The VA Home Loan and Marijuana-Derived Income

Many states have repealed state laws that once criminalized and penalized certain uses of marijuana. The laws of some states now expressly permit the distribution and use of marijuana. However, federal law classifies marijuana as a Schedule I Controlled Substance. This makes marijuana illegal in the eyes of the Federal Government, except under the limited exceptions Congress has provided through legislation.

The U.S. Department of Veterans Affairs (VA) is required to follow all federal laws, including those related to marijuana.

Because marijuana remains illegal at the federal level and Congress has not provided special exceptions for Veterans hoping to use their VA home loan benefits, it may be difficult for lenders to establish the stability and reliability of Veterans' income derived from marijuana-related industries. As such, lenders may find it problematic to rely on such income when underwriting VA-guaranteed loans.

A Veteran who receives income from state-legalized marijuana activity is **not** prohibited from obtaining a Certificate of Eligibility (COE), which is a certificate that confirms the Veteran is eligible to apply for a VA-guaranteed loan and shows the amount of home loan guaranty entitlement available, if any, to the Veteran.

Income from employment in industries that are **not** prohibited at the federal level, such as the legal hemp industry, is not problematic for underwriting purposes.

For example, income derived from the retail sale of legally compliant hemp fabric would not raise the same underwriting difficulties that income derived from the retail sale of marijuana would. A lender could therefore treat such hemp-related income like any other source of legal income when determining a Veteran's ability to meet loan payments.

VA continues to monitor Congressional activity and federal case law on this issue. VA will update this page if the legal status of marijuana changes at the federal level.

[VA and Marijuana – What Veterans need to know - Public Health](#)