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## Chapter 9 REVOLVING FUND LOANS

### 9.01 Introduction

This chapter provides the administrative procedures and guidelines for approving and processing a Revolving Fund Loan (RFL).

### 9.02 References and Resources

Laws: 38 U.S. Code (U.S.C.) 3112  
Veterans Education and Expansion Act of 2001

Regulations: 38 Code of Federal Regulations (CFR) 21.274  
38 CFR 21.420  
38 CFR 21.260

VA Forms (VAF): VAF 1905d, Special Report of Training  
VAF 28-1910, Application and Public Voucher for Loan  
from the Vocational Rehabilitation Revolving Fund  
VAF 4107, Your Rights to Appeal our Decision

### 9.03 General Information

A RFL is a non-interest loan from the revolving fund established in accordance with 38 U.S.C 3112 and 38 CFR 21.274. The loan may be granted to a Veteran who is not financially able to begin, continue, or reenter a Vocational Rehabilitation and Employment (VR&E) plan of services without assistance.

One of the areas that may need to be explored during the development of the rehabilitation plan is the Veteran's financial management and potential resources for financial aid. This financial review may be conducted routinely during case management to ensure that the Veteran is able to continue with his/her program without any interruption. There may be instances when an advance is necessary as the Veteran would be unable to begin, continue, or reenter a rehabilitation program without the loan from the Revolving Fund.

The Vocational Rehabilitation Counselor (VRC) must check with the VR&E Officer before granting a RFL since the loan is subject to available funding. All approved RFL amounts are recorded on a centralized spreadsheet and maintained by the VR&E Officer, or designee, so that a running balance on the account is maintained at all times.

## 9.04 Revolving Fund Loan Criteria

## a. Eligibility

Prior to granting a RFL, the VRC must determine if the Veteran meets the following conditions in accordance with 38 CFR 21.274 (c):

## 1. Type of Plan Prepared

A Veteran may be eligible for a RFL if an Individualized Written Rehabilitation Plan (IWRP), an Individualized Extended Evaluation Plan (IEEP), or an Individualized Independent Living Plan (IILP) has been prepared. Supportive services such as a RFL must not be granted to a Veteran during a period or program of employment services in accordance with 38 CFR 21.254.

## 2. Terms and Conditions of Plan

The Veteran and VRC must both agree with the terms and conditions of the IWRP, IEEP, or IILP.

## b. Approval

If the eligibility requirements are met, the VRC must then determine if the Veteran meets the conditions for approval prior to granting a RFL in accordance with 38 CFR 21.274 (d). A RFL may be approved when the following conditions are met:

1. The reason for the loan must be clearly and directly related to beginning, continuing, or reentering a rehabilitation program.
2. The Veteran would otherwise be unable to begin, continue or reenter a rehabilitation program without the loan.
3. The loan must not exceed the amount needed or twice the monthly subsistence allowance for a Veteran without dependents in a full-time institutional training program. It should be noted that the loan amount must be in multiples of \$10 (e.g., the maximum amount for the current fiscal year is \$1,180).
4. The Veteran must elect, or be in receipt of, subsistence allowance. It is important to note that in some cases a Veteran may meet the conditions for eligibility by having an IWRP, IEEP, or IILP prepared, but will not meet the conditions of approval because he/she will not be in receipt of subsistence allowance.

## c. Denial

A VRC may deny a request for a RFL under the following conditions:

1. The Veteran has not fully repaid a previous RFL. The VRC must determine if the Veteran has repaid a previous RFL by using the following steps:
  - Log on to Share
  - Select Corporate Inquiries (located in left column)
  - Enter the Veteran's social security number or file number
  - Click submit
  - Select Award/Ratings
  - Select Award Information
  - Review Receivables Balance (located in the center of screen)
2. The Veteran does not agree to the terms and conditions of repayment.
3. The Veteran is not eligible for future payments of compensation and pension, subsistence allowance, educational assistance, or retirement pay.

## 9.05 Revolving Fund Loan (RFL) Processing

## a. Amount of RFL

The VRC may approve up to \$200 for the amount of the RFL in multiples of \$10.00 based upon the evidence considered to establish need. Refer to the current Chapter 31 Subsistence Allowance Rates (without dependents) that is regularly published prior to the new fiscal year. Post-911 subsistence allowance rates do not apply.

An advance in excess of \$200 requires the concurrence of the VR&E Officer. The VR&E Officer may approve up to twice the amount of the subsistence allowance for a single Veteran at the institutional rate. (See 38 CFR 21.260.)

The VRC must provide the Veteran with alternative resources if the need is greater than the maximum amount of RFL allowable.

b. Method of Repayment

The VRC must determine the method of repayment and inform the Veteran that a RFL is repaid in monthly installments from future payments of subsistence allowance or compensation and pension. If none of these benefits are available at the time of repayment, the debt will be collected in the same manner as any other debt payable to the Department of Veterans Affairs. The VRC must ensure that the Veteran indicates his/her repayment preference.

c. Rate of Repayment

The rate of repayment may not be less than 10 percent of the amount advanced unless the monthly benefit being used for repayment is less than 10 percent of the loan amount. The rate of repayment will automatically default to 10 percent unless otherwise specified on VAF 28-1910. If the Veteran wishes to repay the balance of the debt, the payment should be made to the U.S. Department of Veterans Affairs through the local Regional Office.

d. Required Documentation

The VRC must ensure that the determination to grant the RFL is documented on VAF 28-1905d (See Appendix O, VA Forms) and filed in the Veteran's Counseling/Evaluation/Rehabilitation (CER) folder or in Corporate WINRS (CWINRS) notes. The documentation should include but is not limited to the following:

- The date of the request
- The evidence considered to establish need for the loan, i.e. note from a landlord, electric bill, or statement from Veteran
- The law, regulation, or manual reference supporting the decision
- The determination process, i.e. how the Veteran met the conditions for eligibility and approval, amount of RFL, and method and rate of repayment
- The name of the authorizing VRC

#### 9.06 VAF 28-1910, Application and Public Voucher for Loan from the Vocational Rehabilitation Revolving Fund

The VRC must submit the completed VAF 28-1910 along with the required documentation to the VR&E Officer, who must sign the form. The form should be completed in a timely fashion to ensure that the Veteran can begin or continue his/her rehabilitation program without interruption. (Further guidance on completing VAF 28-1910 can be found in the CWINRS User Guide, Chapter 6.14.8.) The VRC must ensure that the form is completed in CWINRS as shown below:

- Open CWINRS in the Select Folders screen
- Locate and open the Veteran's case
- Select Financial
- Select RFL
- Select ADD
- Select the appropriate Form of Advance (it should be noted that funds are not available on site and a check will either be mailed or deposited electronically, if applicable)
- Select Method of Payment from the drop down list (compensation, pension, or subsistence allowance)
- Enter the amount of the advance in multiples of \$10.00
- Select Print VAF 28-1910. (This will generate the form as a Word document)
- Edit the VAF 28-1910 as necessary
- Print the VAF 28-1910
- Obtain the Veteran's signature on the VAF 28-1910
- Sign the VAF 28-1910
- Obtain VR&E Officer's signature on the VAF 28-1910

The approved advance from the Revolving Fund will be processed as expeditiously as possible, including hand-carrying if possible to the Finance activity. It is essential that this service be provided immediately as the critical nature of the need has already been documented.

9.07 Procedures for Denial

a. Informing the Veteran

If the Veteran's request for RFL is denied, the VRC must inform the Veteran in writing to explain the reason(s) for the decision, and provide him/her with appellate rights (VAF 4107, See Appendix O) under 38 CFR 21.420.

b. Documentation

The VRC must clearly document the reason(s) for the denial of the RFL relating the determination to the specific conditions for eligibility, approval, or denial. The narrative may be documented on a CWINRS Note or a VAF 28-1905d and filed in the center of the Veteran's CER folder.

c. Alternatives

The VRC should assist the Veteran in resolving the issue that created the need for the RFL and should provide ongoing counseling to the Veteran. A referral to any of the following resources should be offered as appropriate:

- A debt counseling agency
- A financial aid officer
- A work-study option
- A state vocational rehabilitation agency
- A community-based organization
- A referral to the Department of Labor for stopgap employment opportunities

9.08 Special Considerations

a. Veterans Recalled to Active Duty

Veterans who are recalled to active duty do not need to make payment on an existing RFL until the beginning of the fifth month following discharge or release from active duty under Section 103 of the Veterans Education and Expansion Act of 2001.

b. Active Duty Servicemembers

Active Duty Servicemembers are not eligible for RFL since they must not receive subsistence allowance. This applies to Servicemembers participating in Coming Home to Work (CHTW), Department of Defense Education and Employment Initiative (E2I), Integrated Disability Evaluation System (IDES) and National Defense Authorization Act of 2008 (NDAA).