



Understanding Community Property and Veteran Ownership

Issue:

This brief defines community property and explains that it is no longer used to determine Veteran ownership.

(For purposes of this brief, the regulations when referring to Service-Disabled Veterans applies equally to Veterans; applicant refers to the business entity applying for verification; and participant refers to a business entity that has already been verified.)

The Regulations:

13 CFR § 125.11 provides:

Veteran owned small business concern means a small business concern:

(1) Not less than 51 percent of which is owned by one or more veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans. All of the provisions of subpart B of this part apply for purposes of determining ownership and control.

13 CFR 125.12(h) states that “[o]wnership will be determined without regard to community property laws.

What This Means:

Subpart B as referred to in 13 CFR § 125.11 is saying that anywhere in the regulations where the term Service-Disabled Veteran is used, it is equally applicable to Veterans for purposes of determining eligibility.

Previously, if a Veteran owner resided in any of the community property states or territories and was married, the Veteran was presumed to only own an undivided half (i.e., 50 percent of the community property). This is no longer the case for verification purposes. Thus, in states with community property laws, ownership is now determined without regard to community property. The Veteran need not submit evidence that the property is legally treated as separate property.

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For more information about VA Small and Veteran Business Programs, visit <http://www.va.gov/osdbu>.

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