

**County of Orange Social Services Agency
Family Self-Sufficiency & Adult Services Division**

Program/Area: CalWORKS/Eligibility

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PURPOSE

The Purpose of this policy is to provide guidance on how real and personal property should be treated within the CalWORKs (CW) Program.

- Real property refers to land and any structures or improvements on it.
- Personal property includes assets such as vehicles, bank accounts, and other valuable possessions.

Eligibility Workers are to use CW regulations to define property. Once it has been determined to be personal property as described above, CalFresh (CF) Program regulations are used to value the personal property **other than motor vehicles**.

POLICY

Countable resources refer to the value of both real and personal property that is not excluded by other regulations. Examples of countable resources include cash, bank accounts, stocks, bonds, real estate (other than the primary residence), vehicles, and other assets that can be converted to cash. These resources are considered when determining an individual or household's eligibility for assistance and the amount of benefits they are entitled to.

The current maximum property/resource limits are as follows:

- \$12,137 for all households or
- \$18,206 for households with a member aged 60 or older, or disabled

The value of property/resources are to be determined at:

- Application
- SAR 7 for Semi-Annual Reporting (SAR) cases
- Re-Evaluation (RE)

Bank statements are required to have sufficient information reflecting the time period the Eligibility Worker will use to determine eligibility. The bank statement must contain the name of the account holder, account number, account balance, account activity, and name of financial institution. An account number, detailing the last four digits, can be acceptable if account is identifiable by the other requirements listed above.

BOOKMARKS

- Definitions
- Treatment of Property

- Determination of Property
 - Availability of Property and Verification Requirements
 - Assistance Unit (AU) Disagrees with Determined Value
 - Exemptions of a Real Property
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 - Period of Ineligibility (POI)
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DEFINITIONS

Owner of Property:

The person who has the legal title to, the right to, or possession of the property.

Title Shared with Others:

Ownership of property rights held by more than one (1) individual of a particular asset, often real estate, or property, is shared ownership or co-ownership of a property by multiple parties.

Real Property:

Real property includes immovable property attached to the land and improvements.

Fair Market Value (FMV) of a Real Property:

FMV is the applicant/recipient choice of:

- Assessed value
- Valuation from a licensed Real Estate Broker
- In rare circumstances when unable to obtain a valuation, the County and the applicant/recipient may agree on a value based upon available information (appraisal of market value from the county assessor, recorder, or tax collector)

Net Market Value of a Real Property:

The value determined by subtracting any allowable encumbrance against the real property from its fair market value.

Allowable Encumbrance of a Real Property:

Money owed against the property such as mortgages, notes and deeds of trust, liens, and unpaid balances on property. Evidence of an allowable encumbrance

is a written document, which supports it. For an unwritten encumbrance, an affidavit under penalty of perjury by all parties is required.

Personal Property:

Personal assets such as vehicles, bank accounts, and other valuable possessions. Personal property regulations are aligned with the CF property regulations except for motor vehicles. Additionally, CW rules specifically exclude resources held in restricted accounts. For restricted accounts see Policy 100-C02-Restricted Accounts.

Separate Property:

Property acquired by either spouse prior to marriage or acquired as a gift or inheritance after marriage.

Community Property:

Real or personal property acquired by the spouses during marriage (unless acquired as separate property). Includes property purchased with community funds, which include earnings of the spouses while married and living together, income derived from community property, and funds received from the sale of community property.

Transfer of Property:

Change of ownership in which an applicant or recipient through transfer has removed themselves in whole or in part of a resource that was available to them.

Conversion of Property:

Conversion occurs when an applicant or recipient changes an existing resource from one form to another.

Liquidated Sum:

The amount of money which can be realized from the sale or disposition of real property.

Vehicle Value Definitions:

- **FMV of Vehicle:** The price of a vehicle estimated value if sold.
- **Encumbrance of Vehicle:** Amount the Assistance Unit (AU) is obligated to pay for the vehicle, or the amount on the vehicle.
- **Equity of Vehicle:** FMV value minus encumbrances.

Household Member:

Member of the AU, including persons excluded from the AU whose property is included in the property/resource limit.

**TREATMENT OF
PROPERTY**

In CW, the market value of real property shall be based on the most recent appraisal of market value from the county assessor, recorder, or tax collector.

Share of Ownership:

The ownership of property can be assigned to one individual or shared with others. When property is jointly owned, it must be evaluated to determine each person's share and only the applicant's / recipient's share is considered when the property is jointly owned.

Note: If a client claims not to share a property title with equal rights to possession, control, and use of the property, verification proving the claim must be presented to establish CW eligibility.

Child Lives with Parent and Stepparent:

When a child lives with their parent and a stepparent, each spouse is presumed to own a one-half interest in property held by either spouse, unless verification proving otherwise, can be provided to show the separate property of one spouse.

Property in Another State:

Since the method for computing the assessed value of real property in other states may not be the same as that used in California, it is necessary to convert the assessed values arrived at by other states into figures which are comparable to California's market rate.

To determine the market value of the out-of-state property, the following formula would be used:

| | | |
|---|--|----------------------------------|
| Assessed Value of Property in Another State (From the county assessor/recorder/tax collector) | Divided by the assessed value rate of that state | Equals the Market Assessed Value |
|---|--|----------------------------------|

Example:

A property in Mississippi is assessed at \$10,000 in that state (as noted on the property tax statement). The assessed value rate of Mississippi is 10%. Following the formula, the Mississippi property would be valued at \$100,000 in California.

Mississippi – Mississippi Assessed Value = \$10,000.00
State Assessed Value Rate = 10% or .1
Market Assessed Value = \$100,000.00

Formula:

| | | |
|---|------------|---|
| Assessed Value of Property in Another State | Divided by | Equals the Market Assessed Value (California) |
| \$10,000 | 1 | \$ 100,000 |

Note: The above formula converts another state's assessed value to the market value of a property in California. The outcome of the formula is the value used for eligibility purposes.

For determination of CW eligibility, an applicant or recipient's net market value in real property is determined by subtracting any allowable encumbrance against it from its market value. The following two examples demonstrates the same house with different amounts owed on the property (encumbrance).

Example:

An AU owns a residential property in Arizona. The market value of the property is \$350,000. Based on verification provided by the client, the AU still owes \$250,000 on the property (the encumbrance), resulting in a total equity value of \$100,000. Since the total equity value is more than the current maximum property/resource limits of \$12,137, the value will be counted towards resource limit.

| | |
|-------------------|----------------------------------|
| \$350,000 | FMV of the out of state property |
| <u>-\$250,000</u> | Less encumbrance |
| \$100,000 | Total equity value |

Example:

An AU owns a residential property in Arizona. The market value of the property is \$350,000, and the remaining amount owed on the property (encumbrance) is \$342,000. This results in a total equity value of \$8,000. In this scenario, the total equity value falls below the current maximum property/resource limit of \$12,137. Therefore, the value is excluded from resource consideration.

| | |
|-------------------|----------------------------------|
| \$350,000 | FMV of the out of state property |
| <u>-\$342,000</u> | Less encumbrance |
| \$ 8,000 | Total equity value |

Property Outside the United States:

If property is located outside of the United States, the full value is determined based on the rate of exchange in American dollars, regardless of how other units of government determine the full value.

Ownership of Property in Military Occupied Areas:

When it is impossible to obtain information about property situated in countries at war or in conquered or occupied regions, it is assumed that ownership is uncertain, and the property holds no current value for determining eligibility.

Tax Exemptions:

Veterans (and in some cases their widows and parents) are allowed certain tax exemptions, which are applied either to real or personal property. If the record used to determine the full value of the property shows only the amount of assessment upon which taxes are based, the amount of exemption would be determined and added to the taxable value to determine the full value.

1. Persons included in the AU:

- Children
- Natural or adoptive parents
- Eligible stepparents and Needy Caretaker Relatives when applying for themselves

2. Persons excluded from the AU:

- Ineligible non-citizens
- Individuals who fail to apply for a Social Security number without good cause
- Minor parent ineligible due to senior parent income
- CalWORKs timed-out
- Welfare-to-Work sanctioned
- Sanctioned for failure to cooperate with child support requirements
- Fleeing felons
- Non-eligible drug felons

Do not count the property of the following non-AU members, unless the property is jointly owned with AU members:

- Excluded stepparents
- Senior parents

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 CW, 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 CalWORKs Policy 100-C08 Sponsored Noncitizens.

AVAILABILITY OF PROPERTY AND VERIFICATION REQUIREMENTS

Only property that is available to the applicant/recipient is included in the property evaluation. All information regarding the value of the property must be verified and documented in a journal entry.

Note: The Eligibility Worker is to assess availability of property value that affects resource limits.

| If the Client... | Then... |
|---|---|
| Has the use and control or possession of the property | Ownership will be assumed to be true unless the client submits verification showing otherwise |
| Has a legal interest in a liquidated property and has the legal ability to obtain the property and use it for support and maintenance | The liquidated property must be considered available and counted towards the property limits |

| | |
|---|---|
| Declares the property is currently unavailable and can provide verification of this | The property can be excluded from the property determination while the client is obtaining evidence concerning the availability of the property |
| Is unwilling to obtain evidence that the property in question is unavailable | The property will be included in the resource evaluation |

The method of documenting availability of property is through:

- Legal documents
- An affidavit under penalty of perjury may be accepted pending follow-up by the applicant/recipient when legal documents are not immediately available to the applicant/recipient.

Journal entries must clearly document decisions regarding availability/unavailability of the property and client's steps to secure documentation as required.

Copies of supporting documents regarding the availability of the property, such as court orders, must be on file. Court orders preventing liquidation of property should be reviewed and controls established for follow-up when the court order expires or at the next RE, whichever comes first in order to determine if property is required to be calculated in the eligibility determination.

AU DISAGREES WITH DETERMINED VALUE

If the applicant/recipient disagrees with the determined value, the Eligibility Worker will give them an opportunity to provide new verification of property value. Acceptable verification includes, but is not limited to:

- Property advertisement (one is acceptable)
 - Written statements from dealers, brokers, repair facilities, appraisers, financial institutions and/or other legitimate source (one is acceptable)
 - Affidavit from the client or written statement from a third party as to the value or condition of the property
 - Bank or securities statements
-

EXEMPTIONS OF A REAL PROPERTY

A house which is occupied by the AU as their primary residence is excluded from resource limits.

If the applicant/recipient enters a marital separation and moves out of the usual home, then:

3-Month Home Exemption

- The primary home is exempt in determining an applicant's eligibility for CW the first month of aid and for three months following the end of the month in which aid begins.
- The primary home is exempt in evaluating a **recipient's** retained

property during the month of separation and for three months following the end of the month in which the separation occurs.

Regulations allow the value of the home, which was the primary home of a client who has entered into a marital separation, to be exempt in determining eligibility for CalWORKs for a three-month period.

When the above exemption is granted, the applicant/recipient must be informed the exemption is time limited and the expiration of the 3-month period may result in ineligibility. (See section 3-Month Home Exemption Correspondence and Notices)

If the exemption period ends mid-period, the Eligibility Worker will not act on the information during the current SAR, RE, or Annual Reporting /Child Only (AR/CO) payment period. Instead, the home will be used to determine continued eligibility for the following SAR payment period.

If the total value of property is over the allowable property limit and no other exemption applies, discontinue the case at the end of the SAR payment period.

Evaluation for Home Exemption Beyond the 3-Month Exemption

At the end of the exempt 3-month period, re-evaluate the home for situations that may require the home to remain excluded from property evaluation. To remain exempt following the 3-month exemption period, the home must be either:

- Occupied by the recipient or
- Unavailable due to legal proceedings affecting a property settlement or sale of this property.

Unavailability of Home

Situations which may require the home to remain excluded from property evaluation due to unavailability may include, but is not limited to:

- Sale of the home prohibited by court order

In this instance, eligibility continues and no attempt to liquidate is required. The home is considered unavailable.

3-Month Home Exemption Correspondence and Notices

Create a Freeform Notice of Action (NOA) in CalSAWS using the suggested language below by copying and pasting text from the Freeform NOA Language section. Then insert property address and exemption end date.

Freeform NOA Language

"Your property at (address here) is exempt until (3- month date here). At the end of the three-month exemption period, the current availability and value of the property will be determined. This determination could affect your eligibility for CalWORKs assistance.

Please notify me at the telephone number listed above if there is a change in your circumstance.

Real property, not otherwise excluded, requires the owner(s) receiving CalWORKs assistance to make a good faith effort to sell. Real property could be exempt from consideration in the resource limit for a period of no more than nine (9) consecutive months provided certain conditions are met.”

9-Month Home Exemption

Client Acknowledgment

As a condition of receiving CW cash assistance during the exemption period and before granting aid, the applicant/recipient must:

- Sign a Lien Agreement (CW 81) which will repay the County any cash aid payments received once the property is sold, **and**
- Agree in writing to make an immediate good faith effort to sell the property.

Written Informing Requirement

When CW cash assistance is granted under the 9-month exemption, the recipient must be informed in writing of the following:

- The exemption of the property is time limited.
- The exemption of the property is contingent upon good faith efforts to sell the property.
- At the end of the 9 months, the AU will be ineligible if the property has not been sold and the combined value of real and personal property continues to exceed the property limit.

The Coversheet-Agreement to Sell (CW 82) should be utilized to meet the 9-month exemption period informing requirement.

Resource Eligibility

- Resource eligibility is based on value of property at the time of CW approval.
- During the exempt period, if other available resources change, resource eligibility is evaluated without inclusion of exempt property.
- When the exempt property is sold and the proceeds become available to the recipient, the total resources are evaluated to determine whether they are within the property limit.

The 9-month home exemption is the maximum time limit. The exemption is a one-time exemption. If the person withdraws the property from the market before expiration of the exemption period, there is no further exemption.

If the person is discontinued from aid prior to the end of the exemption period, the exemption continues to be effective until the end of the 9-month period. If the person reapplies for aid within the exemption period, the remaining time of the original exemption is reinstated.

NOA M42-213F CW Disc-Property Not Sold can be used to notify the client of discontinuance after the 9-month exemption ends. Eligibility workers are to allow timely notice to the assistance unit and follow reporting guidelines.

**EXEMPT
PERSONAL ITEMS**

Exempt the following personal property for applicants and recipients unless otherwise indicated:

| Exempt Property | Additional Information or Restrictions |
|--|---|
| Resources of a resident in a Battered Person's Shelter | At the time of application, any resources of a person, with or without children, who is temporarily residing in a shelter are exempt if: <ul style="list-style-type: none"> • The resources are jointly owned by the resident and member(s) of the former family, and • The resident's access to the resources requires the consent of both the resident and members of the former family |
| Burial Plot | Exempt one per household member |
| CalABLE or ABLE Accounts | Exempt up to \$100,000 for CW *These accounts are a tax-advantage savings account that allows individuals with disabilities to save and invest money for disability-related expenses. |
| California Kids Investments and Development Savings (CalKIDS) Accounts | Exempt the entire amount |
| Household goods and personal effects | Exempt personal property not used for self-employment. Examples include clothing, jewelry, personal computers, furniture, or appliances. Excludes vehicles, land, buildings, etc. |
| 401(k), 403 (b), 457 | Exempt for CW applicants and recipients |
| 529, IRA, Education Savings Account (ESA) | Exempt for CW recipients |
| Inaccessible Trust Funds | Inaccessible trust funds or income from trust funds is exempt when all the following conditions are met: 1) Trustee administering the funds is either: |

| | |
|---|--|
| | <ul style="list-style-type: none"> • A court or an institution, corporation or organization which is not under the direction or ownership of any AU member; or • An individual appointed by the court who has court-imposed limitations placed on their use of the funds. <p>2) Source/Purpose of the funds are:</p> <ul style="list-style-type: none"> • Established by a person who is not in the CW family with funds which did not come from the CW family; or • Established from the AU's own funds, if the trustee uses the funds solely to make investments on behalf of the trust or to pay the educational or medical expenses of any person named in the trust. <p>3) Length The trust arrangement is not likely to end before the next annual RE.</p> <p>4) No AU member has the power to:</p> <ul style="list-style-type: none"> • Revoke the trust arrangement, or • Change the beneficiary's name. |
| Life insurance | The cash surrender value of the whole insurance policy is exempt. |
| Non-liquid assets with a lien | Exempt when a lien is placed as a result of a business loan and the security agreement or lien prohibits the AU from selling the asset(s). |
| Personal property essential to the employment/self-employment of an AU member | Includes: <ul style="list-style-type: none"> • Work related equipment, tools, machinery, or inventory. • Business property that is separated and identifiable, such as a checking account, unless that is commingled or no longer separately identifiable. |

| | |
|---|---|
| Personal property which produces income consistent with its FMV | Exempt even if the property is used seasonally, such as rental homes and vacation homes. |
| Student financial aid payments | Exempt funds prorated as student income. When the funds are combined in an account with non-exempt funds, these properties remain exempt for the period of time over which they were prorated as income. |
| Government Disaster Assistance Payments | <p>Exempt any government payments designated for home restoration after a disaster.</p> <p>This includes, but is not limited to payments from:</p> <ul style="list-style-type: none"> • Department of Housing • Disaster loans • Small business administration grants |
| Earned Income Credit (EIC) | Exempt advance payment or lump sum for 12 calendar months starting with the month of receipt of the payment. |
| Native American Lands | Exempt land that is held jointly with the tribe and can only be sold with the approval of the Department of Interior's Bureau of Indian Affairs. |
| Native American Tribe Payments | <p>Funds or assets of, or payments to Native American tribal members or Alaska Natives will be excluded as resources and/or income, if specifically excluded by any other federal law.</p> <p>Funds distributed per capita or held in trust for any Native American Tribe under Public Law (PL) 92-254, PL 93-134, PL 94-540, PL97-458, PL 98-64.</p> |

CONDITION OF RECEIVING AID

Lien Against Property

Persons who own real property, which is not otherwise exempted, must sign the CW 81 and the CW 82 for repayment of CW cash assistance from the proceeds

of the sale to continue receiving CW cash assistance. The lien must be signed **before** approving aid.

The CW 81 and the CW 82 are only necessary if the net market value of the property, combined with other resources, exceeds the CW property limits.

The CW 81 must be notarized and ponied to Social Services Collection Building 511, attention Collection Manager. Social Services Collection will record and keep the lien. Contact Operations and Policy Team (OPT) for County Notary resources.

If the full legal description of the property is not available, complete the lien with the information available, and send the F063-05-39 Property Search Request to Social Services Collection to request the full legal description of the property.

Good Faith Effort to Sell

The recipient must begin a good faith effort to sell the property immediately upon approval of CW benefits. Good faith effort is defined as:

1. Listing the property for sale at fair market value with a licensed real estate agent and be willing to negotiate terms of the sale with potential buyer, or
2. Making an individual effort to sell, which includes:
 - Advertising at least once a week in at least one publication of general circulation.
 - Placing a sign on the property offering the property for sale. The sign should be placed in a position visible from the street.
 - Offering the property for sale at its approximate fair market value.
 - Negotiating the terms of the sale with potential buyers and responding to all reasonable inquiries.

Note: The client must grant a lien against the property payable to the county if they want to remain eligible. If the applicant does not sell the property within 9 months, the property will no longer be exempt from consideration in the resource limit.

Repayment of Aid

If aid is paid during the 9-month exemption period or until the property is sold (whichever comes first), it may be collectable from the sale of the property. Below are the key points regarding the repayment of aid based on the net proceeds from the sale:

- **Maximum Resource Limit:** If the net proceeds from the sale, combined with the value of other nonexempt real and personal property at the beginning of the exempt period, are less than the permitted maximum for resources, no repayment of aid is required.

- Calculation of Net Proceeds: Net proceeds are computed by deducting all liens and costs directly related to selling the property from the gross sale amount.
- Repayment Amount: If the amount of aid paid during the exempt period exceeds the net proceeds from the sale, the repayment amount is equal to the net proceeds. In this case, the recipient is not allowed to retain any amount from the sale, even if they have no other resources.

Note: Case record must have detailed documentation of collectable aid given to the recipient at the time the property is sold.

EVALUATING VEHICLES

Exclude licensed or unlicensed vehicles if it meets any of the following criteria:

- Used as a home.
- Income producing (used over 50% of the time, such as a vehicle used for ride-share /delivery service).
- Producing annual income consistent with FMV (even if only used seasonally).
- Necessary for 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.
- Ownership of the vehicle was transferred through a gift, donation, or family transfer, as defined by the Department of Motor Vehicles (DMV).

For any remaining licensed and unlicensed vehicles determine the equity value. The maximum equity value allowed for a non-exempt vehicle is \$33,499, and any amount in excess of this will be counted as a resource against the AU resource limits.

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.

DETERMINING THE VALUE OF MOTOR VEHICLES

Clients are allowed to self-certify the FMV of all vehicles in the AU, as well as any encumbrances. The Eligibility Worker must assist clients in determining the FMV of their vehicle using the Kelly Blue Book (KBB) or other reputable resources if the client requests assistance or is unable to determine the vehicle's FMV on their own.

The client will be required to complete and submit a Self-Certification Form for Motor Vehicles (CW 80) to self-certify, under penalty of perjury, the FMV and encumbrances, if any, on each vehicle. The CW 80 form is to be completed at

initial application, SAR 7, and annual RE for any motor vehicle not previously reported. Motor vehicles that have been previously reported with FMV information on file, are not required to complete a new CW 80 form. Eligibility Workers are to review their case file at SAR and RE to confirm a previously reported vehicle has a signed CW 80 imaged in Hyland Perceptive Experience (HPE). If the CW 80 is not found in the case file, a completed CW 80 must be obtained from the client and imaged into HPE.

- The Eligibility Worker will use the information on the CW 80 form to evaluate the equity value of the vehicle and determine the value to count toward the AU's resource limit.
- The client is allowed non-exempt vehicles that have an equity value of \$33,499 or less. Any equity value in excess of \$33,499 will be counted against the AU's resource limit of \$12,137, or \$18,206 for an AU member who is aged 60 years or older or disabled.
- If the client determines that they overestimated or underestimated the value of the vehicle or the encumbrances, they will be afforded the opportunity to provide estimates or other verification that reflects a more accurate estimate of the vehicle's value.

Note: If the Eligibility Worker has reason to believe the information provided by the client is questionable or incorrect, and this potential discrepancy would affect the AU's eligibility for assistance, the Eligibility Worker must take steps to resolve potential discrepancies with the client and enter detailed journal entries in CalSAWS. Only when the Eligibility Worker is unable to resolve the discrepancy or has reason to suspect the client may be intentionally providing false information, the Eligibility Worker must submit a referral to the Special Investigations Unit to request an investigation of the case.

Example #1:

An AU self-certifies they own a non-exempt motor vehicle with a FMV of \$8,500. The AU still owes \$2,450 on the vehicle (the encumbrance), resulting in a total equity value of \$6,050 for this vehicle. Since the total equity value is less than \$33,499, the value is excluded from resource consideration.

| | |
|-------------------|--------------------------------------|
| \$8,500 | FMV of the motor vehicle |
| - <u>\$2,450</u> | Less encumbrance |
| \$6,050 | Total equity value |
| - <u>\$33,499</u> | Less than \$ |
| \$0 | Amount counted toward resource limit |

Example #2:

An AU self-certifies the FMV is \$40,000, and it owes \$5,000 on the vehicle. After subtracting the amount owed on the vehicle from the FMV, the Eligibility Worker determines the equity value of the motor vehicle is \$35,000. In this case, the equity value of the vehicle exceeds the \$33,499 limit by \$1,501. The \$1,501, is counted toward the AU's maximum resource limit.

| | |
|------------------|--------------------------|
| \$40,000 | FMV of the motor vehicle |
| - <u>\$5,000</u> | Less encumbrance |

| | |
|------------------|---------------------------------------|
| \$35,000 | Total equity value |
| <u>-\$33,499</u> | Less \$ |
| \$ 1,501 | Amount counted toward resource limit. |

Example #3:

A client received a vehicle as a gift from a parent and provides verification from the DMV the vehicle was a gift. Regardless of the value of the vehicle because it was given as a gift, the vehicle is completely exempt from consideration as a resource. Even if the FMV of the motor vehicle is well over \$33,499, the Eligibility Worker cannot inquire into or count the value of the motor vehicle toward the AU's \$12,137 or \$18,206 for all households with a member age 60 or older, or disabled resource limit.

PERIOD OF INELIGIBILITY

A Period of Ineligibility (POI) results when a CW recipient sells, 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 CW applicant families.

Note: Under SAR and AR/CO, the POI will be established at the beginning of the upcoming payment period and continue for the determined number of months.

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.

Example:

A recipient AU of 2 inherits a parcel (land) of real property with a FMV of \$12,000. The value of this inherited property, when added to other (\$3,500) countable property held by the AU, equals \$15,500 and causes the AU to exceed the property/resource limit of \$12,137.

| | |
|-------------------|--|
| \$12,000 | FMV for the Parcel |
| <u>+\$ 3,500</u> | Countable property held by the AU |
| \$15,500 | Total AU Property Limit |
| <u>- \$12,137</u> | |
| \$ 3,363 | Amount in excess of the property limit |

The AU sells the parcel for \$8,000, which is less than the \$12,000 FMV

| | |
|-----------------|---|
| \$12,000 | FMV for the Parcel |
| <u>-\$8,000</u> | Amount the AU received for the parcel |
| \$4,000 | Difference between FMV and amount received for the property |

- Compare the amount in excess of the property limit (\$3,363) to the amount difference between FMV and amount received for the property (\$4,000). Determine the lesser amount of the two (\$3,363)

- The lesser amount divided by MBSASC for AU of 2 equals POI months.

$$\$3,363 \div \$1,526 = 2.20 \text{ months}$$

Note: POI = 2 month (rounded down from 2.20 months)

APPLYING THE POI Property eligibility is determined annually at RE and when the SAR 7 is submitted for SAR cases, and at the annual RE for AR/CO cases.

When the POI has been determined, cash aid is discontinued and the POI begins the first month of the next SAR Payment Period for SAR cases, or the first month of the annual RE 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 SAR Payment Period/RE 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.

COMPENSATION PAYMENTS

Conversion of Property

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 that 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 will 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 RE prior to its destruction/loss.
- The value which would have been assigned to the property under current regulations (e.g., motor vehicle valuation).
- Any other evidence verifying the value of the property at the time it was lost, stolen, damaged, or destroyed.

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

NOTICES OF ACTION

The following Property NOAs are in EFMS:

- M42-207A (10/15)-Over Property Limit, Deny
- M42-213F - Property Not Sold, Discontinue
- M42-221J - Transfer w/out Fair Consideration, Discontinue
- M42-221K - Transfer w/out Fair Consideration, Suspend

- M42-221L - Transfer w/out Fair Consideration, Suspend
- M42-221M - Transfer w/out Fair Consideration, Discontinue

ATTACHMENTS

Attachment

F063-05-39 Property Summary Request

CalSAWS Repository Forms

- CW 80 Self-Certification Form for Motor Vehicle
- CW 81 Lien Agreement
- CW 82 Agreement to Sell

REFERENCES

EAS 42-201, 42-203, 42-205, 42-207, 42-209, 42-211, 42-213, 42-215, 42-219, 42-221, 42-223, 44-105

ACL 08-11, 13-97, 13-111, 14-107, 15-86, 17-61, 17-108, 18-76, 19-67, 21-38, 22-39, 23-47, 23-71, 24-36, 25-37

ACIN I-33-19, I-59-11, I-43-19, I-42-23

- CalFresh Handbook
- Policy 100-C02 Restricted Accounts
- Policy 100-C08- Sponsored Noncitizens
- Policy 100-E05- Semi Annual Reporting (SAR) and Budgeting Process
- Policy 100-E13- Annual Reporting/Child-Only Cases (AR/CO)