

County of Orange Social Services Agency
Family Self-Sufficiency Division

Program/Area: CalWORKs
Title: Property
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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:

- \$2,250 for all households (\$2,000 prior to 10/01/2014), except
 - \$3,250 for all households with a member age 60 or older, or disabled.
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**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
- Social Security Number disqualification
- Minor parent ineligible due to senior parent income
- CalWORKs timed-out
- Welfare-to-Work sanctioned
- Sanctioned for failure to cooperate with child support requirements
- Maximum Family Grant child
- Fleeing felons
- Non-eligible 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 [CalWORKs Policy 100-C8 Sponsored Noncitizens](#).

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 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 or
- Bank or securities statements

PROPERTY REVIEW

Property eligibility is determined:

- Initially at application, and

- Every six months using information on the SAR 7 for Semi-Annual Reporting (SAR) cases, or
- Once per year using information reported at the annual Redetermination for Annual Reporting/Child Only (AR/CO) cases.

VEHICLE VALUE DEFINITIONS

FAIR MARKET VALUE (FMV)

Self-certification of the value of the vehicle.

ENCUMBRANCE

Amount that the AU is obligated to pay for the vehicle or the amount owed on the vehicle.

EQUITY

FMV value (self-certified) minus encumbrances.

HOUSEHOLD MEMBER

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

DETERMINING THE VALUE OF MOTOR VEHICLES

Applicants and recipients shall be allowed to self-certify Fair Market Value (FMV) of all vehicles in the AU, as well as any encumbrances. The worker may 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 his/her 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 must be submitted when the AU reports on the SAR7 that they have acquired a vehicle and with each annual redetermination.

- The 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 level.
- The client will be able to retain non-exempt vehicles that have an equity value of \$9,500 or less. Any equity value in excess of the \$9,500 vehicle asset limit will be counted as a resource.
- If the applicant or recipient determines that he or she overestimated or underestimated the value of the vehicle or the encumbrances, he or she shall be afforded the opportunity to provide estimates or other verification that reflects a more

accurate estimate of the vehicle's value.

Note: If the 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 worker must take steps to resolve potential discrepancies with the client. Only when the worker is unable to resolve the discrepancy or has reason to suspect the client may be intentionally providing false information, the worker shall submit a referral to the Special Investigations Unit to request an investigation of the case.

EVALUATING VEHICLES Exclude licensed or unlicensed vehicle if the vehicle meets any of the following criteria:

- 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 seasonally)
- 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.
- Ownership of the vehicle was transferred through a gift, donation, or family transfer, as defined by the Department of Motor Vehicles.

For any remaining licensed and unlicensed vehicles:

- Determine the equity value
- The equity value in excess of \$9,500 will be counted as a resource

EXAMPLES EXAMPLE # 1:

An AU self-certifies that they own a non-exempt motor vehicle with a FMV of \$3,500. The AU still owes \$1,450 on the vehicle (the encumbrance), resulting in a total equity value of \$2,050 for this vehicle. Since the total equity value is less than \$9,500, the value is excluded from resource consideration.

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|------------------|--------------------------|
| \$3,500 | FMV of the motor vehicle |
| <u>- \$1,450</u> | Less encumbrance |

| | |
|------------------|--------------------------------------|
| = \$2,050 | Total equity value |
| <u>- \$9,500</u> | Less \$9,500 |
| \$ 0 | Amount counted toward resource limit |

EXAMPLE # 2:

An AU self-certifies that the FMV is \$14,000, and they owe \$3,000. After subtracting the amount owed on the vehicle from the FMV, the worker determines the equity value of the motor vehicle is \$11,000. In this case, the equity value of the vehicle exceeds the \$9,500 limit by \$1,500. The \$1,500 is counted toward the AU's maximum resource limit.

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|-------------------|--------------------------------------|
| \$14,000 | FMV of the motor vehicle |
| <u>- \$ 3,000</u> | Less encumbrance |
| = \$11,000 | Total equity value |
| <u>- \$ 9,500</u> | Less \$9,500 |
| = \$ 1,500 | Amount counted toward resource limit |

EXAMPLE # 3:

A client received a vehicle as a gift from her father and she provides verification from the DMV that the vehicle was a gift. Regardless of the value of this motor vehicle, because it was given to her as a gift, the vehicle is completely exempt from consideration as a resource. Even if the FMV of the motor vehicle is well over \$9,500, the worker cannot inquire into or count the value of the motor vehicle toward the AU's \$2,250/\$3,250 resource limit.

PERIOD OF INELIGIBILITY A period of ineligibility (POI) results when a recipient AU 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 applicant families.

Note: Under Semi-Annual Reporting (SAR), the POI will be established at the beginning of the upcoming SAR 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. 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 the 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 (land) of real property with a FMV of \$2,150. The value of this inherited property, when added to other (\$1,100) countable property held by the AU, equals \$3,250 and causes the AU to exceed the property/resource limit of \$2,250. The AU sells the parcel for \$700, which is less than the \$1,900 FMV

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|----------------------|--|--|
| Step 1: | \$2,150 | FMV for the Parcel |
| Step 2: | <u>+\$1,100</u> =\$3,250 | Countable property held by the AU Total |
| <u>Step 3</u> | <u>-\$2,250</u> +\$1,000 | AU Property Limit Amount in excess of the property limit |
| Step 4: | \$2,150 <u>- \$ 700</u> =\$1,450 | FMV for the parcel Amount the AU received for the parcel Difference between FMV and amount received for the property |
| Step 5: | \$1,000 | Compare the amount in step 3 (\$1,000) to the amount in step 4 (\$1,450). Determine the lesser amount of the two (\$1,000) |
| Step 6: | \$1,000 ÷ \$989= 1.01 | The lesser amount divided by MBSAC for AU of 2 (\$989) = 1.01 months. POI = 1 month (drop partial month) |

**APPLYING THE
POI**

Property eligibility is determined semi-annually when the SAR 7 is submitted for SAR 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 SAR Payment Period for SAR 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 SAR Payment Period/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 SAR Payment Period for SAR 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.

CONVERSION OF PROPERTY

**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.

**NOTICES OF
ACTION AND
CORRESPONDEN
CE**

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.

**FORMS AND
ATTACHMENTS**

[Self-Certification Form For Motor Vehicles CW 80](#)

POLICIES

[CalWORKs Policy 100-C6 Real Property](#)
[CalWORKs Policy 100-C8 Sponsored Noncitizens](#)
[CalWORKs Policy 100-E5 Semi Annual Reporting \(SAR\) and Budgeting Process](#)
[CalWORKs Policy 100-E13 Annual Reporting/Child-Only Cases \(AR/CO\)](#)

REFERENCES

ACL 08-11
ACL 13-97
ACL 13-111

EAS Manual Sections 42-200– 42-223, 44-105
Food Stamp Manual Section 63-501