SSA Intranet

PROPERTY

Number: 100-C1

Approved: ***Signature On File***

Date: 1/1/98 (R 5/2013)

PURPOSE

The purpose of this policy is to provide instructions on the treatment of real and personal property for the CalWORKs program.

POLICY

Real Property
CalWORKs regulations are used to define real property. Real property generally includes land and improvements as differentiated from cash, bonds, mortgages, or similar assets which are considered personal property.
Personal Property
Personal property regulations are aligned with the CalFresh property regulations **except for motor vehicles**.
Use CalWORKs regulations to define property. Once it has been determined to be personal property, use CalFresh Program regulations to value property **other than motor vehicles**.

PROPERTY/ RESOURCE LIMITS

CalWORKs property/resource limits allow applicants and recipients to retain countable resources in an amount equal to the limit set by CalFresh regulations. Countable resources are the value of real and personal property including resources not excluded elsewhere by regulations. The maximum property/resource limits are:
• $2000 for all households, except
• $3000 for all households with a member age 60 or over.

AVAILABILITY OF RESOURCES TO THE ASSISTANCE UNIT (AU)

Resources of the following persons will be included in the Assistance Unit's (AU) property/ resource limits:
1. Persons included in the AU.
2. Persons excluded from the AU:
• Ineligible non-citizens
• SSN disqualification
• Minor parent ineligible due to senior parent income
• Welfare-to-Work sanctioned
• Sanctioned for failure to cooperate with child support requirements
• MFG child
• Fleeing felons
• Drug felons

Note: Resources of a person excluded from the AU due to receipt of Social Security Supplemental Income/State Supplementary Payments (SSI/SSP) benefits are not counted as property of the AU.
Resources of a non-citizen's sponsor who is not receiving CalWORKs, SSI, or other public assistance and the resources of the sponsor's spouse are counted as property, if the sponsored non-citizen is a member of the AU. Refer to EAS Manual, Section 42-205.5.

PROPERTY VERIFICATION REQUIREMENTS

Only property that is available to the client is included in the property evaluation. All information regarding the value of the property must be verified and documented in the case file.
Note: Vehicles that are leased or on a lease/purchase option are not considered a resource until a transfer of ownership occurs. A leased vehicle is the property of the leasing firm.

AU DISAGREES WITH DETERMINED VALUE

If the applicant/recipient disagrees with the determined value, give them an opportunity to provide new verification of property/vehicle value. Acceptable verification includes, but is not limited to:
• Newspaper advertisements (one is acceptable),
Written statements from dealers/appraisers (one is acceptable),
• Affidavit from the client or written statement from a third party as to the value or condition of the property/vehicle or,
• Bank or securities statements

PROPERTY REVIEW

Property eligibility is determined initially at application and once per quarter using information on the QR7 for Quarterly Reporting (QR) cases or once per year using information reported at the annual Redetermination for Annual Reporting/Child Only (AR/CO) cases.

DETERMINING THE VALUE OF MOTOR VEHICLES

VEHICLE VALUE DEFINITIONS

FAIR MARKET VALUE (FMV)	The "Fair" trade-in value from Kelly Blue Book (KBB) on-line
EXCESS FMV	FMV minus the $4650 vehicle exclusion limit
EQUITY	FMV value (per Kelly Blue Book) minus money owed (encumbrances)
EQUITY EXEMPT	Exempt from having equity counted as a resource
INACCESSIBLE RESOURCE	Vehicle is excluded from consideration if its equity value is $1500 or less
HOUSEHOLD MEMBER	Member of the AU, including persons excluded from the AU whose property is included in the property/resource limit.

STEPS IN EVALUATING VEHICLES

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STEP ONE

Exclude licensed or unlicensed vehicle if:
- Used as a home
- Income producing (used over 50% of the time, such as a taxi)
- Producing annual income consistent with FMV (even if used only seasonal)
- Necessary to employment (other than daily commuting)
- Used to transport a physically disabled household member, including an excluded disabled household member, regardless of the purpose of the transportation. Limit of one vehicle per physically disabled household member.
- Previously used as income producing by a self-employed household member who is temporarily unemployed.
- Household depends on vehicle to carry fuel for heating or water for home use when that is the primary source of fuel or water for the family.

For any remaining vehicles not excluded above, go to Step Two.

STEP TWO

Exclude any licensed or unlicensed vehicle that is an **inaccessible resource**. Valuation is determined at application and when a new vehicle is reported. Re-evaluation of the vehicle's value is required only at Redetermination.

STEP THREE

Of the remaining licensed vehicles:
- Determine the number of adult household members. Household members include ineligible non-citizens and disqualified family members whose resources are considered available to the AU.
- Exempt from the equity valuation one vehicle per each adult.
- Exempt from the equity valuation any remaining licensed vehicles used by a household member, under age 18, to go to work, school, training or to look for work.
- Calculate the FMV.

Note: Include the **Excess FMV** as a countable resource.

STEP FOUR

For any remaining licensed vehicles:
- Determine both the FMV and the equity value
- Use greater of the excess FMV or equity value as a countable resource

STEP FIVE

For any remaining unlicensed vehicles:
- Determine the equity value
- Include the equity value as a countable resource

PERIOD OF INELIGIBILITY

OVERVIEW

A period of ineligibility (POI) results when a recipient AU gives away or transfers, for less than FMV, non-excluded property (including cash) that would cause the AU to exceed property/resource limits. Transfer of property rules do not apply to applicant families.

DETERMINING THE PERIOD OF INELIGIBILITY

The POI is computed based on the amount that, when added to other countable property would have exceeded the property/resource limit if the property had been given away or transferred at its FMV. Take the following steps to determine the POI:

1. Establish the FMV of the property
2. Add other countable property
3. Subtract the amount of the property limit to get amount in excess of the property limit
4. Subtract the amount actually received for the property from the FMV
5. Compare the amount in excess of the property limit (calculated in #3) with the difference between the FMV and the amount received for the property (amount calculated in #4) and determine the lesser of the two amounts
6. Divide the lesser of the two amounts in #5 by the MBSAC (Minimum Basic Standards of Adequate Care) for the AU to determine the POI (drop a partial month)

EXAMPLE: A recipient AU of 2 inherits a parcel of real property with a FMV of $1,600. The value of this inherited property, when added to other ($1,400) countable property held by the AU, equals $3,000 and causes the AU to exceed the property/resource limit of $2,000. The AU sells the parcel for $700, which is less than the $1,600 FMV.

Step 1	$1,600	FMV for the Parcel
Step 2	+$1,400	Countable property held by the AU
	$3,000	Total
Step 3	- $2,000	AU Property Limit
	$1,000	Amount in excess of the property limit
Step 4	$1,600	FMV for the parcel
	- $ 700	Amount the AU received for the parcel
	$ 900	Difference between FMV and amount received for the property
Step 5	$ 900	Compare the amount in step 3 ($1,000) to the amount in step 4 ($900 Determine the lesser amount of the two ($900)
Step 6	$ 900 ÷769 = 1.17	The lesser amount divided by MBSAC for AU of 2 ($769) = 1.17 months. POI = 1 month (drop partial month).

APPLYING THE POI

Property eligibility is determined once per quarter when the QR7 is submitted for QR cases and at the annual Redetermination for AR/CO cases. No action is taken on a voluntary mid-quarter/mid-year report of change that decreases benefits or results in discontinuance.
When the POI has been determined, cash aid is discontinued and the POI begins the first month of the next QR Payment Quarter for QR cases or the first month of the annual Redetermination period for AR/CO cases and continues for the number of months determined ineligible.
If the transfer is discovered too late to discontinue for the first month of the QR Payment Quarter/Redetermination period, the POI begins the following month after timely and adequate notice is given. Any aid received by the AU during the ineligible month(s) is an overpayment

Note: If the transfer occurred in the first or second month of aid, any resulting POI begins in the first month of the next QR Payment Quarter for QR cases or the first month of the annual Redetermination period for AR/CO cases after timely and adequate notice is given and continues for the determined number of months.

NOTICES OF ACTION AND CORRESPONDENCE

CalWIN identifies circumstances that require the generation of correspondence and automatically generates the appropriate NOA based on case action. CalWIN also allows for the manual selection and printing of correspondence at any time.

CONVERSION OF PROPERTY

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OVERVIEW

Real or personal property may be acquired or converted to other forms by a recipient without affecting eligibility if the resulting holdings do not exceed the maximum resource limit for the AU.

COMPENSATION PAYMENTS

Payments which include compensation for converted property are payments received from insurance companies, settlements, court judgments, or other similar sources which wholly or partially compensate for property which was lost, stolen, damaged, or destroyed.

Subtract from the total amount of the payment, the value of the converted property at the time it was lost, stolen, damaged, or destroyed. The value of the converted property shall be the largest of the following amounts:

- The value specified by the issuing source (insurance claim, specified verdict, etc).
- The value assigned to the property at the last Redetermination prior to its destruction/loss.
- The value that would have been assigned to the property under current regulations (e.g., motor vehicle valuation).
- Any other evidence substantiating the value of the property at the time it was lost, stolen, damaged, or destroyed.

Note: The portion of the payment that compensates for converted property is counted as a resource. Any remainder is treated as income.

REFERENCES

ACL 08-11
EAS Manual Sections 42-200 – 42-223
Food Stamp Manual Section 63-501
CalWORKs Policy 100-E13 Annual Reporting/Child-Only Cases (AR/CO

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