
Specially Adapted Housing Grant Processing Procedures, Loan Guaranty Operations for Regional Offices

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Chapter 1. Specially Adapted Housing Application/Eligibility

Overview

In this Chapter This chapter contains the following topics.

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1. VA Form 26-4555

Change Date November 10, 2016, Change 2

- Subsection a was updated to clarify the use of the term Veteran throughout the manual.

a. Definition of VA Form 26-4555 [VA Form 26-4555](#), *Application in Acquiring Specially Adapted Housing or Special Home Adaptation Grant*, is the official application for Specially Adapted Housing (SAH) program assistance. Without a properly completed VA Form 26-4555 on file, VA will not be able to provide SAH or Special Home Adaptation (SHA) grant assistance to an eligible Veteran.

Note: Both Veterans and Servicemembers may receive entitlement for the SAH or SHA grant. The term Veteran is used throughout this manual and refers to both Veterans and Servicemembers.

b. How to Complete VA Form 26-4555 All necessary fields of VA Form 26-4555 must be completed legibly, and the form must be signed and dated by the Veteran or his/her legal representative.

Note: If VA Form 26-4555 is successfully submitted via eBenefits (<https://www.ebenefits.va.gov/>), it is deemed completed and signed.

Important: If the SAH Agent notes that VA Form 26-4555 is signed by someone other than the Veteran, he/she must follow up with the Veteran to determine his/her status regarding ability to sign documents. Additional information can be found later in Topic 6 of this Chapter and in Chapter 5, Topic 8.

c. Important Information About the Application It is important to note that VA Form 26-4555 is an application for SAH/SHA grant assistance, and is not an approval of SAH/SHA grant assistance. All applicable statutory and regulatory eligibility, feasibility, suitability, and ownership requirements must be met and final grant approval must be obtained prior to any grant funds being released from the U.S. Treasury (with the exception of death case reimbursements, which do not come from grant funds).

2. Methods of Submitting an Application

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. eBenefits Veterans are encouraged to submit applications for SAH via the eBenefits system (<https://www.ebenefits.va.gov/>). eBenefits is a central, web-based portal for Veterans and their families to access, research, and manage their benefits and personal information.

Registration is necessary for access to eBenefits and some levels of access require in-person proofing. SAH Agents should refer interested Veterans to the eBenefits website or their Regional Office (RO) of jurisdiction for further information.

When a Veteran submits an application via eBenefits, SAH personnel at the Regional Loan Center (RLC) of jurisdiction are notified electronically for the purposes of tracking and outreach.

b. Paper Application Veterans may download a copy of VA Form 26-4555 from the VA Home Loan website and complete a hard copy for submission. The web address is:

<http://www.vba.va.gov/pubs/forms/VBA-26-4555-ARE.pdf>

The completed paper application may then be submitted by mail, e-mail, fax, or hand-delivery to the RLC. The RLC must ensure that the application is properly recorded in the system before delivering it to the Veterans Service Center (VSC) for processing.

c. Application Processing It is important that VA Form 26-4555 is processed through the RLC of jurisdiction prior to submission to the VSC for claim processing and adjudication. While there is no guarantee that this processing order will occur in all cases, it is preferable for the RLC of jurisdiction to record a copy of the application in the system for monitoring as soon as it is received from the Veteran.

If the VSC receives VA Form 26-4555 and it is part of the claim file, the RLC must obtain a copy of the document from the VSC and record it in the system.

3. Grant Programs and Disability Qualification Criteria

Change Date November 10, 2016, Change 2

- Subsection b, d, and e were updated to clarify entitlement and eligibility.

a. 2101(a) Grants 2101(a) grants, otherwise known as SAH grants, help Veterans with certain service-connected disabilities live more independently in a barrier-free environment.

b. 2101(a) Qualifying Disabilities The following represent the permanent and total service-connected disabilities that may qualify a Veteran for an SAH grant:

- Loss, or loss of use, of both lower extremities such as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair.
- Blindness in both eyes, having only light perception, PLUS loss or loss of use of one lower extremity.
- Loss or loss of use of one lower extremity, PLUS residuals of organic disease or injury, which so affect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair.
- Loss or loss of use of one lower extremity, PLUS loss or loss of use of one upper extremity, which so affect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair.
- Loss, or loss of use, of both upper extremities such as to preclude use of the arms at or above the elbows.
- A severe burn injury (as determined pursuant to regulations prescribed by the Secretary).

Note: SAH personnel do not make entitlement determinations. The VSC establishes whether an individual's disabilities are service-connected and whether they meet the criteria for SAH entitlement.

Important: Public Law 112-154 temporarily added an additional qualifying disability for SAH.

Continued on next page

3. Grant Programs and Disability Qualification Criteria, Continued

**b. 2101(a)
Qualifying
Disabilities,
Continued**

Between October 1, 2012, and September 30, 2017, Veterans who, after September 11, 2001, incurred the permanent loss or loss of use of one or more lower extremities which so affects the functions of balance or propulsion as to preclude ambulating without the aid of braces, crutches, canes, or a wheelchair, may be entitled to SAH.

Due to the limited and temporary nature of this entitlement expansion, please contact Central Office (CO) with any questions regarding implementation.

**c. 2101(b)
Grants**

2101(b) grants, otherwise known as SHA grants, help Veterans with certain service-connected disabilities adapt or purchase a housing unit to live more independently.

**d. 2101(b)
Qualifying
Disabilities**

The following represent the service-connected disabilities that may qualify a Veteran for an SHA grant:

- Blindness on both eyes, having central visual acuity of 20/200 or less in the better eye with the use of a standard correcting lens (for the purposes of this subparagraph, an eye with a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered as having a central visual acuity or less).
- A permanent and total disability that includes the anatomical loss or loss of use of both hands.
- Certain respiratory ailments.
- A permanent and total disability that is due to a severe burn injury (as so determined).

Note: SAH personnel do not make entitlement determinations. The VSC establishes whether an individual's disabilities are service-connected and whether they meet the criteria for SHA entitlement.

**e. 2102A
Grants**

2102A grants, otherwise known as Temporary Residence Adaptation (TRA) grants, help SAH/SHA eligible Veterans who are or will be temporarily residing in a home owned by a family member. The qualifying disabilities for the TRA grant are the same as for SAH and SHA. In other words, a Veteran must be entitled to SAH or SHA in order to be eligible for TRA grant use.

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3. Grant Programs and Disability Qualification Criteria, Continued

**f. Limitations
on Assistance
Furnished**

38 U.S.C. 2102 provides information about the limitations on SAH/SHA program assistance. Specifically, there are limitations on both the amount of financial assistance that can be provided under the grant program, and there are also limitations on the number of times a Veteran may use the grant program.

The maximum grant amounts are set by the Secretary each year on October 1, after consultation with a residential cost-of-construction index.

Regardless of which grant program a Veteran chooses to use, he or she is entitled to a maximum of three grant uses, not to exceed the aggregate amount of assistance available to an individual under the law. TRA grants are limited to one use and count as one of the three maximum grant uses.

Important: Public Law 112-154 made significant changes to the TRA grant program.

Effective on October 1, 2012, the TRA grant amount was increased and also indexed in the same manner as the SAH and SHA grants. Additionally, the authority to make TRA grants was extended through December 31, 2022.

Effective August 6, 2013, the TRA grant was excluded from the aggregate limitations on assistance furnished pursuant to section 2102 of Title 38 U.S.C. Therefore, a TRA grant used prior to August 6, 2013, would require that funds be deducted from the maximum grant assistance available under either the SAH or SHA program. A TRA grant used subsequent to August 6, 2013, would NOT be deducted from the maximum grant assistance available under SAH/SHA.

Due to the complex nature of these provisions, please contact CO with any questions regarding implementation.

4. Governing Law

Change Date	November 10, 2016, Change 2 <ul style="list-style-type: none">• Subsection a was updated to make a minor edit.
a. Overview	The SAH program has numerous rules and regulations that are found in various locations. It is important for the SAH Agent to be familiar with all laws, regulations, and policies related to the administration of the SAH program.
b. Statute	<p>The statute that governs the SAH program is found in the U.S.C., Title 38, Chapter 21. A link has been provided in Appendix G of this manual.</p> <p>This statute is the primary federal authority for the SAH program. Statutes are enacted by Congress.</p>
c. Regulations	<p>The regulations that govern the SAH program are found in the Code of Federal Regulations (CFR), Title 38, Part 36, Subpart C. A link has been provided in Appendix G of this manual.</p> <p>These regulations help to clarify the statute, and they serve to assist the agency in administering the program.</p>
d. Circulars	Circulars are documents that explain policy so information can be quickly delivered to stakeholders for immediate action. The necessity for circulars can be due to changes in legislation, policy, market conditions, emergency measures, or other factors. It is expected that circulars will provide temporary guidance, and that they should ultimately either be rescinded or incorporated into larger, more permanent guidance.
e. Manuals	Manuals are comprehensive program guidance documents, containing detailed processing instructions for VA employees and, in some cases, external stakeholders. Manuals are meant to incorporate all circulars, regulations, and statutes in a way that makes it possible for end users to have all relevant information in one location. Manuals also provide a framework for oversight of work.

5. Rating Decisions

Change Date November 10, 2016, Change 2

- Subsections b and c have been updated to clarify obtaining, reviewing, and uploading a rating decision.

a. Definition A rating decision is the official declaration of benefits available to a Veteran due to his/her service-connected disabilities, as determined by the VSC of jurisdiction.

A rating decision indicates whether or not a Veteran is entitled to the SAH or SHA grant. It also provides the legal, medical, and service-related justifications for granting or denying the benefit.

In discussing the SAH program and processes with Veterans, it is important to convey that the rating decision establishes entitlement, but does not equate to grant approval. All applicable statutory and regulatory eligibility, feasibility, suitability, and ownership requirements must be met and final grant approval must be obtained prior to any grant funds being released from the U.S. Treasury (with the exception of death case reimbursements).

b. How an SAH Agent Gets a Copy The SAH Agent must obtain a copy of each rating decision for each grant use and upload it in the system within 7-business days of eligibility being established. Usually, an electronic copy, which will contain both the full narrative and the more abbreviated code sheet, can be obtained from the Veterans Benefits Management System (VBMS) or the Virtual VA (VVA) system at: <http://virtualva.vba.va.gov/>. In rare instances, when the rating decision is unavailable electronically, a hard copy of the rating decision can be requested from the VSC or, if applicable, the Veterans Service Organization (VSO) representing the Veteran in regards to his/her claim(s).

Note: It is the SAH Agent's responsibility to note in the system if the rating decision is not available for upload within the 7-business day requirement. The SAH Agent must then upload the rating decision when the document is available, but no later than 150-calendar days from eligibility being established.

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5. Rating Decisions, Continued

c. Critical Review

Prior to substantive contact with the Veteran, it is essential that the SAH Agent review the rating decision and all of its component parts in detail to ensure that it is correct and complete.

- Narrative: The SAH Agent should review the narrative to ensure that the correct entitlement benefit is indicated (SAH or SHA) along with the proper associated disability. For example, if SAH is the entitlement benefit awarded, there should be information in the narrative regarding one of the SAH qualifying disabilities. In addition, there should be a mention of the governing law for the SAH grant program.
- Code sheet: The SAH Agent should review the code sheet to ensure that it is consistent with the narrative. While it is not necessarily required that the Veteran have a combined service-connected percentage of 100 percent, it should be rare that an SAH-entitled Veteran is rated at less than 100 percent.

In addition to reviewing the rating decision for accuracy, the SAH Agent should review the document for other helpful information about the Veteran, such as dates of service, presence of secondary disabilities, and competency.

If the SAH Agent or other RLC personnel encounter errors or inconsistencies in the rating decision, he/she must contact the appropriate point of contact at the VSC and inquire, and document the issue and resolution in the case notes. While SAH Agents are not subject matter experts regarding rating decisions, they should be alert to errors and address any questions/concerns with VSC staff. If the RLC is having difficulty getting a response from the VSC, please notify CO for assistance.

6. VA Fiduciary/Inability to Manage Benefits

Change Date

February 12, 2014, Change 1

- This section was updated with minor grammatical edits.
-

a. General Information

VA's Fiduciary Program was established to protect Veterans and other beneficiaries who, due to injury, disease, or age, are unable to manage their benefits without VA supervision or the assistance of a fiduciary. VA will determine if a Veteran is unable to manage his or her VA benefits only after receipt of medical documentation or a determination by a court of competent jurisdiction.

If the Veteran is determined unable to manage his or her VA benefits and incompetency is established, VA will appoint a fiduciary. The fiduciary, normally chosen by the Veteran, will be investigated to determine suitability to serve. This investigation includes a criminal background check, a personal interview, and a review of the applicant's credit report and character references. Only after a complete investigation affirms suitability is a fiduciary appointed to manage the benefits of the Veteran. The fiduciary is responsible to the Veteran and oversees management of VA benefit payments. Generally, family members or friends serve as fiduciaries; however, when family and/or friends are not able to serve, VA looks for qualified individuals or organizations to serve as fiduciaries.

b. How Does This Arise?

While reviewing the rating decision, the SAH Agent may find a determination of incompetency.

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6. VA Fiduciary/Inability to Manage Benefits, Continued

c.
Considerations
and Action
Items

A determination of incompetency can be made at any time during a Veteran's life and does not apply to non-VA finances or the right to enter into an agreement or contract. Because a Veteran's SAH/SHA claim is adjudicated does not mean that the incompetency decision is finalized. SAH Agents should review any cases of incompetency as early as possible in the grant process to avoid unnecessary delay. SAH Agents should also monitor the Veteran's incompetency status throughout the grant process. In most cases, there will be no need for additional action or documentation when a Veteran is rated incompetent for VA purposes. However, the following situations will require interaction between the SAH Agent and the VA Fiduciary Hub:

- Cases in which the Veteran, as part of his/her SAH grant, is purchasing property, OR
- Cases in which the Veteran will be receiving SAH grant funds in the form of direct reimbursement.

In the above cases, the SAH Agent must contact the VA Fiduciary Hub representative to obtain approval for the grant to proceed. The approval from the VA Fiduciary Hub must be in writing (e-mail is acceptable) and must be included with the grant approval submission.

If the SAH Agent learns that the Veteran has a court-ordered guardian, conservator, or incompetency-related adjudication, please contact the VA Office of General Counsel (OGC) Loan Guaranty National Practice Group and CO for guidance.

7. Outreach to Veterans Not Yet Rated

Change Date	November 10, 2016, Change 2 <ul style="list-style-type: none">• Subsections a and c were updated to make minor edits and to clarify verification of application information.
a. General Information	In general, this section provides information regarding outreach expectations related to Veterans who have not yet received entitlement for SAH/SHA. All other contact and outreach requirements will be contained in subsequent chapters.
b. Verify Application Information	<p>When the RLC receives an application (VA Form 26-4555) from a Veteran, regardless of the method of submission, the SAH Agent must contact the Veteran within 7-business days to verify the information provided in the application. Specifically, the RLC should have a working telephone number, a valid mailing address, and, if possible, a functioning e-mail address for the Veteran and/or a family member. This information must be recorded in the system.</p> <p>At this time, the RLC must also verify that the claim has been properly created in the system(s). If the claim has not been properly created, the RLC must deliver the <i>VA Form 26-4555</i> to the VSC either in hard-copy or electronically.</p>
c. Provide Information About Benefit	<p>When performing initial outreach, provide basic information about the SAH/SHA grant programs, so Veterans are aware of the disability qualification criteria. Many Veterans simply complete VA Form 26-4555 because they are instructed to and are unaware of the benefit for which they are applying. It is important that Veterans understand the SAH/SHA benefit and can distinguish it from other benefits for which they may have applied.</p> <p>If, upon performing outreach, the Veteran indicates that he/she likely does not meet the disability qualification criteria and would like to withdraw his/her claim, the SAH Agent must contact the VSC of jurisdiction (to withdraw the claim) and CO (to close the case).</p>

Continued on next page

7. Outreach to Veterans Not Yet Rated, Continued

d. Provide Information About Other Benefits Available

When performing initial outreach, the SAH Agent should inform the Veteran of other benefits that may be available, such as the Home Improvements and Structural Alterations (HISA) grant and/or grants provided by state or local organizations. The level of detail does not need to be the same as in the initial interview; however, since rating decisions can take a significant amount of time, it is beneficial for a Veteran to know of other programs through which to seek similar assistance.

e. Provide Expectations and Information for Follow-Up, Next Steps

When performing initial outreach, provide the Veteran with approximate cycle times and discuss stakeholders inherent to the program. Explain the difference between the rating decision process and the actual benefit delivery process. Provide the Veteran with VSC contact information so he/she can follow-up on the claim status. Also, provide RLC contact information for follow-up regarding SAH/SHA. Explain what happens after submission of a grant application, after receipt of a rating decision that grants/denies entitlement, and after meeting with a SAH Agent, etc.

8. Inferred Issue Ratings

Change Date November 10, 2016, Change 2
• This entire section is new.

a. General Information An inferred issue case is a record that is automatically created in the system based on a rating decision granting entitlement for SAH or SHA. In these cases, the Veteran did not specifically apply for the SAH or SHA benefit, but entitlement was “inferred” because the Veteran met the qualifying disability criteria.

b. Rating Decision Review The inferred issue record must be reviewed to verify the accuracy of the rating decision granting entitlement. If a rating discrepancy or clarification on a rating decision is needed, the RLC must contact the appropriate VSC point of contact for assistance and document the system.

Important: The rating decision must be reviewed for accuracy prior to substantive contact with the Veteran. The narrative and code sheet should be uploaded into the system immediately, but it must be uploaded within 7-business days of eligibility being established.

c. Required Outreach After an inferred issue rating decision has established SAH or SHA entitlement, the RLC must request an application (VA Form 26-4555) from the Veteran to begin grant processing. The first attempt to contact the Veteran must be by telephone, but subsequent contact can be via telephone, e-mail, or postal mail. All contact attempts must be properly recorded in the system. If the Veteran indicates that he/she is not interested in the grant, or if there have been three contact attempts (at 30-day increments), and no responses from the Veteran, the case may be placed in an inactive status. However, in both cases, SAH staff must provide the Veteran with a letter containing RLC contact information and instructions for being placed on active status in the future. This letter must be recorded in the system along with the Veteran’s reason for not wanting to pursue the grant.

If an inferred issue record is placed in an inactive status, the RLC must send an annual contact letter to the Veteran, providing instructions on how to begin processing the grant. The annual contact letter must be recorded in the system along with the date that the letter was sent.

9. Grant Transfers and RLC Responsibility

Change Date November 10, 2016, Change 2

- This entire section is new.

a. General Information In order to ensure that the Veteran is receiving prompt customer service from the most proximate RLC, it is important to verify that the Veteran's case is assigned to the correct RLC. When it is determined that the Veteran resides in the jurisdiction of another RLC, the case must be transferred immediately. The most common scenarios requiring a grant transfer are:

- An inferred issue case is assigned to an RLC, but upon initial contact with the Veteran, it is determined that the Veteran resides in the jurisdiction of another RLC.
- A Veteran moves to the jurisdiction of another RLC.

Note: In some cases, it may be determined that the Veteran is temporarily residing at a medical facility outside of the assigned RLC's jurisdiction. If it is determined that the Veteran will be returning to his/her home in the future, it is not necessary to transfer the case. As discussed in Chapter 2, Topic 1(c), the initial interview may be completed by telephone in this situation.

b. How to Transfer a Grant Typically, the SAH Agent is the first to identify the need for a grant transfer. When it is determined that a grant must be transferred, the SAH Agent must notify the VO/AVO immediately. The VO/AVO must then transfer the grant using the grant transfer function in the system. The VO/AVO must also notify the VO/AVO of the accepting RLC of the pending transfer by e-mail to ensure the Veteran's case is properly assigned.

c. RLC Responsibility Due to the time sensitive policy requirements associated with grant processing, it is important that grants are transferred immediately once a transfer is determined necessary. In order to ensure policy requirements are met, the transferring RLC and accepting RLC have certain responsibilities associated with grant transfers.

The transferring RLC must:

- Ensure the grant is compliant with current SAH policy prior to the transfer.
- Record a note in the system if it is not possible to satisfy certain policy requirements prior to the transfer.
- Transfer grants in a manner that allows the accepting RLC sufficient time to comply with time sensitive policy requirements.

The accepting RLC must ensure the case is compliant with current SAH policy prior to the next stage of accuracy review.

Chapter 2. Pre-Grant Approval: Initial Interview

Overview

In this Chapter This chapter contains the following topics:

Topic	Topic Name	See Page
1	General Information About the Initial Interview	2-2
2	Preparation for the Initial Interview	2-6
3	Completing the Initial Interview	2-7
4	Documenting the Initial Interview and Follow-Up	2-11

1. General Information About the Initial Interview

- Change Date** November 10, 2016, Change 2
- Subsections a, b, and c have been updated to clarify certain terms, define “recently adapted,” and clarify the timeliness standard associated with the initial interview.
-

- a. Description** The initial interview is typically a face-to-face meeting between the Specially Adapted Housing (SAH) Agent and the Veteran that:
- establishes the relationship between the Veteran and SAH Agent;
 - allows an assessment of the Veteran’s:
 - exterior surroundings,
 - interior living conditions,
 - interactions between family members/caregivers,
 - overall physical condition and maneuverability, and/or
 - ability and willingness to communicate and make decisions;
 - provides an opportunity to discuss the benefits of the program, while answering any questions and concerns the Veteran may have; and
 - enables the SAH Agent and Veteran to begin the planning process.
-

Continued on next page

1. General Information About the Initial Interview, Continued

b. When to Initiate

The two components that define eligibility establishment are:

- a rating decision granting entitlement; and
- a properly completed and signed (depending on method of submission) [VA Form 26-4555](#), *Application in Acquiring Specially Adapted Housing or Special Home Adaptations*.

Within 7-business days of eligibility being established, the SAH Agent must notify the Veteran of eligibility in writing using either the *FL 26-39* (the SAH eligibility letter) or the *FL 26-39b* (the Special Home Adaptation (SHA) eligibility letter). The SAH Agent should then contact the Veteran as soon as possible to establish a mutually agreeable time to complete the initial interview. Please refer to paragraph d below for a discussion of the initial interview timeliness requirement.

Note: If possible, the SAH Agent should complete the initial interview and property suitability inspection concurrently. Property suitability is discussed in Chapter 3 of this manual.

Continued on next page

1. General Information About the Initial Interview, Continued

c. Telephone Interview

In most cases, the initial interview takes place in person. However, extenuating circumstances require flexibility and a telephone interview is acceptable for cases in which:

- the Veteran does not own a home; or
- the Veteran's location is so distant that overnight travel is required; or
- the Veteran is hospitalized, or lives in an assisted-living facility, nursing home, or rehabilitation center; or
- the Veteran is eligible for the SHA grant; or
- the Veteran is pursuing a subsequent use grant on a property recently adapted with SAH grant funds. Properties in which construction was completed within the previous 24 months are considered to be recently adapted.

The SAH Agent must document the reason a telephone interview was completed (in system notes), and it must be noted on the system-generated initial interview checklist. Neglecting to contact the Veteran until late in the 30-business day timeframe is not an acceptable reason to perform a telephone interview.

If a telephone interview was completed, and the Veteran indicates he/she is interested in adapting his/her property, a property suitability inspection, if required, must be completed within 30-business days of the telephone interview. If extreme weather or other significant extenuating circumstances exist that would prevent the 30-business day requirement from being met, the SAH Agent must clearly document the circumstances in the system.

Continued on next page

1. General Information About the Initial Interview, Continued

d. Timeliness Requirement

The initial interview must be completed within 30-business days of eligibility establishment, as defined above. To be considered timely, the completion date for the initial interview must be recorded on the appropriate system page before 30-business days have elapsed. If it is not possible to complete the initial interview within the specified timeframe because the Veteran is not available, or contact with the Veteran could not be established, the case notes in the system must be clearly documented indicating:

- the reason for the delay;
- at least two attempts to reach the Veteran by telephone;
- at least one attempt to reach the Veteran by notification letter in which the SAH Agent's contact information is provided; and
- an attempt to retrieve more current contact information from SHARE, Virtual VA, VBMS, and/or a Veteran Service Organization (VSO).

Note: Excessive agent workload is not an acceptable reason for a delay in completing the initial interview. Telephone interviews are not to be utilized to meet the timeliness requirement.

2. Preparation for the Initial Interview

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose Preparation for the initial interview is needed to obtain information about the Veteran prior to the interview, including, but not limited to:

- the Veteran's disability(ies);
 - the location of the interview;
 - whether the Veteran is confined to a nursing home or hospital;
 - where the Veteran resides;
 - the Veteran's level of competency and whether the Veteran has granted a power of attorney (POA).
-

b. How to Prepare The following steps should be used as guidelines in preparing for the initial interview:

- Using available information, become as familiar as possible with the Veteran, including condition, disabilities, competency, living arrangements, use of medications, limitations, general mental health (including propensity for violent behavior), or use of drugs and/or alcohol.
 - Coordinate travel arrangements through the Regional Loan Center (RLC).
 - Obtain the necessary VA forms and pamphlets to take to the interview as listed by the initial interview checklist.
 - Be familiar with the initial interview checklist and the information that will be discussed with the Veteran.
 - Be prepared to complete a feasibility study if the Veteran intends to adapt his/her current home.
-

3. Completing the Initial Interview

Change Date November 10, 2016, Change 2

- This section was updated to make minor grammatical edits.

a. Assessments Assessments are based on observations of the Veteran's:

- physical abilities,
- behavior and interactions,
- preferences, and
- ability to manage personal finances.

A thorough assessment of the Veteran's abilities helps the SAH Agent to:

- identify the adaptations that are needed, or desired, in the home for the Veteran's particular condition; and
 - determine whether the Veteran is capable of comprehending the information about the grant program and completing the grant requirements.
-

b. Discussions Discussions with the Veteran take place to make sure the Veteran fully understands:

- the grant program,
 - his or her responsibilities,
 - his or her specific needs in regard to design and construction considerations, and
 - financial considerations.
-

Continued on next page

3. Completing the Initial Interview, Continued

**c. Personal
Representatives**

If it is determined that the Veteran is unable to comprehend information or complete the grant requirements, such as signing documentation or making decisions, a personal representative must be present for the initial interview, and the representative should always be present when discussing the grant with the Veteran. Examples include:

- fiduciaries,
- POA,
- custodians,
- guardians,
- family members,
- friends, or
- neighbors.

Note: Any representative of the Veteran may sign the initial interview checklist to indicate that the information was conveyed. However, appropriate legal documentation is required in order for a representative to sign benefit applications, contracts, and other official grant documents. Please see Chapter 5, Topic 8, for more information about the POA.

**d. Freedom of
Choice**

When discussing remodeling or construction with the Veteran, it is important to emphasize freedom of choice regarding the following areas:

- mortgage and construction financing,
- site selection,
- locality,
- builder selection,
- draftsman or architect,
- attorney, and
- escrow agent.

Continued on next page

3. Completing the Initial Interview, Continued

e. Reviewing the Grant Programs and Benefits

Inform the Veteran about the grant programs and other benefits, including:

- general information about the grant program and purpose,
 - feasibility and suitability requirements,
 - maximum grant amount,
 - number of uses,
 - plan types,
 - Temporary Residence Adaptations (TRA) grant and amount,
 - conditional and final approval,
 - required documents,
 - Veterans Mortgage Life Insurance (VMLI),
 - Home Improvement and Structural Alterations (HISA) grant offered through the Prosthetics and Sensory Aids (P&SA) program, and
 - Independent Living Program offered through the Vocational Rehabilitation and Employment (VR&E) program.
-

f. Explaining the Design and Construction Process

The design and construction/remodeling considerations for SAH/SHA are discussed to ensure the Veteran comprehends the information and is capable of handling the requirements, including:

- financial responsibilities,
 - site inspection and/or existing home inspection,
 - minimum property requirements (MPRs) and waiver process,
 - recommended adaptations (RAs),
 - construction bids, including the 3-bid requirement and waiver process,
 - cost considerations,
 - construction plans,
 - VA compliance inspections,
 - final field review, and
 - performance bonds, which are recommended, but not required.
-

Continued on next page

3. Completing the Initial Interview, Continued

g. Discussing the Financial Considerations

The financial considerations associated with SAH/SHA are discussed to ensure the Veteran comprehends the information and is capable of handling the requirements, including:

- financial feasibility, including the need for certain financial information such as the mortgage payment, taxes, special assessments, insurance, heat and utilities, and miscellaneous repairs;
- evidence of title/ownership;
- proof of cost of Veteran's current home (if necessary) and other documents required to support the grant plan calculation;
- available funds for construction costs that exceed the grant amount;
- additional costs for items such as:
 - plans;
 - surveys;
 - title reports;
 - escrow fees; and
 - legal fees;
- homeowners insurance and potential increases; and
- possible local and state tax relief.

h. Discussing Escrow and Release of Funds

The escrow and release of funds related to SAH/SHA are discussed to ensure the Veteran comprehends the information and is capable of handling the requirements, including:

- purpose of escrow,
 - selection of an escrow Agent,
 - escrow agreement,
 - management and authorization to release funds,
 - potential escrow fees,
 - when escrow is not required, and
 - Veteran's legal rights and all parties' roles/responsibilities in terms of dispute resolution and payment.
-

4. Documenting the Initial Interview and Follow-Up

Change Date	December 20, 2016, Change 3 <ul style="list-style-type: none">• Subsection e has been updated to clarify annual contact timeliness expectations and SAH Agent requirements for updating case notes.
a. Purpose	The purpose of documenting the initial interview and following up with the Veteran is to: <ul style="list-style-type: none">• ensure that all discussion topics were covered during the initial interview,• ascertain the Veteran's desire to move forward with the grant approval process,• assist the Veteran in determining the next step in the grant approval process, and• answer any questions the Veteran may have.
b. Interview Checklist	The interview checklist must be used to document the items discussed during the initial interview. At the conclusion of the interview, this document must be signed by the Veteran (or his/her representative) and the SAH Agent. If a phone interview was completed, it must be notated on the interview checklist in place of the Veteran's signature and the SAH Agent must sign the document. The interview checklist must be uploaded into the system within 20-business days of the date the initial interview was completed. Veteran and/or SAH Agent signatures, as discussed above, must appear on the interview checklist regardless of the existence of a signature line.

Continued on next page

4. Documenting the Initial Interview and Follow-Up, Continued

c. Follow-Up

The SAH Agent must follow up with the Veteran within 30-business days of the initial interview to review items discussed during the interview, and ascertain the Veteran's desire to move forward with the grant approval process. The SAH Agent must continue to contact the Veteran every 30-business days up to the construction start date or until the case is made inactive. This follow-up can be completed by telephone, e-mail, or regular mail, as long as it is documented in the system (with notes and/or uploaded correspondence documents). A case note indicating that a voicemail was left on the Veteran's answering machine does not meet the contact requirement.

d. Veteran Inactivity

In some cases, the Veteran may indicate that he/she is not interested in moving forward with the grant approval process, the Veteran may be in the hospital recovering from injuries, or the Veteran may become non-responsive after the initial interview.

If the Veteran decides not to move forward with the grant approval process, the case may be placed on inactive status only after the case notes have been clearly documented, and one of the following has been uploaded:

- a written notification from the Veteran that he or she would like to be placed on inactive status (e-mail is acceptable), or
- a letter sent from the RLC to the Veteran that indicates that the Veteran will be placed on inactive status unless the he or she responds and objects.

If the Veteran becomes non-responsive after the initial interview, the SAH Agent may place the case on inactive status after three attempts to contact the Veteran at successive 30-business day intervals. The first 30-business day interval begins the day after the initial interview is completed. One attempt must be a mailed notification letter in which the SAH Agent's contact information is provided. The notification letter must be uploaded into the system.

Continued on next page

4. Documenting the Initial Interview and Follow-Up, Continued

e. Annual Contact with the Veteran

For cases on inactive status, annual contact with the Veteran is required. The SAH Agent must send the system-generated annual contact letter within 30 business days of the one-year anniversary date of the last recorded Veteran contact. The SAH Agent must also ensure that the annual contact letter is recorded in the system.

If the Veteran responds to the annual contact letter, the SAH Agent must immediately upload the response to the system and the following scenarios may apply:

- If the Veteran indicates that he/she wishes to discuss his/her benefit, the SAH Agent must contact the Veteran immediately and document the results of this contact in the case notes. The SAH Agent will make a determination if the case should remain on inactive status, or be made active based on the Veteran's desire, as documented in the case notes.
- If the Veteran indicates that he/she does not wish to be contacted at this time, the case will remain on inactive status.

Important: Prior to sending the annual letter, the SAH Agent must verify the Veteran's current mailing address using SHARE, Virtual VA, or VBMS. If, during address verification, the SAH Agent notices that a date of death has been recorded in SHARE or the system, an annual letter should not be sent and the SAH Agent should follow the appropriate death case processing policy provided in Chapter 12 of this manual.

Chapter 3. Pre-Grant Approval: Feasibility and Suitability

Overview

**In this
Chapter**

This chapter contains the following topics:

Topic	Topic Name	See Page
1	General Information about Feasibility and Suitability	3-2
2	Medical Feasibility for SAH Grants	3-5
3	Financial Feasibility for SAH Grants	3-6
4	Property Suitability for SAH Grants	3-9
5	Feasibility and Suitability for SHA Grants	3-12
6	Feasibility and Suitability for TRA Grants	3-13
7	Determinations of Non-Feasibility	3-14

General Information about Feasibility and Suitability

- Change Date** May 19, 2017, Change 2
- This entire section was updated to provide clarification on feasibility and suitability for Specially Adapted Housing (SAH), Special Housing Adaptations (SHA), and Temporary Residence Adaptation (TRA) grants and to incorporate the timeliness requirements for uploading the feasibility study as previously established in Circular 26-14-35.
-

a. Definition A feasibility study is the objective process of determining whether the statutory requirements of feasibility and suitability have been met.

Important: Per Title 38, United States Code, Chapter 21, feasibility and suitability requirements differ for Veterans eligible for SAH and SHA grants. This chapter addresses the process of determining feasibility and suitability for SAH, SHA, and TRA grants.

b. Feasibility and Suitability for 2101(a) Grants (SAH) Title 38, United States Code, § 2101(a)(3) requires that it is medically feasible for the Veteran to reside in the proposed housing unit and in the proposed locality (*Medical Feasibility*), that the proposed housing unit bears a proper relation to the Veteran's present and anticipated income and expenses (*Financial Feasibility*), and that the nature and condition of the proposed housing unit are such as to be suitable to the Veteran's needs for dwelling purposes (*Property Suitability*).

c. Feasibility and Suitability for 2101(b) Grants (SHA) Title 38, United States Code, § 2101(b)(3) requires that the Veteran resides in, and reasonably intends to continue residing in, a residence owned, to be constructed, or to be purchased by the Veteran or by a member of the Veteran's family.

Note: Title 38 Code of Federal Regulations § 36.4401 defines eligible individual's family as persons related to an eligible individual by blood, marriage, or adoption.

Continued on next page

1. General Information about Feasibility and Suitability,

Continued

d. Ownership

Ownership is not required to determine feasibility and suitability. However, there must be sufficient information available to make a feasibility and suitability determination. The following are examples of determining feasibility and suitability when the Veteran does not yet own the home to be adapted:

Example 1: A Veteran has identified a vacant lot she intends to purchase and plans to build a new, fully adapted home. Because the Veteran has already been working with a lender, there is sufficient financial information available (much of it estimated) to determine financial feasibility. Because the vacant lot has been identified, the SAH Agent is able to visit the property and complete a suitability inspection.

Example 2: A Veteran, who currently lives in an apartment, is searching for a new home to purchase using his VA home loan benefit. Once the home is identified, a suitability inspection on the property may be completed even though the Veteran has not yet purchased it. Using this inspection, the SAH Agent can determine property suitability. In addition, there should be sufficient financial information available (much of it estimated) to determine financial feasibility.

Note: The process of determining ownership, which is required for final grant approval, is discussed in detail in Chapter 5 of this manual.

e. Who Can Perform

The feasibility study must be completed by:

- the assigned SAH Agent;
 - Regional Loan Center (RLC) management staff; or
 - any other qualified Department of Veterans Affairs (VA) SAH or Construction and Valuation (C&V) personnel, as determined by the Valuation Officer (VO).
-

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1. General Information about Feasibility and Suitability, Continued

f. Timeliness for SAH Grants

Because the feasibility study is an integral first step in reaching grant approval and helps to determine the scope of the entire project, it is preferable that the SAH Agent complete the components of the feasibility study concurrently with the initial interview (or as soon as possible thereafter). However, when required, the SAH Agent must complete the lot/housing unit inspection within 30-business days of the initial interview, or clearly document the case notes if an inspection is not applicable.

The SAH Agent must also determine financial and medical feasibility and upload the findings within 20-business days from the date of the lot/housing unit inspection. In the event that concerns with financial and/or medical feasibility are discovered, early detection and discussion will allow all parties to address issues with minimal delay to the SAH grant process. If the SAH Agent experiences delays with the Veteran providing information necessary to determine financial or medical feasibility, or if other extenuating circumstances exist which prevent the 20-business day requirement from being met, the SAH Agent must clearly document the case notes in the system.

Again, all components of the feasibility study (medical feasibility, financial feasibility, and property suitability) must be completed and uploaded to the system within 20-business days of completing the lot/housing unit inspection. The SAH Agent must also communicate the results of the feasibility study to the Veteran in a follow-up letter or e-mail within 10-business days of uploading the feasibility study.

Note: This timeliness standard also applies to TRA grants in which the Veteran is eligible under 2101(a).

g. Timeliness for SHA Grants

Because feasibility for SHA eligible Veterans is based on residency, a lot/housing unit inspection is not required. Therefore, there is no timeliness requirement to complete an inspection. However, the requirement to complete and upload the feasibility documents for SHA eligible Veterans is 20-business days from the date of the initial interview.

If the SAH Agent experiences delays with the Veteran providing information necessary to determine feasibility, or if other extenuating circumstances exist which prevent the 20-business day requirement from being met, the SAH Agent must clearly document the case notes in the system.

Note: This timeliness standard also applies to TRA grants in which the Veteran is eligible under 2101(b).

2. Medical Feasibility for SAH Grants

Change Date May 19, 2017, Change 2

- Subtopic d was added to provide guidance on documenting medical feasibility.

a. Medical Feasibility Requirement It must be medically feasible for the Veteran to reside outside of an institutional setting and in the proposed housing unit.

b. Reviewing the Rating Decision It is important that the SAH Agent use the rating decision to review the Veteran's conditions/disabilities prior to the feasibility study. This will enable the Agent to prepare questions designed to assess the Veteran's needs more effectively.

c. Determining Medical Feasibility If a Veteran is currently successfully living full-time in a housing unit and outside of an institutional setting, medical feasibility may generally be assumed, but should be documented as such in case notes.

If the SAH Agent has concerns about medical feasibility after observing and assessing the Veteran in his or her home, the SAH Agent should consult with RLC management and/or VA Central Office to determine how best to proceed.

If a Veteran is currently living full-time in an institutional setting, the SAH Agent must obtain a letter from the Veteran's physician indicating that it is/will be medically feasible for the Veteran to reside outside of an institutional setting and in his or her proposed housing unit after adaptations have been made. If the Veteran cannot live in the housing unit, either alone or with a caregiver, then the medical feasibility requirements have not been met and the grant cannot proceed.

d. Documenting Medical Feasibility To document medical feasibility, the SAH Agent must answer the question related to medical feasibility on the interview checklist and provide case notes in the system.

3. Financial Feasibility for SAH Grants

Change Date May 19, 2017, Change 2

- This entire section has been updated to remove references to credit reports as established in Circular 26-14-18; change the list of documents required to determine financial feasibility; and to provide guidance on completing these forms.

a. Financial Feasibility Requirement It must be determined that the cost of the proposed housing unit bears a proper relation to the Veteran’s present and anticipated income and expenses.

b. Important Information It is important to note that financial feasibility, which is required by law, is more than merely a review of a Veteran’s financial information. The SAH Agent must certify that the cost of the proposed housing unit (which includes the terms of payment required on the mortgage, plus other expenses incident to the ownership of the housing unit) bears a proper relation to the Veteran’s present and anticipated income and expenses.

SAH Agents should possess the expertise to determine whether the Veteran has met the financial feasibility requirement. However, the Loan Production (LP) section of each RLC has subject matter experts who are available to assist in difficult or complex cases.

c. Required Documents for All 2101(a) Grants The following documents are required to determine financial feasibility for all SAH cases:

- [VA Form 26-4555c](#), *Veteran’s Supplemental Application for Assistance in Acquiring Specially Adapted Housing*;
- [VA Form 26-6807](#), *Financial Statement*; and
- a current mortgage statement, if applicable.

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3. Financial Feasibility for SAH Grants, Continued

d. More Information About VA Form 26-4555c

VA Form 26-4555c is not an application for benefits; rather, it is used to obtain and certify supplemental information necessary to achieve both conditional and final approval of an SAH grant.

For the purposes of financial feasibility and conditional approval, the Veteran must fill out all applicable sections of the VA Form 26-4555c. If there are sections that do not apply to the Veteran, he or she should enter “N/A” in the corresponding field; for example, if the Veteran does not have a mortgage on the property, then Section II, Items 1 through 7, would not be applicable. Once the Veteran has completed the VA Form 26-4555c, he or she must sign and date it.

The SAH Agent must complete Section III, which is a certification that the cost of the proposed housing unit bears a proper relation to the individual’s present and anticipated income and expenses. The SAH Agent must sign and date Section III of the form.

e. More Information About VA Form 26-6807

VA Form 26-6807 is used to collect additional information, such as debts and mortgage delinquencies, not reported on VA Form 26-4555c. Even though this information is self-reported, it is necessary to determine financial feasibility. At a minimum, the Veteran must complete the following sections of VA Form 26-6807:

- Section I, items 3, 4, 5, and 7.
- Section II, items 16 and 18.
- Section IV
- Section VII

The Veteran may complete other sections of the form if he/she believes it will affect the financial feasibility determination.

f. More Information about Mortgage Statements

Because credit reports are no longer collected as part of the SAH process, a current mortgage statement is required if the Veteran has a mortgage. This document will be used to determine if there is currently a mortgage delinquency. A mortgage statement will be considered current if the statement date is less than 2-months old.

Note: The determination of financial feasibility is considered final and will not require an update prior to grant approval. However, if grant funds are to be applied as a mortgage principal reduction, please refer to guidance in Chapter 5, Topic 8.

Continued on next page

3. Financial Feasibility for SAH Grants, Continued

**g. When to Get
Additional
Documentation**

Additional information and documentation will be required only in the following circumstances:

- **Bankruptcy:** If the Veteran is in active bankruptcy, the SAH Agent must obtain detailed information regarding the payment plan(s) from the bankruptcy trustee.
 - **Liens/judgments:** If the Veteran reports unresolved/unpaid liens or judgments, he/she must provide evidence of any payment arrangement(s). The SAH Agent should also contact the Office of General Counsel (OGC) to determine if a lien/judgment may present an issue in terms of title/ownership.
 - **Mortgage delinquency:** If the Veteran's mortgage statement shows a current delinquency, the Veteran must provide proof, such as an updated mortgage statement, indicating the mortgage is no longer delinquent.
-

4. Property Suitability for SAH Grants

Change Date

May 19, 2017, Change 2

- Subtopic d was updated to give SAH Agents the option of providing interior and/or exterior dimensions when completing the suitability sketch.
-

a. Property Suitability Requirement

It must be determined that the nature and condition of the proposed housing unit are such as to be suitable to the Veteran's needs for dwelling purposes.

b. Vacant Lot Inspections

An SAH vacant lot inspection is conducted to determine the suitability of a site for building a new housing unit. The following should be considered and discussed with the Veteran and builder when completing the inspection:

- The size of the site must be large enough to accommodate the proposed housing unit and/or improvements.
- The slope of the site should be gentle enough to accommodate driveways, walkways, and ramps with a slope of 8 percent or less. In some cases, the topography will inhibit the use of ramps as a form of ingress/egress and elevators or vertical platform lifts will be required.
- Determine if the existing, or proposed, improvements are located in a Federal Emergency Management Area (FEMA) Flood Hazard Area. If so, the Veteran must provide evidence that a flood insurance policy has been purchased or can be obtained prior to final grant approval, per 38 C.F.R. 36.4405(b)(4).
- Determine if there is a Homeowners' Association (HOA), and encourage the Veteran to obtain any documents necessary to ensure the proposed adaptations are not prohibited by the covenants, conditions, and restrictions. It should be noted that restrictions prohibiting adaptations for accessibility are not enforceable under Federal Statute (The Fair Housing Act of 1988). However, while adaptations for accessibility cannot be prohibited, it is important to note any aesthetic restrictions and/or functional limitations that may exist.
- Observe and report to the Veteran the area's amenities to ensure adequacy of emergency services (police, fire, etc.), medical facilities, public transportation, and other services.

With the exception of the flood insurance provision found in SAH regulations, the above are suggestions for discussion points and may not be applicable in all cases.

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4. Property Suitability for SAH Grants, Continued

c. Existing Housing Unit Inspection

An existing housing unit is inspected to verify that all SAH minimum property requirements (MPRs) are present or can be feasibly constructed or installed, including additions. It is imperative that the Veteran's future needs and abilities also be considered. Some thought should be given as to how the home will accommodate the Veteran if his or her condition deteriorates.

The existing home inspection must be uploaded into the system and must indicate which components of the SAH MPRs are not present in the following areas:

- Points of ingress/egress,
- Veteran's bathroom, and
- Veteran's bedroom/sleeping area

When conducting an inspection of an existing housing unit, be aware of the needs of the Veteran as well as the needs of family members and caregivers. SAH Agents should discuss the design concept of Universal Design (adapting housing units that provide the same level of accessibility for users whether disabled or not) where applicable.

d. Components and Reporting Requirements

Property suitability should be reported on *VA Form 26-1858a, b, or c, as applicable*. Other **required** components include:

- Digital photographs that accurately depict the housing unit and/or home site. This should include color photographs of the following, as applicable:
 - existing home site or proposed building site;
 - significant changes in topography and elevations;
 - driveway and walkways;
 - garage and/or carport;
 - accessory buildings;
 - all sides of the exterior of the housing unit;
 - porches and/or patios;
 - all ingress/egress points including thresholds;
 - obstacles to interior maneuverability;
 - kitchen;
 - hallways;
-

4. Property Suitability for SAH Grants, Continued

d. Components and Reporting Requirements, Continued

- den, living, and family rooms;
 - dining room;
 - bedrooms;
 - bathrooms; and
 - all other areas the Veteran intends to access.
- Existing floor plan or sketch: If an existing floor plan is not available, a sketch must be provided. It may be hand drawn (scale not required), but care should be taken to accurately depict the floor plan and any existing adapted features. The sketch should include the following, as applicable:
 - exterior or interior dimensions;
 - width of doorways, hallways, and cased openings;
 - width of walkways;
 - slope and dimensions of existing ramps;
 - garage dimensions;
 - changes in finished floor elevations; and
 - dimensions of any previously adapted features.

Note: The SAH Agent may substitute an existing floor plan (from a builder, tax records, appraisal, etc.) for the sketch if it is available and accurate. The SAH Agent may also use an existing floor plan as the foundation for a more thorough sketch, adding details as necessary, to save time.

Exception: It is not necessary to photograph or sketch areas the Veteran does not intend to access, such as basements, accessory buildings, and living areas above the first floor. However, since the proposed adaptations often change throughout the planning process, having photos and sketches of all areas of the housing unit may eliminate the necessity for a follow-up visit to the property.

5. Feasibility and Suitability for SHA Grants

Change Date May 19, 2017, Change 2

- This entire section has been updated.

a. Overview As previously indicated, Title 38, United States Code, § 2101(b)(3) requires that the Veteran resides in, and reasonably intends to continue residing in, a residence owned, to be constructed, or to be purchased by the Veteran or by a member of the Veteran's family.

Note: The housing unit can be owned by the Veteran or a member of his/her family. Ownership is addressed in Chapter 5 of this manual. Title 38 C.F.R. § 36.4401 defines eligible individual's family as persons related to an eligible individual by blood, marriage, or adoption.

b. Required Document The Veteran must certify in writing that he or she resides, and reasonably intends to continue to reside, in the proposed housing unit. This certification must be signed by the Veteran.

c. Inspections Because feasibility and suitability under 2101(b) are based on residency, it is not necessary to complete a suitability inspection or collect information necessary to analyze financial or medical feasibility.

6. Feasibility and Suitability for TRA Grants

Change Date

May 19, 2017, Change 2

- This entire section has been updated.
-

a. Overview

The feasibility and suitability requirements for the TRA grant are mostly the same as for SAH and SHA. In other words, an SAH-eligible Veteran using TRA must satisfy the feasibility and suitability requirements for SAH. On the other hand, an SHA-eligible Veteran using TRA must satisfy the feasibility and suitability requirements for SHA.

b. Feasibility and Suitability for SAH-TRA

Veterans using the TRA grant, who are eligible under 2101(a), must satisfy the medical feasibility and property suitability requirements in order to obtain conditional approval. It is not necessary to determine financial feasibility as the Veteran does not own the home.

c. Feasibility and Suitability for SHA-TRA

Veterans using the TRA grant, who are eligible under 2101(b), must sign a certification as to the intent of his/her temporary occupancy of such residence. The Veteran's family member who has an ownership interest in the housing unit must also sign the certification. This document will also be used to satisfy the ownership requirements discussed in Chapter 5.

7. Determinations of Non-Feasibility

Change Date May 19, 2017, Change 2

- Subtopics a and b were updated to include references to SHA grants.

a. Determining Non-Feasibility A non-feasible finding is issued when any one of the following conditions exist:

- a Veteran's proposed home site or existing home cannot be adapted to make it suitable to the Veteran's needs for dwelling purposes;
- it is not medically feasible for the Veteran to live outside of an institutional setting;
- it is determined that the cost of the proposed housing unit does not bear a proper relation to the individual's present and anticipated income and expenses; or
- in the case of SHA grants, the Veteran cannot certify that he/she resides, and reasonably intends to continue to reside, in the proposed housing unit owned by either the Veteran or a member of the Veteran's family.

b. Communicating Non-Feasibility If the SAH Agent determines that any of the requirements for feasibility and suitability cannot be met, the non-feasible finding must then be reviewed by the VO and Assistant Loan Guaranty Officer/Loan Guaranty Officer (ALGO/LGO). Only after VO and ALGO/LGO concurrence, may the Veteran be advised of the non-feasible finding.

The Veteran must be informed of the non-feasible finding by notification letter and, possible alternatives must be presented. The SAH Agent may discuss the non-feasible finding with the Veteran by e-mail or telephone, but the decision and appeal rights must also be communicated in writing. More information on non-feasible findings and the effects on conditional approval are provided in Chapter 4, Topic 5.

Chapter 4. Getting to Conditional Approval

Overview

**In this
Chapter**

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1. What Is Conditional Approval?

Change Date May 19, 2017, Change 2

- An important note was added to subtopic a regarding the property specific nature of conditional approval.

a. Definition Conditional approval is a status based only upon the program’s disability, feasibility and suitability requirements, and prior use. The construction plans and minimum property requirements (MPRs) do not factor into conditional approval. Once the Veteran has conditional approval for his or her grant, the Secretary can authorize certain pre-construction costs.

Conditional approval is a necessary step in obtaining final grant approval.

Important: Conditional approval is property specific. This means if conditional approval is granted on a specific home or lot, and the Veteran decides to adapt a different home or build on a different lot, conditional approval must be sought again.

b. Where to Find More Information Information about conditional approval can be found in the Specially Adapted Housing (SAH) regulations, at 38 C.F.R. 36.4405.

2. Disability Requirements

Change Date

May 19, 2017, Change 2

- Statutory reference has been updated.
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a. Statutory Reference

In order to obtain conditional approval, it must be determined by the Secretary that an individual meets the disability requirements pursuant to Title 38 United States Code, Chapter 21, §2101.

b. More Information

For disability requirements to be met for the purposes of conditional approval, an individual must be rated eligible for the SAH or Special Housing Adaptation (SHA) grant pursuant to the relevant governing law.

3. Feasibility and Suitability Requirements

Change Date May 19, 2017, Change 2

- Subtopics b and c were updated to clarify feasibility and suitability for conditional approval when using the Temporary Residence Adaptation (TRA) grant.

a. Regulatory Reference In order to obtain conditional approval, it must be determined by the Secretary that an individual meets the feasibility and suitability requirements pursuant to 38 C.F.R. 36.4404(b).

b. Feasibility and Suitability for 2101(a) Grants (SAH) Feasibility under 2101(a), as described in 38 C.F.R. 36.4404, means that an individual's medical condition does not prevent him or her from living in the proposed housing unit and in the proposed locality, and that the individual's present and anticipated income and expenses bear a proper relation to the cost of the proposed housing unit. Suitability under 2101(a), as described in 38 C.F.R. 36.4404, means that the nature and condition of the proposed housing unit are suitable for the individual's residential living needs.

Note: Veterans using the TRA grant, who are eligible under 2101(a), must satisfy the medical feasibility and property suitability requirements in order to obtain conditional approval. It is not necessary to determine financial feasibility as the Veteran does not own the home.

c. Feasibility and Suitability for 2101(b) Grants (SHA) Feasibility and suitability under 2101(b), as described in 38 C.F.R. 36.4404, are based on residency and must be satisfied by the individual certifying in writing that he or she resides, and reasonably intends to continue to reside, in the proposed housing unit. The housing unit can be owned by the Veteran or a member of his/her family.

Note: Veterans using the TRA grant, who are eligible under 2101(b), must sign a certification as to the intent of his/her temporary occupancy of such residence. The Veteran's family member who has an ownership interest in the housing unit must also sign the certification. This document will also be used to satisfy the ownership requirements discussed in Chapter 5, Section 1.

4. Use and Dollar Limitations

Change Date

February 12, 2014, Change 1

- This entire section has been updated.
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a. Regulatory Reference

In order to obtain conditional approval, it must be determined by the Secretary that an individual has not exceeded the use or dollar limitation prescribed by the governing law of the SAH Grant program. This requirement can be found in 38 C.F.R. 36.4405(a)(iii).

b. More Information

It is important that Veterans have the correct information regarding their grant uses and dollar amounts remaining. Please contact VA Central Office (CO) with any questions or discrepancies regarding prior grant use.

5. Conditional Approval and Pre-Construction Costs

Change Date

May 19, 2017, Change 2

- Subtopic a was updated to include an important note about conditional approval for Veterans entitled under Public Law 112-154.
 - Subtopics b, c, and d were added to incorporate Circular 26-16-19.
 - Subtopic h was updated to include guidance regarding the conditional approval notification letter.
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a. Conditional Approval

If the Secretary has determined that disability, feasibility and suitability requirements have been satisfied, and the eligible individual has not exceeded the usage or dollar limitations of the program, then the individual has satisfied the criteria for conditional approval. The SAH Agent must notify the Veteran in writing that he or she has been granted conditional approval.

Important: Only CO can grant conditional approval to Veterans entitled to SAH under the expanded disability criteria of Public Law 112-154, Section 202. Once the Veteran has satisfied the requirements of conditional approval and all supporting documents have been uploaded in the system, the Regional Loan Center (RLC) must submit a request for conditional approval to CO. SAH Agents must not notify the Veteran of conditional approval until CO authorization has been provided.

b. Documenting Conditional Approval

Once all of the documents supporting feasibility and suitability have been uploaded (see Chapter 3) and the requirements for conditional approval have been satisfied (including CO approval, if applicable), the RLC must document conditional approval in the system. This is done by answering each applicable question on the conditional approval page in the affirmative and recording the conditional approval date.

c. Cases Requiring Additional Development

It is important to note that some cases may require additional development to reach conditional approval, which is not the same as denying conditional approval. For example, an SAH eligible Veteran may have satisfied medical feasibility, but does not currently own a home. This means financial feasibility and property suitability require further development. For cases like this, the RLC should not answer the corresponding questions, but wait until these elements of conditional approval are satisfied.

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5. Conditional Approval and Pre-Construction Costs,

Continued

d. Denying Conditional Approval

Because conditional approval is required to reach final approval, denying conditional approval is essentially denying the benefit, and the Veteran has appeal rights. Therefore, if any element of conditional approval cannot be satisfied and a question on the conditional approval page in the system is answered “no”, the Valuation Officer (VO) and Assistant Loan Guaranty Officer/Loan Guaranty Officer (ALGO/LGO) must concur with the determination. If both parties agree that conditional approval has not been met, the RLC must convey the decision to the Veteran via the system-generated letter within 3-business days of the determination and advise the Veteran of his/her appeal rights. RLC management may also change a “no” response to a blank response for additional case development or to a “yes” if the Veteran eventually satisfies the element.

e. What Does Conditional Approval Mean?

Conditional approval status becomes relevant if pre-construction costs are incurred, but the grant process is terminated for any reason, including the death of the Veteran.

The conditional approval process is a necessary step towards final grant approval. The SAH Agent and the Veteran will continue to work toward final grant approval, which is contingent upon satisfaction of the property requirements in 38 C.F.R. 36.4405(b), including proof of satisfactory ownership interest and verification that construction documents comply with the requirements of the program. Further discussion of final approval and subsequent steps can be found in Chapter 5 of this manual.

If the grant process is terminated after an individual meets the criteria for conditional approval, allowable pre-construction costs that were authorized in advance are payable and are deducted from the aggregate amount of assistance available to the individual and will count as one of the three grant uses under 38 C.F.R. 36.4403. Payments prior to reaching final approval can be made to various parties, depending on the situation.

f. What Does Conditional Approval Not Mean?

Conditional approval is not a final approval of a grant, and it does not incorporate the verification of satisfactory ownership. Conditional approval cannot be used to pay for construction plans or related costs in advance.

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5. Conditional Approval and Pre-Construction Costs, Continued

g. Pre-Construction Costs

A Veteran whose grant has reached conditional approval may be authorized to incur pre-construction costs. Pre-construction costs may not exceed 20 percent of the eligible individual's aggregate amount of assistance available, and may include the following items:

- architectural services employed for preparation of plans and specifications;
- land surveys;
- attorneys' and other legal fees; or
- other costs or fees necessary to plan for SAH grant use, as determined by the Secretary.

Note: As discussed above, conditional approval does not authorize VA to request any funds from the U.S. Treasury for a Veteran actively seeking final grant approval. Conditional approval cannot be used to pay for construction plans or related costs in advance. Conditional approval simply allows VA to reimburse a Veteran, third party (builder, architect, surveyor, legal representative), or estate if the grant process is terminated prior to final approval.

h. Veteran Notification and Authorization to Incur Costs

Once conditional approval has been granted and properly documented in the system, the SAH Agent must notify the Veteran using the corresponding conditional approval notification letter provided by CO: Conditional Approval 2101(a) or Conditional Approval 2101(b).

This letter provides the Veteran with an explanation of conditional approval and serves as written authorization to incur pre-construction costs based on the limitations in subtopic g above. This written authorization may be provided by mail or e-mail and must be uploaded into the system.

Chapter 5. Getting to Final Approval

Overview

In this Chapter This chapter contains the following topics.

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1. Ownership

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Overall Requirement In order for a Veteran to obtain final grant approval, the Secretary of Veterans Affairs must determine that there is a satisfactory ownership interest in the housing unit.

b. Legal Requirement for 2101(a) Grants For Specially Adapted Housing (SAH) grants, the Veteran must have, or provide satisfactory evidence that he or she will acquire an ownership interest in the housing unit.

c. Legal Requirement for 2101(b) Grants For Special Housing Adaptation (SHA) grants, the Veteran, or a member of the Veteran's family, must have, or provide satisfactory evidence that he or she will acquire an ownership interest in the housing unit.

d. Legal Requirement for 2102A Grants For Temporary Residence Assistance (TRA) grants:

- a member of the Veteran's family must have, or provide satisfactory evidence that he/she will acquire an ownership interest in the housing unit, and
- the Veteran and the member of the Veteran's family who has, or will acquire, an ownership interest in the housing unit must sign a certification as to the likelihood of the Veteran's temporary occupancy of such residence.

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1. Ownership, Continued

e. Definition of Ownership Interest

Ownership interest is defined as an undivided property interest that the Secretary determines is satisfactory. The following may be satisfactory types of property interest:

- fee-simple estate;
- life estate;
- functional equivalent of a life estate, such as that created by a valid trust, a long-term lease, or a land installment contract that will convert to a fee-simple estate upon satisfaction of the contract's terms and conditions;
- ownership of stock or membership in a cooperative housing corporation entitling the eligible individual to occupy, for dwelling purposes, a single family residential unit in a development, project, or structure owned or leased by such corporation;
- lease, under the terms of a valid and enforceable Memorandum of Understanding between a tribal organization and the Secretary; or
- beneficial property interest in a housing unit located outside the United States.

f. Required Documentation

All grants require some form of documentation uploaded to the system to verify a satisfactory ownership interest, as outlined above. The documentation required to verify ownership will depend upon the type of property and whether the grant is a first or subsequent use of the benefit for the Veteran.

It is critical to inform the Veteran about ownership requirements for his or her grant type and to begin the process of verification as early as possible to avoid unnecessary delays.

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1. Ownership, Continued

g. Required Documentation for First-Use Grants

For all first-use grants (SAH, SHA, and TRA), Regional Counsel (RC) must review title documentation and determine that it meets the regulatory requirements for ownership. The RC review must take place regardless of whether the Veteran or a member of his or her family owns the property.

Documentation required to verify ownership will vary by jurisdiction, so the SAH Agent should work closely with RC to determine what is necessary and communicate requirements to the Veteran and/or the Veteran's family member(s).

h. Required Documentation for Subsequent-Use Grants

For subsequent-use grants (SAH and SHA), documentation required to verify ownership will depend upon whether the property is the same property that was adapted with the previous use of the grant.

If the property to be adapted is the same that was adapted with the previous use of the grant, the SAH Agent must obtain a current copy of the property tax records (along with a current credit report, as discussed in Chapter 3, Topic 3). If it is clear from the property tax records that the Veteran or a member of his or her family (in the case of SHA grants) owns the property, no further documentation is required. If the property tax records are inconclusive, first-use guidance must be followed, and RC must review and approve title documentation.

If the property to be adapted is different from the property adapted with the previous use of the grant, first-use guidance must be followed, and RC must review and approve title documentation.

2. Veterans' Mortgage Life Insurance (VMLI)

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. General Program Information The VMLI program provides mortgage life insurance to severely-disabled Veterans who otherwise, may not qualify for this type of insurance due to their disabilities. It is designed to pay off, or reduce the principal balance of, the home mortgages of disabled Veterans in the event of their death.

b. Eligibility Veterans must have an existing mortgage and apply for VMLI before their 70 birthday. Only Veterans who have received final approval for an SAH or SHA grant from VA are eligible.

c. Benefits VMLI is decreasing term insurance which adjusts as the amount of the mortgage is reduced. VMLI has no loan or cash value and pays no dividends. As set by law, it currently provides up to \$200,000 of mortgage life insurance, and is payable only to the mortgage holder (i.e. a bank or mortgage lender), not to a beneficiary. The amount of coverage will equal the amount of the remaining mortgage balance, but the amount of coverage can never exceed the maximum amount set by law.

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2. Veterans' Mortgage Life Insurance (VMLI), Continued

- d. Application** It is the SAH Agent's responsibility to inform the Veteran of the VMLI program during the initial interview and provide [VA Form 29-8636](#), *Application for Veterans' Mortgage Life Insurance*. At this time, the Agent should be able to ascertain initial eligibility based on the Veteran's age and the existence of a mortgage. If the Veteran satisfies the age and mortgage requirement, he or she may elect to:
- Accept VMLI coverage. To apply for the insurance, the Veteran must complete [VA Form 29-8636](#), and provide proof of an existing mortgage, such as a current mortgage statement. By completing [VA Form 29-8636](#), the Veteran has not committed to purchasing the insurance. The VA Insurance Center will then contact the Veteran after the grant has been approved for additional information and final confirmation.
 - Decline VMLI coverage. The Veteran must complete [VA Form 29-8636](#), specifically, *Part B – Declination of Insurance*, indicating the appropriate reason for declination. The Veteran may elect to purchase coverage at a later date, assuming he or she is still eligible.

If the Veteran is ineligible due to age or the absence of a mortgage, he or she must complete [VA Form 29-8636](#), specifically *Part B – Declination of Insurance*, indicating the appropriate reason for declination.

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- e. Application Deadline** There is no application deadline for VMLI coverage, unless the Veteran is in danger of losing eligibility due to age. The Veteran may apply for the insurance at any time during the grant approval process, after the grant is approved, or even after the SAH project is complete. If no application is received, the VA Insurance Center will send a reminder letter to the Veteran regarding the insurance.
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- f. Effective Date of Coverage** VMLI coverage is not in effect until the VA Insurance Center provides confirmation to the Veteran. This will occur after final grant approval.
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2. Veterans' Mortgage Life Insurance (VMLI), Continued

g. Cost of the Insurance

It is important for the SAH Agent to inform the Veteran that there is a premium for the insurance. The monthly premium varies based on the Veteran's age, the existing loan duration, the current mortgage balance, and the amount of coverage requested. The Veteran may choose to have this amount deducted from his or her monthly VA compensation. To obtain an estimate of the monthly insurance premium, the Veteran may visit the following website: <https://insurance.va.gov/VMLICalc/VMLICalc.asp>.

Important: The SAH Agent must not provide the Veteran with an estimate of the insurance premium. Please direct the Veteran to the website provided above, or the VA Insurance Center at 1-800-669-8477.

3. Proposed Adaptations and Waivers

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Overall Requirement In order for a Veteran to obtain final grant approval, the Secretary must determine that the plans and specifications of the proposed adaptations demonstrate compliance with the minimum property and design requirements of the SAH program.

b. 2101(a) Grant Requirements SAH Agents must ensure that bids and, subsequently, final construction documents, demonstrate compliance with all minimum property requirements (MPRs).

MPRs and recommended adaptations (RAs) for SAH grants can be found in Appendix A of this manual.

MPRs for SAH grants must be followed in TRA cases in which the Veteran's original program eligibility is due to 2101(a).

c. 2101(b) Grant Requirements There are no MPRs for SHA grants. RAs for SHA grants can be found in Appendix B of this manual.

RAs for SHA grants must be consulted in TRA cases in which the Veteran's original program eligibility is due to 2101(b).

d. General Information About MPR Waivers An MPR waiver is a written request from a Veteran to waive an MPR.

Note: Waiver requests are not required for RAs, unless they have been elevated to MPR status by the SAH Agent, Assistant Valuation Officer (AVO), or Valuation Officer (VO), based on the initial interview and feasibility study. Please refer to Appendix A for more information.

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3. Proposed Adaptations and Waivers, Continued

e. Format and Content of MPR Waivers

An MPR waiver request must be in writing and in the Veteran's own words. The request can be typed or handwritten, but it must be legible. The request must be signed by the Veteran or his or her legal representative. The request must provide justification and support as to why the MPR should be waived. For example, the Veteran should be able to explain why the elimination of a particular MPR would provide a greater benefit to him or her than its inclusion.

Note: While SAH Agents are encouraged to assist Veterans with the preparation of grant approval documents, in no circumstance is it acceptable for a SAH Agent to draft a waiver request for a Veteran.

f. Approval of MPR Waivers

AVOs and VOs are responsible for reviewing and either approving or disapproving each MPR waiver request. AVO or VO approval or disapproval must be recorded in the system.

Note: At no time is a waiver request considered automatically approved. Each waiver request must be considered on a case-by-case basis.

4. Bids and Waivers

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information About Bids In order for a Veteran to choose a builder with whom he or she feels confident and comfortable, he or she must solicit bids. The bid process allows the Veteran freedom of choice in selecting a builder based on the proposed adaptation plans and associated costs.

b. Number of Bids Required Each SAH, SHA or TRA project requires three bids. This affords the Veteran the opportunity to view various options, and compare the services and prices of multiple builders. The Veteran may obtain more than three bids for his or her SAH project; however, the minimum is three. If the Veteran lives in a rural location, or cannot obtain three bids, a waiver of this requirement may be requested. Waivers of this requirement are discussed later in this section.

c. Components of a Bid It is not necessary for a builder to provide full construction documents as part of a bid. Rather, a bid should contain enough information for the Veteran and the SAH Agent to understand the builder's proposal (e.g., the builder's vision for how to utilize the available space and how to incorporate the MPRs and desired RAs), and to get a sense for the approximate cost. The bid should contain a sketch of the proposed construction, but does not need to include full architectural drawings. The bid should also contain a detailed estimate, but does not need to include an itemized cost breakdown.

Note: While it is unlikely that experienced SAH builders are ignorant of the maximum grant amounts, SAH Agents and Veterans are encouraged not to discuss specific grant amounts with bidding builders, so that honest and accurate estimates for the requested work can be obtained.

d. Selecting a Bid The SAH Agent should maintain contact with the Veteran as he or she is going through the bidding process. When the Veteran has selected a bid, the Veteran should inform the SAH Agent and the selected builder so full construction documents (i.e. contract, plans, specifications, and cost analysis) can be drafted and reviewed. The Veteran should also be encouraged to contact the non-selected builders as a courtesy.

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4. Bids and Waivers, Continued

e. Three-Bid Waiver

There will be situations in which a Veteran is unable or unwilling to obtain three bids. While VA strongly recommends a minimum of three bids to ensure adequate competition and to eliminate conflict of interest, there is also a need to avoid delays and allow for freedom of choice. Therefore, VA will entertain requests for waiver of the three-bid requirement.

A bid waiver request must be in writing and in the Veteran's own words. The request can be typed or handwritten, but it must be legible. The request must be signed by the Veteran or his/her legal representative. The request must provide justification and support as to why the three-bid requirement should be waived. For example, the Veteran should be able to explain why he or she was unable to obtain three bids or the rationale for why the Veteran chose the builder without entertaining multiple bids.

Note: While SAH Agents are encouraged to assist Veterans with the preparation of grant approval documents, in no circumstance is it acceptable for a SAH Agent to draft a waiver request for a Veteran.

f. Approval of Bid Waivers

AVOs/VOs are responsible for reviewing and approving or disapproving each bid waiver request.

Note: At no time is a waiver request considered automatically approved. Each waiver request must be considered on a case-by-case basis.

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4. Bids and Waivers, Continued

g. Builder Registration

The Veteran has freedom of choice in selecting a builder for the proposed adaptations, but the following requirements apply:

- The builder must possess any and all applicable licenses administered through their respective state/local licensing board.
- If the builder does not already possess a VA Builder Identification (ID), the builder must register for a VA Builder ID number by completing the following forms:
 - [VA Form 26-8791](#), *VA Affirmative Marketing Certification*
 - [VA Form 26-421](#), *Equal Employment Opportunity Certification*
 - Builder Information and Certifications must be completed using Figure 1 from the VA Pamphlet 26-7, *Lenders Handbook*, [Chapter 10](#), Property Eligibility and Appraisal Requests
- The SAH Agent must contact the builder prior to registration to explain the disbursement process, and explain that the builder will be required to carry the initial construction costs.

Note: The SAH Agent must allow the Veteran freedom of choice in selecting a builder, but the SAH Agent should encourage the Veteran to research the builder's background and previous job history to ensure an informed decision and protect the interests of the SAH/SHA grant program.

5. Contracts

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information The contract is the legal agreement between the Veteran and the builder. While the contract is negotiated between the Veteran and builder, VA does require certain components.

b. Contract Requirements The selected builder must provide a fixed-price contract that includes the following components:

- the parties to the contract and specified roles, along with signatures of all parties and the dates of signatures;
- the address of the subject property;
- a reference to specific plans and specifications;
- the terms and cost of the project;
- a scope of work;
- a Central Office (CO) approved escape clause; and
- the estimated time to complete the project.

After final grant approval, any change to the elements specified in the original contract must be accompanied by a change order, signed by all parties, subject to VA approval. Refer to Chapter 6, Section 2, for additional information on change orders.

c. Parties to the Contract VA is not a party to the contract. Only those specifically named in the contract, usually the Veteran, or his or her representative and the builder are parties to the contract.

d. Referencing Plans and Specifications In order to ensure that the Veteran and builder are in total agreement, regarding the proposal as a whole, the contract must incorporate, by reference, the final signed and dated version of the plans and specifications approved by VA. It is sufficient to reference the plans and specifications by date or version number, so long as it is clearly visible on the documents.

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5. Contracts, Continued

e. Scope of Work

The format of the scope of work can be determined by the builder, but the scope of work is considered part of the contractual agreement between the Veteran and builder.

The scope of work:

- must contain a clear description of proposed adaptations, separated by location within the home;
- does not need to include the make and model of finishes; and
- must be consistent with all contractual documents submitted.

If the scope of work deviates from the plans and specifications, the SAH Agent will contact the builder to resolve inconsistencies, and document his or her action in the system.

Example for scope of work line item:

Master Bedroom – Install 36” wide entry door; replace existing carpet with non-slip ceramic tile; install 36” wide emergency exit door with ½” threshold. The exit door will lead to an exterior broom swept concrete landing platform level with the interior grade.

f. Escape Clause

The contract must include an escape clause with the following statement, exactly as shown below:

“This contract is conditioned in its entirety upon the Veteran receiving a grant under Title 38 U.S.C. Chapter 21 and if this Veteran does not receive this grant, this contract is null and void and any and all monies will be returned without exception.”

g. Addendum

It is preferred that all contract components described in paragraph b above be incorporated into the builder-drafted contract. However, if the builder omits one or more required components, the RLC may utilize a contract addendum to address any gaps.

If a contract addendum is utilized, it must be signed and dated by the builder and the Veteran. Any action taken should be documented in the system.

6. Plans and Specifications

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. General Information Plans and specifications are critical to the grant approval process, as they illustrate the proposed adaptations and provide a detailed list of the materials that will be used for construction. Construction plans are usually required for all cases. They must be provided for new construction and remodeling cases, although the exhibits and levels of detail within the required construction plans depend upon the scope of the project being completed.

b. Providing Construction Plans When plans are required, they must be reviewed for MPR compliance prior to final grant approval. The selected builder is responsible for drafting (either personally or through the use of an architect or draftsman) and submitting the plans to the RLC for approval. This cost can be itemized in the cost breakdown and may be included in the first construction draw.

VA strongly discourages Veterans from paying for construction plans in advance. It is a serious concern if a builder does not have the operating capital to advance the money for construction plans until the project is funded. However, if a Veteran insists upon paying for this cost out of pocket, he or she can be reimbursed with grant funds only after construction is complete.

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6. Plans and Specifications, Continued

c. Types of Construction Plans

The table below lists the types of construction plans and when they are required:

Type of Plan	Required For:
Plot Plan	New construction and remodeling projects that include an addition.
Foundation Plan	New construction and remodeling projects that include an addition.
Wall Detail	New construction and remodeling projects that include an addition.
Floor Plans	New construction and all remodeling projects.
Exterior Elevations	New construction and remodeling projects that include an addition.
Interior Elevations	New construction and all remodeling projects.
Electrical Plans	New construction and some remodeling projects.
Mechanical Plans	New construction and some remodeling projects.

Note: For projects in which only installation is proposed and no construction will be completed (e.g. an SAH project in which only flooring is installed or a SHA project in which only lighting is installed), construction plans are not required and a detailed description of materials will suffice. Other cases that do not require construction plans are SAH Plan 4 cases and SHA Plan 5 cases because the housing unit has already been adapted.

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6. Plans and Specifications, Continued

d. Plot Plans

Requirements for plot plans differ between new construction and remodeling projects that include an addition. For new construction projects, the plot plan must illustrate the following items:

- the proposed housing unit;
- ramps, walkways and driveways;
- detached garages, carports, outbuildings and/or other improvements;
- drainage and significant changes in topography;
- critical easements and setback requirements, if applicable; and
- well and/or septic systems, if applicable.

For new construction projects, the plot plan should indicate the finished grade elevations at the foundation, proposed finished floor height, and the four corners of the site. If the site is large, grade elevations of the site should be identified 30 feet from the corners of the foundation.

For remodeling projects that include an addition, the plot plan must include the following:

- the proposed addition;
- walkways and driveways;
- critical easements and setback requirements, if applicable; and
- only those detached garages, carports, outbuildings and/or other improvements that the Veteran intends to adapt.

Note: A setback or easement is considered to be critical only if the proposed housing unit or addition is close to encroaching upon it.

e. Foundation Plans

When a foundation plan is required, it must include the dimensions and materials used for:

- footings,
- walls,
- slab, and/or
- support piers.

Note: A foundation plan must be notated if the home will be built with a foundation in which the finished floor elevation is flush with the exterior grade or exterior flat work.

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6. Plans and Specifications, Continued

f. Wall Detail When a wall detail is required, it must illustrate the proposed exterior wall cross section from the foundation/footing upward to the ridgeline of the roof.

g. Floor Plans Requirements for floor plans differ between new construction and remodeling projects. For new construction projects, the floor plan must illustrate the following:

- all levels, including the dimensions of the home;
- all adapted areas/features and dimensions;
- the garage/carport and dimensions;
- the size and location of interior and exterior doors/windows;
- the dimensions for all rooms, hallways and passageways; and
- all adapted ingress/egress points including ramps.

For remodeling projects, the floor plan must illustrate the following:

- all adapted areas/features and dimensions;
- the size and location of new interior and exterior doors/windows; and
- all adapted ingress/egress points including ramps.

All plans must also illustrate the location of any special equipment to be installed (e.g. automatic door openers, vertical platform lifts, ceiling track systems, etc.).

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6. Plans and Specifications, Continued

h. Interior and Exterior Elevations

Requirements for interior elevations differ between new construction and remodeling projects. For new construction projects, the interior elevations must illustrate the following:

- window sill and hardware heights;
- thermostat and electrical outlet, switch, and service panel heights;
- bathrooms adaptations (e.g. all grab bars, plumbing fixtures, bathtub transfer platforms, toilet height, mirror height, cabinets, and roll-under sink);
- kitchen adaptations (e.g. cabinet and counter heights, sink basins, workspaces, and appliance locations); and
- closet/storage area adaptations including the location of closet rods and shelving.

For remodeling projects, interior elevations are only required if any of the items/areas listed above are being replaced/adapted.

Exterior elevations of the housing unit are only required for new construction and remodeling projects that include an addition. For new construction, all sides must be shown. For remodeling projects, only the elevations in which the new addition appears are required.

Note: If the proposed project includes ramps, the builder must submit elevations/details that allow the SAH Agent to verify slope, width, and other required features.

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6. Plans and Specifications, Continued

i. Electrical Plans

Requirements for electrical plans differ between new construction and remodeling projects. For new construction projects, the electrical plans must illustrate the following:

- electric service panel,
- switches and outlets,
- light fixtures,
- wiring diagram,
- thermostats, and
- smoke/carbon monoxide detectors.

For remodeling projects, an electrical plan is only required if any of the items listed above are being replaced or new electrical items are being installed. In these circumstances, it is not necessary to provide an electrical plan for the entire housing unit. Only those items affected are required on the electrical plan.

Note: Often, the electrical plan is incorporated in the floor plan. This is acceptable as long as it is legible.

Continued on next page

6. Plans and Specifications, Continued

j. Mechanical Plans

Requirements for mechanical plans differ between new construction and remodeling projects. For new construction projects, the mechanical plans must illustrate the location of the following, if applicable:

- air handler,
- condensing unit,
- furnace,
- air returns,
- duct work and registers,
- thermostats,
- boiler,
- radiators, and
- water heater.

For remodeling projects, a mechanical plan is only required if any of the items listed above are being replaced, or new mechanical items are being installed. It is not necessary to provide a mechanical plan for the entire housing unit. Only those items affected are required on the mechanical plan.

Important: If a remodeling project includes an addition, but the heating, ventilation, and air conditioning (HVAC) system will remain unchanged, the builder must provide a statement indicating that the existing HVAC system is appropriately sized to adequately heat/cool the new addition.

Note: Often, the mechanical plan is incorporated in the floor plan. This is acceptable as long as it is legible.

Continued on next page

6. Plans and Specifications, Continued

k. Specifications The builder must provide specifications on [VA Form 26-1852](#), *Description of Materials*. All parties to the contract must sign and date the completed form.

In addition to [VA Form 26-1852](#), the SAH Agent is required to obtain manufacturer's specification sheets for flooring, appliances, and special equipment. This will help ensure that all parties are in agreement as to what materials are being used for the project. After final grant approval, any changes to the approved [VA Form 26-1852](#) will require a written change order signed by all parties to the contract. Please see Chapter 6, Section 2 for more information on change orders.

l. Builder Certification

The VA builder certification must be:

- signed and dated by a technically qualified and properly identified individual (such as the builder, architect, engineer, etc.); and
- contain the following language, indicating that the home meets code requirements and is free of hazardous material:

“I certify that the construction exhibits for (the property address) meet all local code requirements and are in substantial conformity with both SAH and VA Minimum Property Requirements, and all building standards as required by VA.”

7. Cost Analysis

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose A cost analysis helps to determine if the construction cost is appropriate for the proposed scope of work and whether or not the builder is overcharging.

b. When to Perform The SAH Agent completes the cost analysis after receiving the final versions of the following:

- the construction contract;
- the plans and specifications, including the [VA Form 26-1852, Description of Materials](#); and
- the builder's cost breakdown.

c. Typical Construction Related Costs It is important to remember that every construction project is different and the types of construction costs for each project will vary accordingly. The following are typical construction related costs:

- material
- labor or subcontractor fees
- profit
- overhead
 - architect or drafting fees
 - debris/trash containers and removal
 - storage
 - insurance
- site preparation
- job conditions

The SAH Agent should question any charges or fees that do not appear typical or related to the proposed construction project and document the system.

Continued on next page

7. Cost Analysis, Continued

d. Cost Estimating Tools and Resources

On the job experience is the best source of cost estimating knowledge. In addition, there are several resources available to SAH Agents for completing the cost analysis. Most analyze the construction cost on a dollar per square foot basis, which is determined by the quality of construction and the location of the project. The Marshall & Swift Cost Estimator, an online software application, is a well-known source for cost estimation and may be accessed at <http://www.swiftestimator.com/>. Other resources for product and cost estimates include:

- builders associations,
 - suppliers (retail and wholesale),
 - manufacturers, and
 - other builders.
-

e. Challenges

Cost estimating is one of the most difficult parts of the grant process because:

- Every project is different and the needs of each Veteran are unique.
 - Job site conditions vary significantly.
 - Costs for specific types of work vary by builder and construction quality.
 - Fluctuations in construction costs, especially material costs, are based on supply and demand and are not always consistent with general economic conditions in an area.
 - Remodeling work may involve:
 - unanticipated problems (e.g. termite or water damage, structural damage, foundation defects, etc.), resulting in additional costs; and
 - inherent structural or site limitations, providing less flexibility in design and use of materials.
-

f. Cost Breakdown

The cost breakdown is an itemized list of work and associated costs for a construction project. It must be provided for all construction and remodeling projects. The cost breakdown is an integral part of developing the disbursement schedule, which is discussed later in this chapter.

Continued on next page

7. Cost Analysis, Continued

g. Completing the Cost Analysis

There are four steps to completing the cost analysis:

- Review the plans and specifications for materials, size (square feet), and construction quality.
 - Use a cost estimating resource to determine the construction cost on a dollar per square foot basis. Apply this number to the size (square feet) of the proposed project.
 - Use other resources, if necessary, to determine the cost of specialty equipment.
 - Compare the builder's project cost with the cost derived using the cost estimating resource.
-

h. Excessive Cost

When the cost analysis indicates significant overcharging by the builder, the Veteran must be notified using the system-generated letter (which can be e-mailed or mailed). SAH Agents must question whether the excessive cost is concealing non-grant related work not disclosed in the contract. Potential signs of overcharging are:

- an experienced SAH builder charging more for similar work recently completed on another project,
- excessive overhead costs, or
- construction costs exceeding what is typical in the market when compared to other local builders.

Because the Veteran has freedom of choice in selecting the builder, he or she may elect to move forward with a project even if overcharging is evident. In these situations, the SAH Agent must determine that all work is grant related, and must obtain a written statement from the Veteran acknowledging:

- the disparity,
 - a desire to continue with the project, and
 - if applicable, the Veteran's ability to pay for the cost of the project that exceeds the available grant funds.
-

Continued on next page

7. Cost Analysis, Continued

i. Disbursement Schedule

The disbursement schedule is created to define the stages of construction and the amount of funds to be disbursed at each stage. Due to VA's unique payment procedure (i.e. funds are not released until the value added work is complete) builders are required to carry the construction cost until the first disbursement. To ensure that builders are aware of this requirement, builders must provide a detailed disbursement schedule describing the work and associated costs for each stage of construction. Please refer to Chapter 7, Section 3 for more discussion on the minimum number of inspections and disbursements for each project type.

The SAH Agent is responsible for reviewing the disbursement schedule prior to submitting the grant for final approval. The disbursements for each stage must accurately represent the work to be completed during that stage. Equal disbursements throughout the project (e.g. four \$15,000 disbursements on a \$60,000 project) may be a sign that the builder did not invest much time in developing the disbursement schedule. The SAH Agent must scrutinize the disbursement schedule to ensure builders are not falsely inflating early disbursements. Typically, the first disbursement should not exceed 20 percent of the total construction cost. Accurate disbursements help to ensure sufficient grant funds remain to complete construction should the builder abandon the project.

Important: Every construction project will require 20 percent of the construction funds to be held in escrow until the project is complete. These funds are payable only after receiving a satisfactory final compliance inspection report and SAH Agent final field review (FFR). The exception is turn-key projects (defined as a project with one lump-sum payment made at project completion) because all funds are disbursed at once after the SAH Agent FFR is completed.

Note: The amount of funds held is based on the cost of the construction only. If a portion of the grant funds are being used for a mortgage principal reduction, this amount must not be included in the calculation. However, if Veteran funds are being used to supplement the cost of the construction, this amount must be included in the calculation.

8. Required Documents for Other Situations

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information The documents previously discussed in this chapter will be required for grant approval in most cases. However, there are unique situations that will require additional information and documentation.

b. When Construction Costs Exceed Available Grant Funds When the project cost exceeds the amount of available grant funds, the Veteran is responsible for paying the difference. To pay the difference, the Veteran will typically use personal funds, obtain a loan, or utilize the Home Improvement and Structural Alterations (HISA) grant administered by Prosthetics and Sensory Aids (P&SA).

If the Veteran is obtaining a loan, the following must be provided:

- a loan commitment letter,
- an appraisal, and
- a VA Loan Analysis, [VA Form 26-6393](#), *Loan Analysis*, or equivalent documentation for non-VA loans.

If the Veteran is using personal funds, the following must be provided:

- A bank statement showing adequate personal funds to cover the difference.
- A letter of intent to escrow personal funds with grant funds at VA's request.

Note: The Veteran's personal funds must be liquid. Evidence of investments, retirement accounts, or funds that are not readily available, are not acceptable.

If the Veteran is utilizing HISA grant funds, the following must be provided:

- The HISA approval notification, and
 - A description of the proposed work and associated cost.
-

Continued on next page

8. Required Documents for Other Situations, Continued

c. Power of Attorney

If the Veteran has granted a Power of Attorney (POA), it must be sent to Regional Counsel (RC) for review and approval. It is important to note that the existence of a POA does not negate the Veteran's authority to sign documents; it merely allows another individual to sign for the Veteran.

Note: A medical POA is not sufficient for SAH purposes.

d. Plan 4 SAH/Plan 5 SHA

For Plan 4 SAH and Plan 5 SHA cases, construction has already been completed, or the Veteran has acquired a home that is already adapted. Therefore, no construction documents are necessary. However, the SAH Agent must complete a FFR of the property to ensure that it meets MPRs. Please see Chapter 10, *SAH Agent Final Field Review*, for more information.

e. Documentation to Support Plan Formulas

As early as possible in the grant process, and certainly prior to grant approval, the SAH Agent should review the applicable grant plan type and its corresponding formula to ensure that any documentation necessary to support the calculation is obtained from the Veteran.

Further information about grant plan types and calculations can be found in Appendix C of this manual. Any questions about acceptable supporting documentation should be directed to CO.

Continued on next page

8. Required Documents for Other Situations, Continued

f. Cases Involving Mortgage Principal Reduction

If the Veteran plans to use part or all of the grant funds to reduce the principal balance of a mortgage, the SAH Agent must obtain a current mortgage statement that shows total principal balance. A mortgage statement will be considered current if the statement date is within 3 months of grant approval.

Typically, in these cases, SAH grant funds should be used to reduce the principal balance on the first/primary mortgage. However, some Veterans have second mortgages, home equity loans/lines of credit, reverse mortgages, or other indebtedness for which the housing unit serves as collateral. The Veteran has freedom of choice in terms of which mortgage product best serves his or her needs. As long as the SAH Agent can obtain documentation proving that the indebtedness in question is directly related to the acquisition and/or adaptation of the housing unit, grant funds may be used to reduce the principal balance of a variety of loan types.

Note: While flexibility is critical to successful administration of the SAH program, under no circumstances should the SAH Agent advise a Veteran to incur debt with the expectation of receiving grant funds as reimbursement/principal reduction.

Important: Under Public Law 109-233, previous grant recipients cannot obtain a subsequent grant(s) to reduce an existing mortgage principal for properties acquired prior to June 15, 2006.

9. RLC Requirements for Grant Disapproval

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information Processing a grant for approval can be a time consuming and difficult process, especially for the Veteran involved. Returning to the Veteran repeatedly for corrections or additional documents, especially after the grant package has been submitted to the RLC for approval, can exacerbate an already stressful situation.

Important: It is imperative that SAH Agents are knowledgeable of the program requirements and complete a thorough review of the grant package prior to submitting it to RLC management for approval. Moreover, it is imperative that RLC management communicate effectively with SAH Agents when corrections or additional documents are required for grant approval.

b. Consistency Requirement Occasionally, mistakes will be found when the RLC reviews a case, causing the grant to be disapproved. RLC management should review the grant in its entirety to ensure an accurate and complete list of required items or corrections is compiled. When RLC management requires the SAH Agent to make corrections or obtain additional documents, RLC management must provide system notes that clearly document all reasons for disapproving the grant. This will help the SAH Agent avoid returning to the Veteran multiple times and will expedite grant approval. Once the requested documents or corrections are provided, approval of the grant should become a priority for RLC management.

If it is apparent that RLC management is not properly reviewing and documenting the cases (e.g. the grant is submitted for review by the SAH Agent multiple times and new information is requested from RLC management each time the grant is reviewed), the RLC may receive a negative finding as a result. The same is true if the SAH Agent continuously neglects to provide the information requested by RLC management.

c. Follow-up Requirement If RLC management disapproves a grant and additional documentation is required from the Veteran and/or builder, the SAH Agent must communicate this to the Veteran and/or builder within 5-business days of disapproval via e-mail or mail. A copy of this communication must be uploaded to the system.

Chapter 6. SAH Agent's Responsibility during Construction and Handling Disputes/Complaints

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	Project Management Responsibilities	6-2
2	Change Orders	6-4
3	Dispute Resolution	6-6

1. Project Management Responsibilities

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction to Project Management The project management process for Specially Adapted Housing (SAH) Agents begins immediately following grant approval and concludes upon completion of final accounting. The SAH Agent is responsible for maintaining communication among all parties and facilitating the successful completion of the SAH/Special Housing Adaptation (SHA) projects.

b. Notifying the Veteran and Builder After Grant Approval The SAH Agent must notify the Veteran receiving the SAH/SHA grant within 3-business days of grant approval by creating the system generated grant approval notification letter and mailing or e-mailing it to the Veteran. The Agent will also mail or e-mail this letter to the escrow Agent and selected builder. It is important to notify the Veteran and builder within 3-business days to allow the Veteran and builder ample time to prepare and make arrangements prior to construction.

Important: The system generated grant approval letter must be sent to the Veteran and builder to notify all parties that construction cannot begin until the escrow agreement is executed by all parties.

c. Drafting the Escrow Agreement The SAH Agent should begin to create the [VA Form 26-1854, Escrow Agreement-Specially Adapted Housing](#), upon entering the disbursement information in the system. The escrow agreement will be finalized upon receipt of the grant check. Refer to Chapter 8 for additional information.

Important: The SAH Agent must upload a copy of the grant Treasury check to the system immediately upon receipt.

Continued on next page

1. Project Management Responsibilities, Continued

d. Assigning the Compliance Inspector To minimize any potential delays, the SAH Agent should confirm the availability of the Compliance Inspector (CI) prior to grant approval. Refer to Chapter 7 for additional information on assigning the CI and the compliance inspection requirements.

e. Notification of When Construction Begins The SAH Agent should contact the Veteran and builder to obtain the approximate construction start date. The construction start date should be obtained when all parties have properly executed the escrow agreement. Obtaining the construction start date will allow the SAH Agent to establish timeframes for the construction process and monitor the duration of each construction stage. The starting date of construction should be entered into the system notes.

f. Required Communication During Construction The SAH Agent must communicate with the Veteran and builder at least every 10-business days, beginning at the construction start date. This contact is required to allow the SAH Agent to have situational awareness throughout the duration of the construction, and may help minimize escalation of disputes. The contact can be in the form of phone calls, e-mail, or personal visits, and must be documented in system notes for the duration of the project.

An example of an acceptable case note when communicating with the Veteran is: "SAH Agent phoned Veteran and discussed the progress of the first stage of construction. The Veteran indicated that the builder has had a crew present for several hours a day, and the builder is excellent at communicating the daily work completed. The Veteran has no concerns at this time and is encouraged by the builder's progress."

An example of an acceptable case note when communicating with the builder is: "SAH Agent e-mailed builder and discussed the current stage of construction. The builder reports that there have been no material or labor delays and that the project is progressing slightly ahead of schedule."

Important: A lack of communication is a primary reason for the majority of construction disputes and complaints. Effective bi-weekly communication with the Veteran and builder will help the SAH Agent effectively manage their projects, and provide strong customer service to external stakeholders.

2. Change Orders

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information on Change Orders A change order is an amendment to the original terms of a construction project, and may alter the original contract amount and/or completion date.

When a change order is requested, construction work pertaining to the change order cannot commence, until the change order has been approved by the SAH Agent or Regional Loan Center (RLC) management. The builder can continue with construction work included in the original approved scope of work that does not pertain to or impact the change order. This information should be relayed to the Veteran and builder prior to the beginning of construction, preferably during the preconstruction meeting.

b. Requirement to Approve Change Orders Change orders must contain the following:

- the parties to the change order and specified roles, along with signatures of all parties and the dates of signatures;
- the address of the subject property;
- the terms and cost of the change order (specifically highlighting any increase or decrease in contract price);
- a reference to specific plans and specifications;
- a revised scope of work (if applicable);
- the revised estimated time to complete the project (if applicable); and
- revised/additional documentation (e.g., plans, specifications, descriptions of materials), as necessary.

Change orders eliminating/waiving minimum property requirements (MPRs), or changing the cost of the project by more than 5 percent of the original contract price, must be approved by Assistant Valuation Officers (AVOs) and Valuation Officers (VOs). All other change orders may be approved by the SAH Agent.

Change orders must be uploaded in the system. For any change orders exceeding approved grant funds, and remaining grant funds are available, a supplemental grant can be requested. Refer to Chapter 9 for additional information. For any change orders exceeding approved grant funds, and remaining grant funds are not available, the Veteran must provide proof of liquid funds for any excess.

Continued on next page

2. Change Orders, Continued

**c. No-Cost or
Non-MPR
Altering
Change Orders**

Change orders that do not alter the MPRs as defined in the original approved scope of work of a contract, or do not change the cost of a contract by more than 5 percent, can be approved by the SAH Agent. All change order requests must be uploaded to the system.

**d. Change
Order
Approval
Timeliness
Requirements**

In order to ensure the SAH/SHA grant project proceeds without delay, RLC management must review and provide a decision on any requested change order within 5-business days of the change order being uploaded to the system. If the change order is not approved, the RLC reviewing manager must provide a thorough explanation for the decision, and propose a mutually agreeable solution for resolving any construction issues, so the SAH Agent can notify the Veteran and builder.

3. Dispute Resolution

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Dispute Resolution Introduction During the construction period of the SAH/SHA projects, delays, disputes, or complaints may arise between the Veteran and the builder. The SAH Agent must maintain contact with the builder and Veteran every 10-business days throughout the construction process to help mitigate any issues as they arise.

b. How to Handle Delays During Construction If a delay is identified, the SAH Agent must work with the Veteran and builder to reach a solution as soon as possible. The following are common construction delays and suggested guidance:

- Weather conditions: Escrow of funds must be retained if the construction is complete except for items that must be delayed until acceptable weather permits completion (examples: final grading of lot, completion of ramp, etc.). See Chapter 8 for further details.
- Shortage or discontinuation of construction material: Search for alternative materials and encourage the Veteran and builder to submit a change order if alternative materials are available. The SAH Agent should keep the Veteran and builder informed and up to date regarding availability of grant funds to assist all parties in construction planning, potentially eliminating this delay.
- Disagreement between the Veteran and builder: Attempt to assist with the resolution of the disagreement, and document the system notes with the reason for delay. More information about resolving informal and formal construction disputes appears later in this chapter.

All reasons for construction delays must be documented in the system notes at the onset and throughout the delay until resolution.

Continued on next page

3. Dispute Resolution, Continued

c. How to Handle Complaints

Complaints may arise at any point in the construction process. When handling complaints, the SAH Agent needs to:

- define the problem,
- deal fairly with the involved parties,
- protect VA's interest at all times,
- make sure the scope of work or minimum property requirements (MPRs) of the approved grant are still attainable,
- recommend ways to reach a compromise or solution,
- notify his/her immediate supervisor of written complaints, and
- notate the Complaint Section of the system with clear facts of the case.

The SAH Agent must work with the builder and Veteran until construction complaint items that VA determines to be the builder's responsibility are corrected.

By maintaining contact every 10-business days with the Veteran and builder throughout the duration of the construction project and during any period of dispute or complaint, the SAH Agent should effectively manage the project and avoid issues from escalating beyond the point of control of the SAH Agent.

d. Types of Complaints

Complaints are categorized as follows:

- **Informal:** A verbal, non-written complaint that can be resolved without formal documentation.

Example: A Veteran complains that the selected builder shows up repeatedly late to the job site, but otherwise performs the work as specified by the original approved scope of work of the contract. The SAH Agent can call the builder and re-establish expectations for successful project completion.

- **Formal:** A written complaint that is construction-related and specifically lists all the unacceptable conditions and/or deficiencies.

A formal construction complaint is considered actionable if it is specifically related to the construction completed within the SAH/SHA contract. If the Veteran submits a formal written complaint about the finish materials installed, but it is determined that the construction contract was fulfilled, this is not considered an actionable complaint.

Continued on next page

3. Dispute Resolution, Continued

**e. Handling
Formal
Construction
Complaints**

When a formal actionable construction complaint is received, the SAH Agent must upload all complaint documentation to the system within 5-business days of receipt and notify the AVO and VO.

The SAH Agent must complete a complaint inspection as soon as possible to photograph and document all dispute or complaint items. The Veteran needs to be assured that their complaint has received appropriate attention; therefore, it is important that SAH Agents prioritize any pending actionable complaints. If the Veteran will allow, the complaint inspection should be scheduled with the builder present. The complaint inspection will allow the SAH Agent to determine if the dispute or complaint items specifically apply to the SAH contract scope of work. The complaint inspection report must be completed and uploaded to the system within 10-business days of completing the complaint inspection.

Once the SAH Agent has completed a complaint inspection, he or she should be able to determine which dispute or complaint items specifically apply to the SAH contract scope of work. The SAH Agent must provide written (e-mail or mail) notification to the builder of these items, and provide a timeframe for the builder to provide a written response. The notification and the builder's response must be uploaded to the system.

In most situations, there will not be continued or final disbursement of grant funds or other funds specified in the Escrow Agreement Disbursement Schedule until all applicable construction-related problems are corrected or otherwise resolved. Failure to hold disbursement can seriously jeopardize the position of the Veteran and the fulfillment of VA's responsibilities.

Important: Central Office (CO) will assist with complaints when requested by RLC management.

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3. Dispute Resolution, Continued

f. When the Builder Does Not Comply and Correct the Problem

If the builder fails to respond to the initial dispute/complaint notification, the SAH Agent must send the builder a second written notification, reminding him/her that VA may proceed with sanctions in the form of a Limited Denial of Participation (LDP).

If the builder fails to respond by the date specified in the second notice, the SAH Agent must send the builder a traceable letter that states that unless satisfactory arrangements are made with VA by 30 calendar days from the date of the notice, the builder may be suspended from further Loan Guaranty program participation.

The RLC is to contact CO for processing sanctions against the builder.

Important: VA does not have the authority to determine whether breach of contract has occurred. It is recommended that RLC personnel communicate with Regional Counsel in the event of significant disputes/complaints.

g. How to Handle Legal Action Between the Veteran and Builder

If RLC personnel are informed that legal action has commenced regarding an SAH case, the Agent must document the system with any available details of the litigation and advise CO of the litigation issues.

In cases involving litigation between the Veteran and builder, VA should avoid taking any action that would prejudice the case until the litigation is resolved. However, the SAH Agent should remain in contact with the Veteran and builder to obtain up to date information about the status of any legal actions. The existence of litigation does not negate the contact responsibilities of the SAH Agent.

Important: In litigation cases, no grant funds are to be released without CO approval.

h. Complaints Received After Construction Has Been Completed

Instances may arise in which a Veteran encounters construction deficiencies after the construction is complete and all grant funds have been disbursed to the builder. The SAH Agent should remind the Veteran of the builder's construction warranty and encourage the Veteran to contact the builder as soon as possible. Even if grants are closed in the system, case notes will still be available and should be updated with any contact from the Veteran.

Chapter 7. The Compliance Inspection and Review of Compliance Inspection Reports

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	Compliance Inspections and <i>Compliance Inspection Reports</i> , VA Form 26-1839	7-2
2	Compliance Inspector Qualifications	7-3
3	Inspection Schedules	7-5
4	Assigning the VA Compliance Inspector	7-6
5	Requirements of the Compliance Inspection	7-8
6	Reviewing <i>VA Form 26-1839, Compliance Inspection Report</i>	7-10
7	Handling Non-Compliant Inspections	7-11

1. Compliance Inspections and *Compliance Inspection Reports, VA Form 26-1839*

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose of a compliance inspection is to verify compliance of individual construction phases, or turn-key construction, for all Specially Adapted Housing (SAH) and Special Housing Adaptation (SHA) grant projects in which grant funds are being disbursed to a builder. The compliance inspection is used to certify that the property has been constructed in accordance with Department of Veterans Affairs (VA) approved plans and specifications, including SAH minimum property requirements (MPRs) and recommended adaptations (RAs).

VA can authorize the release of grant funds to the builder only after:

- A compliance inspection has been completed by a VA-assigned compliance inspector (CI).
 - A [VA Form 26-1839, Compliance Inspection Report \(CIR\)](#), indicating “no evidence of noncompliance observed” is received.
 - The CIR has been reviewed and approved by the SAH Agent.
-

b. Who Completes the Compliance Inspection Generally, a VA-approved CI must complete the compliance inspection. There are, however, limited cases in which VA personnel may be assigned to complete a compliance inspection. Please refer to Topic 4 of this chapter for more information.

c. Reporting the Compliance Inspection After the compliance inspection is completed, the CI must report the results on a CIR, [VA Form 26-1839](#). The CI uses this form to report the specific stage of construction, whether or not the work for that specific stage of construction is complete and compliant with the VA-approved plans and specifications, and if a re-inspection by the CI is required.

d. Acceptable Methods of Communicating With CI Upon assigning a CI and throughout the duration of the construction project, the SAH Agent will be required to communicate construction information to the CI. For clarification purposes, anytime the SAH Agent is directed to send information to the CI, it is acceptable to email or mail the documentation to the CI. All correspondence must be uploaded or noted in the system.

2. Compliance Inspector Qualifications

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. RLC Requirements Each Regional Loan Center (RLC) must appoint and maintain a fee panel of CIs to complete compliance inspections for SAH and SHA grants in their respective geographic areas of jurisdiction. The fee panel roster must be monitored to ensure a sufficient number of available fee panel members so that construction delays due to limited CI availability are avoided.

b. CI Minimum Qualifications The following qualifications must be met prior to appointment to the VA fee panel:

- At least 3 years of construction related inspection experience.
- Satisfactory Credit Alert Interactive Voice Response System (CAIVRS) screening results.
- An active inspector license, if required from the state.

Important: Builders who are actively working on SAH projects cannot concurrently serve as compliance inspectors.

RLCs are encouraged to seek out potential CIs with International Code Council (ICC) certification for residential building inspection or those that possess local/state home inspector licenses, where applicable.

For potential CIs in states in which no inspector license is required, the RLCs must administer a written test that must be passed with a score greater than 70 percent on the first attempt. A copy of the successfully completed exam must be uploaded in the CIs file maintained in the Stakeholder Information Management (SIM) application. Central Office (CO) will provide RLCs a test to be administered to the prospective CIs.

Important: Applicants that possess the ICC certification or local/state licenses are exempt from the testing requirement.

All CIs are required to become knowledgeable of SAH MPRs and RAs, as the verification of MPRs and RAs is the primary objective of the compliance inspection.

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2. Compliance Inspector Qualifications, Continued

- c. Newly Appointed CIs** If possible, newly-appointed CIs should be accompanied by the SAH Agent, or an experienced CI, for the first inspection assignment. The SAH Agent is responsible for assisting the CI in understanding MPRs and RAs throughout the construction project. All compliance inspections are subject to 100 percent internal review by the SAH Agent for accuracy and completeness.

3. Inspection Schedules

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose of an inspection schedule is to notify the CI of the number and scope of inspections required for a project. Typically, an inspection schedule will match the proposed disbursement schedule.

b. Minimum Number of Inspections for New Construction The minimum number of inspections for new construction is three. The three inspections normally include, but are not limited to:

- an inspection when the foundation/slab is complete and ready for backfill;
- a second inspection when the housing unit is enclosed and rough-ins are complete (e.g. electrical, heating, and plumbing); and
- a third inspection when the housing unit and landscaping are complete.

Note: The number of inspections may need to be increased based on the scope of the project or for builders new to the SAH program. For projects involving extensive concrete pouring, RLCs should complete an inspection of the concrete forms prior to the pour.

c. Determining the Number of Required Inspections Use the table below to determine the number of required VA compliance inspections.

If the case is a ...	Then the number of required VA compliance inspections is ...
SAH Plan 1 or 2 (new construction)	a minimum of 3.
SAH Plan 3 (remodeling job that includes an addition)	a minimum of 3.
SAH Plan 3 (remodeling job that does <i>not</i> include an addition)	3 or less depending on the complexity of the project.
SAH Plan 4	none. A compliance inspection is not required, as the SAH Agent Final Field Review is sufficient.
SHA Plan 1, 2, 3, or 4	3 or less depending on the complexity of the project.
SHA Plan 5	none. A compliance inspection is not required, as the SAH Agent Final Field Review is sufficient.
Temporary Resident Adaptation (TRA) grant	3 or less depending on the complexity of the project.

4. Assigning the Compliance Inspector

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Assigning the Compliance Inspector The compliance inspection assignment is officially created once the CI has received an assignment letter from the SAH Agent. Upon selecting the CI, the SAH Agent must create the system-generated, inspector assignment letter and complete all fields requiring input.

The following documents must be sent to the CI with the system-generated inspector assignment letter, if applicable:

- the approved plans and specifications,
- the approved scope of work and contract, description of materials (DOM), and
- MPR waivers.

Important: The SAH Agent is responsible for providing any change orders and associated construction documents to the CI during the project.

b. When the Assigned CI is Unavailable If a CI has been assigned, but is unavailable when an inspection is requested, or the required inspection is in an area not serviced by the CI, the following individuals may complete the inspection:

- another VA approved CI, or
- the SAH Agent.

Important: Compliance inspections may only be completed by SAH Agents when VA-approved CIs are not immediately available. In these limited cases, prior CO approval is required. The RLC should anticipate this need and immediately request CO approval to avoid construction delays. This scenario is not desirable and all efforts should be made to assign a VA-approved CI.

Continued on next page

4. Assigning the Compliance Inspector, Continued

**c. SAH Plan 4
or SHA plan 5
CI
Requirement**

For SAH Plan 4 and SHA Plan 5 cases, the SAH Agent FFR may be completed in lieu of a compliance inspection. The SAH Agent is the expert on matters related to MPRs or RAs, and since construction has already been completed, the SAH Agent can make the determination as to whether or not MPRs have been met. Please refer to Chapter 10 for more information.

5. Requirements of the Compliance Inspection

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Reviewing the Assignment Before Inspection The SAH Agent must ensure the CI is in possession of all construction documents and exhibits prior to completing the first inspection. The CI is expected to review the documents, be familiar with the project, and pose any questions prior to the first inspection. The SAH Agent should contact the CI and verify the assignment is understood.

b. Completing the Inspection At each phase of construction, as determined by the inspection schedule, the CI will inspect the project to certify it has been constructed in accordance with the VA approved plans and specifications and that there are no deficiencies, deviations, or unauthorized substitutions. The CI must:

- compare the actual work completed to the VA approved plans and specifications provided by the SAH Agent;
- measure critical dimensions and adapted components to ensure adherence to SAH MPRs and RAs;
- observe the materials used by the builder to ensure consistency with the DOM;
- provide digital photographs for each inspection of the areas affected by the construction; and
- report the specific stage of construction and whether or not the work for that specific stage of construction is complete and compliant or advise if a re-inspection of non-compliant items is required.

Important: The CI is not a building code inspector and the compliance inspections are limited to the scope described in this chapter. However, if the CI notices items that could cause an issue during a building code inspection, he or she should inform the SAH Agent and builder.

The CI should verify permits for each construction stage as it is inspected. Certification of Federal, state, or local building codes can be in the form of a certificate of occupancy, or in case of remodeling, a copy of the final inspection report from the local building authority.

Continued on next page

5. Requirements of the Compliance Inspection, Continued

c. Completing the CIR

The compliance inspection is completed using [VA Form 26-1839](#), *Compliance Inspection Report*. When completing the CIR, the CI must indicate which stage was inspected and the condition of construction. The CI should provide a brief narrative of his or her observations in Section 1 of the CIR and must submit the following:

- Digital photographs of the construction phase or project inspected.
- An invoice indicating inspection stage, property address, amount charged for the inspection, and any claims for mileage reimbursement that may exceed the accepted norm.

Important: The CI must sign and date the CIR, certifying that the information reported is true and accurate. If it is completed electronically using the system-generated CIR, the CIR is deemed signed and certified.

6. Reviewing VA Form 26-1839, Compliance Inspection Report

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose for reviewing the CIR is:

- to verify the stage of construction and that the work completed conforms to VA approved plans and specifications; and
- to determine whether or not reports of compliance inspections, re-inspection, and inspections for staged payments of construction were completed.

b. Reviewing the CIR The SAH Agent must review the CIR to verify:

- that all fields have been completed accurately;
- the stage of construction is correct and is consistent with the photographs provided by the CI;
- if construction is compliant or non-compliant (i.e. deficiencies, deviations, or unauthorized substitutions, or changes); and
- if MPRs have been met.

c. Timeliness of CIR Review The SAH Agent must sign and upload the CIR to the system immediately upon receipt, or review immediately when the CI uploads the CIR to the system directly. The Assistant Valuation Officer (AVO)/Valuation Officer (VO) must review and approve the CIR within 5-business days of when the CIR was uploaded by the Agent or CI. Any issues that affect payment to the builder and could potentially delay construction must be handled as expeditiously as possible.

The SAH Agent must complete the Final Field Review within 10-business days of receipt and approval of the final satisfactory CIR to ensure that the project adheres to the VA approved plans and specifications and the CI has been compliant. Please refer to Chapter 10 for more information.

d. Timeliness of CI Payment After receiving the CIR, the RLC must process the payment to the CI as quickly as possible.

7. Handling Non-Compliant Inspections

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. How to Handle Non-Compliant Items

The SAH Agent should follow the steps in the table below to handle non-compliant items on the CIR.

Important: If the non-compliant items affect the structural integrity of the housing unit or purpose of the project, contact the builder and CI to discuss the deficiency.

Step	Action
1	Immediately contact the builder to discuss the non-compliant item.
2	Send a detailed letter to the builder and a copy of the letter to the Veteran: <ul style="list-style-type: none"> • identifying the situation and needed corrections, and • explaining that the cost of the re-inspection is at the builder's expense. Attach a signed copy of the CIR for his or her review. <p>Note: A change order may be necessary if there is a substitution or deviation from the plans and specifications.</p>
3	The SAH Agent should then: <ul style="list-style-type: none"> • monitor the status of the needed corrections; • ensure the builder schedules a re-inspection by the CI once the non-compliant item is corrected; and • document all correspondence and information in the system notes.

Continued on next page

7. Handling Non-Compliant Inspections, Continued

b. Failure to Correct the Deficiency

The SAH Agent should allow the builder a reasonable amount of time (which will depend on the case circumstances, and should be documented and justified in the system notes by the SAH Agent) to correct the construction problem. However, if the builder still fails to correct the deficiency, notify the AVO or VO to:

- advise of the deficiency, and
 - request guidance in resolving the problem.
-

Chapter 8. Escrows, Escrow Agents, and the Authorization of Funds

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	Escrow and When Escrow is Required	8-2
2	Selection of the Escrow Agent	8-4
3	Responsibilities of the Escrow Agent	8-6
4	Authorization to Disburse Funds When VA is Not the Escrow Agent	8-8
5	Processing Procedures When VA is the Escrow Agent	8-10

1. Escrow and When Escrow is Required

Change date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information on Escrow Accounts

The table below defines terms related to this topic.

Term	Definition
Escrow Account	An escrow account is an account where money (grant funds and supplemental funds, such as Veteran’s personal funds and construction loan funds) is put into the custody of a third party. The escrow is to be held by the escrow agent until written authorization from the Department of Veterans Affairs (VA) to release the funds.
Escrow Agreement	An escrow agreement is a legal instrument used to govern the control and release of funds in escrow.

b. General Guidelines

For Specially Adapted Housing (SAH) and Special Housing Adaptation (SHA), including associated Temporary Residence Adaptation (TRA) grants, the grant funds and the Veteran’s funds must be:

- deposited in an escrow account in the Veteran’s name,
- subject to the control of VA, and
- readily available without charge or penalty for early withdrawal.

For all grants, funds should be placed in an interest bearing account if:

- it is not contrary to local, state, and Federal laws or customs;
- escrow fees would not cost more than the potential interest earned; and
- funds are available upon demand.

Note: Any interest earned on the grant funds is outside the scope of the escrow agreement, and the Veteran may choose how to handle the earned interest upon close out of the escrow account.

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1. Escrow and When Escrow is Required, continued

c. When the Escrow Account is Established

The escrow account is established after:

- [VA Form 26-1854, Escrow Agreement – Specially Adapted Housing](#) has been signed by all parties, and
- the check has been endorsed and deposited.

Important: The SAH Agent must ensure that the grant funds are placed in the escrow account in a timely manner to protect the Veteran from unnecessary delays.

d. When the Escrow Account is Not Required

Escrows are not required if funds are to be released immediately, or within 10-business days, after receipt of the grant check.

2. Selection of the Escrow Agent

Change date February 12, 2014, Change 1

- This entire section has been updated.

a. Types of Qualifying Institutions and Agencies

The following institutions or agencies qualify as escrow agents:

- banks,
- attorneys,
- Federal Housing Administration (FHA) approved mortgagees,
- title insuring companies,
- supervised lenders, as defined in Title 38, United States Code 3702(d), and
- finance groups of VA, upon approval by Central Office (CO).

Contact CO for assistance if the Veteran is requesting to utilize an escrow agent who is not part of an institution or agency listed above.

b. Escrow Agent Fees

The escrow agent usually sets the fee for his/her services. For fees that seem excessive, the Veteran and the escrow agent may negotiate a more reasonable fee. If negotiations fail, the SAH Agent discusses the matter with the Veteran and should suggest selecting an escrow agent who charges a lesser fee.

Note: The Veteran has freedom of choice when selecting the escrow agent.

c. Selecting the Escrow Agent

The Veteran and SAH Agent work together to select an escrow agent. Regional Loan Centers that have received prior CO approval to use VA finance groups must allow the Veteran freedom of choice in selecting the escrow agent, whether it is a VA in-house escrow agent or an outside escrow agent.

When choosing an escrow company, the following items must be discussed:

- Explain the grant process and the approximate project time frame for receipt of all funds.
 - Explain that grant funds are only released upon authorization from VA.
 - Determine if the escrow company allows supplemental deposits and will the escrow company allow accounts to remain open with a zero balance.
-

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2. Selection of the Escrow Agent, continued

**d. When to
Select the
Escrow Agent**

The escrow agent must be selected prior to grant approval. The case notes must be documented with the escrow company name, company address, name of the escrow agent, and contact information of the escrow agent.

Important: By selecting the escrow agent prior to grant approval, the SAH Agent will avoid any potential grant processing delays after grant approval and help to ensure the construction project begins on time.

3. Responsibilities of the Escrow Agent

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Setting Up the Escrow Account The escrow agent must set up the escrow account in the name of the Veteran and ensure that funds will not be disbursed or withdrawn without written authorization from VA. This ensures that VA has control over the funds and the Veteran is protected.

b. Establishing the Escrow Agent Fee The escrow agent is responsible for establishing his/her fee in Item 8 on [VA Form 26-1854, Escrow Agreement – Specially Adapted Housing](#).

c. Signing the Check and Escrow Agreement Upon receipt of the grant check from the SAH Agent, the escrow agent should set up an appointment with the Veteran so the check can be endorsed and deposited. After depositing the grant check in the escrow account, the escrow agent is responsible for:

- signing the original copy of the escrow agreement, [VA Form 26-1854, Escrow Agreement – Specially Adapted Housing](#),
- obtaining signatures from the Veteran and builder on the original copy of the escrow agreement, and
- providing copies of the escrow agreement to VA, the builder, and the Veteran.

Note: The SAH Agent should ensure the escrow agreement is signed in a timely manner so as to avoid construction delays.

d. Release of The Funds The escrow agent is responsible for releasing the grant funds in accordance with the disbursement schedule only after receiving written authorization from VA.

e. Accounting of Funds The escrow agent is responsible for submitting a full accounting to VA of all funds released. Example documentation may include:

- lien waivers per each disbursement,
 - evidence of funds released (e.g. receipts, wire transfers, cancelled checks, statement concerning the release of all interest earned, etc.), and
 - the date the escrow account was closed.
-

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3. Responsibilities of the Escrow Agent, continued

f. Escrow Agreement Packages The escrow agreement package is used to provide the escrow agent with all necessary information to establish the escrow account. It is prepared by the SAH Agent once the grant check is received by the Regional Loan Center (RLC).

g. Components of the Escrow Agreement Package Components of the escrow agreement package include:

- four unsigned copies of [VA Form 26-1854, Escrow Agreement – Specially Adapted Housing](#), including the disbursement schedule,
- a letter of instruction to the escrow agent, and
- the grant check.

Important: A copy of the grant check must be uploaded into the system prior to sending the escrow agreement package.

h. Delivery of the Escrow Agreement Package The escrow agreement package must be delivered by hand or by using certified mail. Both methods ensure proof of delivery of the escrow agreement package.

i. VA Form 26-1854 Escrow Agreement Specially Adapted Housing The purpose of [VA Form 26-1854, Escrow Agreement- Specially Adapted Housing](#), is to notify the escrow agent, Veteran, and builder of how the grant funds, loan funds, or Veteran’s funds will be released.

The form must be prepared upon receipt of the grant check.

j. Guidelines for Creating the Disbursement Schedule of VA Form 26-1854 The disbursement schedule of [VA Form 26-1854, Escrow Agreement- Specially Adapted Housing](#), is created to define the work completed at each stage of disbursement and the amount of funds released at each stage.

The disbursement schedule provided by the builder should be used for completing this section of [VA Form 26-1854, Escrow Agreement- Specially Adapted Housing](#). Refer to Chapter 5, Section 7 for more information on the builder provided disbursement schedule.

4. Authorization to Disburse Funds When VA is Not the Escrow Agent

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Guidelines for Escrow Funds Disbursements The escrow agent is responsible for disbursing grant funds for each stage of construction completed.

The SAH Agent will provide the *Escrow Disbursement Authorization – Letter to Escrow Agent* created in the system to the escrow agent authorizing when to release each disbursement.

b. When to Initiate Release For both SAH and SHA projects, each stage of construction must be confirmed with an approved [VA Form 26-1839, Compliance Inspection Report](#).

c. How to Authorize the Fund Release and Timeliness Requirement To authorize the fund release, create and send the escrow release letter to the escrow agent. To provide expectations for all parties involved in the construction and avoid potential delays, the escrow release letter must be created within 3-business days of the Assistant Valuation Officer (AVO) / Valuation Officer (VO) approving the Compliance Inspection Report (CIR).

d. 20 Percent Holdback Of Project Cost Requirement A 20 percent holdback is required to assure the project will be fully completed and is in compliance with the approved plans and specifications. The holdback is required anytime a disbursement schedule is prepared for the project. The 20 percent requirement must account for the total project cost. Funds to be applied to the principal balance of a mortgage, or a direct reimbursement to the Veteran, cannot be included in the 20 percent holdback amount.

Note: The 20 percent holdback may or may not contain any of the loan funds or Veteran funds, depending upon the parties' preferences.

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4. Authorization to Disburse Funds When VA is Not the Escrow Agent, continued

d. 20 Percent Holdback Of Project Cost Requirement, continued

Important: If there is a delay due to weather or a material backorder, but all other aspects of the construction project are complete and have been verified by the SAH Agent's Final Field Review, the 20 percent holdback should be released to the builder with the following adjustment:

The amount to retain in escrow for a final payment must be two times the estimated cost of the incomplete items, or a minimum of \$1,500.00, whichever is higher.

e. Disbursing the 20 Percent Holdback

To authorize the release of the 20 percent holdback, the SAH Agent Final Field Review must be performed. Refer to Chapter 10, SAH Agent Final Field Review, for completion instructions.

The SAH Agent will provide a final escrow release letter to the escrow agent upon the AVO's/VO's approval of the Final Field Review documentation.

f. Required Evidence of Disbursements from Escrow Agent

The escrow agent must provide the following, as applicable in each case:

- evidence of all releases, such as copies of endorsed checks,
- lien waivers for every disbursement phase,
- evidence that any interest accrued was paid to the Veteran,
- evidence that the escrow account has been closed,
- a statement or summary of payments,
- evidence that grant funds were applied to the principal balance of the mortgage, if applicable, and
- the *HUD 1 Settlement Statement*.

Note: The *HUD 1 Settlement Statement* is obtained from the lender when the Veteran is obtaining supplemental financing.

5. Processing Procedures When VA is the Escrow Agent

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information on VA Escrow Processing With prior approval from CO, RLCs may elect to act as their own escrow agent for SAH/SHA grants. This relationship needs to be established with the local finance department of the VA Regional Office. RLCs are responsible for establishing and maintaining this working relationship.

b. Benefits of VA Escrow Processing VA acting as the escrow agent is beneficial to the Veteran, and VA, as there is no fee charged for this service and VA is able to maintain control of the escrow account. The Veteran's personal funds are not commingled with grant funds, but are maintained in a separate account from the grant funds, also administered by VA.

c. Veteran's Freedom of Choice RLCs that administer VA-maintained escrow accounts must recognize the Veteran's freedom of choice when choosing an escrow agent.

VA-maintained escrow accounts are not interest yielding accounts, and the Veteran must be informed of this limitation prior to choosing an escrow agent.

d. Processing Requirement Prior To Grant Approval Prior to grant approval, the chosen builder must be enrolled to receive an Automated Clearing House payment from VA. This process is known as vendorization. All vendorization documents must be uploaded in the system.

e. Timeliness Requirements for Establishing Escrow Agreement VA-maintained escrow accounts may provide the Veteran faster processing times, as VA personnel are in control of the escrow process.

[VA Form 26-1854, Escrow Agreement - Specially Adapted Housing](#) must be created within 3-business days of the Regional Office receiving the grant check.

[VA Form 26-1854, Escrow Agreement – Specially Adapted Housing](#) should be signed by all parties as soon as possible to avoid any construction delays. SAH Agents are encouraged to schedule the preconstruction meeting to obtain signatures from the Veteran and builder concurrently.

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5. Processing Procedures When VA is the Escrow Agent, continued

f. Guidelines for Escrow Funds Disbursement and When to Initiate Release	<p>The VA escrow agent is responsible for disbursing grant funds for each stage of construction completed.</p> <p>The SAH Agent will provide the <i>Escrow Disbursement Authorization – Letter to Escrow Agent</i> created in the system to the AVO/VO after approving and uploading the satisfactory CIR, or approving the CIR uploaded directly by the Compliance Inspector.</p>
g. How to Authorize the Fund Release and Timeliness Requirement	<p>Disbursements for each stage of construction must be requested and submitted to finance within 3-business days of the satisfactory CIR being approved and uploaded in the system. RLCs need to avoid unnecessary construction delays by providing an established payment timeframe for all parties of the escrow agreement.</p>
h. 20 percent Holdback Of Project Cost Requirement	<p>A 20 percent holdback is required to assure the project will be fully completed and is in compliance with the approved plans and specifications. The holdback is required anytime a disbursement schedule is prepared for the project.</p> <p>Note: The 20 percent holdback may or may not contain any of the loan funds or Veteran funds, depending upon the parties' preferences.</p> <p>Important: If there is a delay due to weather or a material backorder, but all other aspects of the construction project are complete and have been verified by the SAH Agent's final inspection, the 20 percent holdback should be released to the builder with the following adjustment:</p> <ul style="list-style-type: none">• The amount to retain in escrow for a final payment must be two times the estimated cost of the incomplete items, or a minimum of \$1,500.00, whichever is higher.
i. Disbursing the 20 Percent Holdback	<p>To authorize the release of the 20 percent holdback, the SAH Agent Final Field Review must be performed. Refer to Chapter 10, SAH Agent Final Field Review, for completion instructions.</p> <p>The SAH Agent will provide a final escrow release letter to the escrow agent upon the AVO's/VO's approval of the Final Field Review documentation.</p>

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5. Processing Procedures When VA is the Escrow Agent, continued

j. Required Evidence of Disbursements From Escrow Agent

The VA escrow agent must provide the following, as applicable in each case:

- evidence that the escrow account has been closed,
 - a statement or summary of payments, and
 - evidence that grant funds were applied to the principal balance of the mortgage, if applicable.
-

Chapter 9. Supplemental Grants

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	General Information on Supplemental Grants	9-2
2	Approving a Supplemental Grant	9-3
3	Impact of Supplemental Funds on the Disbursement Schedule	9-4

1. General Information on Supplemental Grants

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction A supplemental grant is used in conjunction with an active, approved grant to access remaining grant funds. A supplemental grant may be used with both Specially Adapted Housing (SAH) and Special Housing Adaptation (SHA) grants, and can be combined with any approved plan type. The supplemental grant does not count as a grant use, as it can only be used in conjunction with a previously approved, active grant.

Supplemental grants can be requested for a variety of reasons. Common scenarios include changes in the scope of work, unforeseen construction issues that are beyond the builder's control (e.g. discovering mold after demolition), or an increase in available grant funds caused by an increase in the maximum grant amount.

b. When to Request An approved change order may necessitate a request for additional grant funds through a supplemental grant. Supplemental grants may also be used to request remaining grant funds for a mortgage principal balance reduction, if the necessary criteria are met. See Chapter 5, Section 8, for more information about mortgage principal reduction cases.

Important: Typically supplemental grants will be requested when a change order arises; however, a supplemental grant may be requested as a result of an increase in the maximum grant amount or the Veteran may request a principal balance reduction. To allow processing for a principal balance reduction or a reimbursement request in all scenarios and for all plan types, a supplemental grant may be requested up to 60-business days after the final disbursement, as long as final accounting has not been completed. A supplemental grant request does not require a minimum escrow account balance.

2. Approving a Supplemental Grant

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Approval Requirements

In order for a supplemental grant to be approved, there must be an active approved grant. Supplemental grant requests must be approved prior to the builder starting the additional work. The SAH Agent must be cognizant of builders who underbid projects to ensure selection, and then create change orders to exhaust the remaining grant funds in the form of supplemental grants.

b. How to Process the Request

The supplemental grant request is generally based on an approved change order. In addition to the approved change order, the following documents must be provided:

- A revised [VA Form 26-1852, Description of Materials](#) (DOM) - The revised DOM should only list the material required for the additional work.
 - Plans - If applicable, the plans must clearly illustrate the work described in the change order. The level of detail required depends on the scope of the work. Please refer to Chapter 5, Section 6 for plan requirements.
 - Cost Analysis - The cost analysis should include only the additional work proposed. Current system limitations do not allow for a system-based cost analysis for supplemental grants. Therefore, the format may be determined by Regional Loan Center (RLC) management. Deviations in labor and material costs, as compared to original approved grant, should be closely scrutinized by the SAH Agent and RLC management.
-

c. Timeliness Requirement

In order to reduce construction delays, supplemental grant requests must be reviewed, and approved or denied, by RLC management within 3-business days of receiving the required documentation.

Note: The SAH Agent should work with all parties to ensure construction will continue uninterrupted.

3. Impact of Supplemental Funds on the Disbursement Schedule

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Receiving the Supplemental Grant Funds and Amending the Escrow Agreement Upon receipt of the supplemental grant funds, the check number and date must be entered in the system to create a new, amended escrow agreement. A copy of the supplemental check must also be uploaded.

When creating the amended escrow agreement to include supplemental grant funds, RLCs are encouraged to communicate with builders and structure the new disbursement schedule so that the project is properly funded and construction delays are avoided.

b. Timeliness Requirement An amended escrow agreement must be created and sent to all parties within 3-business days of receiving supplemental grant funds.

c. Release of Supplemental Grant Funds The release of supplemental grant funds will be subject to a completed compliance inspection, if applicable, and will follow the standard disbursement procedure.

Important: If a supplemental grant was requested for a mortgage principal balance reduction, no compliance inspection is necessary for the release of these funds. The supplemental grant funds are not required to be deposited into an escrow account. RLCs that utilize in-house escrow and must release funds from the VA-controlled escrow account are not required to obtain the builder's signature on the amended escrow agreement.

Chapter 10. SAH Agent Final Field Review

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	General Information about the SAH Agent Final Field Review	10-2
2	Final Field Review Requirements	10-3
3	Following up with the Veteran, Builder, and Compliance Inspector	10-4

1. General Information about the SAH Agent Final Field Review

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction This topic contains information about the Final Field Review (FFR), including:

- the purpose,
- who can complete,
- when to complete, and
- requirements.

b. Purpose The purpose of the FFR is so the Specially Adapted Housing (SAH) Agent can:

- verify that the SAH minimum property requirements (MPRs) have been met,
- obtain a signed letter of satisfaction from the Veteran before releasing of the 20 percent holdback funds, and
- ensure the VA-approved compliance inspector (CI) has completed his/her inspections accurately.

Note: If the Veteran refuses to sign the letter of satisfaction, the SAH Agent must document the system notes with the rationale for not signing. If the refusal to sign is due to cosmetic issues, or items that were not included in the approved contract, the Regional Loan Center (RLC) should not withhold payment to the builder. RLCs are encouraged to contact Central Office (CO) for guidance in these situations.

c. Who Can Complete The FFR must be completed by:

- the SAH Agent,
- RLC management, or
- any other qualified SAH or Construction and Valuation (C&V) personnel, as approved by the Assistant Loan Guaranty Officer or Loan Guaranty Officer.

d. When to Complete The FFR must be completed and uploaded into SAHSHA within 10-business days from the approval of the final satisfactory compliance inspection. SAH Agents are encouraged to schedule the final inspection so that the Veteran and builder are present whenever possible.

2. Final Field Review Requirements

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. FFR Requirements

The FFR must:

- be completed using *VA Form 26-1858d, Final Field Review*.
 - provide evidence that all work is in conformity with SAH MPRs, and the VA-approved plans and specifications.
 - include color, digital photographs of the following:
 - the front of property, for identification purposes, and
 - a minimum of one photograph for each area of the home altered by SAH-related construction or installation. For areas with more than one adapted feature (e.g. bathrooms and kitchens), multiple photographs should be provided showing all adapted components.
 - include a label or brief narrative for each photograph, to provide context. If an item is non-compliant, include specific dimensions/details.
-

3. Following up with the Veteran, Builder, and Compliance Inspector

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose The purpose of following up with the Veteran, builder, and CI is to inform all parties of the results of the FFR.

b. Follow Up Procedure The SAH Agent must communicate and document in the system the results of the FFR to the Veteran, builder, and CI within 3-business days of completion, and approval or denial. The SAH Agent should advise all parties of pending payments, additional documentation that may be necessary to close the case, or any non-compliant items.

c. Handling Non-Compliance If, upon completing the FFR, the SAH Agent discovers non-compliant items (e.g. deficiencies, deviations, or unauthorized substitutions, or changes), the following must occur:

- Contact the builder immediately to communicate the non-compliant items and discuss the builder's plans to make the items compliant.
- Maintain regular and periodic communication with the builder to ensure the non-compliant items are being addressed and to confirm an estimated completion date.
- Schedule a re-inspection of the non-compliant items once the builder has communicated they are complete.
- Document the re-inspection in the same manner as the original FFR, but only address the non-compliant items.

If the non-compliant items are very minor and do not require field measurement (e.g. punch list items), the SAH Agent may accept digital photographs and a signed satisfaction letter from the Veteran as proof of completion. In these cases, a re-inspection by the SAH Agent is not necessary.

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3. Following up with the Veteran, Builder, and Compliance Inspector, Continued

d. Documenting Non-Compliance

Following up with the Veteran, Builder, and Compliance Inspector

If the SAH Agent has discovered deficiencies and determines the CI was non-compliant in reporting them via the compliance inspections, the following must occur:

- Contact the CI to discuss the non-compliant items and provide training on SAH MPRs.
- Send a letter of admonishment to the CI and place a copy in the CI's folder maintained by the RLC.

The RLC will not be held accountable for third party mistakes, such as CI non-compliance, if they are noted and addressed.

e. Certificate Of Completion

If the SAH Agent determines the builder satisfactorily completed the construction project, and the Veteran is pleased with the builder's performance, the system-generated Certificate of Completion letter can be provided to the builder. This may help promote continued builder cooperation.

Chapter 11. Final Accounting

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	Process for Final Accounting	11-2
2	Obtaining the Supporting Documentation and Providing Required Exhibits to Close the File	11-3
3	Requirements for Closing Final Accounting	11-4

1. Process for Final Accounting

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. General Information on Final Accounting Final accounting is completed to verify the following:

- the release of all available funds associated with the project,
- the costs associated with the project, and
- evidence that the project has been completed.

b. When to Perform Obtain the required exhibits and supporting documentation when all grant funds are released and the escrow account is closed.

2. Obtaining the Supporting Documentation and Providing Required Exhibits to Close the File

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Items to Obtain Obtain the following required exhibits and supporting documentation as it relates to the Specially Adapted Housing (SAH)/Special Housing Adaptation (SHA) grant:

- evidence that the escrow account has been closed, such as a letter or disbursement statement/summary of payment from the escrow agent;
- if an interest bearing escrow account was used, evidence that any interest earned was paid to the Veteran, such as a printout from the escrow agent showing the total interest earned and a copy of the check made payable to the Veteran;
- if grant funds were to be applied to the principal balance of a mortgage, evidence such as a copy of the check to the mortgagee, and a printout or mortgage statement from the Veteran indicating the grant funds were applied to reduce the principal balance;
- *HUD-1 Settlement Statement* (if applicable) from the Veteran or lender; and
- any other supporting documentation from the Veteran, lender, or escrow agent, as applicable to support the cost of the project and the release of funds.

3. Requirements for Closing Final Accounting

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. When to Perform Upon receipt of all final documentation by the Regional Loan Center (RLC), and upon confirmation that there are no outstanding issues with the completed construction, the final accounting may be completed.

b. Timeliness Requirements The final accounting must be completed and certified (and the case closed) no later than 75-business days after the date the final field review was completed.

Closing the SAH or SHA grant within the 75-business day timeframe provides better performance tracking metrics.

c. Extenuating Circumstances There will occasionally be situations in which the RLC is unable to obtain final accounting documentation, or in which the documentation received is incorrect. The SAH Agent must make every attempt to obtain all required final accounting documentation and to ensure its accuracy. If a third party does not provide correct and complete documentation, the SAH Agent must document all attempts to obtain the documentation and then contact Central Office for authorization to close the case.

Chapter 12. Death Cases

Overview

In this Chapter This chapter contains the following topics:

Topic	Topic name	See Page
1	General Information about Death Cases	12-2
2	Next of Kin Notification	12-3
3	Processing Death Cases when there is Conditional Approval and Outstanding Expenses are Claimed	12-4
4	Processing Death Cases with an Approved Grant and Before Construction has Begun	12-7
5	Processing Death Cases with an Approved Grant and After Construction has Begun	12-9

1. General Information about Death Cases

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Objective for Death Cases The objective for death cases is to return the Veteran's estate to the same condition it was prior to grant approval. All death case reimbursement requests over \$2,500 must be approved by Central Office (CO). All other death case reimbursement requests must be approved by the Assistant Loan Guaranty Officer (ALGO)/Loan Guaranty Officer (LGO).

b. Grant Stages Which Death Might Occur The Veteran's death may occur at any point in the grant process. This chapter covers the vast majority of circumstances and how to process multiple types of death cases.

If the SAH Agent encounters a death case that does not fit into the scenarios described in this chapter, the Regional Loan Center (RLC) must contact CO for further guidance.

2. Next of Kin Notification

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Purpose for Contacting Next of Kin The purpose for contacting the Next of Kin is to:

- extend condolences to the family, and
- request that the Department of Veterans Affairs (VA) be advised of any outstanding expenses incurred in relation to the Veteran's planned use of the Specially Adapted Housing (SAH)/Special Housing Adaptation (SHA) grant after the grant has been established.

b. When to Contact Next of Kin Use the Next of Kin Letter generated in the system to contact the family or estate upon notification of the Veteran's death for grants for which conditional approval has been granted. If a Veteran has not been granted conditional approval, a Next of Kin Letter will not be sent.

c. Documenting the Next of Kin Contact and Closing File for Lack of Response or No Expenses Claimed Utilize the Create Letters Function in the system to create the Next of Kin Letter. Mail or e-mail the letter to the family or estate.

Close the file when the Veteran's family/estate responds to the Next of Kin Letter and provides an indication that no expenses are outstanding or have been expended. The family/estate may contact the Agent by phone or e-mail, instead of returning the letter. The SAH Agent must document the system with the method of contact and close the case based on the details provided.

Close the file when the family/estate does not reply to the Next of Kin Letter for 90-business days (from the date the Next of Kin Letter was sent). If the family/estate responds to the RLC after the 90-business days, but before 1 year from the Veteran's date of death, the RLC must reactivate the grant and proceed with processing the death case reimbursement if applicable.

Note: Agents are expected to actively manage their caseload. Through active case management, agents should be aware of any potential reimbursement expenses that may have been incurred by the Veteran or the Veteran's family/estate.

3. Processing Death Cases When There is Conditional Approval and Outstanding Expenses are Claimed

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction This topic contains information about handling cases when outstanding expenses are claimed by the family/estate and payment of outstanding expenses, including:

- purpose,
 - who can claim outstanding expenses,
 - facts to be developed,
 - how to handle cases when expenses are claimed,
 - maximum reimbursement, and
 - how to handle payment of outstanding expenses.
-

b. Purpose The purpose of releasing grant funds for outstanding expenses is to reimburse the Veteran's family/estate for pre-construction costs incurred after conditional approval and before final approval.

Pre-construction costs incurred may not exceed 20 percent of the available grant amount (unless the RLC specifically authorized, in writing, pre-construction costs in excess of 20 percent). Pre-construction costs may include the following items:

- architectural/drafting services, in order to prepare plans and specifications,
- land surveys,
- attorneys' fees and/or title company fees, and/or
- other costs and fees necessary to plan for SAH/SHA grant use.

Note: Construction costs (e.g., costs for adaptations completed prior to final approval) are not pre-construction costs and will not be reimbursed, even when conditional approval has been granted.

c. Who Can Claim Reimbursement

Reimbursement for pre-construction costs may be claimed by the Veteran's family/estate or third parties who have expended funds to provide certain services to plan for SAH/SHA grant use.

Reimbursement requests must be submitted by the Veteran's estate (or other stakeholder) within 1 year of the VA RLC learning of the Veteran's death pursuant to 38 CFR 36.4406.

Continued on next page

3. Processing Death Cases When There is Conditional Approval and Outstanding Expenses are Claimed, continued

d. Facts to Be Developed

In order to provide CO with all the pertinent facts to make a decision concerning reimbursement prior to grant approval following a Veteran's death, the following information must be obtained:

- Evidence that the Veteran was rated medically eligible for SAH or SHA prior to the Veteran's death.
- Evidence that the Veteran established intent to use the grant by submitting [VA Form 26-4555](#), *Application in Acquiring Specially Adapted Housing or Special Home Adaptation Grant*. The application must be signed by the Veteran or an authorized designee and received by VA, prior to the Veteran's death.
- Evidence that the Veteran has met all of the criteria for, and has been granted, conditional approval, pursuant to 38 CFR § 36.4405(a).

In addition, the following documentation must be uploaded into the system in order to process a reimbursement request:

- [VA Form 26-4555](#)
- SAH Agent memorandum summarizing grant at time of Veteran's passing
- Next of Kin response indicating that expenses were incurred
- Death Certificate or print screen of SHARE with deceased date
- Evidence of SAH or SHA related expenses in the form of cancelled checks, bank statements, or receipts indicating dollar amount paid with form of payment tendered. A generic vendor invoice stating paid without transaction details is not sufficient evidence.

e. How to Handle Cases When Expenses are Claimed

Follow the steps below to handle cases when expenses are claimed by the Veteran's family/estate, or by the builder or other third party for all death case reimbursement requests. Upon completion of receiving the documents listed below, the RLC will proceed with reimbursing the family/estate if requested reimbursement was less than \$2,500, or notify CO if the reimbursement request exceeds \$2,500.

Continued on next page

3. Processing Death Cases When There is Conditional Approval and Outstanding Expenses are Claimed, continued

f. How to Handle Payment of Outstanding Expenses

Upon receiving ALGO/LGO approval for death case reimbursements less than \$2,500, or CO approval for reimbursements over \$2,500, the RLC/SAH Agent must:

- notify the family/estate of the reimbursement approval via phone call, e-mail, or mail;
- prepare a voucher in the system for the reimbursement amount and create the voucher so the reimbursement funds are sent directly to the RLC or the outbased SAH Agent;
- upload a copy of the reimbursement check to the system; and
- create a reimbursement funds receipt letter to be mailed/provided to the family/estate/third party stakeholder with the reimbursement funds. The SAH Agent must upload a signed copy of the family/estate/third party stakeholder's reimbursement receipt to the system to verify that reimbursement funds were received.

g. How to Handle Denying Death Case Reimbursement Expenses

If the family/estate cannot provide the required supporting documentation for a death case reimbursement, the SAH Agent must send the family/estate the system generated letter indicating the death case reimbursement request denial.

4. Processing Death Cases with an Approved Grant and Before Construction has Begun

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction This topic contains information about death cases with an approved grant, but the construction has not begun, including:

- when to complete, and
- how to handle cases with an approved grant, but construction has not begun.

b. When to Complete These procedures must be used when the grant check is issued, but not released prior to the Veteran's death. This must be done when the:

- grant check has been vouchered, but not received by the Agent Cashier,
- grant check has been received by the Agent Cashier, or
- grant check has been released to an escrow agent, but the check has not been signed by the Veteran.

Follow the steps in the table below to handle cases with an approved non-negotiated grant check.

c. How to Handle Cases with an Approved Non-Negotiated Grant Check

Step	Action
1	The RLC instructs the Agent Cashier for both in-house escrow and escrow to be held outside VA by memo to immediately return the grant check to the U.S. Treasury Department. The system is updated using Death Case processing to reflect the return of the grant check to the U.S. Treasury.
2	If the grant check has been forwarded to an escrow agent, but the Veteran has not endorsed the check: <ul style="list-style-type: none"> Write a letter to the escrow agent and request that the grant check be returned to the SAH Agent. Upon receipt of the grant check, return it to the Agent Cashier with a memo stating that the check is to be returned to the U.S. Treasury Department. Document the grant file with copies of all memos and correspondence, telephone calls relating to the receipt, and return of the grant check.

Continued on next page

4. Processing Death Cases with an Approved Grant and Before Construction Has Begun, continued

**d. How to
Address Pre-
Construction
Costs**

If pre-construction costs were incurred, please follow the procedures outlined in Section 3 of this chapter.

**e. SAH
Agent's Role**

Through active case management, the SAH Agent should limit any expenses incurred by the Veteran's family/estate or construction beginning prior to grant funds being deposited into escrow. If the estate/family has incurred expenses related to anticipation of receiving the grant funds, or construction has begun prior to funds being received, the RLC is to follow the guidance within Section 3, Subsection e, of this Chapter.

5. Processing Death Cases with an Approved Grant and After Construction has Begun

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Objective for Death Cases The objective for death cases is to make the Veteran's estate whole, either by returning the housing unit to the pre-grant approval state or by completing the SAH construction as approved (whichever is determined to be the most financially appropriate).

Note: Payment is *not* intended as a way of providing the Veteran's family/estate with a home or to reimburse for adaptations that do not meet Minimum Property Requirements or Recommended Adaptations.

b. How to Handle Cases When Notified of Veteran's Death After Construction has Begun

Upon notification of the Veteran's death, the SAH Agent must complete a death case field review to verify the construction status. The SAH Agent can assess the construction progress and help the family/estate determine if it is suitable to restore the Veteran's estate to its condition prior to grant approval based on the amount of construction completed. Generally, if only the first stage of construction has been completed, it may be feasible and cost beneficial to the government to restore the Veteran's estate to its condition prior to grant approval. The SAH Agent must document his/her findings from the inspection and note his/her recommendations in the system.

If the family/estate wishes to return the housing unit to its condition prior to grant approval, it must be approved by the Assistant Valuation Officer/Valuation Officer.

If the family/estate has indicated they prefer the construction to be completed per the approved plans and specifications, the RLC can approve this and does not need to contact CO for guidance.

If the family/estate would like to continue the construction with change orders, the RLC must contact CO for guidance.

Appendix A. Specially Adapted Housing (SAH) Minimum Property Requirements and Recommended Adaptations

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic Name	See Page
1	General Information about SAH Minimum Property Requirements	A-2
2	SAH Minimum Property Requirements: Ingress and Egress Requirements	A-5
3	SAH Minimum Property Requirements: Primary Bathroom Requirements	A-9
4	SAH Minimum Property Requirements: Primary Bedroom/Sleeping Area Requirements	A-11
5	Minimum Property Requirements for Condominiums and Townhouses	A-12
6	General Information about SAH Recommended Adaptations	A-14
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1. General Information about SAH Minimum Property Requirements

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Definition Minimum Property Requirements (MPRs) are absolute conditions specified under governing law for the Specially Adapted Housing (SAH) grant.

b. Statutory Requirement 38 United States Code (U.S.C.), Chapter 21 or 38 Code of Federal Regulations (CFR) 36.4401 through 36.4410 mandates that any housing unit acquired, constructed, or remodeled using proceeds from the SAH grant program must:

- comply with the MPRs, and
- include features necessary to accommodate the Veteran's disabilities.

c. Required Areas In order to obtain grant approval, the following areas must satisfy the MPRs detailed in Appendix A:

- points of ingress and egress,
- primary bathroom, and
- primary bedroom/sleeping area

d. Exception Adherence to MPRs is excused when compliance is not feasible and the Veteran requests an MPR waiver that is approved by the Regional Loan Center (RLC).

There is a need for flexibility and the exercise of judgment based on the physical abilities and limitations of each Veteran. In some instances, the nature of a Veteran's condition may obviate the necessity for a specific MPR. In these limited situations, the Regional Loan Center (RLC) may approve an MPR waiver request from the Veteran.

Note: Because MPRs are limited to three specific areas, MPR waivers should be the exception, not the norm. Moreover, MPR waivers should be based on feasibility and need, not personal preference.

Reference: For more information about MPR waivers, see Chapter 5, Section 3, Proposed Adaptations and Waivers.

Continued on next page

1. General Information about SAH Minimum Property Requirements, continued

e. Example 1

Situation: A Veteran is in the advanced stages of multiple sclerosis and is primarily bed ridden. The only bathroom feature the Veteran is able to use is the shower and this is done so with the assistance of a caregiver.

Result: Because the only bathroom feature the Veteran is able to use is the shower, there is no need to adapt the sink and toilet in the primary adapted bathroom. The Veteran may request a waiver for these features for consideration by the RLC. However, the other MPRs in the primary, adapted bathroom, such as the roll-in shower, accessible floor area, and 36-inch wide entry door, must remain as part of the project and be improved upon as necessary. For example, MPRs only require a 5-foot turning area and a 4-foot by 4-foot roll-in shower, but it may be more helpful to the Veteran and caregiver to have a 6-foot turning area and a 5-foot by 8-foot roll-in shower to accommodate the partially reclined wheelchair used to transport the Veteran.

f. Example 2

Situation: During the planning phase, a Veteran has decided that he/she does not want a primary, adapted bathroom that meets the MPRs detailed in Appendix A, Section 3. The Veteran has indicated that the current bathroom meets his/her current needs. Because the housing unit to be adapted is located in an area with significant snowfall, the Veteran wants to use the grant funds to construct an attached garage with a vertical platform lift to provide a covered means of ingress/egress. The garage would meet the specifications described in the recommended adaptations (RAs) in Appendix A, Section 7.

Result: While it would be very beneficial to use grant funds to provide a covered means of ingress/egress for the Veteran, it is not acceptable to waive the primary, adapted bathroom and other major MPRs simply because the Veteran does not want them. As instructed earlier in this section, MPR waivers should be based on need, not personal preference. The Veteran must be able to explain why the elimination of this MPR would provide a greater benefit to him/her than its inclusion. If the Veteran is unable to provide adequate justification, the appropriate course of action is to satisfy the MPRs first and then include RAs, like the attached garage, if there are additional grant funds available.

Continued on next page

1. General Information about SAH Minimum Property Requirements, continued

g. Example 3

Situation: A Veteran and builder are in the final planning stages of the construction project. Based on the plans and scope of work the builder has developed, all of the SAH MPRs will be met except for the primary, adapted bedroom door. The builder has informed the Veteran that the hallway leading to the primary, adapted bedroom is only 38 inches wide and both of the hallway walls are load bearing. Therefore, it is not possible to widen the hallway, and the widest door opening the builder can provide for the primary, adapted bedroom is 34 inches.

Result: This situation addresses feasibility. Because it is not feasible, or possible, to widen the hallway in order to accommodate a 36-inch wide door to the primary, adapted bedroom, it is acceptable in this case for the RLC to approve the MPR waiver requested by the Veteran.

2. SAH Minimum Property Requirements: Ingress and Egress Requirements

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Number and Location An adapted housing unit must have a minimum of two ingress and egress points that satisfy the MPRs presented in this section. The location and types of ingress and egress points are determined by the topography, floor plan, and Veteran preference. However, at a minimum, the two ingress and egress points must:

- provide a proximate means of emergency egress from the primary, adapted bedroom/sleeping area, and
- be located at different locations within the house.

It is preferable that the emergency egress location be directly from the primary, adapted bedroom/sleeping area. If this is not possible, the emergency egress must be proximate to the primary, adapted bedroom/sleeping area. It must also be free of potential fire hazards and not pass through, or originate in, an area prone to potential fire hazards such as the kitchen, garage, utility room, or any room containing a heat source.

Additional instructions regarding bedroom window egress requirements are provided in Appendix A, Section 4.

b. Doorway and Entrance Requirements All doorways that are adapted ingress and egress routes must:

- have a minimum width of 36 inches, and
 - have a beveled threshold with a maximum height of ½ inch.
-

c. Types of Ingress and Egress There are several types of ingress and egress that satisfy MPRs. They may be used interchangeably:

- no-step entry,
 - vertical platform lift (VPL),
 - elevator, or
 - ramp or walkway.
-

Continued on next page

2. SAH Minimum Property Requirements: Ingress and Egress Requirements, continued

d. No-step Entry

A no-step entry may be sufficient when topography and grading eliminate the need for a ramp, lift or elevator (e.g. a housing unit built on slab). The no-step entry must meet the doorway and entrance requirements discussed earlier in this section.

For entries in which the difference between the exterior grade/elevation and the interior/finished floor elevation is less than 4 inches, a transition is acceptable and a 5-foot by 5-foot platform accompanied by a ramp is unnecessary. The transition must be:

- immobile,
 - constructed of a durable material other than wood,
 - provide unimpeded ingress/egress, and
 - complement the Veteran's condition and choice of wheelchair.
-

e. VPL

A VPL is a mechanical device capable of providing a vertical means of ingress and egress in locations where ramps are not feasible due to topography or space constraints. The weight capacity and lift height vary by model and manufacturer; however, a VPL must:

- have a platform with a minimum usable width of 36 inches by 48 inches, and
 - be connected to a continuous power source such as a generator or battery back-up.
-

Continued on next page

2. SAH Minimum Property Requirements: Ingress and Egress Requirements, continued

f. Elevator

Elevators, either internal or external, are also capable of providing a vertical means of ingress/egress. An elevator must have the following:

- a car with minimum interior dimensions of 48 inches by 48 inches,
- a 36-inch wide entry door/opening,
- a connection to a continuous power source such as a generator or battery back-up, and
- be equipped with a land line telephone to communicate with emergency personnel in case of entrapment caused by a power outage or mechanical failure.

Note: The Veteran should notify local emergency personnel, if applicable, of his/her dependence on an elevator as a means of ingress/egress. This is an added safety measure in the event of complete power/mechanical failure and loss of telephone connectivity.

g. Ramps and Walkways

Ramps and walkways should be constructed of concrete, masonry, wood, metal, or composite materials and must:

- be permanently installed;
- have a minimum width of 42 inches (existing) or 48 inches (new); and
- be constructed in a manner that prevents slipping in wet or icy conditions (e.g. broom finish for concrete surfaces, ¼ inch spacing between deck boards, metal grating, or built-in heating coils).

For ramps or walkways that are more than 4 inches above grade and that cannot be constructed in a way to eliminate accidental falling, a low curb or guardrail on both sides with a minimum height of 5 inches is required.

Note: This requirement can usually be avoided by backfilling soil along the walkway to provide a reasonably level transition between the walkway and adjacent soil.

Continued on next page

2. SAH Minimum Property Requirements: Ingress and Egress Requirements, continued

g. Ramps and Walkways, continued

Ramps and walkways must also have:

- A slope of eight percent or less (i.e. for every 1 inch of rise there is 12.5 inches of run or more)
- A handrail that meets the following criteria:
 - installed at a height convenient to the Veteran,
 - minimum diameter of 1-1/2 inches,
 - clearance from mounting surface of 1-1/2 inches to 2 inches,
 - smooth continuous surface, and
 - installed on both sides of the ramp with a minimum of 42 inches of clearance between handrails.
- A platform that meets the following criteria:
 - located at any wheelchair entrance,
 - provided at every 30 feet or less of continuous ramp,
 - located at turns in the ramp greater than 45 degrees,
 - minimum size of 5 feet by 5 feet unhindered by handrails or gutters,
 - constructed of non-slip materials, and
 - have a reasonably level surface.

If the slope of the ramp/walkway is less than five percent, a handrail is not required. However, the ramp/walkway must have a low curb/guard rail on both sides with a minimum height of 5 inches if the ramp/walkway is more than 4 inches above grade. See the note above about using backfill to avoid this requirement.

Important: It is acceptable to use an existing modular ramp provided by Prosthetics and Sensory Aids as one of the approved ingress and egress points, as long as the condition of the ramp is deemed safe by the SAH Agent. However, new modular ramps must be permanently installed and meet the MPRs discussed in this section.

3. SAH Minimum Property Requirements: Primary Bathroom Requirements

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Number and Location At a minimum, an adapted housing unit must have one fully adapted bathroom that satisfies the MPRs presented in this section. The primary, adapted bathroom must be in a location that is convenient and accessible for the Veteran.

b. Required Features The following features are required in an adapted bathroom:

- roll-in shower,
- accessible sink,
- accessible toilet,
- accessible floor area, and
- 36-inch wide entry door.

c. Roll-in Shower The roll-in shower must have the following features:

- minimum interior dimensions of 48 inches x 48 inches,
- a minimum opening of 36 inches,
- non-slip flooring with a coefficient of friction (COF) of 0.60 or greater,
- a maximum floor slope of ¼ inch to 12 inches (i.e. 1-inch slope from front to rear in a 48-inch deep roll-in shower),
- at least one grab bar per wall placed at a location convenient to the Veteran and capable of supporting the Veteran's weight,
- at least one hand held shower head, and
- accessible, thermostatic or pressure-balance controls to avoid sudden changes in water temperature.

d. Accessible Sink The adapted bathroom must be equipped with at least one roll-under, wall hung, or pedestal sink that is accessible. The width, height, and depth of the sink should be convenient for the Veteran. Any exposed pipes must be wrapped, or covered, in case of accidental contact by the Veteran.

Continued on next page

3. SAH Minimum Property Requirements: Primary Bathroom Requirements, continued

e. Accessible Toilet

Toilets must have:

- a 48-inch clear front transfer space or a 36-inch clear side transfer space, and
- a minimum of one grab bar installed at a location that is convenient to the Veteran.

Note: Although only one grab bar is required at the toilet, the Veteran should be encouraged to install as many as needed. The height and type of toilet should be determined by the Veteran.

f. Accessible Floor Area

Floor areas must:

- allow at least one clear area for maneuvering with a minimum diameter of 5 feet (the turning area may extend into the roll-in shower), and
 - be non-slip in both wet and dry conditions with a COF of 0.60 or greater.
-

g. Entry Door

Entry doors to the adapted bathroom must:

- have a minimum opening of 36 inches,
 - not intrude on the accessible floor area (i.e. doors must swing outward or slide, such as a pocket door), and
 - not obstruct wheelchair maneuvering when open.
-

4. SAH Minimum Property Requirements: Primary Bedroom/Sleeping Area Requirements

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Number and Location At a minimum, an adapted housing unit must have one adapted bedroom/sleeping area that satisfies the MPRs presented in this section.

b. Required Features The following features are required in an adapted bedroom/sleeping area:

- 36-inch wide entry door,
- sufficient space for maneuvering,
- accessible flooring, and
- proximate emergency egress.

c. Entry Doors Entry doors to the primary adapted bedroom/sleeping area must:

- have a minimum opening of 36 inches, and
- not obstruct wheelchair maneuvering when open.

d. Sufficient Space The primary adapted bedroom/sleeping area must be sufficient enough in size to accommodate furniture while allowing the Veteran freedom of movement.

e. Flooring The flooring type must:

- not impede wheelchair maneuverability, and
- be low pile, closely woven and padded with a durable fiber type, if carpeted.

f. Emergency Egress As previously discussed, the primary adapted bedroom/sleeping area must, whenever possible, be equipped with an emergency egress point. If this is not possible, and the emergency egress point is proximate rather than direct, the primary adapted bedroom/sleeping area must have a window of sufficient size to allow access by emergency personnel. Local building code requirements should be consulted to establish acceptable design parameters.

5. Minimum Property Requirements for Condominiums and Townhouses

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Introduction This topic contains information about condominium and townhouse requirements, including:

- requirements for units above the first floor,
- ingress and egress,
- evacuations and safety considerations, and
- windows and balconies.

Important: Primary bathroom and bedroom/sleeping area MPRs apply to condominiums and townhouses as described in the previous section.

b. Requirements for Units Located Above the First Floor

If a Veteran resides in a condominium or townhouse, it is preferable that the unit be located on the first floor. However, if the unit is located above the first floor, the following areas must be addressed:

- ingress and egress,
 - emergency access,
 - windows, and
 - balconies.
-

c. Ingress and Egress

At least one suitable means of access must be provided so the Veteran has a level ingress and egress point from the condominium or townhouse. In the absence of a level ingress/egress point, it may be necessary to utilize ramps, platforms, or elevators to eliminate any elevation difference between interior and exterior floor levels.

Note: Condominiums or townhouses located above the first floor only require a single SAH MPR compliant exit.

Continued on next page

5. Minimum Property Requirements for Condominiums and Townhouses, continued

d. Windows At least one window must be of sufficient size to allow access by emergency personnel. Local building code requirements should be consulted to establish acceptable design parameters.

e. Balconies Veterans should be encouraged to purchase a condominium or townhouse with balconies that are accessible to emergency personnel and the Veteran.

f. Evacuations and Safety Considerations The table below describes the evacuation and safety requirements:

Access	Requirement
Exterior Emergency Access	<ul style="list-style-type: none"> • The condominium or townhouse unit must be accessible using firefighting and evacuation equipment from the exterior of the unit. • The location of the Veteran’s condominium or townhouse unit must be registered with local emergency personnel. <p>No unit may be located beyond the reach of the highest evacuation ladder system available to local emergency personnel. The SAH Agent must verify the capabilities of local emergency personnel servicing the Veteran’s property and upload supporting documentation in the system.</p>
Interior Emergency Access	<ul style="list-style-type: none"> • If the Veteran is completely bedridden, the condominium or townhouse unit must contain an externally mounted device (audible, visible, etc.) which aids emergency personnel in locating the Veteran. • The Veteran’s bedroom window must: <ul style="list-style-type: none"> ○ be of sufficient size to allow access by emergency personnel, and ○ have exterior markings to guide emergency personnel.

6. General Information about SAH Recommended Adaptations

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Definition Recommended Adaptations (RAs) are suggested modifications above and beyond the MPRs. They are not required to obtain grant approval. RAs were developed over time by SAH program experts who have gained an understanding of the residential needs of Veterans eligible for the SAH grant.

b. Reasonably Necessary Adaptations for SAH Cases The following RAs, which are detailed in Appendix A, Sections 7, are considered reasonably necessary in SAH cases:

- doorways,
 - hallways,
 - garages, carports, and passageways,
 - driveways and exterior walkways,
 - bathrooms,
 - bedrooms,
 - kitchens,
 - maintenance free materials,
 - heating and air conditioning,
 - electrical equipment,
 - security and emergency equipment,
 - windows,
 - flooring materials, and
 - laundry room.
-

c. Flexibility and Exercise of Judgment There is a need for flexibility and the exercise of judgment based on the physical capabilities and limitations of each Veteran. Equally important is the need to anticipate the Veteran's future needs. SAH Agents should assist the Veteran in using a modular approach to adapting the housing unit. That is, RAs should be chosen by the Veteran on an as needed, or as desired, basis once the MPRs have been satisfied. SAH Agents can contribute significantly to this process by merging awareness of the Veteran's capabilities and future needs with a thorough understanding of the RAs and their own past experience.

Continued on next page

6. General Information about SAH Recommended Adaptations, continued

d. Waiver and Approval

Because RAs are not required for grant approval, a waiver process is not necessary. It is not a requirement that every RA be incorporated into the design of each room, or area, being adapted. Veterans have freedom of choice and may select individual features.

The specifications provided for each RA in this section are not absolute. However, they should be adhered to when possible as they represent adaptations that have been field tested. RLCs have flexibility in approving minor variations in the specifications provided in this section. A formal approval process is not required for minor variations in RAs. However, RLCs should exercise sound judgment in determining which variations are acceptable. If the variation is significant, RLCs should question whether it is appropriate to spend grant funds on the modification.

e. Limitations

Although the purpose of creating RAs is to introduce greater flexibility to the SAH Grant program, it is important to remember that grant funds must only be used for adaptations that benefit the Veteran. VA Central Office (CO) may consider exceptions to this rule if it is determined that the proposed adaptations are necessary for the Veteran's caregiver and will improve the Veteran's quality of life. The request must be submitted by the Veteran, along with justification for the adaptation. The RLC must submit this request along with a recommendation to CO for approval.

The list of RAs is substantial, but not all-inclusive. Therefore, if a Veteran desires an adaptation not included in Appendix A, Section 7, a request must be submitted by the Veteran, along with justification for the adaptation. The RLC must submit that request along with a recommendation to CO for approval.

Important: Grant funds must not be used to cure deferred maintenance.

Continued on the next page

6. General Information about SAH Recommended Adaptations, continued

f. Exceptions It is the responsibility of the SAH Agent, Assistant Valuation Officer (AVO), or Valuation Officer (VO) to determine which RAs are best suited for the Veteran based on the initial interview and feasibility study. If an RA is deemed necessary by the SAH Agent, AVO, or VO, it must be elevated to a MPR status (a requirement for grant approval).

If the Veteran does not wish to comply with the new requirement, the Veteran must submit a signed waiver request, along with justification, to the RLC for approval by the Assistant Loan Guaranty Officer or Loan Guaranty Officer.

g. Example 1 ***Situation:*** A Veteran's elderly spouse, who functions as the caregiver, prepares the Veteran's meals and washes the laundry. As part of the proposed adaptation project, the Veteran has requested new kitchen and laundry room appliances. The Veteran's condition requires a special diet which his spouse has difficulty preparing using the outdated kitchen. Moreover, the Veteran's condition creates a large volume of laundry and the Veteran's spouse has difficulty managing this volume with the older, top loading washer and dryer.

Result: In most cases, new kitchen and laundry room appliances would be unacceptable if they were not going to be used by the Veteran. However, in this case, an argument can be made that the Veteran will benefit directly from new kitchen appliances as they will be used to prepare meals required for his special diet. In addition, a new, elevated, front loading washer and dryer will assist the Veteran's elderly spouse in providing appropriate care in the form of clean linens and clothing for the Veteran's use. Assuming the MPRs will be satisfied and there are sufficient funds, the appropriate course of action is for the Veteran to submit a request for this exception to the RLC. The request must then be sent to CO for approval.

Continued on next page

6. General Information about SAH Recommended Adaptations, continued

h. Example 2

Situation: An SAH Agent recently received the plans, contract, scope of work, and cost breakdown for a proposed adaptation project. The builder has included carpet replacement and interior painting for two secondary bedrooms that the Veteran does not use and will not access.

Result: These items are considered to be deferred maintenance and are outside of the acceptable scope of work for an adapted housing project. However, the Veteran may elect to use personal funds to pay for these renovations. Preferably, a separate contract, to be managed outside of the adapted housing project, will be created for this work. If not, the RLC must clearly document the cost attributed to these renovations and the source of the funds.

i. Example 3

Situation: A Veteran has requested a new, detached, one-car garage as part of the proposed adaptation project. The proposed dimensions are 12 feet by 18 feet, which are insufficient to store the Veteran's adapted van and allow for ingress/egress using the vehicle ramp. All other MPRs for the housing unit will be satisfied once the project is complete.

Result: Per the RAs in Appendix A, Section 7, the recommended size for a one car garage is 14 ½ feet by 24 feet. The proposed garage is a major deviation from the specifications for a one car garage and the RLC should not approve this portion of the project. Normally, a garage large enough to provide a covered means of ingress/egress for the Veteran would surely be beneficial. However, the proposed garage in this case is only large enough for car storage. Therefore, it is not appropriate to use grant funds for a portion of the project that does not result in a usable, adapted feature.

7. SAH Recommended Adaptations

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Doorways and Hallways To ensure freedom of movement and convenience throughout an adapted housing unit, the following doorway and hallway specifications are considered reasonable:

- New interior and exterior doorways that are a minimum of 36 inches wide
 - Existing interior doorways that are a minimum of 32 inches wide
 - Thresholds that are beveled with a maximum height of ½ inch
 - Provide protection from inclement weather at ingress and egress points using a stoop, canopy, or overhang
 - New hallways that are a minimum of 48 inches wide
 - Existing hallways that are a minimum 42 inches wide
-

b. Garages, Carports, and Passageways

The following garage specifications are considered reasonable:

- A single-car garage or carport that is at least 14 ½ feet by 24 feet
- A double car garage or carport that is at least 24 feet by 24 feet
- The door height of an existing garage that is 7 feet
- The door height of a new garage that is 8 feet
- The width of the garage should be sufficient to include:
 - 5 feet of unrestricted, wheelchair maneuverability on at least one side of the vehicle, and
 - ample space to park specially equipped vehicles and operate a device, such as a mobile lift or vehicle ramp, that provides the Veteran with access to the vehicle.

If the garage or carport is detached, it is acceptable to install a connecting ramp/walkway that adheres to the ramp/walkway specifications outlined in the MPR section of Appendix A, Section 2. If possible, it should be covered to protect the Veteran from exposure to inclement weather.

Continued on next page

7. SAH Recommended Adaptations, continued

c. Driveways and Walkways

Hard surface driveways are considered to be a reasonable adaptation and should:

- Be constructed of a material that does not impede wheelchair maneuverability
- Be constructed in a manner that prevents slipping in wet or icy conditions (broom finish for concrete surfaces)
- Have a slope of 8 percent or less (i.e. for every 1 inch of rise there is 12 ½ inches of run or more)

In some cases, site topography will inhibit the ability to construct a driveway that meets the 8 percent slope requirement. In cases such as this, the driveway should:

- Terminate at a reasonably level parking pad of sufficient size to accommodate the Veteran's vehicle and ingress/egress from the vehicle
- Be equipped with a safety barrier, such as curb or speed hump, to prevent unintended access to the steeply sloping portion of the driveway

Installation of hard surface, non-egress walkways is also considered reasonable and the specifications outlined in Section 2 of this Appendix should be adhered to as closely as possible.

d. Bathrooms

Most of the bathroom adaptations are contained in Section 3. In addition, the following adaptations are deemed reasonably necessary:

- An accessible medicine cabinet placed at a convenient height
- A mirror placed at a height that provides adequate visibility
- Cabinets with pull-out shelving and/or sliding doors
- Closets with accessible shelving
- Single-lever faucets
- Additional grab bars
- Built-in or folding shower benches
- Comfort height toilets with a bidet seat or a separate bidet unit
- Accessible tubs with:
 - a transfer platform,
 - an accessible, single lever faucet that is thermostatic or pressure-balance controlled to prevent sudden water temperature changes,
 - grab bars in convenient locations, and
 - sufficient clearance to allow for unobstructed access.

Continued on next page

7. SAH Recommended Adaptations, continued

e. Bedrooms

Reasonably necessary bedroom adaptations include:

- One clear area for maneuvering with a minimum diameter of 5 feet
 - A minimum 4-foot clear access area in front of the closet
 - A clear space of 4 feet between the end of the bed and opposing wall
 - An accessible closet with a minimum 36-inch opening and shelving installed at a height that can be reached from a seated position
-

f. Kitchen

The kitchen layout should allow for adequate maneuvering room for the Veteran and have a turning area with a minimum 5-foot diameter. The following kitchen adaptations are considered to be reasonably necessary:

- Roll-under work counter with a width and height that is convenient
 - Roll-under sink with a width and height that is convenient
 - Single lever faucets
 - Accessible cabinets and closets with pull-out shelving and/or sliding doors
 - Electrical outlets and switches that are within reach
 - Accessible dishwasher
 - Side-by-side refrigerator
 - Built-in, roll-under cooktop with front control
 - Built-in oven installed at a convenient height
 - Free standing range with front controls
-

g. Maintenance-Free materials

The use of durable, maintenance-free materials is desired. Examples include:

- Vinyl or composite siding
- Clad windows
- Composite exterior doors
- Wood composite for decks and porches

Note: When a new addition is constructed, it is acceptable, within reason, to install maintenance free materials on the existing home to match the new addition.

Continued on next page

7. SAH Recommended Adaptations, continued

h. Heating and Air Conditioning

Heating and air conditioning systems should:

- meet or exceed building code requirements;
 - be adequate for healthful and comfortable living;
 - be designed to meet the Veteran's needs (zoned, individual units, etc.); and
 - be equipped with a thermostat or controls that are accessible by the Veteran.
-

i. Electrical Equipment

Wall switches and electrical outlets should be located in positions that are unobstructed and at heights that are convenient to the Veteran. Typically, they are located 18 inches (minimum) to 48 inches (maximum) from the floor in an adapted housing unit.

Electrical utility boxes should be located so the Veteran has unobstructed access from a wheelchair. Typically, they are located near an egress point with a maximum height of 48 inches to the top breaker.

Other utility controls, including appliance controls and garage door openers, should be located in positions that are unobstructed and convenient for the Veteran.

j. Security and Emergency Equipment

Smoke detectors should be should be installed according to local building code requirements. Usually, this requires that smoke detectors be installed in the main portion of each living area, on each level of the house, and at the entrance to each bedroom. Other acceptable security and emergency equipment includes:

- alarm systems,
 - security cameras,
 - intercom systems (excluding whole house audio systems),
 - flood lights/security lights with motion sensors,
 - privacy fencing,
 - carbon monoxide detectors,
 - keyless entry,
 - automatic door openers/closers,
 - fire sprinkler systems, and
 - storm shelters installed to local building code requirements.
-

Continued on next page

7. SAH Recommended Adaptations, continued

k. Windows

Windows should be durable, low maintenance, and energy efficient. They should also:

- be operable from a wheelchair in a seated position;
 - have a maximum sill height of 2 feet 9 inches;
 - be located so the Veteran has maximum visibility; and
 - have locks that are operable from a wheelchair in a seated position.
-

l. Flooring Materials

It is reasonable to replace floor coverings in rooms the Veteran accesses; however, the type of floor covering used must not impede maneuverability. When possible, floor coverings should be durable and low maintenance (e.g. hardwood, ceramic tile or vinyl). Interior floor coverings at ingress and egress points should be of non-slip materials under both wet and dry conditions. Carpeted floor coverings should be low pile, closely woven, and padded with a durable fiber type.

Note: Replacing older, worn carpet that impedes wheelchair maneuverability is acceptable but the carpet installed must be low pile, closely woven and padded with a durable fiber pad. Use of the grant is not intended to replace older, worn carpet simply for aesthetic purposes.

m. Laundry Room

An adapted laundry room should have:

- a clear area for maneuvering with a minimum diameter of 5 feet,
 - a front loading washer and dryer, and
 - washer and dryer stands, if necessary.
-

8. Special Equipment

- Change Date** December XX, 2013, Change 1
- This entire section has been updated.
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- a. Introduction** Special equipment is deemed reasonably necessary if it is required to preserve the Veteran's health or contributes to his/her quality of life. Because there are other sources of funding for special equipment, such as Prosthetics and Sensory Aids and Vocational Rehabilitation and Employment, it is important that SAH Agents encourage Veterans to work with other program areas to maximize any and all available benefits.
-

- b. RLC-Approved Equipment** The following special equipment is considered to be reasonably necessary and should be approved by the RLC:
- elevators,
 - VPLs,
 - stair lifts,
 - ceiling track systems, and
 - adaptive equipment used to improve the quality of life.
-

- c. CO-Approved Equipment** The following special equipment must be approved by CO:
- whole house generators,
 - pools,
 - therapy tubs or hot tubs, and
 - any special equipment not included in this section.

Note: Special equipment approvals must be submitted by the Veteran, along with justification and a recommendation from the RLC, to CO.

9. Adaptations for Burn Injuries and Respiratory Related Injuries

Change Date December XX, 2013, Change 1

- This entire section has been updated.

a. Introduction Veterans with respiratory related injuries, or severe burn injuries that reduce range of motion, may have needs that differ from other SAH eligible Veterans. It is important, especially in cases such as these, that each RLC has a flexible and expeditious approach to approving reasonable adaptations based on the specific needs of each Veteran.

b. RLC-Approved Equipment In addition to the other MPRs and RAs presented in Appendix A, the following adaptations are deemed reasonably necessary for Veterans with burn injuries or respiratory related injuries:

- A larger bathtub or walk-in tub to minimize the range of motion required to enter/exit
- Enlarged showers to accommodate seating
- Motion/touch sensing faucets and light switches
- Integrated, whole-house climate and lighting controls (smart controls).
- Automatic door openers
- Accessible, custom closets and shelving
- Covered or enclosed patios, porches, entryways, retractable awnings, window tinting and/or window coverings to control sun exposure on the interior and exterior
- Conversion of basement areas to finished living areas that provide a comfortable environment free of sun exposure
- Room additions to store exercise equipment and/or other hobby related equipment
- Maintenance free building materials
- Invisible fencing, pet doors, and any other equipment related to accommodating a service dog assigned to the Veteran
- Air filtration and dehumidifying systems
- Replacement of carpet with hard surface flooring for dust control

Note: As the types of injuries and treatments continue to change, new and creative adaptations may be deemed reasonably necessary. For adaptations that are not included in Appendix A, a request must be submitted by the Veteran, along with justification and a recommendation from the RLC, to CO.

Appendix B. Recommended Adaptations for Special Housing Adaptation (SHA) Grants

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic Name	See Page
1	General Information About SHA Recommended Adaptations	B-2
2	Recommended Adaptations for Blindness in Both Eyes with a 20/200 Visual Acuity or Less	B-4
3	Recommended Adaptations for Loss, or Loss of Use, of Both Hands	B-7
4	Recommended Adaptations for Burn Injuries and Respiratory-Related Injuries	B-8
5	Recommended Adaptations for Secondary Disabilities	B-9

1. General Information about SHA Recommended Adaptations

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Description Recommended Adaptations (RAs) are suggested modifications and are not required for grant approval. There are no minimum property requirements (MPRs) for Special Housing Adaptation (SHA) grants. RAs were developed over time by SAH experts who have gained an understanding of the residential needs of Veterans eligible for the SHA grant.

b. Statutory Requirement 38 United States Code, Chapter 21, or 38 Code of Federal Regulations 36.4401 through 36.4410, is the governing law that states SHA grants must be made available for adaptations determined to be reasonably necessary by the nature of the Veteran's disability.

c. RAs Based on Disability Type The RAs for SHA cases are based on the following types of disabilities:

- blindness in both eyes with a 20/200 visual acuity or less,
- loss, or loss of use, of both hands,
- certain severe burn injuries and severe respiratory injuries, and
- secondary disabilities.

d. Flexibility and Exercise of Judgment There is a need for flexibility and the exercise of judgment based on the physical capabilities and limitations of each Veteran. Equally important is the need to anticipate the Veteran's future needs. SAH Agents should assist the Veteran in using a modular approach to adapting the housing unit. That is, RAs should be chosen by the Veteran on an as needed, or as desired, basis. SAH Agents can contribute significantly to this process by merging awareness of the Veteran's capabilities and future needs with a thorough understanding of the RAs and the collective experience of SAH personnel.

e. Waiver and Approval There is no waiver process for SHA RAs. It is not a requirement that every RA be incorporated into the design of each room, or area, being adapted. Veterans have freedom of choice and may select individual features.

Continued on next page

1. General Information about SHA Recommended Adaptations, continued

- f. Limitations** The list of RAs is substantial, but not all-inclusive. Therefore, if a Veteran desires an RA not included in Appendix B, a request must be submitted by the Veteran, along with justification for the RA. The Regional Loan Center (RLC) must submit this request along with a recommendation to Central Office (CO) for approval or denial.

Important: Grant funds must not be used to cure deferred maintenance.

2. Recommended Adaptations for Blindness in Both Eyes with a 20/200 Visual Acuity or Less

Change date February 12, 2014, Change 1

- This entire section has been updated.

a. RAs This topic contains information about RAs for blindness in both eyes with a 20/200 visual acuity or less, including:

- special lighting,
 - doors,
 - handrails/grab bars,
 - smoke, fire, and carbon monoxide detectors,
 - security items,
 - room additions,
 - covered porches,
 - hard surface walkways,
 - fencing,
 - electrical service,
 - swimming pools,
 - safety defect corrections, and
 - equipment related to accommodating a service dog assigned to the Veteran.
-

b. Special Lighting

RAs for lighting include:

- florescent,
 - high intensity,
 - light-emitting diode,
 - lighted outlets and switches,
 - open, or
 - indirect.
-

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2. Recommended Adaptations for Blindness in Both Eyes with a 20/200 Visual Acuity or Less, continued

c. Sliding Doors

RAs for doors include:

- sliding doors,
- pocket doors,
- keyless entry, or
- sliding kitchen and bathroom cabinet doors.

If it is not possible to adapt existing cabinets with sliding doors, new cabinets with sliding doors are acceptable.

d. Handrails and Grab Bars

RAs include the installation of handrails or grab bars for stability and safety in any area that presents an unsafe condition to the Veteran. Typical locations include the:

- interior walls,
 - walkways/sidewalks,
 - decks/patios,
 - steps,
 - toilets,
 - tubs, and
 - showers.
-

e. Detection Systems

Smoke detectors, fire detection systems, and carbon monoxide detectors, preferably with battery back-up, are RAs for adapted housing units.

f. Security Items

The following security items are recommended:

- security systems,
- the replacement of exterior doors with solid core doors,
- deadbolt locks,
- storm shutters,
- an emergency exit (e.g. a level 5-foot x 5-foot platform with a stairway and railings), and
- interior, or exterior to interior, intercom system, excluding home audio systems.

If the Veteran chooses an intercom system with a home audio system, the Veteran must pay the difference in cost.

Continued on next page

2. Recommended Adaptations for Blindness in Both Eyes with a 20/200 Visual Acuity or Less, continued

g. Room Additions Room additions to an existing home are recommended for the purpose of storing sensory aids and/or exercise equipment. If necessary, the addition can be climate controlled and equipped with custom shelving.

h. Covered Porches The following adaptations regarding porches are recommended:

- Awnings over the front and/or rear doors
 - Covering or enclosing an existing porch
 - Constructing a new covered porch
-

i. Hard Surface Walkways New hard surface walkways are recommended and should be 48 inches wide. Replacing an existing hard surface walkway, unless the existing walkway presents a safety hazard, is considered to be maintenance and is unacceptable. The installation of new curbs for an existing walkway is acceptable.

j. Fencing The installation of fencing to overcome a hazard or safety concern is recommended (e.g. the installation of a fence at a steep drop or adjacent to a busy street).

k. Additional Electrical Service Additional electrical switches, outlets, and service capacity to accommodate sensory aids and equipment are recommended if there is a deficiency.

l. Swimming Pools Swimming pools that are medically necessary are acceptable. However, grant funds must not be used for spas, hot tubs, saunas, etc.

Important: The installation of spas or variations of swimming pools are acceptable if hydrotherapy is a prescribed treatment for the Veteran, and medically required.

m. Correction of a Safety Defect Corrections to safety defects are recommended (e.g. the replacement of a space heater with a gas forced air furnace system or the replacement of a gas range with an electric range).

n. Service Dog RAs related to accommodating a service dog assigned to the Veteran include, but are not limited to, invisible fencing, pet doors, etc.

3. Recommended Adaptations for Loss, or Loss of Use, of Both Hands

Change date February 12, 2014, Change 1

- This entire section has been updated.

a. RAs The following items are recommended adaptations for loss, or loss of use, of both hands:

- lever-type water faucet fixtures in the kitchen or bathroom;
 - rubber doorknob covers or lever-type latches/locks for doors;
 - relocation of cabinets, countertops, and sinks to a convenient height;
 - toggle or press type light switches;
 - tap plates to open and close interior doors;
 - keyless entry systems for exterior doors;
 - automatic garage door openers;
 - circuit breaker electrical control panel modifications;
 - smoke detectors, fire detectors, and carbon monoxide detection systems;
 - special plumbing fixtures;
 - replacement of single or double hung windows with crank-type windows; and
 - correction of safety defects.
-

4. Recommended Adaptations for Burn Injuries and Respiratory-Related Injuries

Change date February 12, 2014, Change 1

- This entire section has been updated.

a. Introduction Veterans with respiratory related injuries, or severe burn injuries that reduce range of motion, may have needs that differ from other SAH eligible Veterans. It is important, especially in cases such as these, that each RLC has a flexible and expeditious approach to approving reasonable adaptations based on the specific needs of each Veteran.

b. RLC-Approved Equipment In addition to the other RAs presented earlier in Appendix B, the following adaptations are deemed reasonably necessary for Veterans with burn injuries or respiratory related injuries:

- a larger bathtub or walk-in tub to minimize the range of motion required to enter/exit;
- enlarged showers to accommodate seating;
- motion/touch sensing faucets and light switches;
- integrated, whole-house climate and lighting controls (smart controls),
- automatic door openers;
- accessible, custom closets and shelving;
- covered or enclosed patios, porches, entryways, retractable awnings, window tinting and/or window coverings to control sun exposure on the interior and exterior;
- conversion of basement areas to finished living areas to provide a comfortable environment free of sun exposure;
- room additions to store exercise equipment and/or other hobby related equipment;
- maintenance free building materials;
- invisible fencing, pet doors, and any other equipment related to accommodating a service dog assigned to the Veteran;
- air filtration and dehumidifying systems; and
- replacement of carpet with hard surface flooring for dust control.

As the types of injuries and treatments continue to change, new and creative adaptations may be deemed reasonably necessary. For adaptations that are not included in this appendix, a request must be submitted by the Veteran, along with justification and a recommendation from the RLC, to CO.

5. Recommended Adaptations for Secondary Disabilities

Change date February 12, 2014, Change 1
• This entire section has been updated.

a. Definition A secondary disability is a disability that does not entitle a Veteran to the SHA grant, whether service-connected or non-service-connected.

b. Adaptations Adaptations to address secondary disabilities are allowed if the condition is documented by a Department of Veterans Affairs physician. For example, ramps for a blind/wheelchair-bound Veteran are allowed when blindness is service-connected, but the wheelchair condition is non-service connected.

Appendix C. Specially Adapted Housing (SAH) Plan Types and Grant Calculations

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic Name	See Page
1	General Information About SAH Plan Types	C-2
2	Plan 1: Description and Calculations	C-3
3	Plan 2: Description and Calculations	C-5
4	Plan 3: Description and Calculations	C-7
5	Plan 4: Description and Calculations	C-10

1. General Information about SAH Plan Types

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Statutory Maximum Grant Amount The maximum grant amount is reviewed annually and potential increases are based on fluctuations in the designated construction cost index. The Secretary of VA announces any increase in the maximum grant amount at the beginning of each fiscal year. Grant amounts will not decrease from year to year even if the index indicates a decrease in construction costs. No eligible individual may use the SAH grant benefit more than three times up to the maximum dollar amount allowed.

b. Requirements All SAH plan types require the Veteran to reside in the housing unit. In addition, the following requirements must also be met:

- It must be medically feasible for the Veteran to reside in the housing unit.
- It must be structurally feasible to adapt the housing unit.
- It must be financially feasible for the Veteran to acquire and/or maintain the housing unit.
- The ownership requirements outlined in M26-12, Chapter 5, must be satisfied.

c. Types of SAH Plans An eligible individual has the option to use the SAH grant under any of the following plans:

- Plan 1
- Plan 2
- Plan 3
- Plan 4

2. Plan 1: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to construct a housing unit on land to be acquired for that purpose if it is suitable for SAH.

b. Limitation The grant amount cannot exceed 50 percent of the Veteran’s total construction cost and land cost, up to the maximum grant amount.

c. Formula The formula used when calculating the grant amount for Plan 1 is:
(Cost of Housing Unit + Land Cost) x 50 percent

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 1.

Step	Action
<i>Using the Formula</i>	
1	Add the construction cost and land cost together.
2	Multiply this sum by 50%.
<i>Determining the Grant Amount</i>	
3	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 2 as the grant amount.

Continued on next page

2. Plan 1: Description and Calculations, continued

e. Example

Situation: The Veteran intends to purchase a lot for \$10,000 and build an adapted housing unit for use as the primary residence. The construction cost is \$110,000. The maximum grant amount at the time is \$67,555 and this is the Veteran's first use of the benefit.

Calculation:

\$110,000	Construction Cost
<u>\$10,000</u>	Land Cost
\$120,000	Subtotal
x 0.50	
\$60,000	Final Amount

Result: Since the final amount of \$60,000 is less than the maximum grant amount, the approved grant amount is \$60,000, *not* \$67,555. The remaining \$7,555 of grant funds may be used for future adaptations.

3. Plan 2: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may build a housing unit on land already owned if it is suitable for SAH.

b. Limitations The grant amount cannot exceed the smaller of the following sums:

- 50 percent of the Veteran’s total cost of the housing unit and land, or
- 50 percent of the Veteran’s cost of the housing unit and the full unpaid balance of the land, up to the maximum grant amount.

c. Formulas The formulas used when calculating the grant amount for Plan 2 are:

1. *(Cost of Construction + Original Land Cost) x 50 percent*
2. *(Cost of Construction x 50 percent) + Unpaid Balance on the Land*

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 2.

Step	Action
<i>Calculating the First Formula</i>	
1	Add the construction cost and land cost together.
2	Multiply this sum by 50%.
<i>Calculating the Second Formula</i>	
3	Add the full amount of the unpaid land balance to 50% of the construction cost.
<i>Determining the Grant Amount</i>	
4	Identify the smaller of the two amounts from Step 2 and Step 3.
5	Is the smaller of the two amounts greater than the maximum grant amount? <ul style="list-style-type: none"> • If <i>yes</i>, use the maximum amount allowed as the grant amount. • If <i>no</i>, use the smaller of the two amounts identified in Step 4 as the grant amount.

Continued on next page

3. Plan 2: Description and Calculations, continued

e. Example

Situation: The Veteran purchased a lot for \$20,000 last year. At closing, the Veteran made a \$2,500 downpayment and financed the remaining \$17,500. Currently, the unpaid balance of the loan is \$15,000. The proposed construction cost is \$90,000. The maximum grant amount at the time is \$67,555 and this is the Veteran's first use of the grant.

Calculation 1:

\$90,000	Construction Cost
<u>\$20,000</u>	Land Cost
\$110,000	Subtotal
<u>x 0.50</u>	
\$55,000	Final Amount

Calculation 2:

\$90,000	Construction Cost
<u>x 0.50</u>	
\$45,000	Subtotal
<u>\$15,000</u>	Unpaid Balance
\$60,000	Final Amount

Result: Since the amount derived from the first calculation (\$55,000) is **less than** the amount derived from the second calculation (\$60,000) and does *not* exceed the maximum grant amount, the approved grant amount is \$55,000. The remaining \$12,555 of grant funds may be used for future adaptations.

4. Plan 3: Description and Calculation

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Description The Veteran may remodel (adapt) an existing housing unit if it is suitable for SAH.

b. Limitations

- If the remodeling cost exceeds the maximum grant amount, the difference must be paid by the Veteran. See Chapter 5, Section 7 for instructions on processing a grant when the construction cost exceeds the maximum grant amount.
- If the remodeling cost is less than the maximum grant amount, the formulas shown below must be used to calculate the maximum grant amount.

c. Formulas The formulas used when calculating the grant amount for Plan 3 are:

1. *Cost of Remodeling*
 2. *(Remodeling Cost x 50 percent) + [(Original Cost of Housing Unit + Original Cost of Land) x 50 percent]*
 3. *(Remodeling Cost x 50 percent) + (Unpaid Balance on the Housing Unit + Unpaid Balance on the Land)*
-

Continued on next page

4. Plan 3: Description and Calculation, continued

d. Calculating the Grant Amount

Follow the steps in the table below to calculate the grant amount for Plan 3.

Step	Action
1	Is the remodeling cost <i>equal to</i> or <i>greater than</i> the maximum grant amount? <ul style="list-style-type: none"> • If <i>yes</i>, use the maximum amount allowed as the approved grant amount. • If <i>no</i>, go to Step 2.
<i>Calculating the Second Formula</i>	
2	Multiply the remodeling cost by 50 percent.
3	Add the original land cost and the original cost of the housing unit together and multiply the sum by 50 percent.
4	Add the amounts from Steps 2 and 3 together.
<i>Calculating the Third Formula</i>	
5	Multiply the remodeling cost by 50 percent.
6	Add the total unpaid balances on the housing unit and land together.
7	Add the amounts from Steps 5 and 6 together.
<i>Determining the Grant Amount</i>	
8	Identify the smaller of the two amounts from Steps 4 and 7.
9	<ul style="list-style-type: none"> • If the amount from Step 8 is less than the remodeling cost from Step 1, then use the remodeling cost from Step 1 as the maximum grant amount.
10	If the amount from Step 8 is more than the remodeling cost from Step 1, use the amount from Step 8 as the maximum grant amount. Any grant funds over and above the remodeling cost may be used to reduce the principal balance(s) on the housing unit and land, or can be saved for a future use.

Continued on next page

4. Plan 3: Description and Calculation, continued

e. Example

Situation: The Veteran intends to purchase and remodel an existing housing unit. The purchase price is \$150,000. The unpaid mortgage balance will be \$125,000 and the remodeling cost is estimated to be \$60,000. The maximum grant amount at the time is \$67,555, and this is the Veteran's first use of the grant.

Calculations for the first formula:

\$60,000	Remodeling Cost
<u>x 0.50</u>	
\$30,000	Subtotal
\$150,000	Original Cost of Housing Unit
<u>x 0.50</u>	
\$75,000	Subtotal
\$30,000	Subtotal
+ <u>\$75,000</u>	Subtotal
\$105,000	Final Amount

Calculation for the second formula:

\$60,000	Remodeling Cost
<u>x 0.50</u>	
\$30,000	Subtotal
\$30,000	
+ <u>\$125,000</u>	Unpaid Balance on Housing Unit and Land
\$155,000	Final Amount

Result: Since the amounts derived from the first calculation (\$105,000) and the second calculation (\$155,000) both exceed the maximum amount allowed, the approved grant amount is \$67,555. The information below illustrates how the grant funds may be applied.

\$67,555	Maximum Grant Amount
<u>\$60,000</u>	Remodeling Cost
\$7,555	Remaining Grant Funds

In this example, the remaining grant funds may be used in one of two ways:

- save the remaining grant funds for a subsequent use, or
- reduce the principal balance on the housing unit and land.

5. Plan 4: Description and Calculation

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Description The Veteran may use the grant for an existing housing unit that has been, or will be, purchased and satisfies all SAH Minimum Property Requirements (MPRs).

b. Limitations The grant amount *cannot* exceed the smaller of the following sums:

- 50 percent of the Veteran's cost of the housing unit and the land, or
- the full amount of the unpaid balance, if any, on the cost of the housing unit and land, up to the maximum grant amount.

It is important to remember the following:

- The housing unit must meet all SAH MPRs or the MPRs must be properly waived.
 - If the Veteran is acquiring a housing unit that has been adapted, grant funds can be applied towards the purchase price at closing.
 - If there is an unpaid balance on the cost of the housing unit and land, grant funds can be used to reduce the principal balance.
 - If there is no unpaid balance on the cost of the housing unit and land, the grant calculation will always result in a grant amount of *zero*. Therefore, the Veteran will not be able to use the grant for that specific housing unit but the grant may be used on a subsequent housing unit. **For this reason, it is not possible to directly reimburse a Veteran for work completed if there is no unpaid balance on the cost of the housing unit or land. See Examples 2 and 3 below.**
-

c. Formulas The formulas used when calculating the grant amount for Plan 4 are:

1. $(Original\ Cost\ of\ Housing\ Unit + Original\ Cost\ of\ Land) \times 50\ percent$
 2. $Unpaid\ Balance\ on\ Housing\ Cost + Unpaid\ Balance\ on\ Land\ Cost$
-

Continued on next page

5. Plan 4: Description and Calculation, continued

d. Calculating the Grant Amount

Follow the steps in the table below to calculate the grant amount for Plan 4.

Step	Action
<i>Calculating the First Formula</i>	
1	Add the construction cost and land cost together.
2	Multiply this sum by 50 percent.
<i>Calculating the Second Formula</i>	
3	Add the full amount of the unpaid balance on the land cost to the full amount of the unpaid balance on the housing unit cost. This typically represents the outstanding mortgage principal balance.
<i>Determining the Grant Amount</i>	
4	Identify the smaller of the two amounts from Step 2 and Step 3.
5	Is the smaller of the two amounts greater than the maximum grant amount? <ul style="list-style-type: none"> • If <i>yes</i>, use the maximum amount allowed as the grant amount. • If <i>no</i>, use the smaller of the two amounts identified in Step 4 as the grant amount.

e. Example 1

Situation: A Veteran purchased an adapted housing unit for \$150,000. Currently, the unpaid balance on the cost of the housing unit and land is \$40,000. The maximum grant amount at the time is \$67,555 and this is the Veteran's first use of the grant.

Calculations for the first formula:

$$\begin{array}{r}
 \$150,000 \text{ Cost of the Housing Unit and Land} \\
 \times \quad 0.50 \\
 \hline
 \$75,000 \text{ Final Amount}
 \end{array}$$

Calculations for the second formula:

\$40,000 Unpaid Balance on the Cost of the Housing Unit and Land

Result: Since the amount derived using the second formula (\$40,000) is less than the amount derived using the first formula (\$75,000) and does *not* exceed the maximum grant amount, the approved grant amount is \$40,000.

Continued on next page

5. Plan 4: Description and Calculation, continued

f. Example 2

Situation: Many years ago, a Veteran purchased a partially adapted housing unit for \$120,000. It has since been paid off. The Veteran then paid cash for additional adaptations to meet his/her needs and is now requesting reimbursement for the money spent on the additional adaptations. The maximum grant amount allowed at the time is \$67,555 and this is the Veteran's first use of the grant.

Calculations for the first formula:

$$\begin{array}{r} \$120,000 \text{ Cost of Housing Unit and Land} \\ \times \quad 0.50 \\ \hline \$60,000 \text{ Final Amount} \end{array}$$

Calculations for the second formula:

**\$0 Unpaid Balance on the Cost of the Housing Unit
and Land**

Result: Since the amount derived from the second calculation (\$0) is less than the amount derived from the first calculation (\$60,000), the grant amount is \$0. **Even though the Veteran paid for a partially adapted housing unit and then spent personal funds on additional adaptations, he/she cannot be directly reimbursed because the result of the grant calculation is zero.** The Veteran may elect to use the grant for new adaptations to the current housing unit or on a future housing unit.

Continued on next page

5. Plan 4: Description and Calculation, continued

g. Example 3

Situation: Recently, a Veteran purchased an adapted housing unit at a reduced price from a charitable organization that helps wounded Veterans. The purchase price was \$200,000 and the current outstanding mortgage balance is \$186,000. The housing unit meets all SAH MPRs. The maximum grant amount allowed at the time is \$67,555 and this is the Veteran's first use of the grant.

Calculations for the first formula:

$$\begin{array}{r} \$200,000 \text{ Cost of Housing Unit and Land} \\ \times \quad 0.50 \\ \hline \$100,000 \text{ Final Amount} \end{array}$$

Calculations for the second formula:

\$186,000 Unpaid Balance on the Cost of the Housing Unit and Land

Result: Since the amounts derived from the first calculation (\$100,000) and second calculation (\$186,000) exceeds the maximum grant amount allowed, the approved grant amount is \$67,555. **The Veteran may elect to apply the grant funds as a mortgage principal reduction or receive them as a direct reimbursement.**

Appendix D. Special Housing Adaptation (SHA) Plan Types and Grant Calculations

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	General Information About SHA Plan Types	D-2
2	Plan 1: Description and Calculations	D-3
3	Plan 2: Description and Calculations	D-4
4	Plan 3: Description and Calculations	D-6
5	Plan 4: Description and Calculations	D-7
6	Plan 5: Description and Calculations	D-9

1. General Information about SHA Plan Types

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Statutory Maximum Grant Amount The maximum grant amount is reviewed annually and potential increases are based on fluctuations in the designated construction cost index. The Secretary of the Department of Veterans Affairs (VA) announces any increase in the maximum grant amount at the beginning of each fiscal year. Grant amounts will not decrease from year to year even if the index indicates a decrease in construction costs. No eligible individual may use the SHA Grant benefit more than three times up to the maximum dollar amount allowed.

b. Requirement All SHA plan types require the Veteran to reside in the housing unit.

c. Definition of a Family Member For SHA purposes, a *family member* is defined as a person related by:

- blood,
- marriage, or
- adoption.

d. Types of SHA Plans An eligible Veteran has the option to use the SHA grant under any of the following plans:

- Plan 1
- Plan 2
- Plan 3
- Plan 4
- Plan 5

2. Plan 1: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to adapt a housing unit that he/she intends to purchase. This plan also applies to proposed construction.

b. Limitation The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

c. Formula The formula used when calculating the grant amount for Plan 1 is:

Cost of Adaptive Feature + Installation of Adaptive Feature

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 1.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

e. Example *Situation:* A Veteran purchased a home for \$135,000 and plans to add \$10,000 in adaptations. The cost of installation is \$2,000. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

Calculation:

\$10,000 Cost of Adaptations
 \$2,000 Cost of Installation
\$12,000 Final Amount

Result: Since the final amount of \$12,000 is less than the maximum grant amount, the approved grant amount is \$12,000, *not* \$13,511. The remaining \$1,511 may be saved for a subsequent use.

3. Plan 2: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to adapt a housing unit that his/her family member intends to purchase. This plan also applies to proposed construction.

b. Limitation The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

c. Formula The formula used when calculating the grant amount for Plan 2 is:

$$\text{Cost of Adaptive Feature} + \text{Installation of Adaptive Feature}$$

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 2.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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3. Plan 2: Description and Calculations, continued

e. Example

Situation: The Veteran intends to live in a house his/her parents intend to purchase. However, adaptations will be required. The proposed cost of the adaptive features is \$14,000 and the cost of installation is \$2,500. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

Calculation:

\$14,000	Cost of Adaptations
<u>\$2,500</u>	Cost of Installation
\$16,500	Final Amount
<u>\$13,511</u>	Maximum Grant Amount
\$2,989	Amount to be Paid by the Veteran

Result: Since the final amount of \$16,500 exceeds the maximum grant amount, the approved grant amount is \$13,511, *not* \$16,500. The Veteran is responsible for paying the amount of construction cost that exceeds the maximum grant amount (\$2,989).

See Chapter 5, Section 7 for instructions on processing a grant when the construction cost exceeds the maximum grant amount.

4. Plan 3: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to adapt a housing unit that he/she already owns.

b. Limitation The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

c. Formula The formula used when calculating the grant amount for Plan 3 is:
Cost of Adaptive Feature + Installation of Adaptive Feature

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 3.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

e. Example *Situation:* The Veteran already owns a house that was purchased for \$100,000, including the land. Currently, the mortgage balance is \$79,500. The proposed cost of the adaptive features is \$6,500 and the installation cost is estimated to be \$5,000.00. The maximum grant amount at the time is \$13,511 and this is the Veteran’s first use of the grant.

Calculation:

\$6,500	Cost of Adaptations
<u>\$5,000</u>	Cost of Installation
\$11,500	Final Amount

Result: Since the final amount of \$11,500 is less than the maximum amount allowed, the approved grant amount is \$11,500, *not* \$13,511.

5. Plan 4: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to adapt a housing unit that is already owned by a family member.

b. Limitation The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

c. Formula The formula used when calculating the grant amount for Plan 4 is:

$$\text{Cost of Adaptive Feature} + \text{Installation of Adaptive Feature}$$

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 4.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

Continued on next page

5. Plan 4: Description and Calculations, continued

e. Example

Situation: The Veteran lives with his/her sister and adaptations to the kitchen and bathroom are needed to meet the Veteran's needs. The cost of the adaptive features is \$5,800 and the remodeling cost is estimated to be \$7,500. The maximum grant amount at the time is \$13,511 and this is the Veteran's second use of the grant. VA records indicate the Veteran previously used \$2,000 of grant funds on the same property to add grab bars and brighter lighting.

Calculation:

	\$5,800	Cost of Adaptations
	<u>\$7,500</u>	Cost of Installation
	\$13,300	Final Amount
-	<u>\$11,511</u>	Remaining Grant Funds
	\$1,789	Amount to be Paid by Veteran

Result: Since the final amount exceeds the maximum amount allowed and the Veteran previously used \$2,000 of grant funds on the same property, the approved grant amount is \$11,511, *not* \$13,300. The Veteran is responsible for paying the amount of construction cost that exceeds the maximum grant amount (\$1,789). See Chapter 5, Section 7 for instructions on processing a grant when the construction cost exceeds the maximum grant amount.

6. Plan 5: Description and Calculations

Change Date February 12, 2014, Change 1
 • This entire section has been updated.

a. Description The Veteran may elect to purchase, or reduce the unpaid balance on the cost of a housing unit and land that has already been adapted with special features that VA has determined are reasonably necessary.

b. Limitation The amount of the grant *cannot* exceed the cost of the adaptive features, up to the maximum grant amount.

It is important to remember the following:

- If the Veteran is acquiring a housing unit with special housing adaptations, grant funds can be applied towards the purchase price at closing.
 - If there is an unpaid balance on the cost of the housing unit and land, grant funds *may* be used to reduce the principal balance.
 - The Veteran may also elect to receive a direct reimbursement equal to or less than the approved grant amount.
-

c. Formula The formula used when calculating the grant amount for Plan 5 is:

The Sum of the Cost of Each Adaptive Feature

d. Calculating the Grant Amount Follow the steps in the table below to calculate the grant amount for Plan 5.

Step	Action
<i>Using the Formula</i>	
1	Determine the cost of each adaptive feature.
2	Add these values together.
<i>Determining the Grant Amount</i>	
3	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

Continued on next page

6. Plan 5: Description and Calculations, continued

e. Example

Situation: A Veteran recently purchased and adapted a small condominium unit. The purchase price was \$120,000 and the Veteran financed 100 percent of the purchase price using the VA Home Loan benefit. Fortunately, the Veteran retained detailed invoices and receipts, and even had cancelled checks for the work completed. The Specially Adapted Housing Agent handling the case verified during the feasibility study that the adaptations completed by the Veteran are on the list of recommended adaptations for SHA grants. Based on the detailed paperwork provided by the Veteran, the total cost of the adaptations was \$14,000. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

Calculation:

\$4,000	Cost of Bathroom Adaptations
\$6,000	Cost of Kitchen Adaptations
\$1,500	Cost of Special Lighting
<u>\$2,500</u>	Cost of Exterior Adaptations
\$14,000	Final Amount

Result: Since the final amount of \$14,000 exceeds the maximum grant amount, the approved grant amount is \$13,511. **This amount may be applied to the principal mortgage balance or the Veteran may elect to receive these funds directly.**

Appendix E. Temporary Residence Adaptations (TRA) Grant

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic name	See Page
1	TRA Grant	E-2

1. TRA Grant

Change Date February 12, 2014, Change 1

- This entire section has been updated.

a. Description The TRA grant is designed to assist eligible Veterans who are temporarily residing in a housing unit owned by a family member. Grant funds may be used to adapt the family member's housing unit to meet the current needs of the Veteran.

b. Limitations In order to receive the TRA grant, the Veteran must be rated eligible for either the Specially Adapted Housing (SAH) or Special Housing Adaptation (SHA) grant. Veterans rated eligible for an SAH grant and receiving the TRA grant must adhere to SAH minimum property requirements (MPRs) when adapting a particular feature. Veterans rated eligible for an SHA grant and receiving the TRA grant must adhere to the list of SHA recommended adaptations. Effective August 6, 2013, the TRA grant was excluded from the aggregate limitations on assistance furnished pursuant to section 2102 of Title 38 U.S.C. Therefore, a TRA grant used prior to August 6, 2013, would require that funds be deducted from the maximum grant assistance available under either the SAH or SHA program. A TRA grant used subsequent to August 6, 2013, would not be deducted from the maximum grant assistance available under SAH/SHA.

Important: Intent is key with the TRA grant. The Veteran must not intend to permanently reside with his/her family member in order to use the program.

Continued on the next page

1. TRA Grant, continued

**c. Statutory
Maximum
Grant Amount**

The statutory maximum grant amount for the TRA grant varies based on eligibility:

- TRA grant assistance for SAH cases is currently \$29,657.00.
- TRA grant assistance for SHA cases is currently \$5,295.00.

It is important to remember the following:

- Potential increases in the maximum TRA grant amounts are based on fluctuations in the designated construction cost index and are determined annually by the Secretary of the Department of Veterans Affairs (VA). Grant amounts will not decrease from year to year, even if the index indicates a decrease in construction costs.
 - Use of the TRA grant counts as one of the Veteran's, or Service-member's three authorized uses.
 - TRA grants approved on, or after, August 6, 2013, will no longer be deducted from the maximum grant assistance available under each grant program. It will still count as one of three authorized uses.
 - VA's authority to make TRA grants runs through December 31, 2022.
-

**d. Definition of
a Family
Member**

For TRA purposes, a *family member* is defined as a person related by:

- blood,
 - marriage, or
 - adoption.
-

e. Formula

The formula used when calculating the grant amount for TRA is:

The Sum of the Cost of Each Adaptive Feature

Continued on next page

1. TRA Grant, continued

f. Calculating the grant amount

Follow the steps in the table below to calculate the grant amount for TRA:

Step	Action
<i>Using the Formula</i>	
1	Determine the cost of each adaptive feature.
2	Add these values together.
<i>Determining the Grant Amount</i>	
3	Is the calculated amount greater than the maximum grant amount? <ul style="list-style-type: none">• If <i>yes</i>, use the maximum amount allowed as the grant amount.• If <i>no</i>, use the amount calculated in Step 1 as the grant amount.

g. Direct Reimbursement

In some cases, direct reimbursement to the Veteran, or the Veteran's family member, for work completed prior to grant approval is acceptable. However, all of the regulatory requirements must be met for final approval:

- The plans and specifications of the proposed adaptations must demonstrate compliance with minimum property and design requirements of the SAH program.
- The family member must have an ownership interest in the housing unit, which must be determined by Regional Counsel, and the Veteran and the Veteran's family member must sign a certification as to the likelihood of the Veteran's temporary occupancy of such residence.

Because this is the Veteran's benefit, the Veteran must provide written authorization if the grant check is to be made payable to the Veteran's family member.

Important: Detailed information regarding the cost of the adaptations (e.g. receipts, cancelled checks, invoices, and/or contracts) must be provided in order to accurately determine the grant amount.

Note: The SAH Agent should encourage Veterans and their families to involve VA in the construction process on the front end, even with TRA grants, to ensure that MPRs are met. Direct reimbursements for TRA grants should be the exception rather than the norm.

Appendix F. Timeliness Requirements

Overview

In this Chapter This chapter contains a quick reference table for all timeliness measures.

Chapter	Topic	Section	Description of Timeliness Measure and Page Number
(1) Specially Adapted Housing (SAH) Application Eligibility	(7) Outreach to Veterans Not Yet Rated	(b) Verify Application Information	When the Regional Loan Center (RLC) receives an application (<i>VA Form 26-4555</i>) from a Veteran, regardless of the method of submission, SAH personnel must contact the Veteran within 7 business days to verify the information provided in the application. (1-12)
(2) Pre-Grant Approval, Initial Interview	(1) General Information About the Initial Interview	(b) When to Perform	Within 7 business days of eligibility being established, the SAH Agent must notify the Veteran of initial interview eligibility in writing using either the <i>FL 26-39</i> (the SAH eligibility letter) or the <i>FL 26-39b</i> (the Special Housing Adaptation [SHA] eligibility letter). (2-2)
(2) Pre-Grant Approval Initial Interview	(1) General Information About the Initial Interview	(c) Telephone Interview	If a telephone interview was completed, and the Veteran indicates they are interested in a Plan 3 SAH grant use, a feasibility study must be completed within 30 business days of the telephone interview.
(2) Pre-Grant Approval Initial Interview	(1) General Information About the Initial Interview	(d) Timeliness Requirements	The initial interview must be completed within 30 business days of eligibility. (2-3)
(2) Pre-Grant Approval Initial Interview	(4) Documenting the Initial Interview and Follow Up	(c) Follow Up	The SAH Agent must follow up with the Veteran within 30 business days of the initial interview to review items discussed during the interview. The SAH Agent must continue to contact the Veteran every 30 days up to grant approval or until the case is made inactive (2-8).
(2) Pre-Grant Approval Initial Interview	(4) Documenting the Initial Interview and Follow Up	(d) Veteran Inactivity	If the Veteran becomes non-responsive after the initial interview, the SAH Agent may place the case on inactive status after three attempts to contact the Veteran at successive 30 business day intervals. The first 30 business day interval begins on the day after the initial interview is completed. (2-9)

Continued on next page

Appendix F. Timeliness Requirements, continued

Chapter	Topic	Section	Description of Timeliness Measure and Page Number
(3) Pre-Grant Approval: Feasibility and Suitability	(1) General Information about Feasibility Studies	(d) Timeliness	The SAH Agent must complete the lot/housing unit inspection within 30 business days of the initial interview or document the case notes if an inspection is not applicable (3-2). The SAH Agent must determine financial feasibility and include the findings in the feasibility study report (on the appropriate version of VA Form 26-1858) that must be completed and uploaded to the system within 10 business days of the date of the lot/housing unit inspection. If other extenuating circumstances exist which prevent the 10 business day requirement from being met, the SAH Agent must clearly document the case notes in the system. Again, all components of the feasibility study (medical feasibility, financial feasibility, and property suitability) must be completed and uploaded in the system within 10 business days of completing the lot/housing unit inspection.
(4) Getting to Conditional Approval	(4) More Information Regarding Financial Information	c) Timeliness	If the SAH Agent experiences delay in the Veteran providing information (to complete financial feasibility), or if other extenuating circumstances exist which prevent the 10 business day requirement from being met, the SAH Agent must clearly document the case notes in the system. (4-5)
(5) Getting to Final Approval	(9) RLC Requirements for Grant Disapproval	(c) Follow Up Requirements	If RLC management disapproves a grant and additional documentation is required from the Veteran and/or builder, the SAH Agent must communicate this to the Veteran and/or builder within 5 business days of disapproval via e-mail or mail. A copy of this communication must be uploaded in the system. (5-25)

Continued on next page

Appendix F. Timeliness Requirements, continued

Chapter	Topic	Section	Description of Timeliness Measure and Page Number
(6) SAH Agent's Responsibilities During Construction and Handling Disputes/Complaints	(1) Project Management Responsibilities	(b) Notifying the Veteran and Builder After Grant Approval	The SAH Agent is required to notify the Veteran receiving the SAH/SHA grant within 3 business days after grant approval (6-2).
(6) SAH Agent's Responsibilities During Construction and Handling Disputes/Complaints	(1) Project Management Responsibilities	(f) Required Communication During Construction	The SAH Agent is required to maintain communication with the Veteran and builder at least every 10 business days, beginning at the construction start date (6-3).
(6) SAH Agent's Responsibilities During Construction and Handling Disputes/Complaints	(3) Dispute Resolution	(c) How to Handle Complaints	By maintaining contact every 10 business days with the Veteran and builder throughout the duration of the construction project and during any period of dispute/complaint, the SAH Agent should effectively manage the project and avoid issues from escalating beyond the point of control of the SAH Agent (6-7).
(6) SAH Agent's Responsibilities During Construction and Handling Disputes/Complaints	(3) Dispute Resolution	(e) Handling Formal Construction Complaints	Upload all complaint documentation to the system within 5 business days of receipt and notify the Assistant Valuation Officer (AVO) and Valuation Officer (VO). The site inspection report must be completed and uploaded to the system within 10 business days of completing the site inspection. The SAH Agent must create and provide to the builder via mail, e-mail, or fax and upload to the system, a builder remediation plan that notifies the builder of dispute/complaint items within 10 business days of completing the site inspection (6-9).
(6) SAH Agent's Responsibilities During Construction and Handling Disputes/Complaints	(3) Dispute Resolution	(g) How to Handle Legal Action Between the Veteran and the Builder	Document the system with the details of the litigation within 5 business days of their receipt, and advise Central Office of the litigation issues. (6-10)

Continued on next page

Appendix F. Timeliness Requirements, continued

Chapter	Topic	Section	Description of Timeliness Measure and Page Number
(7) The Compliance Inspection and Review of Compliance Inspection Reports (CIR)	(6) Reviewing VA Form 26-1839, Compliance Inspection Report	(c) Timeliness of CIR Review	The AVO/VO must review and approve the CIR within 5 business days of when the CIR was uploaded by the Agent or Compliance Inspector (CI). When the final CIR from the CI is received and approved, indicating that all SAH or SHA related construction is satisfactorily complete, the SAH Agent must complete the Final Field Review (FFR) within 10 business days (7-9).
(8) Escrows, Escrow Agents, and the Authorization of Funds	(1) Escrow and When Escrow is Required	(d) When the Escrow Account is not Required	Escrows are not required if funds are to be released immediately or within 10 business days after receipt of the grant check (8-3).
(8) Escrows, Escrow Agents, and the Authorization of Funds	(4) Authorization to Disburse Funds When VA is not the Escrow Agent	(c) How to Authorize the Fund Release and Timeliness Requirements	To provide expectations for all parties involved in the construction and avoid potential delays, the escrow release letter must be created within 3 business days of the AVO/VO approving the CIR (8-9).
(10) SAH Agent Final Field Review	(3) Following Up With the Veteran, Builder, and CI	(b) Follow-Up Procedure	The SAH Agent must communicate the results of the FFR to the Veteran, builder, and CI within 3 business days of completion and approval. (11-4)
(11) Final Accounting	(3) Requirements for Closing Final Accounting	(a) When to Perform	The final accounting must be completed and certified (and the case closed) no later than 75 business days after the final escrow close-out documentation has been received (11-6).
(12) Death Cases	(3) Processing Death Cases when Outstanding Expenses were Claimed	(e) Documenting the Next of Kin Contact and Closing File For Lack of Response or No Expenses Claimed	Close the grant when the family/estate does not reply to the Next of Kin (NOK) letter for 90 days (from the date the NOK letter was sent) (12-4).

Appendix G. References

Overview

In this Chapter This chapter contains the following topics.

Topic	Topic Name	See Page
1	United States Code (statute)	G-2
2	Code of Federal Regulations (regulations)	G-3

1. United States Code

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Statute for Specially Adapted Housing (SAH) Title 38 United States Code, Chapter 21 – Specially Adapted Housing for Disabled Veterans gives the statutory authority for the SAH Grant program.

b. Text The most current version for Title 38 United States Code, Chapter 21 – Specially Adapted Housing for Disabled Veterans is located on the [United States House of Representatives Office of the Law Revision Council](#) webpage.

2. Code of Federal Regulations

Change Date February 12, 2014, Change 1
• This entire section has been updated.

a. Regulation for SAH Title 38 Code of Federal Regulations § 36.4400 et al contains the regulatory authority for the SAH Grant program.

b. Text The most current version of Title 38 Code of Federal Regulations, § 36.4400 et al can be found on the [Government Printing Office Code of Federal Regulations](#) webpage.
