise (e.g. mobilization). |

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| b. Exception | If an R/NG member has been activated in a non-training status, the member may be eligible to qualify using the General Rule for Eligibility that covers ADSM. To qualify, the following conditions must exist:* Activation must be under Title 10 U.S.C.,
* Activation cannot be for training purposes,
* The member must meet the General Rule for Eligibility LOS requirements established for ADSM, and
* The member must meet the General Rule for Eligibility COS requirements established for ADSM.
 |
|  | Example 1: In 1991, Clyde’s National Guard unit was activated under Title 10 U.S.C. orders for a non-training purpose. Clyde served for 5 months and was given a General discharge after having completed the period to which he was ordered to active duty. Clyde is eligible because he met the 90 days for ADSM requirement. |
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|  | Example 2: In 1994, Ben’s National Guard unit was activated under Title 32 U.S.C. orders for a non-training purpose. Ben served for 10 months and was honorably discharged after having completed the period to which he was ordered to active duty. Ben is not eligible because his service is considered active duty for training under Title 32 U.S.C. However, he did accrue points that may be counted toward the 6-year requirement. In some cases, the DD-214 for an R/NG member who was activated under Title 10 U.S.C. in a non-training status erroneously indicates the period of service was for active duty training. If there is uncertainty about the accuracy of a training declaration on a DD-214, the Loan Specialist will escalate the case to RLC management for review. The RLC management may confer with Central Office or the Atlanta RLC management for clarification, and make a determination. |

4. Activated R/NG Members, Continued

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| c. Reserve vs. National Guard – A Comparison  | Reserve members who have been activated typically fall under Title 10 U.S.C. orders since unlike the National Guard; Reservists are not subject to activations by the state. However, the type of orders must be verified so as to ensure the member was not activated under an authority other than Title 10 U.S.C. |
|  | **Example 1**: Carl was a member of the Army Reserve and in 1991, was activated for a non-training purpose and served for 95 days before being honorably discharged. Carl provided a copy of his orders as evidence that his activation was under Title 10 U.S.C. Carl is eligible. |
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|  | **Example 2:** Murphy was a member of the Naval reserve. He was activated due to the potential commencement of a war action in 1990, but his orders were not issued under the authority of Title 10 U.S.C. His unit was demobilized without having the orders convert to Title 10 U.S.C. Murphy is not eligible. |

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| d. Other Activation Classification | National Guard members may be activated under other classifications of orders as well as Title 10 U.S.C. Typically, the Guard member will be activated either under Title 10 U.S.C. or Title 32. Any classification of activation orders may be for training purposes only. |
|  | **Example:** Clive was a member of the National Guard. In 2003, he was activated for a non-training purpose and served for 95 days before being honorably discharged. Eligibility cannot be determined for Clive until it can be established that he had been activated under Title 10 U.S.C. orders. |

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| e. Activation for Training under Title 10 | Activations for the purposes of training, even under Title 10 U.S.C., only count toward the 6-year requirement. AGR members activated for training cannot have such service used for qualifying via the General Rule for Eligibility for ADSM. |
|  | **Example:** Jeremiah was a member of the Naval Reserve. He was activated in 2008, served for 6 months, and was honorably discharged. His DD-214 indicated he had been activated for MOS training. Jeremiah’s service only counts toward his 6-year requirement. |

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4. Activated R/NG Members, Continued

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| f. Tacking Rule – R/NG  | If the period of a Title 10 U.S.C., non-training activation is not sufficient to meet the LOS requirements established under the General Rule for Eligibility for ADSM, the period of service counts toward the 6-year requirement for R/NG members. If the R/NG member is subsequently activated again in a non-training status under Title 10 U.S.C., the period of service may be tacked together with previous non-training Title 10 tours in an attempt to meet the LOS requirement. Once the minimum LOS requirement has been met, the R/NG member may qualify using the General Rule of Eligibility for ADSM. The tacked tours must all have an Honorable discharge in order to make the R/NG eligible. |
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|  | **Example 1**: Marci was activated for 60 days under Title 10 U.S.C. orders in a non-training capacity. She was demobilized and granted an Honorable COS. Marci is not eligible because her service was less than 90 days. |
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|  | **Example 1a**: After 1 year, Marci was again activated under Title 10 U.S.C. orders in a non-training capacity for wartime service. Once Marci reached the 30th day of her activation, she became eligible while still active. She remained eligible up to the moment she was discharged. |
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|  | **Example 1b**: Marci was Honorably discharged from the second tour after a total of 45 days of service. Her DD-214 narrative disclosed that she completed the period to which she was ordered to active duty. Marci remains in an eligible status.If Marci received anything other than an Honorable discharge for the second tour, or if the DD-214 narrative failed to reflect that Marci completed the period of service for which she was called to active duty, she would lose her eligibility. |

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4. Activated R/NG Members, Continued

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| g. Documenting R/NG Service | Official documentation that verifies the completion of 6 years of creditable service may include, but is not limited to: |
| **Component** | **Form** |
| Army National Guard & Air National Guard | NGB 22 – *Report of Separation & Record of Service* ORNGB 23 – *Retirement Points Accounting* |
| Army Reserve | Chronological Statement of Retirement Points |
| Navy Reserve | Annual Retirement Point Record |
| Air Force Reserve | Points Summary Record |
| Marine Corps Reserve | Reserve Retirement Credit Report |
| Coast Guard Reserve | Reserve Retirement Points Statement |
|  | **Note:** Many applicants may obtain supporting documentation by submitting a completed SF 180, [*Request Pertaining to Military Records*](http://www.archives.gov/research/order/standard-form-180.pdf), to the address indicated on the back of that form, or online through the U.S. National Archives and Records Administration. |

#### 5. Rules for Calculating Length of Active Duty Service

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| a. Purpose | The General Rule for Eligibility requires active service of 90 days, 181 continuous days, or 24 continuous months, depending on applicant's circumstances. This section contains the rules and procedures necessary for determining the length of an applicant's active duty service. |

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| b. Procedures for Calculating Length of Active Service | The following steps are used to calculate the length of a Veteran's active duty service. Rules for analyzing lost time, travel time, whether time is qualifying or not, and whether tacking applies, can be found under appropriate headings following this chart.

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| Step | Action |
| 1 | Identify period(s) of active service by comparing the entry date onto active duty with the separation date. |
| 2 | If the Veteran has more than one period of active service, add the periods together if necessary to establish eligibility permitted under the tacking rule, which is described below. |
| 3 | Evaluate reasons for any lost time. |
| 4 | Exclude (deduct) non-qualifying lost time. |
| 5 | Deduct other non-qualifying types of time. |
| 6 | If necessary to establish eligibility, obtain certification of travel time. |
| 7 | Add certified travel time. |

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| c. Tacking Rule | Two or more periods of active service, any part of which occurred during wartime with an acceptable COS, may be added together to total the 90 days active service required during wartime.Tacking may not be used to establish eligibility under the 181 continuous days during peacetime requirement or the 24 continuous months requirement because separate periods are not considered to be continuous.**Example:** In 1992, Karen's reserve unit was ordered to active duty in the Persian Gulf. She served 75 days. In 1995, Karen was ordered to active duty, and sent to the Republic of Haiti in support of Operation Uphold/Maintain Democracy. She served 45 days. Karen is eligible for a regular COE because she completed 90 days of active service during wartime (Persian Gulf War) by "tacking" the two periods of active service together. |

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#### 5. Rules for Calculating Length of Active Duty Service, Continued

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| d. Lost Time | If the Veteran's proof of military service contains no reference to lost time, it will be assumed there was none.Certain types of lost time must be deducted from the period of active duty service. When deduction of lost time would render the applicant ineligible, and the reason for the lost time is not clearly indicated on the discharge papers, determine the reason for the lost time by consulting the appropriate branch of the service or permitting the Veteran to provide documentation. Lost time does not constitute a break in an otherwise continuous period of active duty. It merely reduces the LOS. |

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| e. Qualifying Lost Time | This is time lost for reasons other than those considered as non-qualifying. For enlisted ADSMs, this time is generally already added to the end of the service requirement. As a result, this time is not excluded. |

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| f. Non-Qualifying Lost Time | The following lost time must be excluded (deducted) from the period of active duty:* Periods of agricultural, industrial and indefinite furlough,
* Time under arrest in the absence of acquittal,
* Time the applicant was determined to have forfeited pay by reason of absence without official leave, or
* Time spent in desertion or while undergoing sentence of court martial.

Reference 38 CFR3.15 |

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5. Rules for Calculating Length of Active Duty Service, ContinuedContinued

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| g. Other Non-qualifying Time | The following time may not be included in the period of active service:* Time spent as a temporary member of the Coast Guard Reserve, even if the applicant was on active full-time duty with pay,
* Time between the date of induction, of enlistment in the Reserves, or of commission, and actual entrance upon active service, unless applicant was issued orders placing him or her on active duty for authorized travel, and
* Periods of active duty for training (ACDUTRA or ADTNG).
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| h. Travel Time | Certified travel time may be included in the period of active service for an applicant whose discharge or separation papers indicate at least 83 days, but less than 90 days, active service during wartime, or at least 174 days, but less than 181 days, continuous active service during peacetime.Travel time must be certified by the applicant's branch of service and may include:* Authorized travel to and from active duty, or
* Travel required to proceed home by the most direct route, beginning after midnight on the date of discharge or release.

An applicant dissatisfied with the certification may submit a statement to VA explaining his or her objection to the service department's travel determination and/or determination of:* The location of the Veteran's home or place of residence upon discharge or release from active duty,
* The length of travel time allowed for the Veteran to reach home upon discharge or release from active duty, or
* The amount of authorized travel time to the place of entry upon active duty.

Submit the applicant's statement and any pertinent evidence to the service department for recertification. An applicant dissatisfied with the recertification will be advised of his or her right to apply to the Chairman, Board of Correction of Military Records of the service department. |

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| i. Service for Pay Purposes | Many discharge or separation papers provide the LOS for pay purposes. This should not be relied upon as a measure of active duty service. |

#### 6. Surviving Spouse

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| a. Surviving Spouse Definition | Unmarried surviving spouses of Veterans who die on active duty or later fromService-connected causes may also be eligible for the VA-guaranteed home loan benefit. Also, a surviving spouse of a Veteran who dies on active duty or from Service-connected causes may still be eligible if remarried on or after age 57 and on or after December 16, 2003. |

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| b. Basic Eligibility | The VSC must first determine that the applicant is asurviving spouse and in receipt of certain types of DIC. In addition, the surviving spouse must meet VA’s definition of a surviving spouse, as described below under Basic Eligibility. The surviving spouse of a Veteran, who died while in active service or from an SCD, that is not a qualified Veteran in their own right, is eligible regardless of the LOS of the deceased Veteran. (See Exception 2 of this section.)Eligibility may also be granted to the spouse of an active-duty member who is listed as missing in action (MIA) or a prisoner of war (POW) for at least 90 days. Eligibility under this MIA/POW provision is limited to one-time use only.Surviving spouses of Veterans who died from non-service connected causesmay also be eligible if any of the following conditions are met: (1) the Veteran was rated totally disabled for 10 years or more immediately preceding death; or (2) was rated totally disabled for not less than 5 years from date of discharge or release from active duty to date of death, or (3) the Veteran was a former prisoner of war who died after September 30, 1999, and was rated totally disabled for not less than 1 year immediately preceding death. |

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6. Surviving Spouse, Continued

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| b. Basic Eligibility, continued | Surviving spouse entitlement is determined using a [VA Form 26-1817](http://www.vba.va.gov/pubs/forms/VBA-26-1817-ARE.pdf), *Request for Determination of Loan Guaranty Eligibility - Unmarried Surviving Spouses*. A review must first be made to determine if the surviving spouse is eligible based on his/her own service. If the surviving spouse is determined to be a qualified Veteran in their own right, then process as a normal entitlement with a [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf), *Request for a Certificate of Eligibility*.If the surviving spouse has Veteran status as a result of his/her own military service, then the surviving spouse should attempt to qualify as a Veteran. If he/she cannot qualify as a Veteran, then the application should be determined whether he/she qualifies as a surviving spouse. If the surviving spouse is submitting an application for an Interest Rate Reduction Refinance Loan (IRRRL), there is no need to submit an application, as long as the surviving spouse appeared on the loan to be refinanced with the Veteran. If the surviving spouse was not on the loan, he/she would only be permitted to complete a cash-out refinance. A surviving spouse with their own entitlement may be exempt from paying a funding fee, if in receipt of DIC. The DIC must be awarded as primary, secondary, ancillary or Chapter 38. If the surviving spouse is in receipt of 1150, they do not qualify for the VA home loan benefit.The Loan Specialist must review information in SHARE, Virtual VA, and VBMS to determine whether the surviving spouse is receiving DIC.  |

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| c. Escalation | The process of issuing COEs is multi-pronged and there are instances where a case will need to be escalated to Central Office Loan Policy for review and determination. In those instances, local management must review the case and contact Central Office Loan Policy for guidance.  |

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6. Surviving Spouse, Continued

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| **d.** **Exception 1: Remarried Surviving Spouse** | A remarried surviving spouse must apply to the Pension Management Center of jurisdiction to determine eligibility for continued receipt of DIC. Upon redetermination of a qualifying grant for DIC, the spouse may reapply to the Atlanta RLC for eligibility for home loan benefits.A remarried, surviving spouse whose marriage is void or annulled by a court, is not considered a remarriage; i.e., does not make the surviving spouse ineligible. A surviving spouse who remarries on or after attaining age 57 and on or after December 16, 2003, may be eligible for the home loan benefit. Example 1: Jane, the surviving spouse of a Veteran who died in active service during the Vietnam era was remarried in 1980, and then divorced in 1985. She is eligible, and remains so unless she remarries.Example 2: John, the surviving spouse of a Veteran who died in active service during the Gulf War era and is in receipt of DIC was remarried at age 58. He is eligible, and remains so after his marriage. |

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| e. Exception 2: Total Disability and POW | Eligibility for home loan benefits is extended to the surviving spouse of a Veteran:* Who was rated totally disabled for a period of 10 or more years immediately preceding death, but did not die from an SCD, is eligible for home loan benefits;
* Who was rated totally disabled for a period of not less than 5 years from the date of discharge or other release from active duty;
* Who was a former POW who died after September 30, 1999, and the disability was rated totally disabled for a period of not less than 1 year immediately preceding death; and
* Is in receipt of a qualifying DIC benefit award (primary, secondary, ancillary, or Chapter 38). DIC benefits awarded from 38 U.S.C. 1318 or 1151 do not qualify for the VA-guaranteed home loan benefit.
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6. Surviving Spouse, Continued

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| f. Exception 3: Spouse of Serviceperson Determined MIA or POW | The spouse of a serviceperson who is listed for more than 90 days as MIA or a POW is eligible as long as the Serviceperson remains in such status and the spouse remains married to the Serviceperson.For purposes of this exception, MIA/POW includes a Servicemember captured in the line of duty by a hostile force or forcibly detained or interned in the line of duty by a foreign government or power.**Note:** The spouse is limited to one use of the VA home loan benefit, pursuant to 38 U.S.C. 3701(b)(3). |

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| g. Special Procedures | Special procedures for processing a surviving spouse electronic application created in the WebLGY Portal:

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| Step | Action |
| 1 | Review the completed, signed, and dated [VA Form 26-1817](http://www.vba.va.gov/pubs/forms/VBA-26-1817-ARE.pdf) in correspondence. If the 26-1817 is not in the system, a return application will be sent requesting that one be uploaded prior to proceeding. |
| 2 | Research SHARE and possibly VBMS to determine eligibility of the surviving spouse. |
| 3 | If the surviving spouse is eligible, the Loan Specialist will process the COE to show entitlement code “06” and email to the lender. |
| 4 | If the surviving spouse is not eligible, the request will be denied and the proper letter will be uploaded to correspondence section in WebLGY. A statement to this affect will be placed in “Notes”, and a copy emailed to the lender and the appropriate attachments, including an appeal form, sent by mail to the surviving spouse (if both addresses are provided). |

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| h. Entitlement | The entitlement of the spouse is independent from that of the Servicemember. Therefore, the spouse's entitlement is not reduced by any prior use of entitlement by the Servicemember, and the Servicemember entitlement is not reduced by any use of entitlement by the spouse. |

#### 7. LOS Exceptions for ADSM and R/NG

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| a. Exceptions**For ADSM** | There are exceptions to the minimum LOS requirements for ADSM. Only two exceptions are applicable to those Veterans who are not subject to the 2-year requirement. All exceptions apply to those Veterans subject to the 2-year requirement.  |

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| b. Exception 1: Discharge for an SCD | A Veteran discharged or released for an SCD is not subject to a minimum LOS requirement. A discharge for an SCD is the only exception for R/NG members.The Veteran must have been discharged or released specifically due to the SCD. If the Veteran was discharged or released from service for a reason other than an SCD, this exception does not apply.The subsequent awarding of SCD compensation by VA is not evidence that a Veteran was discharged due to an SCD, regardless of the percentage of the rating.DD-214 or NGB 22 Narrative may include:* Discharge for SCD,
* Disability with severance pay,
* Disability – Retired list, and
* Temporary Disability Retired List.
 |
|  | **Example 1:** Jose was injured on his second day of recruit training. The injury was determined to be service-connected and resulted in his discharge for disability. Jose is eligible. |
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|  | **Example 2:** Rupert was injured during his first week of USMC recruit training and was thereby deemed to be ineligible for the military occupational specialty (MOS) for which he had contracted, but was otherwise fit for duty. The Marines offered Rupert an alternative MOS, but he instead opted to be discharged since no other MOS appealed to him. Rupert was not discharged due to an SCD, so he is not eligible. |
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|  | **Example 3:** Irving enlisted in 2003, and was discharged 2 months later due to hardship. At the time of discharge, Irving was awarded SCD compensation. Irving is not eligible. Though he was recognized as having an SCD, the disability was not the reason for his early discharge. |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| b. Exception 1: SCD (Continued) | **Example 4:** George enlisted in 1986, and was honorably discharged 5 months later. The narrative on his DD-214 stated that he had been placed on the Temporary Disability Retired List. George is eligible. Though the term ‘temporary’ was used, the Discharge for Disability exception still applies since the disability was the specific reason for George’s discharge. |
|  | VA SCD compensation documentation is not adequate evidence to indicate a Veteran was discharged due to an SCD. The following are required documents to determine an SCD exception:Application Materials for SCD exceptions include: 1. [VA Form 26-1880](http://vbaw.vba.va.gov/bl/20/cio/20s5/forms/VBA-26-1880-ARE.pdf), *Request for a Certificate of Eligibility*,2. Official service records/documents (or data contained in internal electronic systems) substantiating discharge or release for an SCD, and3. A DD-214.Refer to your local station management if:* The Veteran claims discharge or release for an SCD and documentation is unclear,
* The adequacy of documents submitted to verify service is in question, or
* Doubt exists for any other reason.
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7. LOS Exceptions for ADSM and R/NG, Continued

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| c. Exception 2: Veteran is Currently on Active Duty | This exception applies to ADSMs who are currently on active duty.An enlistee who is currently serving on active duty must only meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement.* The 24-month requirement does not apply until the Veteran has been discharged.
* The COS is automatically considered to be honorable.

If the Veteran has a qualifying prior active duty tour, that tour can be used for qualification purposes. |
|  | **Example:** Wilbur enlisted in the Army 90 days ago (wartime) and is still serving on active duty. Wilbur is eligible.A statement of service signed by or at the direction of the adjutant or personnel officer or commanding officer of the applicant's unit is required as proof of military service. An electronic signature on the document is acceptable. The statement of service must clearly indicate:* The Veteran’s full name,
* Social security number (last 4 digits is acceptable),
* The date of entry onto active duty,
* The duration of lost time, if any, and
* The name of the command providing the information.

If the statement of service being provided is for an activated member of the R/NG, it must include the type of orders under which the Veteran is serving (typically Title 10 U.S.C. or Title 32) and whether the Veteran is serving in a training status. If VA systems indicate that person is on active duty and has been for the required length of time, a conditioned COE can be issued without the documentation noted above. |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| d. Subsequent Discharge | If the Veteran is later discharged prior to completing the minimum LOS required for the era of service, or is discharged under Other Than Honorable, Bad Conduct, or Dishonorable conditions, the Veteran is no longer eligible. Please be aware that a COS indicated as Other than Honorable or Bad Conduct will be submitted to a VSC for review in order to determine if an upgrade to an acceptable COS can be made. These cases would follow the escalation process stated in section 1c of this Chapter. |
|  | **Example:** Mike enlisted in 1992, and served 90 days on active duty. At that point he became eligible and used his home loan benefit. However, he was discharged for misconduct after having served just 18 months. His COS was Under Honorable Conditions. Therefore, while Mike was once eligible and received a valid COE, he is no longer eligible since he did not complete the required 24 months of service. |

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| e. Special Procedures for "Still on Active Duty" Exception | The procedures below apply to ADSMs who have not met the 2-year requirement, but are eligible because they are still on active duty and have met the 90 or 181 day requirement of the General Rule for Eligibility.

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| If | Then |
| Applicant is eligible by reason of this exception and is still on active duty… | …COE should be conditioned to read, "Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of date of note is required." |
| Veteran subsequently fails to complete 2 years or the full period for which ordered to active duty, or is dishonorably discharged, and is no longer eligible… | 1. Do not restore entitlement used for a loan while in service or allow the use of any remaining entitlement. (IRRRL’s do not require restoration or updated proof of eligibility. Therefore, the Veteran may still obtain an IRRRL).
2. Do not return any COE received for updating or with a restoration request.
3. Notify the Veteran in writing of the reason for lost eligibility, including information on appeal rights.
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7. LOS Exceptions for ADSM and R/NG, Continued

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| f. Exception 3: Compensable SCD | An ADSM must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the compensable SCD exception.This exception applies when an enlistee was discharged for reasons other than an SCD, but was later determined to have a compensable SCD. |
|  | **Example 1:** Warren enlisted in 1999, and was discharged for failing to meet physical standards 15 months later. He was later determined to have a compensable SCD. Warren is eligible. |
|  |  |
|  | **Example 2:** Franklin enlisted in 1986, and served 63 days before being discharged due to an erroneous entry. He was later determined to have a compensable SCD. Franklin is not eligible since he did not meet the 90 day (war time) or 181 day (peace time) requirement. |
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|  | **Example 3:** Clarabelle enlisted in the National Guard and completed 4 years of creditable service. As per her NGB 22, she was discharged due to an SCD. She never served on active duty, and was never activated under Title 10 U.S.C. orders. Clarabelle is eligible since she was specifically discharged from the Guard due to an SCD. |
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|  | **Example 4**: Jasper enlisted in the National Guard and was discharged after 3 years due to a lack of participation. Subsequent to his discharge, he was awarded a compensable SCD claim. Jasper is not eligible since he was not discharged due to an SCD. |
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|  | **Example 5:** Elton served 12 days in the Air Force. As per the narrative on his DD-214, Elton was discharged due to a personality disorder. He was subsequently awarded a 100 percent rating from VA for an SCD related to the personality disorder. This should be referred to the VSC to determine whether he could have been discharged for an SCD. |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| g. Exception 4: Early Out | An early-out discharge under 10 U.S.C. 1171 is available only:* To enlisted persons, within 3 months before expiration of the term of enlistment or extended enlistment.
* Does not apply to Public Health Service (PHS) or National Oceanic and Atmospheric Administration (NOAA) since only officers serve in these organizations.
* ADSM with an early-out discharge after serving 21 months of a 3-year enlistment does not meet the requirement, and
* ADSM with an early-out discharge after 21 months served of a 2-year enlistment must fall under this exception to be eligible.
 |
|  | Qualifying reasons include:* Overseas Returnee,
* Separation from medical holding detachment,
* Acceptance into ROTC,
* Secretarial Authority,
* Released within 3 months of End of Active Obligated Service,
* To accept reserve commission, and
* Non-retention on active duty.
 |
|  | **Example 1:** Gus enlisted in 1984, for 2 years. He was discharged 22 months later under Secretarial Authority. Gus had evidence that his enlistment period was 2 years. Gus is eligible. |
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|  | **Example 2:** Derek enlisted in 1992, for 3 years. He was discharged after 23 months so he could accept a reserve commission. Though he completed more than 21 months of service, Derek is not eligible since his enlistment term was greater than 2 years. |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| h. Exception 5: Convenience of the Government (COG) | This exception applies to Army Veterans who served at least 20 months of a 2-year enlistment. Veterans who enlisted for ONLY 2 years can use this exception. If the enlistment was for a longer period, the Veteran cannot use the exception. The Veteran must provide evidence of the 2-year enlistment.Veterans who were discharged for a qualifying COG reason prior to the 24 month mark are in this category. Be sure to review the DD-214 narrative. Qualifying reasons include:* COG,
* Parenthood,
* Separation to attend training,
* Surviving son or daughter, and
* ARMY Only – Army Veterans discharged for body fat or weight control failure may utilize the COG exception provided they meet the COG requirements.

**Note**: A discharge for pregnancy is not the same as a discharge for parenthood. |

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| i. Exception 6: Reduction in Force (RIF) | An ADSM must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the RIF exception.A RIF discharge is the result of a reduction in the size of the military. The RIF discharge must have been involuntary. The discharge is presumed to have been involuntary unless documentation indicates otherwise.Qualifying DD-214 narratives include:* Reduction in Force,
* Strength Reduction, and
* Early Transition.
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7. LOS Exceptions for ADSM and R/NG, Continued

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| j. Exception 7: Hardship | An ADSM must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the hardship exception.Ideally, box 25 of the DD-214 should indicate one of the following:* 10 U.S.C. 1173,
* ARMY 635-200 Ch6,
* USAF 36-3208 Sect 3c,
* NAVY 1910-110 or 3620210, or
* USMC Article 6407.

If box 25 does not reflect any of the above references, refer the case to local station management for determination.Qualifying DD-214 narratives include:* Hardship,
* Dependency,
* Sole parent, and
* Humanitarian.
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| k. Exception 8: EPTS | An ADSM must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the EPTS exception.EPTS does not include a failure to meet physical standards. A physical standards failure can occur at any time during a Veteran’s career. Typically, such a designation reflects an inability to pass a physical fitness test. Qualifying DD-214 narratives include existing prior to service, and failure to meet procurement medical fitness standards. Medical fitness standards failure indicates the Veteran did not meet the minimum qualifications for enlistment, and that the medical reason for such failure was not discovered until after the date the Veteran was sworn into service.  |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| k. Exception 8: EPTS (continued) | **Example 1:** Mervin enlisted in 1993, and served 120 days. Mervin was discharged for a condition that existed prior to service. Since Mervin completed more than 90 days of service during wartime, he is eligible.**Example 2:** Archibald enlisted in 1982, and was discharged after 150 days for failing to pass the physical fitness test. Archibald is not eligible since he was discharged for failing to meet the physical fitness standards of his branch, not because of a medical reason. |

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| l. Exception 9: CIWD | An ADSM must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the CIWD exception.The CIWD discharge is the result of a physical or medical condition that was not characterized as a disability, but did interfere with the performance of duty. By definition, CIWD reasons are not disabilities. The DD-214 narrative may directly state ‘Condition Interfered With Duty’ or may instead only reflect the actual condition. |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| l. Exception 9: CIWD, (continued) | Qualifying DD-214 narratives may include, but are not limited to:* Condition Interfered With Duty,
* Medical condition, not a disability,
* Physical condition, not a disability,
* Personality disorder,
* Failure to medically qualify for flight training,
* Chronic airsickness,
* Chronic seasickness,
* Enuresis,
* Sleepwalking,
* Dyslexia,
* Severe nightmares,
* Claustrophobia, and
* Disability without severance pay.

The subsequent award of an SCD rating by VA does not alter the discharge status of a Veteran who was discharged due to a CIWD reason. The Veteran must still meet the LOS requirements established for the CIWD exception. |
|  | **Example:** Rudolph was discharged after 21 days due to sleepwalking. He was later awarded SCD compensation by VA for an injury incurred when he walked into a door while sleepwalking. Rudolph is not eligible for the CIWD exception because he did not meet the LOS requirement, nor was he eligible based upon the SCD rating by VA. The military discharged Rudolph because of the condition, not because of a disability. |

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| m. Exception 10: Expiration of Term of Service  | A person must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the Expiration of Term of Service exception.A DD-214 narrative that states ‘Expiration of Term of Service’ indicates the Veteran completed the full term which he or she was ordered to active duty. This typically applies to Activated Guard / Reserve personnel (must have been activated under Title 10 U.S.C. and not in a training capacity). |

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7. LOS Exceptions for ADSM and R/NG, Continued

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| m. Exception 10: Expiration of Term of Service, (continued) | This exception can also apply to an ADSM and it does not require evidence of a 2-year enlistment.Qualifying DD-214 narratives include:* Expiration of Term of Service,
* Completion of Required Active Service, and
* Release Due to Demobilization.
 |
|  | **Example 1**: Abner was a National Guardsman who was activated under Title 10 U.S.C orders in 2007. He served for 11 months and was discharged. His DD-214 narrative indicated he was released due to a demobilization of his unit. Abner is eligible since he served 90 or more days in wartime and completed the time for which he was ordered to active duty. |
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|  | **Example 2**: Stanley was a National Guardsman who was activated under Title 10 U.S.C orders in 2004. He served for 13 months in Iraq, and was discharged. His DD-214 narrative indicated he was released due to misconduct. Stanley is not eligible since he did not complete the term of required service. Note that his 90 or more days of service in Iraq did not make Stanley eligible. |
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|  | **Example 3:** Fenwick’s DD-214 reflects 1 year, 11 months of active duty service commencing in 1986. The narrative states “Completion of Required Active Service”. Though Fenwick did not complete the requisite 24 months, he is eligible since he completed the full term for which he was ordered to active duty. |

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| n. Exception 11: Sole Survivor  | A person must meet the 90 day (war time) or 181 day (peace time) minimum LOS requirement to warrant the Expiration of Term of Service exception.The narrative of a DD-214 may provide the following language: Veteran was discharged or released from a period of active duty of 90 days or more by reason of a sole survivorship discharge. |

#### 8. Rules for Determining COS

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| a. Active Duty Servicemember COS Requirements | A Veteran must complete at least one satisfactory period of service to be deemed eligible. If a Veteran is discharged with an unsatisfactory COS, but had a previous or subsequent tour that was satisfactory, the Veteran may still qualify using the satisfactory tour. For enlisted Servicemembers, a reenlistment or extension will satisfy that the COS was satisfactory.An acceptable COS includes:* Honorable,
* General, and
* Under Honorable Conditions.

**Note:** The Department of Defense (DOD) is responsible for annotating the discharge status on the DD-214 (or other separating documentation). Based on experience, each Secretary for DOD may use different language to represent the discharge status for a Veteran. VA employees making eligibility determinations should pay close attention to the description of a Veterans’ COS to ensure compliance with VA requirements.  |

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| b. R/NG COS Requirements  | If discharged, R/NG members must have received an Honorable discharge for their reserve service. A discharge of General, Under Honorable Conditions, Under Other Than Honorable Conditions, Bad Conduct, or Dishonorable is not acceptable. If the member is still actively participating, no COS determination is required.An Honorable COS must be provided for each separate tour or component. If an R/NG member has a gap in tours with the same component, or changes components, each separate tour must be qualified in order for it to count toward the 6-year requirement. Care must be taken to ensure that a document that evidences a COS applies to the period of service in question. |

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8. Rules for Determining COS, Continued

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| b. R /NG COS Requirements, continued | **Example**: Phillip enlisted in 1984, and served in the Navy for 2 years. At the end of his tour, he reenlisted for another 2 years. Up to the point of reenlistment, Phillip’s service was satisfactory. After 6 months, Phillip re-enlisted and he was subjected to a court martial. Phillip was ultimately discharged under a Dishonorable COS. Even though Phillip was discharged under dishonorable conditions, Phillip is eligible based upon the completion of his first satisfactory 24-month tour. |

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| c. Acceptable Forms of Verification | A Veteran or Servicemember’s COS is a critical elementin the determination of eligibility for the home loan benefit. Each classificationof a Veteran or Servicemember may have alternative forms of documentation that demonstrate an acceptable COS during a period of military service. Following are a list of acceptable alternative forms of verification for each classification of Veteran or Servicemember:

|  |  |
| --- | --- |
| Service | Forms of Verification |
| ADSM | * + - DD-214
		- Statement of Service Letter
		- VIS – Veteran information solution: may be used to confirm active duty service.
		- SHARE
		- Discharge certificate (DD-256)
 |
| R/NGs members | * + - DD-214
		- DD-256 (Discharge certificate)
		- DD-257 (General discharge certificate)
		- Discharge orders
		- SHARE
		- Statement of Service Letter
		- NGB-22
 |
| Veterans | * + - DD-214
		- DD-256 (Discharge certificate)
		- DD-257 (General discharge certificate)
		- SHARE
		- VIS
		- Discharge certificate
 |

**Note:** A leave and earning statement does not constitute acceptable proof of a military personnel’s COS. |

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8. Rules for Determining COS, Continued

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| d. Subsequent Discharge | If the Veteran is later discharged prior to completing the minimum LOS required for the era of service, or is discharged under Other Than Honorable, Bad Conduct, or Dishonorable conditions, the Veteran is no longer eligible. Do note that a COS that is Other than Honorable or Bad Conduct will be submitted to a VSC for review in order to determine if an upgrade to an acceptable COS can be made. |
|  | **Example**: Mike enlisted in 1992, and served 90 days on active duty. At that point, he became eligible and used his home loan benefit. However, he was discharged for misconduct after having served just 18 months. His COS was Under Honorable Conditions. Therefore, while Mike was once eligible and received a valid COE, he is no longer eligible since he did not complete the required 24 months of service. |

#### 9. Entitlement Background Information

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| a. History of Entitlement Maximums | Use this as a reference to determine the maximum amount of entitlement authorized by law during any particular period of time. |
| **Maximum Entitlement** | **Beginning Date** |
| $2,000 | June 22, 1944 |
| $4,000 | December 28, 1945 |
| $7,500 | July 12, 1950 |
| $12,500 | May 7, 1968 |
| $17,500 | December 31, 1974 |
| $25,000 | October 1, 1978 |
| $27,500 | October 1, 1980 |
| $36,000 | February 1, 1988 |
| $36,000 or$46,000 for certain loans greater than $144,000 | December 18, 1989 |
| $36,000 or$50,750 for certain loans greater than $144,000  | October 13, 1994 |
| $36,000or$60,000 for certain loans greater than $144,000 | December 27, 2001 |
| $36,000or25% of Federal Home Loan Mortgage Corporation (FHLMC) Conforming Limits | December 10, 2004 |
| $36,000or25% of FHLMC Conforming LimitsOR 125 percent of the area median price not to exceed 175 percent of 12 U.S.C. 1454(a)(2) ($1,094,625) | July 30, 2008 |

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9. Entitlement Background Information, Continued

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| b. Bonus Entitlement | Bonus entitlement is a fluctuating amount, and may only be changed by Congressional action. The exact amount of the bonus entitlement that is available depends on the county where the subject property is located. The bonus entitlement is $68,250 and any loan amount made using this authority must exceed $144,000. VA allows for a greater loan limit when the subject property is located within a high-cost county, which in turn has the effect of increasing the amount of entitlement that a Veteran has available. The level of bonus entitlement for non-high cost areas is set at $68,250, which provides for a full guaranty on additional financing up to $273,000 (68,250 x 4 = $273,000). When coupled with the base entitlement, the bonus entitlement provides for a combined entitlement of $104,250, which translates into a maximum guaranteed loan amount of $417,000 ($144,000 + $273,000 = $417,000). The level of bonus entitlement in high-cost areas is set at 25 percent of the loan limit amount in the county. The maximum guaranty amount will be based on the One-Unit (single-family residence) limit, as prescribed by the Federal Housing Finance Agency.  |

#### 10. Restoration of Entitlement

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| a. General Rule for Restoration of Entitlement  | In order to restore the entitlement that was used to obtain a current or prior VA-guaranteed loan, at least **one** of the following four sets of conditions must be satisfied:**DISPOSAL AND REPAYMENT** * The property which secured the old VA loan has been disposed of by the Veteran or has been destroyed by fire or other natural hazard, and
* The loan has been paid-in-full, or if VA has suffered a loss on the loan, the loss has been paid-in-full, or VA has been released from liability as guarantor or insurer.

**REFINANCE** * The old VA loan has been paid-in-full (or will be paid-in-full by the new loan),
* The Veteran will be using his or her entitlement to obtain a new loan secured by the same property which secured the VA loan paid-in-full, and
* The new loan will refinance a mortgage or other lien on the property.

**ONE-TIME RESTORATION** The old VA loan has been paid-in-full, but the property securing it has not been disposed of (and the conditions for REFINANCE above are not met). These conditions of restoration can be used by the Veteran one time only. After such use, any future restoration will require the Veteran to dispose of all property previously financed with a VA loan.**SUBSTITUTION OF ENTITLEMENT** A qualified Veteran has agreed to assume the loan and substitute his or her entitlement for that of the Veteran whose entitlement is currently tied to the loan. |

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10. Restoration of Entitlement, Continued

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| b. Specifics on "Disposal and Repayment" | The following chart explains restoration under "Disposal and Repayment" conditions in further detail.

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| --- | --- |
| **Issue** | **Explanation** |
| Timing | The timing of the disposal of the property and repayment of the loan does not matter; either can occur before or after the other, or at the same time, as long as both have occurred prior to restoration. |
| Disposal | Disposal includes either:* Sale of the property, including sale by assumption, or sale by installment sales contract, under which the Veteran retains legal title to the property subject to the right of the purchaser to acquire legal title upon satisfying all contract terms (the loan paid-in-full), or
* Transfer of the deed (e.g. quit-claim deed).
 |
| Proof of Disposal | Evidence of disposal: * [VA Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf): Veteran’s declaration of ownership of property previously encumbered by a VA loan,
* HUD-1 settlement statement or similar documentation, or
* Warranty deed evidencing transfer of ownership.
 |
| Relocation Contract | A signed contract under a company plan to purchase a borrower's home when he or she is transferred will meet the disposal requirement once the loan is paid-in-full. A signed contract alone does not meet the disposal requirement. Consult local RLC management in such cases. |

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10. Restoration of Entitlement, Continued

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| b. Specifics on "Disposal and Repayment" (continued) |

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| --- | --- |
| **Issue** | **Explanation** |
| Evidence of Loan Payoff | The following are acceptable as conclusive evidence of a paid-in-full loan:* Evidence in the electronic information systems the loan is paid-in-full.
* Canceled Loan Guaranty Certificate or notice from the lender.
* Station's determination that the loan is statistically paid-in-full.
* Other reliable evidence (e.g. California escrow closing statement, or HUD-1 settlement statement that clearly indicates payment of the loan in full).
* A cancelled security deed that clearly identifies the subject VA loan (VA Loan Identification Number), or describes the property and loan in sufficient detail so as to ensure the deed is for the subject VA loan.

 Contact with the holder confirming paid-in-full status. For prior direct loans; check with the portfolio oversight unit.**Note:** * A credit report entry is not sufficient evidence a loan has been paid-in-full because reporting may not show a mortgage not yet reported, but recently closed.
* A warranty deed evidencing property transfer only evidences the conveyance of real property; it does not verify the loan has been paid-in-full.
* A settlement statement must be reviewed so as to ensure the VA loan was paid off as part of the transaction, and not merely assumed by the borrower (loan taken ‘subject to’).
 |
| Loans Coded “Not Reported As Active” | Loans coded “Not Reported As Active” may be coded as Paid-in-Full. |

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10. Restoration of Entitlement, Continued

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| b. Specifics on "Disposal and Repayment" (continued) |

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| **Issue** | **Explanation** |
| Repayment of Loss | Entitlement can be restored if:* The Government has paid a claim for guaranty or insurance and the Veteran has fully repaid any loss incurred by the Government due to such claim payment, OR
* VA accepted, or authorized the holder to accept, a voluntary conveyance of the property (deed-in-lieu of foreclosure) and the Veteran fully repays any loss incurred by the Government due to such conveyance.

Where a joint loan is involved, the Veteran must only repay his/her portion of the guaranty that was allocated. VA's waiver or compromise of the right to collect indebtedness from the Veteran does not satisfy this requirement, nor does discharge of debt through bankruptcy. Actual repayment of the Government's loss is required for restoration of entitlement. |
| Release of VA's liability | When the Secretary of Defense accepts a conveyance and assumes, but does not pay off, the loan, evidence that DoD has acquired the property and assumed the loan is construed as releasing VA from liability as guarantor or insurer. |

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#### 10. Restoration of Entitlement, Continued

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| c. Specifics on Refinance | The following chart explains restorations associated with a refinance:

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| **Issue** | **Explanation** |
| Applicability | * The Veteran may obtain a restoration of entitlement in cases where a VA Cash-Out or Regular Refinance loan is being sought, and the Veteran currently has a VA loan on the subject property, OR
* The Veteran previously had a VA loan on the subject property, and there is currently some type of lien on the property.
 |
| Designation | VA designates such loans as a ‘Cash-Out Refinance’ when cash proceeds are obtained at the closing, or as a ‘Regular Refinance, if the borrower does not obtain cash proceeds from the transaction. ‘Regular Refinance’ is the designation VA uses to describe what the mortgage industry often refers to as a ‘Rate & Term Refinance’. |

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10. Restoration of Entitlement, Continued

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| c. Specifics on Refinance (continued) |

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| **Issue** | **Explanation** |
| Requirements | The Cash-Out or Regular Refinance VA loan must be used to refinance either:* An existing VA loan,
* A conventional or FHA loan, or

Any other type of lien that is secured by the subject property. A Cash-Out or Regular Refinance can only be performed in cases where there is an existing lien on the subject property; if the property is held ‘free & clear’, a VA refinance cannot occur. There is no seasoning requirement for a lien that is to be paid off with a VA refinance.A Cash-Out or Regular Refinance loan requires the borrower to meet all qualifying criteria established for VA purchase loans, to include occupancy requirements.The Veteran must provide a signed certification that the property to be refinanced is the same property for which the Veteran previously used the entitlement to be restored. |

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10. Restoration of Entitlement, Continued

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| d. Any Other Type of Lien that is Secured by the Subject Property  |

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| **Issue** | **Explanation** |
| COE Conditions | The issued COE will contain a condition which states that the COE is only valid for a refinance of the subject property.The Veteran must provide a signed certification that the property to be refinanced is the same property for which the Veteran previously used the entitlement to be restored. |
| IRRRLs | IRRRLs do not require a restoration; therefore, they are not within the scope of this discussion. |

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| e. Restoration of Entitlement Examples | The following chart provides examples for restoration of entitlement.

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| **Example 1** | Jebediah bought a home in 1985, using a portion of his VA entitlement. He sold the property and paid his loan in full in 1987. The entitlement encumbered on Jebediah’s VA loan can be fully restored. |
| **Example 2** | Rafael does not sell the subject property, but he does execute a quit-claim deed. He has effectively disposed of the property, but the encumbered entitlement cannot be fully restored until the VA loan is paid-in-full. |
| **Example 3** | Jake purchased a property in Memphis using his VA entitlement. Jake lost his property to foreclosure, whereby VA incurred a loss. Jake cannot obtain a restoration of the entitlement encumbered on the subject property until the loss has been paid-in-full. However, Jake may have the ability to use his remaining entitlement. **Note**: The new loan amount and county loan limits would both be factors in future eligibility considerations. |

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10. Restoration of Entitlement, Continued

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| e. Restoration of Entitlement Examples (continued) |

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| **Example 4** | Bentley sold his home and allowed Cornelius to assume his VA loan. Cornelius did not substitute entitlement, but he did assume the liability for the loan. Though Bentley no longer owns the property and is not liable for the loan, his entitlement remains encumbered until the loan has been paid-in-full. |
| Example 5 -**Regular/Cash- Out Refinance** | Sally purchased a home with a VA loan and then refinanced the loan with an FHA loan. She now wants to refinance the same home back to a VA loan. She can obtain a restoration for refinance only to use with a regular refinance on her existing property. |
| Example 6 -Regular/Cash- Out Refinance | John has an existing VA loan and wants to obtain a VA cash-out refinancing loan. He can obtain restoration since the requirement for the prior VA loan to be paid-in-full is considered met when closing of the new loan occurs. |
| Example 7 – One-Time Restoration | Jody purchased a home with a VA loan using all of her entitlement, and then refinanced it to a conventional loan. She now wants to purchase another home to occupy, using a VA loan. Jody can do so under "one-time" restoration conditions. However, she may not be granted restoration again to purchase another home until both of those properties are disposed of and paid-in-full.  |
| Example 8 -Disposal and Repayment | Anthony purchased a home with a VA loan, then sold it by assumption and obtained a release of liability, but did not obtain a substitution of entitlement. The loan was subsequently foreclosed, and VA paid a claim to the lender. No debt/loss was established against Anthony; however, he cannot have the entitlement he originally used to purchase the home restored unless he repays the Government for the loss incurred. Anthony can use remaining entitlement to purchase another property. |

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10. Restoration of Entitlement, Continued

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| f. Waiver of Restoration Requirements | One or more of the requirements for restoration of entitlement may be waived by the Secretary **only** if the Veteran was a victim of disastrous circumstances caused by conditions beyond his or her control. "Disastrous" usually pertains to acts of nature. If station management believes such action is warranted, they must submit the case to Central Office (262) for consideration, accompanied by a full development of the pertinent facts. |

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| g. Procedures for Restoration | Process requests for restoration of entitlement as follows:

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| Step | Action |
| 1 | Process by the RLC or RO of jurisdiction.  |
| 2 | Require submission and review of: * VA Form 26-8106, and
* VA Form 26-1880 or electronic application.

Supporting documents concerning the Veteran's service when required to substantiate entitlement.For restoration under "refinance" conditions, also require certification that the property to be refinanced is the same as the one for which Veteran used the entitlement to be restored. |
| 3 | For insufficient or incomplete applications, request additional information using system letters and suspend processing pending receipt of requested materials. Also, suspend processing if prior eligibility was established while Veteran was on active duty, Veteran has since been discharged or released, and evidence that service was "other than dishonorable" is needed.Do not suspend processing for incomplete VA Form 26-1880 when incomplete items are not pertinent to the case. |
| 4 | Determine the status of the previous loan(s).  |
| 5 | If restoration is approved, code electronic system and issue the COE. |
| 6 | Send the updated COE and any original discharge or separation papers submitted to the Veteran.  |

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#### 11. How to Process a COE

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| a. Purpose | The purpose of this section is to direct the procedure regarding mailroom date stamped [VA-Form 26-1880](http://www.vba.va.gov/pubs/forms/VBA-26-1880-ARE.pdf), *Request for a Certificate of Eligibility*. This section contains the rules and procedures necessary for processing manual paper generated certificates. |

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| b. Background | The Automated Certificate of Eligibility (ACE) system provides a field on the “Details” page for the Loan Specialist to enter the application received date, which is the date the COE request was received in person, by mail, fax or email. This information is vital for accurate reporting. |

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| c. Steps to Process  | Any COE request received in person, by mail, fax, or email must be entered into the ACE system, and the application received date must be recorded in the “Details” page within ACE. The following steps outline this procedure.

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| --- | --- |
| Step | Action |
| 1 | On the “Create Certificate of Eligibility Record” page, enter the Veteran’s social security number (SSN) and select the Search button. |
| 2 | Click the word “Accept” for the correct Veteran. |
| 3 | When the system opens a Veteran record to process, go to the “Details” page of the Eligibility Record and enter the Application Postmarked Date from the envelope or packaging, if provided. |
| 4 | In the App. Received Date field, enter one the following:Date stamp received by the station mail room.Received date from the email system.Date stamp from station reception desk, if hand delivered. |
| 5 | Finalize processing the COE as directed in this chapter. |

 **Note**: These COE requests shall be worked in the date order received. However, if there are special circumstances as with electronic applications, then the request may take priority (i.e. impending closing). |

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| d. Steps for Processing an Appeal | Appeals are escalated to the Board of Veterans Appeals (BVA) and BVA is responsible for reviewing and making a ruling. VA Central Office does not govern this process but, as needed, will serve as a consultant to field offices. The steps below outline how an Appeal of a COE should be received and processed. |

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11. How to Process a COE, Continued

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| d. Steps for Processing an Appeal (continued) |

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| Step | Action |
| 1 | RLC receives Notice of Disagreement (NOD) and must document the date stamp in the notes of when the NOD was first received.Verify that the NOD is within 1 year of the original denial letter.  |
| 2 | Using the reference number and the social security number, verify that the Veteran does not have another reference number with relevant information attached.  |
| 3 | Verify in VACOLS that no other appeals have been submitted. A pending decision may affect a request for a COE. If there is an appeal pending that will affect the COE determination, notify the Veteran that VA will wait until a decision has been made on the previous appeal.  |
| 4 | Review NOD. Upload NOD into WebLGY and verify that the NOD indicates a disagreement with VA’s decision. If the NOD does not indicate disagreement, notify the Veteran of what is needed and document the system notes.  |
| 5 | Determine if the COE can be issued. If a COE can be issued, do not record this as an appeal. If a COE cannot be issued, upload the NOD and complete the SOC, as required.  |
| 6 | Using the template in the COE user guide, create the SOC letter. Mail the final letter to the Veteran, including [VA Form 646](http://www.va.gov/vaforms/va/pdf/VA646.pdf), *Statement of Accredited Representative in Appealed Case,* and POA (as necessary).  |
| 7 | Document all action(s) in the necessary system of record (i.e. WebLGY and/or VACOLS).  |
| 8 | If Form 9, *Appeal to Board of Veterans’ Appeal*, is received within 60-calendar days, Form 8, *Certification of Appeal*,must be completed, VACOLs updated, and the paper appeal file sent to BVA with overnight tracking.  |

 **Note:** If a Veteran’s appeal is denied by BVA, the Veteran may have the right to appeal further to the Court of Appeals (COA). The RLC of jurisdiction is not involved in the appeal to the COA. The Veteran requests the BVA location to hear the appeal. |

#### Appendix A COE Case Types that are Escalated

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|  | The list of case types that require escalation to Central Office. This is NOT an exhaustive list. In instances that the RLC is unsure, they should consult Central Office before escalation.

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| --- | --- |
| Number | Case Type |
| 1 | Federal Debt Owed to Veterans Affairs (foreclosures) |
| 2 | Surviving Spouse |
| 3 | Veteran Service Center referrals |
| 4 | Veteran Appeals to Denied COE Applications |
| 5 | VA Employee or VA Employee Spouse COE Application  |
| 6 | Loan Production Officer escalation (after consultation with Central Office) |

  |

#### Appendix B Quick Reference Table for VA Eligibility

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| a. Basic EligibilityQuick ReferenceTable | The table below provides a quick reference to some of the most commonly eligible Veterans. This table is NOT exhaustive. A Veteran’s eligibility for home loan benefits may only be determined by VA.

|  |  |  |
| --- | --- | --- |
| **ERA** | **Dates** | **Time Required** |
| WW II | 9/16/1940—7/25/1947 | 90 days |
| Post WW II | 7/26/1947—6/26/1950 | 181 days |
| Korean | 6/27/1950—1/31/1955 | 90 days |
| Korean | 6/27/1950—1/31/1955***Note***: The Vietnam Era began2/28/1961 for those individuals who served in the Republic of Vietnam. | 90 days |
| Post Vietnam | 5/8/1975—9/7/1980 | enlisted—181 days |
| 5/8/1975—10/16/1981 | officers—181 days |
| 9/8/1980—8/1/1990 | enlisted—2 years\*\* |
| 10/17/1981—8/1/1990 | officers—2 years\*\* |
| Gulf War | 8/2/1990—present | 2 years \*\***\*\**Note***: The Veteran must have served 2 years or the full period which called or ordered to active duty (at least 90 days during wartime and 181 during wartime and 181 during peacetime). |

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**Appendix B Quick Reference Table for VA Eligibility**, Continued

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| b. AdditionalEligibilityQuickReferenceTable | The table below provides a quick reference to some additional types of eligible Veterans. This table is NOT exhaustive. A Veteran’s eligibility for home loan benefits may only be determined through a review of all documentation.

|  |  |
| --- | --- |
| **Other Eligible Persons**  |  **Time Required** |
| Active Duty Member***Note***: Certificate valid only whileVeteran remains on active duty. | 90 days (181 during peacetime) |
| Reserves/Guard  | 6 years in Selected Reserves |
| Unmarried Surviving Spouses  | No time requirement. Veteran must have died on active duty or from an SCD. The surviving spouse of a Veteran who dies on active duty or from service-connected causes, who remarries on or after age 57, and on or after December 16, 2003, may also be eligible. |
| POW/MIA Spouses  | The spouse of an active duty member who is listed as MIA or a POW for at least 90 days. Eligibility under the MIA/POW provision is limited to one time only. |

 |