

Ownership Is the Easy Half

Fifty-one percent is a number on a document and you can fix it in an afternoon. Control is a whole set of facts about how your company actually runs, and that is where applications come apart.

Everybody knows the fifty-one percent. It gets repeated at every veteran business event, and people restructure their cap table and think they are done.

Then the application asks who signs the contracts. Who holds the top office. Whether anybody else can veto a decision. Who is paid the most. Whether you have a day job. Those are control questions, and there are a lot more of them than there are ownership questions.

WHAT IS IN HERE

1. The two halves, and which one fails
2. The control questions, spelled out
3. The self-audit
4. A check before you apply

One orienting fact, because it trips people up. Certification for these programs runs through the Small Business Administration, not through VA. If you remember an older VA-run process, that is not where this goes now. Everything in here cites SBA's regulations for that reason.

This is general education. It is not legal, tax, or business advice, and it is not a promise about any certification result. Certification rules change. Confirm everything against the current regulation and the program's own site before you act on it. FWD Assist HQ is not affiliated with the Small Business Administration, the Department of Veterans Affairs, or any government agency.

Two halves

Owned and controlled. The regulation says both, and it means both.

Half	What it takes
Ownership	The firm is small under the size standard for the NAICS codes in its profile. And not less than 51 percent is owned by one or more service-disabled veterans who live in the United States.
Control	The same veterans run it. Both the long-term decisions and the day-to-day work. That is a description of how the company really works, not a number.

THE ONE LINE TO REMEMBER

You can buy your way to 51 percent. You cannot paper your way to control.

Control gets judged on the operating agreement, the bylaws, the payroll, who can sign, and your calendar. All of it has to agree with itself and with reality.

And what makes you service-disabled for this

Two different things get confused here. A veteran-owned small business and a service-disabled veteran-owned small business are separate categories with separate set-asides. The service-disabled version turns on being rated service-disabled by VA. The regulation defines it by your registration in VA's own records as a service-disabled veteran, so a determination from your branch alone does not do it here. If you have no VA rating and none pending, that is the first thing to sort out, before any of the rest of this matters.

One provision worth knowing

There is a narrow exception. Say a veteran has a disability VA has rated permanent and total, and cannot run the daily business. Then the regulation lets the spouse or permanent caregiver, living in the United States, hold the ownership and control instead. That is specific. It is not a general workaround. If it might fit you, get advice.

The control questions

These are the ones people fail without knowing they were being asked.

The requirement	What it means in practice
Highest officer position	A qualifying veteran must hold it. Usually President or Chief Executive Officer. Not a title somebody else holds while you run things informally.
Full time	The qualifying veteran generally must devote full time to the business during its normal hours of operation.
No conflicting outside work	The veteran in the top job may not have outside work that keeps them from giving the business the time and attention it needs. This is the one that catches people with a day job. If you receive TDIU, talk to an accredited representative first: telling SBA you run the company full time while telling VA you cannot hold steady work is a conflict.
Supermajority provisions	A qualifying veteran must meet every supermajority voting rule about management and daily operations. A minority partner with a veto is a control problem you wrote into your own paperwork.
Nobody else steering	Nobody else may control the firm or have the power to. Not through a business relationship, a loan, critical money or bonding or licensing support, or a past employer tie.
Compensation	Nobody else should out-earn the qualifying veteran in the top job, unless the firm can show that pay is commercially reasonable or that the veteran chose to take less to help the business.

AND THE PART THAT SURPRISES PEOPLE MOST

Certification is not a badge you pick up later. For a competitive set-aside you must be certified when you send in your first offer with a price. For a sole source award you must be certified on the day of award. Being in the queue is not being certified. A bid you sent while pending does not turn eligible when the certificate shows up.

So start early. Processing takes time, and how much is posted on the program's own site. Check it before you plan a bid schedule around it.

The self-audit

Do this before you start the application, with your operating agreement or bylaws open in front of you. Every no is something to fix now rather than explain later.

NAME

DATE

- ☐ A service-disabled veteran owns not less than 51 percent of the firm, directly, and not through another company or a trust.
- ☐ That ownership is unconditional. No voting trust, no side agreement, no restriction on the voting rights.
- ☐ That veteran resides in the United States.
- ☐ The firm is small under the size standard for the NAICS codes in its profile.
- ☐ A qualifying veteran holds the highest officer position, in writing.
- ☐ That veteran devotes full time during normal hours of operation.
- ☐ No outside employment prevents that time and attention.
- ☐ No supermajority or veto provision lets a non-veteran block a decision.
- ☐ No non-veteran out-earns the qualifying veteran in the top job, or we can show why that pay is commercially reasonable.
- ☐ No lender, bonding company, license holder, or former employer really runs it.
- ☐ The operating agreement, the bylaws, the payroll and reality all say the same thing.

Every box you could not check, write here and what fixes it

Some of these are paper problems and some are not, and it is worth being honest about which is which. A supermajority clause that lets your partner veto a decision is a paper problem: amend the operating agreement. A top officer who works full time somewhere else is not a paper problem, and no amendment fixes it. Write the defect, the document it lives in, and what actually changes.

Example: "Operating agreement section 6.2 gives Reyes a veto on hiring. Amend 6.2 so all management votes are mine. Lawyer, this month."

Before you apply

- ☐ I read the actual regulation, not a summary of it, including this one.
- ☐ My governing documents match how the company is really run.
- ☐ I checked whether I am currently bidding anything that requires certification I do not yet have.
- ☐ I understand certification is required at offer for a set-aside and at award for a sole source.
- ☐ I did not restructure on paper only.
- ☐ I talked to a lawyer or an adviser about anything I could not check.
- ☐ I checked the program's current requirements rather than relying on anything printed.

A REALISTIC NOTE ABOUT WHAT THIS BUYS YOU

Certification lets you compete for a category of work. It does not create work. It does not shorten a sales cycle. It does not stand in for past performance, a capability statement, or knowing a contracting officer. Plenty of certified firms never win anything. It is a door, not an outcome.

NOBODY SHOULD CHARGE YOU THOUSANDS TO GET CERTIFIED

There is a consulting market built around this certification, and some of it charges four figures to fill in an application you can file yourself for nothing. Applying costs no money. The application is at veterans.certify.sba.gov.

Free help with it is real and it is local. APEX Accelerators, at apexaccelerators.us, exist to walk small firms through federal contracting and certification at no charge. So do the Veterans Business Outreach Centers, the Small Business Development Centers, and SCORE, all through sba.gov. Talk to one of those before you pay anybody. None of them is ours and we have no relationship with any of them.

Paying a lawyer to fix an operating agreement is a different thing and can be money well spent. Paying somebody to type your answers into a free form is not.

Where this is written down

The 51 percent ownership requirement for a service-disabled veteran-owned small business, and the exception allowing a spouse or permanent caregiver where the veteran has a permanent and total disability and cannot manage daily operations, are in 13 CFR 128.200. The control requirements, including the highest officer position, the full time and outside employment provisions, supermajority voting, limits on non-qualifying party involvement, and compensation, are in 13 CFR 128.203. The ownership rules the self-audit refers to, including direct and unconditional ownership, are in 13 CFR 128.202. The timing of certification for competitive and sole source awards is in 13 CFR 128.401. The statute that put certification with SBA is 15 USC 657f, and the one behind VA's own set-asides is 38 USC 8127. The definition of a service-disabled veteran for this program, which turns on VA's own records, is in 13 CFR 128.102.

Regulation text: [ecfr.gov](https://www.ecfr.gov), Title 13, Part 128. Statute: [uscode.house.gov](https://www.uscode.house.gov), Title 15, section 657f and Title 38, section 8127. Program requirements and application procedures change. Confirm at the program's own site before you apply.

This is general education. It is not legal, tax, or business advice, and it is not a promise about any certification result. Certification rules change. Confirm everything against the current regulation and the program's own site before you act on it. FWD Assist HQ is not affiliated with the Small Business Administration, the Department of Veterans Affairs, or any government agency.

Current as of October 2026. Regulations change. Check for a newer version before you rely on this.

If working on this is bringing things up, the Veterans Crisis Line is 988 then press 1, or text 838255. Family members can call it too.