



IMPORTANT UPDATE

BULLETIN 34-08112022

Issued to: All Channels
Date: August 11, 2022
Subject: VA Certificate of Eligibility Funding Fee Status Update
Effective: Immediately

The Department of Veterans Affairs (VA) has released VA Circular 26-22-12 to update the funding fee status on Certificates of Eligibility (COE) when VA Form 26-8937, *Verification of VA Benefits*, for an active-duty Service member indicates they have a pre-discharge disability claim pending with the VA.

VA has introduced a funding fee status to inform lenders when the VA Form 26-8937 has been received and the pre-discharge or memorandum rating request is in process. Upon receipt of VA Form 26-8937, VA will conduct research to see if the Service member has filed a pre-discharge claim.

1. If the service member is eligible for the home loan benefit and VA records indicate the service member does not have a pre-discharge claim pending, VA will annotate the COE record and issue the COE with a funding fee status of *Non-Exempt*.
2. If the service member is eligible for the home loan benefit and VA records indicate the service member's pre-discharge claim has been adjudicated, VA will update the COE with the appropriate funding fee status and issue the COE.
3. If the service member is eligible for the home loan benefit and VA records indicate the service member has a pre-discharge claim pending that has not been adjudicated, VA will submit the rating request to the Veteran Service Center (VSC). VA will update the COE funding fee status to *Non-Exempt – In Development* and issue the COE. **The service member is not exempt at this time.** If a proposed or memorandum rating is not obtained, and the loan closing takes place before the Veteran is discharged from service, the funding fee exemption does not apply, and the service member will not be entitled to a refund. VA will update and reissue the COE as appropriate based on the response received from VSC.

Please refer to the VA Guidelines for complete product details. The [VA Guidelines](#) is posted in the Resource Center's Product Guidelines –Government sub-folder.

We appreciate your business!