

APPENDIX IV

Veterans Exception

Section 103 of the Heroes Act of 2008 contains a permanent exception to the first-time homebuyer requirement for borrowers who are veterans. To be eligible for the exception, the veteran borrower must meet the following requirements:

1. The borrower must be a veteran as defined in 38 U.S.C. section 101, which generally includes anyone who has served in the military and has been discharged or released under conditions other than dishonorable (or who has re-enlisted but could have been discharged or released under conditions other than dishonorable). (Please see the definition of a veteran for purposes of this exception beginning with paragraph #7 below.)

2. The veteran borrower can only use this exception one time.

3. The exception also applies to the spouse of a veteran borrower.

4. The IRS requires that the Commission makes a good faith effort to insure that the House Key mortgage loan meets all of the federal tax law requirements. Obtaining a copy of the veteran borrower's honorable discharge papers meets this requirement. If the veteran borrower is still in the armed forces, having re-enlisted, other documentation to prove compliance may be provided. The veteran borrower must also certify in a separate signed and notarized affidavit that he/she meets the exception requirements and has not previously used the exception.

5. The term "veteran" means a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

6. The term "discharge or release" includes:

(A) retirement from the active military, naval, or air service, and

(B) the satisfactory completion of the period of active military, naval, or air service for which a person was obligated at the time of entry into such service in the case of a person who, due to enlistment or reenlistment, was not awarded a discharge or release from such period of service at the time of such completion thereof and who, at such time, would otherwise have been eligible for the award of a discharge or release under conditions other than dishonorable

7. The term "active duty" means:

(A) full-time duty in the Armed Forces, other than active duty for training;

(B) full-time duty (other than for training purposes) as a commissioned officer of the Regular or Reserve Corps of the Public Health Service

(i) on or after July 29, 1945, or

- (ii) before that date under circumstances affording entitlement to "full military benefits".
- (C) full-time duty as a commissioned officer of the National Oceanic and Atmospheric Administration or its predecessor organization the Coast and Geodetic Survey
 - (i) on or after July 29, 1945, or
 - (ii) before that date
 - (I) while on transfer to one of the Armed Forces, or
 - (II) while, in time of war or national emergency declared by the President, assigned to duty on a project for one of the Armed Forces in an area determined by the Secretary of Defense to be of immediate military hazard, or
 - (III) in the Philippine Islands on December 7, 1941, and continuously in such islands thereafter.
- (D) service as a cadet at the United States Military, Air Force, or Coast Guard Academy, or as a midshipman at the United States Naval Academy; and
- (E) authorized travel to or from such duty or service.

8. The term "active duty for training" means:

- (A) full-time duty in the Armed Forces performed by Reserves for training purposes;
- (B) full-time duty for training purposes performed as a commissioned officer of the Reserve Corps of the Public Health Service
 - (i) on or after July 29, 1945, or
 - (ii) before that date under circumstances affording entitlement to "full military benefits";
- (C) in the case of members of the Army National Guard or Air National Guard of any State, full-time duty under section [316](#), [502](#), [503](#), [504](#), or [505](#) of US Code Title [32](#), or the prior corresponding provisions of law;
- (D) duty performed by a member of a Senior Reserve Officers' Training Corps program when ordered to such duty for the purpose of training or a practice cruise under chapter 103 for a period of not less than four weeks and which must be completed by the member before the member is commissioned; and
- (E) authorized travel to or from such duty.

The term does not include duty performed as a temporary member of the Coast Guard Reserve.

9. The term "active military, naval, or air service" includes:

- (A) active duty;
- (B) any period of active duty for training during which the individual concerned was disabled from a disease or injury incurred or aggravated in line of duty; and
- (C) any period of inactive duty training during which the individual concerned was disabled:
 - (i) from an injury incurred or aggravated in line of duty; or

(ii) from an acute myocardial infarction, a cardiac arrest, or a cerebrovascular accident occurring during such training.

10. The term “inactive duty training” means:

(A) duty (other than full-time duty) prescribed for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by the Secretary concerned under section [206](#) of US Code Title [37](#) or any other provision of law;

(B) special additional duties authorized for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by an authority designated by the Secretary concerned and performed by them on a voluntary basis in connection with the prescribed training or maintenance activities of the units to which they are assigned; and

(C) training (other than active duty for training) by a member of, or applicant for membership (as defined in section [8140 \(g\)](#) of US Code Title [5](#)) in, the Senior Reserve Officers’ Training Corps prescribed under chapter [103](#) of US Code Title [10](#).

In the case of a member of the Army National Guard or Air National Guard of any State, such term means duty (other than full-time duty) under sections [316](#), [502](#), [503](#), [504](#), or [505](#) of U.S. Code Title [32](#), or the prior corresponding provisions of law. Such term does not include

- (i) work or study performed in connection with correspondence courses,
- (ii) attendance at an educational institution in an inactive status, or
- (iii) duty performed as a temporary member of the Coast Guard Reserve.