DHR

Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: #00-56

Effective Date: July 1, 2000

Issuance Date: June 26, 2000

TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND CASE MANAGERS

FROM: ROBERT J. EVERHARD, EXECUTIVE DIRECTOR

RE: VEHICLE EXCLUSION AS AN INACCESSIBLE RESOURCE

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

The Food and Nutrition Service granted approval of a waiver so that we can exclude a vehicle as an inaccessible resource if the estimated amount of return from its sale is less than half the applicable resource standard.

OLD POLICY

Under current policy there is no provision for excluding a vehicle with a low equity value.

NEW POLICY

➢ Under this waiver we will exclude a vehicle if the equity value (fair market value less debt) is less than half of the appropriate resource limit for the household.

➢ For most households this means that we will exclude a vehicle with an equity value of **less than $1,000**.

➢ For households that include an elderly person, we will exclude a vehicle with an equity value **less than $1,500**.

Examples:

1. Mr. and Mrs. A have a vehicle which, according the NADA Used Car Guide, has a fair market value (average trade in value) of $8,000. Neither household member is elderly. They owe $7,500 on the car loan. We would not count this vehicle because the equity amount is less than $1,000 ($8000-$7,500=$500).

2. Mr. B is 65 years old. He owns a vehicle with a fair market value of $9,000. He still owes $7,600. The equity in the car is $1,400. Since he is subject to a $3,000 resource limit, the local department will exclude this vehicle when determining the value of resources.

3. Mr. and Mrs. C own three vehicles as follows:

   - The fair market value of vehicle #1 is $13,000. The amount owed is $12,100. Since the equity value is less than $1,000 the vehicle is excluded ($13,000-$12,100=$900).

   - The fair market value of vehicle #2 is $6,000. The equity value exceeds $1,000. It is considered the one vehicle per household and subject to only the fair market test. ($6,000-$4,650=$1,350)

   - The fair market value of vehicle #3 is $3,050. The household still owes $1,500 on the loan. The vehicle is subject to both the fair market test and equity test. Since the equity test ($3,050-$1,500=$1,550) is higher than the fair market test ($0), $1,550 counts toward the resource limit.

   The countable resource amount for these vehicles is $2,850 ($1,350+$1,550=$2,900). The local department will deny the application because resources exceed limits.

4. Ms. D owns a vehicle with a fair market value of $6,000. She owes $4,000. Since the equity value ($2,000) exceeds $1,000, the inaccessible resource provision does not apply. The local department will fair market test the vehicle and add the excess value of $1,350 ($6,000-$4650=$1,350) to any other resources.

A customer who believes that a vehicle has little equity value must provide verification of the amount owed.

ACTION DUE

This policy is effective July 1, 2000 with new applications and recertifications.

PAYMENT ACCURACY

This policy and special procedures are potentially error prone because we are doing an offline calculation and entering inaccurate vehicle information onto CARES.

> ➢ **To avoid errors:**
>   - **Re-evaluate the equity value at each recertification, and**
>   - **Include in narration the verification and calculation of the equity value.**

INQUIRIES

Please direct policy questions to Kay Finegan at (410) 767-7939. Direct CARES questions to David Holland at (410) 238-1295.

cc: FIA Management Staff
    Constituent Services
    DHR Help Desk
    RESI

ACTION REQUIRED – CARES

For vehicles that will be <u>excluded</u> as a result of this new waiver, please use the following procedure:

❑ On the **AST2** screen, in the Motor Vehicles **Type** field, enter the appropriate two-letter code indicating the type of motor vehicle.

❑ In the **FS** field under the **Use** column, enter **HF (Subsistence hunting and fishing or carrying water)**. This code will both exempt the vehicle from being counted as well as help identify those Food Stamp cases consisting of vehicles that were excluded due to this waiver, in the instance that a report is needed.

❑ In the **FMV** field, enter the fair market value of the vehicle.

❑ In the **V** field, enter the appropriate verification code used to verify the fair market value of the vehicle.

❑ In the **Encumb Amt** field, enter the amount owed on the vehicle.

❑ In the **V** field, enter the appropriate verification code used to verify the encumbered amount.

❑ In the **Yr, Make,** and **Mod** fields, enter the year, make, and model of the vehicle.

❑ Fastpath to **DONE** and press **ENTER** to commit.

❑ When the food stamp case is finalized, the value of the vehicle will not be counted.

For vehicles subject to just a <u>fair market test,</u> code as usual on the AST2 screen, by entering the appropriate code in the FS field under the Use column (*FV* or *EM*) and CARES will calculate correctly.

For vehicles subject to both the <u>fair market test and equity test,</u> code as usual on the AST2 screen, by entering OT in the FS field under the Use column and CARES will automatically count the greater of the FMV and Equity tests towards the resource limit.

Using Example #3 from page 2, the following is how you would enter the three vehicles on the *AST2* screen:

Motor Vehicles

Del	Type	Use CA/MA	FS	FMV	V	Encumb Amount	V	Yr	Make	Mod
	MV		HF	13,000	BB	12,100	OT	98	HOND	CI
	MV		FV	6,000	BB			96	ACUR	LE
	MV		OT	2,000	BB	1,500	OT	93	FORD	ES

	FMV vs. EQUITY TEST	EXCLUDED FMV TEST	SPECIAL CODING	COMMENTS
HONDA CIVIC		EXCLUDED	HF	Enter **HF** in the **FS** field in the **Use** column of the **AST2** screen. **HF** excludes any vehicle info. from being counted towards the resource limit.
ACURA LEGEND		FMV TEST	Same as usual	Treat as in a regular situation. CARES will exclude the first $4650. **($6000-$4650=$1350 counted towards the resource limit).**
FORD ESCORT	FMV vs. EQUITY TEST		OT	Enter **OT** in the **FS** field in the **Use** column of the **AST2** screen. **OT** will cause CARES to count the greater of the FMV and Equity tests.

NOTE: **Narrate** the action taken concerning the vehicles. Include whether the vehicle is excluded, the test used, and any special coding.