

**PART 871—LOAN GUARANTY AND VOCATIONAL REHABILITATION AND
COUNSELING PROGRAMS**

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PART 871 - LOAN GUARANTY AND VOCATIONAL REHABILITATION AND COUNSELING PROGRAMS

SUBPART 871.1 - LOAN GUARANTY PROGRAM

871.100 Scope of subpart.

This subpart sets forth policy and procedure with respect to the loan guaranty and direct loan programs as it pertains to property management, including the acquisition, management, and disposition of property, real, personal, or mixed, which were secured by loans guaranteed, insured, or made pursuant to title 38, United States Code.

871.101 Policy.

All acquisitions for the repair and maintenance of VA property acquired under 38 U.S.C. Chapter 37 shall be made in accordance with FAR Parts 14, 15, and 16; (VAAR) 48 CFR Parts 814, 815, and 816; and (VAAR) 48 CFR subpart 871.1.

871.102 Authorization for repairs to properties.

(a) Except as provided in this subpart, Directors, Loan Guaranty Officers, and Assistant Loan Guaranty Officers, VA Regional Offices, are authorized to approve a repair program for any Department of Veterans Affairs property acquired under Chapter 37, Title 38, United States Code, where the cost does not exceed \$25,000. A repair program means the aggregate amount of the proposed contracts which are contemplated in a property analysis by the Loan Guaranty activity.

(b) In those cases where the expenditure is known or estimated to exceed \$25,000, the request, together with the loan guaranty folder, will be forwarded to the Under Secretary for Benefits for approval.

(c) During the period when VA has assumed custody of the property from a holder and prior to its conveyance to VA pursuant to 38 CFR 36.4320, repairs are authorized not in excess of \$3,500, when appropriate to make the property ready for sale at an earlier date than would otherwise be possible if the repair program was delayed until such time as VA acquired absolute title. In those cases where the expenditure is known or estimated to exceed \$3,500, the request, together with the loan guarantee folder, will be forwarded to the Under Secretary for Benefits for approval.

(d) No repairs may be made to property by the holder when it has

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continued custody except for emergency repairs not in excess of \$500 unless adequate notice has been given the Director, VA Regional Office. Emergency repairs as applied in this paragraph will be deemed to mean those requiring immediate action to preserve the property from serious damage or to correct a situation imminently dangerous to life or limb, and includes the initial cleanup of the property in order to prevent the risk of damage by fire or vandalism.

(e) An approved management broker may be authorized, at the time of property is assigned, to incur expenses for fuel and utilities or other recurring items which are required to be furnished by the VA to its tenants or are required in the maintenance of the property. Advance blanket authorizations to management brokers will be limited to repairs not in excess of \$500 in any transaction, (the management broker will either submit receipts with the invoice or maintain such receipts for inspection). Expenditures in excess of \$500 require prior approval of the Director, Regional Office, having jurisdiction of the property. Repair jobs may not be split to circumvent this restriction.

871.104 Qualification of bidders.

(a) Qualification of bidders shall be established in accordance with procedures outlined in FAR subpart 9.1 and subpart 809.1 of this chapter.

(b) Management brokers are not considered acceptable bidders for repair contracts due to their close association on a fee basis with the Department of Veterans Affairs. This restriction would apply equally to any contracting firm in which the management broker has an interest and in which it could be presumed that such firm would have an advantage over the other bidders. This does not preclude the performance of work by management brokers of a routine recurring maintenance category or minor repairs by personnel employed directly on the payroll of the broker. In these cases, it must be established that any charges for such services are not in excess of the prevailing fees for like service in the area.

871.106 Lien waivers.

(a) Contracts in the amount of \$2,500 or more will contain a requirement that the contractor will sign a formal release in full or a lien waiver before payment may be made. The release or waiver will accompany the contractors invoice.

(b) Contractors will be required to notify the Director, Regional Office, of

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any subcontracts for services or materials in excess of \$2,500. Such subcontractors will be required to sign the release or waiver jointly with the prime contractor or to execute release or waiver in the subcontractor's own name.

(c) Prior to any authorized partial payment the contractor will be required to execute a release or waiver.

(d) Due to the variations of local law, no standard release or waiver is prescribed. Each release or waiver will be prepared in accordance with local law and will be in form acceptable by the District Counsel.

871.107 Stipulations against liens.

(a) Where determined necessary by the Director, Regional Office, contracts in an amount less than \$2,500 may contain the following:

The contractor expressly waives any and all rights to file or maintain any mechanics lien or claim against the aforesaid premises.

(b) Contracts in the amount of \$2,500 or more where there is doubt as to the final responsibility of the contractor will provide maximum protection to the Government by including such requirements as are available under local law. Advice and approval of any contract stipulation or legal stipulations against liens will be obtained from the District Counsel.

SUBPART 871.2 - VOCATIONAL REHABILITATION AND COUNSELING PROGRAM

871.200 Scope of subpart.

This subpart establishes policy and procedures for the vocational rehabilitation and counseling program as it pertains to contracts for training and rehabilitation services, approval of institutions (including rehabilitation facilities), training establishments, and employers under 38 U.S.C. Chapter 31, and contracts for counseling services under 38 U.S.C. Chapters 30, 31, 32, 35, and 36 and 10 U.S.C. Chapters 106, 107, and 1606.

871.201 General.

871.201-1 Requirements for the use of contracts.

Contracts will be negotiated for tuition, fees, books, supplies and other allowable

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expenses incurred by the institution, training establishment or employer for the training and rehabilitation of eligible veterans under chapter 31, title 38, United States Code, under the following conditions:

(a) With institutions offering courses of instruction by correspondence. Courses of instruction by correspondence is deemed to mean a course of education or training conducted by mail consisting of regular lessons or reading assignments, the preparation of required written work which involves the application of principles studied in each lesson, the correction of assigned work with such suggestions or recommendation as may be necessary to instruct the student, the keeping of student achievement records and issuance of a diploma, certificate, or other evidence to the student upon satisfactorily completing the requirements of the course.

(b) With institutions, training establishments, employers, or individuals approved to provide training and rehabilitation services under chapter 31, title 38, United States Code, for whom special services or special courses are furnished at the request of the VA. The terms "special services" or "special courses" have the same meaning as under 837.7001-2.

871.201-2 Requirements when contracts are not required.

(a) When a contract is not required, a signed statement of charges will be obtained from the educational institution or training establishment for courses to be offered, including the rate of tuition, fees, and separate charges, if any, for books, supplies, and equipment handling charges, refund policy and such other provisions as are required to determine proper payment. The statement of charges may be in the form of a statement on VA Form 22-1905, Authorization and Certification of Entrance or Reentrance into Training, that charges will be in accordance with catalog or other published document (identify publication). The statement of charges may not exceed those charges paid by nonveterans or that is published in the school catalog or other published document.

(b) For the purpose of this section a contract will not be required when all tuition, fees, books, supplies, or services necessary to train, or educate an eligible veteran under chapter 31, title 38, United States Code, are published in the school catalog or other published document.

871.201-3 Medical services.

The medical services provided trainees under vocational rehabilitation and education contracts, agreements, or arrangements are separate and distinct from

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any other medical service under the jurisdiction of the Veterans Health Administration to which the veteran may be entitled and no certificate of eligibility is required from that department.

871.201-4 Letter contracts.

Letter contracts are authorized for use in accordance with the provision of FAR 16.603 and in those cases in which it is not possible to complete a formal contract with an approved educational institution prior to the enrollment of eligible veterans for training.

871.202 Marking and release of supplies.

Supplies will not be marked to indicate ownership by the United States and will be deemed released to the trainee at the time they are furnished.

871.203 Renewals or supplements to contracts.

Except for contracts for educational and vocational counseling, contracts may be renewed from year to year, providing there is no change in the schedule of provisions as originally consummated by completion of a renewal agreement no later than 30 days prior to the expiration of the contract.

(a) Supplements may be negotiated at any time during the contract period upon the completion of the supplemental agreement.

(b) Contracts for educational and vocational counseling may provide for automatic extension from year to year.

871.204 Guaranteed payment.

No contract or agreement may be entered into with any institution or training establishment whereby the Department of Veterans Affairs will be required to pay a minimum charge, or required to enroll a minimum number of participants per quarter, semester, term, course, or other period.

871.205 Proration of charges.

The contract will include the exact formula agreed on for the proration of charges in the event that the veterans program is interrupted or discontinued prior to the end of the term, semester, quarter, or other period, or the program is completed in less time than stated in the contract.

871.206 Other fees and charges.

Fees and other charges which are not prescribed by law but are by nongovernmental organizations, such as initiation fees required to become a member of a labor union and the dues necessary to maintain membership incidental to training on the job or to obtaining employment during a period in which the veteran is a chapter 31 participant, may be paid provided there are no facilities feasibly available whereby the necessary training can be feasibly accomplished or employment obtained without paying such charges. Payment for such fees will be made in accordance with part 813.

871.207 Payment of tuition or fees.

(a) Contract, agreements, or arrangements requiring the payment of tuition of fees will provide the following:

(1) Payment for tuition or fees will be made in arrears and will be prorated in installments over the school year or the length of the course except that institutions may be paid in accordance with the provision of paragraph (a)(2) of this section, provided such institutions operate on a regular term, quarter, or semester basis and normally accept students only at the beginning of the term, quarter, or semester and provided for further such institutions are either:

(i) Institutions of higher learning that use a standard unit of credit recognized by accrediting associations (such institutions will include those which are members of recognized national or regional educational accrediting associations, and those which, although not members of such accrediting associations, grant standard units of credit acceptable at full value without examination by collegiate institutions which are members of national or regional accrediting associations).

(ii) Public tax supported institutions.

(iii) Institutions operated and controlled by State, county, or local boards of education.

(2) Institutions coming within the exceptions of paragraph (a)(1) of this section which have a refund policy providing for a graduated scale of charges for purposes of determining refunds may be paid

part or all such tuitions or fees for a term, quarter, or other period of enrollment immediately following the date on which the refund expires.

(3) Proration of charges will not apply to a fee which is for noncontinuing service such as registration fee, etc.

(b) The period for which payment of charges may be made will be the period of actual enrollment and subject to the following:

(1) The effective date will be the date of the trainees entrance into training status except that payment may be made for an entire semester, quarter, or term in institutions operating on that basis if the trainee enters no later than the final date set by the institution for enrolling for full credit.

(2) In those cases where the institution has not set a final date for enrolling for full credit or will not set a date acceptable to the Department of Veterans Affairs, payment may be prorated on the basis of attendance regardless of the refund policy.

(3) If an institution customarily charges for the amount of credit or number of hours of attendance for which a trainee enrolls, payment may be made on that basis when a trainee enrolls after the final date permitted for carrying full credit for the semester or term.

(c) The terminal date to which payment will be made is the day following:

(1) The end of the semester, term or quarter during which the training is furnished.

(2) The date of interruption or discontinuance of training.

(3) The date of completion of the course.

871.208 Rehabilitation facilities.

The provisions for payment of charges to rehabilitation facilities for the rehabilitation services provided under chapter 31 are paid in the same manner as charges for educational and vocational services through contract, agreement, or other arrangement.

871.209 Records and reports.

Contracts, agreements, or arrangements will provide for the number and frequency of reports, adequate financial records to support payment for each trainee and maintenance of attendance and progress records. Such records will be preserved for a period of 3 years.

871.210 Correspondence courses.

Contracts with institutions for correspondence courses will provide that:

- (a) Major changes in courses or course material will not be binding on the VA until such time as a supplemental agreement is negotiated to the contract.
- (b) Minor changes in course or course material not affecting the length of the course or number of lessons and not lowering the educational value of the course or the quality of the course material such as revision of text, the substitution of a newer lesson for an older one or the substitution of equipment of equal or greater value are permitted without supplemental agreements. Such minor changes and revisions shall be placed on file with the contracting officer at the time of the change or revision.
- (c) Trainees be provided with prompt and adequate lessons service and, unless otherwise specified in the contract, be furnished the same texts, lessons service, diplomas, and other services as are normally provided for regularly enrolled nonveteran students.
- (d) All lessons be adequately serviced on an individual basis. Grouping of lessons into units or partial servicing does not meet this requirement.
- (e) Each lesson must have a separate examination adequate in terms of lesson content.
- (f) The training of persons under a Department of Veterans Affairs contract or the fact that the United States is utilizing the facilities of the institution for training veterans shall not be used in any way to advertise the institution. References in the advertising media or correspondence of the institution shall be limited to a list of courses under chapter 31, title 38, United States Code, and shall not be directed or pointed specifically to veterans.
- (g) The rates, fees, and charges are not in excess of those charged nonveterans.

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(h) That payment will be made on a lesson completed basis in areas for assignments sent in by trainees and serviced during a pay period as established by the contract.

(i) Payment will be made only once for each lesson even though it is necessary to service a lesson more than once.

871.211 Information concerning correspondence courses.

Specific questions on correspondence courses as to the content of courses, academic credit, and entrance requirements for courses included in Department of Veterans Affairs contracts may be directed to the institutions offering the courses.

SUBPART 871.3 - EDUCATION PROGRAM

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