

Processing Instructions for Specially Adapted Housing (SAH) Grants

1. **Purpose:** On July 30, 2008, Circular 26-08-12, *Changes To The Specially Adapted Housing Program Under H.R. 3221*, was issued to announce the increase in the maximum grant amount under Title 38 U.S.C 2101(a) to \$60,000 and under 2101(b) to \$12,000 as well as the other programmatic changes resulting from the enactment of Public Law 110-289, the *Housing and Economic Recovery Act of 2008*. As stated in paragraph 3b of Circular 26-08-12, the grant increase applies to grants in process that were not paid in full prior to July 1, 2008. This circular provides additional details regarding processing procedures for such grants.

2. **When To Recalculate The Grant Amount:** If no grant funds have been disbursed from the escrow, the SAH agent should recalculate the grant based on the new grant maximums.

3. **When A Supplemental Grant May Be Used:** If some, but not all grant funds have been disbursed from the escrow, the SAH agent may issue a supplemental grant as long as final accounting has not yet occurred. If the grant funds have been fully disbursed from the escrow, the SAH agent may still issue a supplemental grant as long as both the final disbursement occurred between July 1, 2008 through July 30, 2008, and the final accounting has not yet occurred. Field stations should review every case that falls within these scenarios and contact the veteran to find out whether he or she would like to obtain a supplemental grant. If the veteran would like to use the additional funds, the SAH agent must:

- a. obtain proof of any necessary additional costs not considered in the original grant approval;
- b. provide the veteran or servicemember with a new VA Form 26-4555c, Veterans Supplemental Application for Assistance in Acquiring Specially Adapted Housing, to sign and return to your office;
- c. amend the escrow agreement in accordance with M26-12, chapter 13, section C, to reflect the new grant total and, if necessary, the proportionate reduction in the veteran's supplemental loan and/or cash contribution (as described in par. 5 below); and
- d. obtain the supplemental grant check from Finance.

4. **When A Subsequent Use Grant Must Be Issued:** If the grant funds have been fully disbursed from the escrow and the final disbursement occurred prior to July 1, 2008, the veteran

must obtain a subsequent use grant approval to access these additional grant funds. Similarly, in all cases where final accounting has occurred, the veteran or servicemember must obtain a subsequent use grant.

5. When Is It Appropriate To Reimburse The Veteran Or Servicemember For Expending Personal Funds: VA may pay some portion of the proceeds of an SAH grant directly to a veteran or servicemember as long as it's been determined appropriate and advisable in the interest of the veteran or servicemember. The following authority and guidance is provided to clarify when VA may directly reimburse a veteran or servicemember for *personal* monies spent toward the acquisition/renovation of his or her home.

- a. Title 38, U.S.C., chapter 21 does not expressly prohibit such payments.
- b. VA regulation 36.4406 clearly states that such funds may be disbursed directly to a veteran or servicemember.
- c. VA regulation 36.4410 does require that, generally, all third-party obligations must be paid first.
- d. M26-12, chapter 15, section E, states that once third-party obligations are paid or do not exist, and all ingress/egress and sanitary adaptations have been addressed, an unexpended balance of grant funds available may be used to reimburse the veteran or servicemember for personal funds contributed to any transaction associated with compliance of SAH program minimum property requirements.
- e. Once a determination that all minimum property requirements have been addressed, Loan Guaranty Officers are authorized to provide direct reimbursements of grant funds to veterans or servicemembers up to a maximum of \$3,000. However, until further notice, direct reimbursements of over \$3,000 must be approved by Central Office (262B).

6. Death Cases Involving Grants In Process Between July 1 through July 30, 2008: Specific documentation for any case(s) in which the veteran appears to be eligible for an increased grant amount based on the new maximums, but died prior to submitting the required documentation to obtain the increase, must be submitted to Central Office (262B).

7. Contact Information. Please contact Brian N. Bixler, Chief, Specially Adapted Housing, at 202-461-9546 or brian.bixler@va.gov, if there are any questions or concerns.

October 21, 2008

Circular 26-08-20

8. **Rescission**: This circular is automatically rescinded January 1, 2010.

By Direction of the Under Secretary for Benefits

Judith A.Caden, Director
Loan Guaranty Service

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