

**EXPANSION OF THE TYPES OF OWNERSHIP INTERESTS PERMISSIBLE  
UNDER THE SPECIALLY ADAPTED HOUSING (SAH) GRANT PROGRAM**

1. **PURPOSE.** This circular announces an expansion of the types of ownership interests permissible under the Specially Adapted Housing (SAH) grant program.

2. **BACKGROUND.** The SAH grant program requires a veteran or active duty servicemember to provide evidence of a sufficient ownership interest in an adapted house prior to the release of grant funds. VA's current title requirements, which are found at 38 CFR 4402(a), do not necessarily reflect the numerous choices available to a veteran when planning an estate. For example, current regulations do not include a life estate as an acceptable form of title. Furthermore, while the current regulations permit the use of a leasehold estate, the term of the estate must be no less than 50 years. Since a Native American Veteran Direct Loan (NADL) may be obtained in conjunction with a SAH grant, and because each tribal government has its own set of legal provisions regarding land ownership, Native American veterans may require more flexibility in the term of the leasehold estate.

3. **DETAILS**

a. Central Office (CO) is currently revising the existing regulatory provisions of the SAH grant program to address, among other issues, VA's policies regarding sufficient ownership interests. One of the revisions will expand the current provisions to permit SAH grants if the veteran possesses either: (1) a life estate in the property; or (2) a leasehold estate on federal trust land that meets the terms and conditions of the NADL program. These two types of ownership interests are in addition to those currently acceptable under the existing regulations. With this revision, VA's goal is to provide veterans and servicemembers more freedom in the types of ownership interests permissible under the SAH program.

b. VA has recently experienced an increase in SAH cases in which the veteran possesses a life estate in the subject property or in which the veteran is attempting to use his or her SAH grant in conjunction with a NADL. Consequently, CO has determined it in the best interests of veterans seeking SAH grants to adopt these two provisions in advance of the regulatory revision, especially since VA is expanding rather than limiting the benefits available to veterans.

4. **ACTION.** Effective immediately, stations may process SAH grant applications for veterans who possess either a life estate in the property or who meet the leasehold estate requirements of the NADL program. CO will provide updates regarding the status of the regulatory revisions to 38 CFR 4400 et seq., as available and appropriate.

5. **QUESTIONS.** Please e-mail any questions regarding this circular to Brian Bixler, at [brian.bixler@va.gov](mailto:brian.bixler@va.gov), or Erica Lewis, at [erica.lewis@va.gov](mailto:erica.lewis@va.gov).

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6. **RESCISSION**. This circular is rescinded January 1, 2009.

By Direction of the Under Secretary for Benefits

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Loan Guaranty Service

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