

Eligibility

Veteran meets the basic criteria of appropriate length and character of service to use the home loan benefit. Entitlement is the amount a Veteran may have available for guaranty on a loan. An eligible Veteran must still meet credit and income standards in order to qualify for a VA-guaranteed loan.

Before processing and closing a loan for a borrower the lender must ensure the borrower is an eligible Veteran. VA cannot guarantee a loan for an ineligible Veteran.

A Certificate of Eligibility is the only reliable Proof of Eligibility for the lender.

Lenders should first attempt to obtain a Certificate of Eligibility through the online application, WebLGY, which can be processed through accessing the VA Information Portal. If a COE is obtained lenders should retain a copy in their loan file.

If a COE cannot be obtained immediately or if the COE is issued with reduced entitlement and restoration is needed, lenders should select the electronic application link that permits them to submit an electronic application to the Eligibility Center. The WebLGY system allows lenders to upload documentation such as discharge papers or evidence to support restoration, along with the electronic application.

Note, The inability to obtain a COE in WebLGY does not mean the Veteran is ineligible only that the system does not have sufficient information to make an automatic determination.

For IRRRL cases the Veteran's eligibility will be noted on the case number assignment. VA systems will not generate a VA case number for an IRRRL if there is no record of an active loan. This means if a lender successfully obtains a case number for an IRRRL no further documentation of eligibility is required.

Entitlement

This is the amount available for use on a loan. The amount of available basic entitlement is \$36,000. This may be reduced if a Veteran has used entitlement before which has not been restored. The amount of basic entitlement will be displayed on the COE. It will say,

"THIS VETERAN'S BASIC ENTITLEMENT IS \$_____. TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$_____."

For loans in excess of \$144,000 additional entitlement is generally available. For loans greater than \$144,000, but less than \$417,001, the maximum entitlement is 25% of \$417,000 which equals \$104,250. For loans greater than \$417,000 the maximum entitlement is 25% of the appropriate "loan limit" which varies by county. For a description of loan limits, as well as the limits for counties, visit the VA Loan Limits webpage. Please note county loan limits can change yearly. VA will post the limits for each year on their website as the county loan limits change.

Even though the Veteran may have entitlement for loans greater than \$144,000 the COE will never reflect this "extra" entitlement. Instead there will be a note on the COE which explains the possibility of additional entitlement.

If the Veteran previously used entitlement which has **not been restored**, available entitlement is reduced by the amount used on the prior loan(s). The possible additional entitlement for loans in excess of \$144,000 may be available even if the Veteran has no entitlement or partial basic entitlement. In such cases the lack of full entitlement may result in lenders receiving less than a 25% guaranty from VA. It is the lender's responsibility to ensure they receive a sufficient amount of

guaranty to satisfy the secondary market requirements – currently the secondary market requires a minimum 25% guaranty.

The Funding Fee field appears near the top of the COE. The exemption status, either “EXEMPT” or “NON EXEMPT” will appear to the right of this field. *EXEMPT* status indicates a Veteran is exempt from paying the Funding Fee. *NON EXEMPT* status indicates a Veteran is not exempt and must pay the Funding Fee

For COEs with “EXEMPT” status the following “CONDITIONS” may appear:

- “Funding Fee – Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation of \$ _____ monthly.”
- “Funding Fee – Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation. Monthly compensation rate has not been determined to date.”

For COEs with a “NON EXEMPT” status the following “CONDITIONS” may appear:

- “Funding Fee – Veteran is not exempt from Funding Fee.”
- “Funding Fee – Veteran is not exempt from Funding Fee due to receipt of non-service connected pension. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.”

The Funding Fee exemption status on IRRRLs is displayed on the case number assignment form.

Lenders may rely on the “EXEMPT” status appearing next to the “FUNDING FEE” field for verification of Funding Fee exemption. Additionally on COEs with an “EXEMPT” status, lenders may treat any service-connected disability income amount appearing in the “CONDITION” section of the COE as verified income. There is no need to send VA Form 26-8937 to VA for confirmation of the status of the disability amount.

Additional conditions that the lender and Veteran must comply with are listed on the COE under the “CONDITIONS” heading. This table provides the actions a lender should take for each condition if applicable.

Conditions	What to Do
Valid unless discharged or released subsequent to the date of this certificate. A certification of continuous active duty as of the date of the note is required.	Ensure the Veteran is still on active duty before closing the loan. If the Veteran is discharged or released prior to the loan closing, request a new eligibility determination from VA.
Excluded entitlement previously used for VA Loan Identification Number (LIN) as shown herein is available only for use in connection with the property that secured the loan.	If the entitlement used for the prior loan identified in this condition is needed for the proposed loan, ensure the proposed loan will be secured by the same property as the prior loan. (Cash-out refinance on a prior VA loan.)
Entitlement has been used for manufactured home purposes. Remaining entitlement for additional manufactured home use is \$ _____	If the proposed loan involves a manufactured home, adhere to the entitlement limit indicated.
Not eligible for any loan to purchase a manufactured home unit until Veteran disposes of unit purchased with manufactured home loan number VA LIN [number]	If the proposed loan involves a manufactured home, ensure that the Veteran has disposed of the unit indicated.
Entitlement previously used for VA LIN [number] has been restored without disposal of the property, under provision of 38 U.S.C. 3702b(4). Any future restoration requires disposal of all property obtained with a VA loan.	This is information for the Veteran. The lender need not be concerned if this condition is applicable as long as the available entitlement shown on the COE is sufficient for the lender’s purposes.

The “*Subsequent Use Funding Fee*” Condition indicates the Veteran has used his/her home loan benefit before so a higher Funding Fee is required.

Unmarried surviving spouses of Veterans who die on active duty or later from service-connected causes may also be eligible for the 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. 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 die from non-service connected causes may also be eligible if any of the following conditions are met:

- The Veteran was rated totally disabled for ten years or more immediately preceding death; or
- The Veteran was rated totally disabled for not less than five years from the date of discharge or release from active duty to date of death; or
- The Veteran was a former prisoner of war who died after September 30, 1999 and was rated totally disabled for not less than one year immediately preceding death.

If applying for the first time, surviving spouses must complete VA Form 26-1817, Request for Determination of Loan Guaranty Eligibility-Unmarried Surviving Spouses, instead of VA Form 26-1880, Request for Certificate of Eligibility. Surviving spouse COEs are not issued via an automated COE. In order to obtain a Surviving Spouse COE, upload the completed VA Form 26-1817 and supporting documentation into WebLGY and complete the electronic application.

[Proof of Service Requirements](#)

DD Form 214, Certificate of Release or Discharge from Active Duty, will generally contain all the information needed for VA to make an eligibility determination for Veterans who served in a regular component of the Armed Forces.

Persons separated from military service after January 1, 1950 should have received DD Form 214. Persons separated after October 1, 1979 should furnish Member 4 copy of DD Form 214 that includes the character of service and the narrative reason for separation. Persons separated from active duty before January 1, 1950 received documentation other than DD Form 214. To be acceptable the documentation should indicate:

- The Veteran's full name
- The social security number or last four digits of the social security number
- The entry date on active duty
- The duration of lost time, if any; and
- The name of the command providing the information

There is no one form used by the Reserves or National Guard that is similar to DD Form 214. Discharged members of the Army or Air National Guard may submit NGB Form 22, report of Separation and Record of Service, or a retirement points statement. Typically all members of the Reserves and/or Guard receive an annual retirement points summary which indicates the level and length of participation. The applicant should submit the latest such statement received along with evidence of honorable service.

Individuals who are still members of the Reserves/Guard must provide a Statement of Service signed by, or by the direction of, the adjutant, personnel officer or commander of the unit or higher headquarters they are attached to. There is

no one form used uniformly by the military for a Statement of Service. While Statements of Service are typically on military letterhead some may be computer generated. The Statement of Service must clearly show:

- The Veteran's full name
- The social security number or last four digits of the social security number
- The entry date of Veteran's Reserve/Guard duty; and
- The name of the command providing the information

Note, The Statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).

If Veterans cannot locate proof of service they can request military documents either through <http://www.ebenefits.va.gov> or by completing SF-180, Request Pertaining to Military Records. The completed form should be submitted to the appropriate address shown on the form. It should NOT be sent to VA.

General Rule for Eligibility

A Veteran is eligible for VA home loan benefits if he/she served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard after September 15, 1940 and was discharged under conditions other than dishonorable after either:

- 90 days or more any part of which occurred during wartime; or
- 181 continuous days or more during peacetime

Two year requirement – a greater length of service is required for Veterans who:

- Enlisted, and service began, after September 7, 1980; or
- Entered service as an Officer after October 16, 1981

These Veterans must have completed either:

- 24 continuous months of active duty; or
- The full period for which called or ordered to active duty, but not less than 90 days (any part during wartime) or 181 continuous days (peacetime)

General Rule of Eligibility Reserves/National Guard

Members of the Reserves and National Guard who are not otherwise eligible for loan guaranty benefits are eligible upon completion of six years' service in the Reserves or Guard (unless released earlier due to a service-connected disability). The Veteran must have received an honorable discharge from such service unless he/she is either:

- In an inactive status awaiting final discharge; or
- Is still serving the Reserves or Guard

Refer to the below table for wartime and peacetime periods of service

<i>Wartime</i>	<i>Peacetime</i>
World War II 9/16/1940 – 7/25/1947	Post World War II period 7/26/1947 – 6/26/1950
Korean Conflict 6/27/1950 – 1/31/1955	Post Korean period 2/1/1955 – 8/4/1964
Vietnam Era 8/5/1964 – 5/7/1975	Post Vietnam period 5/8/1975 – 8/1/1990

(The Vietnam Era begins 2/28/1961 for those individuals who served in the Republic of Vietnam)	
Persian Gulf War 8/2/1990 – Date to be Determined	

There are numerous exceptions to the length of service requirements. For example, one day of service is sufficient for an individual who is discharged or released from service, regular active duty or Reserve/Guard, due to a service connected disability. Because there are exceptions, lenders should not assume a Veteran is not eligible. Instead they should make application and allow VA to make a formal determination of eligibility.

Restoration of Previously Used Entitlement

Entitlement previously used in connection with a VA home loan may be restored under certain circumstances. Once entitlement is restored it can be used again for another VA loan. Restoration of previously used entitlement is possible if:

- The property which secured the VA-guaranteed loan has been sold and the loan has been paid in full; or
- An eligible Veteran-transferee has agreed to assume the outstanding balance on a VA loan and substitute his/her entitlement for the same amount originally used on the loan.

In addition to the basic restoration criteria outlined above a Veteran may obtain restoration of the entitlement used on a prior VA loan under any of the following circumstances:

- The prior VA loan has been paid in full and the Veteran has made application for a refinance loan to be secured by the same property which secured the prior VA loan. This includes refinancing situations in which the prior loan will be paid off at closing from a VA refinancing loan on the same property; or
- The prior VA loan has been paid in full but the Veteran has not disposed of the property securing the loan. The Veteran may obtain restoration of the entitlement used on the prior loan in order to purchase a different property one time only. Once such restoration is effected the Veteran's COE will indicate the one-time restoration. It will also advise that any future restoration will require disposal of all property obtained with a VA loan

Misuse of Entitlement

A basic requirement of the law governing the VA home loan program is that the Veteran has a real intention of occupying his/her property as a home. Home loan entitlement is not being used properly if the Veteran arranges to sell or convey the property to a third party prior to closing the loan. Contact the VA Regional Loan Center with jurisdiction over the loan for advice regarding any case in which there may be a question regarding the legality of entitlement use.