

Department of Public Health
and Human Services

Section:
RESOURCES

FOOD STAMP PROGRAM

Subject:
Countable and Excluded Resources

Supersedes: FS 402-1 (04/01/04)

References: 7 CFR 273.8

GENERAL RULE -- The equity value of all resources (real and personal property) owned by the filing/assistance unit is countable unless specifically excluded by regulation. Some resources may be excluded if they are evaluated and determined inaccessible.

AGENT ORANGE Payments under the Agent Orange Compensation Act (P.L. 101-201) are excluded; code 'OX' on LIAS.

EXCEPTION: P.L. 102-4, Agent Orange Act of 1991, authorized veterans' benefits to some veterans with service connected disabilities resulting from exposure to Agent Orange. These VA payments are **NOT** excluded; code 'OT' on LIAS.

ALIEN'S SPONSOR'S RESOURCES The income and resources of the alien's sponsor and sponsor's spouse are deemed (FS 301-3) available to the sponsored alien (refugees do not have sponsors); code 'AS' on OTAS until the alien:

1. Has obtained U.S. citizenship through naturalization; or,
2. Has worked 40 qualifying quarters.

EXCEPTION: The income and resources of the alien's sponsor are not deemed when determining eligibility and the benefit amount for an immigrant child who is under 18 years old.

ANNUITIES Annuities are contracts or agreements providing for the payment of income at regular intervals (e.g., monthly, quarterly, annually, etc.). The resource is coded based on the source of the annuity using the appropriate resource code on TEAMS.

If payments are made from the annuity, the annuity is excluded as a resource; however, the payments must be evaluated as unearned income.

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If payments are not made, the annuity must be evaluated to determine its accessibility. It is necessary to establish the source of the annuity (e.g., contract for deed, lawsuit settlement, mineral rights, etc.) to determine whether or not it is a countable resource.

**BASIC
MAINTENANCE
ITEMS**

Basic maintenance items, also known as, household goods and personal effects, are excluded. The items are essential for day-to-day living such as clothes, jewelry, furniture, and other similar items of value including a home computer and satellite TV dish; code 'OX' on OTAS.

BONDS

Bonds including United States savings bonds and Treasury bills, notes, and bonds are countable; code 'BO' on LIAS.

Contact a securities dealer to determine the value of a government bond. A value of the bond can be provided if the bond can be cashed.

NOTE: If the bonds are physically held by a joint-owner refusing to surrender possession of the bonds to the household, the bonds are inaccessible and are excluded because the bonds must be presented to cash them.

**BURIAL
EXCLUSIONS**

One accessible bona fide, pre-paid funeral agreement per household member up to \$1,500 is excluded; code 'BE' on OTAS.

In the event the equity value exceeds \$1,500, for whatever reason, only the amount above \$1,500 including interest is counted; code 'BA' on OTAS.

If a burial contract is inaccessible, it is treated in the same manner as an inaccessible trust fund (FS 402-3).

**BURIAL
SPACE/PLOT**

The value of one burial space for each filing unit member is excluded; code 'BE' on OTAS.

**BUSINESS ASSET
DEVELOPMENT
ACCOUNT (BADA)**

BADA is excluded; code 'OX' on FIAC.

The account must be restricted as follows:

1. Established in the name of the individual and Capital Opportunities or other lending agency;
2. Used for business development such as purchase of assets, operation, maintenance, etc.;
3. Funds disbursed by direct vendor payments; and,

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4. Any funds disbursed to the individual must be counted as a resource in the month received and any other assets counted according to current policy if the business fails.

BUSINESS CHECKING ACCOUNT

Money in a business checking account is a countable resource, but the self-employment funds prorated as income are excluded as a resource. The self-employment funds prorated as income retain their exclusion for the time they are prorated as income even if the funds are commingled. The portion of the funds prorated as self-employment income is coded 'BC' on FIAC.

Example: Ben receives earnings from regular employment and a self-employment auto repair business; Mary receives earnings from self-employment selling Avon. They have a joint business checking account used for both businesses.

The auto repair self-employment income correctly calculated from tax forms is $\$358.25 \times 12 = \$4,299.00$, and Avon self-employment income correctly calculated from tax forms is $\$30.66 \times 12 = \367.92 . Total combined annual self-employment earnings = $\$4,666.92$

Only the amount exceeding $\$4,666.92$ in the business checking account is a countable resource.

≥CAMPER

Campers not manufactured with the intent of providing transportation such as camper trailer, pick-up topper, etc. are excluded; code 'UV' on OTAS.

CASH ON HAND

Cash on hand is countable; code 'CA' on LIAS.

If the cash on hand is income in the month received, it is excluded as a resource the month received.

CERTIFICATE OF DEPOSIT (CD)

A certificate of deposit is countable. The value of a certificate of deposit is the net amount received after penalties for early withdrawal; code 'CD' on LIAS.

EXCEPTION: If the CD was purchased with funds prorated as self-employment income, it is excluded as long as it is a short-term CD expiring before the end of the period that the self-employment income was prorated.

CONTRACT

The value of a contract for deed is excluded providing the contract

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FOR DEED

is valid, the terms are being met, and the contract is producing income consistent with the fair market value of the property sold. Some things to consider when determining fair market value: the property location, condition of the property, and interest rate.

The exclusion applies to the value of the property being sold under the contract or being held as security in exchange for a purchase price consistent with the fair market value of that property.

Example: The household sold its house for \$100,000 on a contract for deed. The fair market value of the home is determined to be consistent with the fair market value of homes in the area. The payment on the contract for deed is \$800 monthly. The income is consistent with the fair market value.

The contract for deed is excluded as a resource. The payments are countable (FS 501-1) after the allowable costs of doing business are deducted.

CREDIT UNION ACCOUNTS

Credit union accounts are countable; code 'CU' on FIAC.

CRIME VICTIM COMPENSATION

Crime Victim Compensation Act payments (P.L. 103-322) are excluded; code 'OX' on LIAS.

DEDUCTIONS FROM MILITARY PAY

Mandatory deductions from military pay for educational purposes (GI Education Fund) while the recipient is enlisted (P.L. 99-576) are excluded; code 'OX' on LIAS.

DISASTER & EMERGENCY ASSISTANCE

Funds issued as a result of a Presidential declared disaster (P.L. 100-707) or a result of a major disaster or emergency under the Disaster Relief and Emergency Assistance Amendments of 1988 are excluded; code 'OX' on LIAS.

Exclude governmental disaster payments designated for restoration of a home damaged in a disaster if the household is subject to legal sanction if funds are not used as intended. This includes some, but not all, Federal Emergency Management Agency (FEMA) payments.

EARNED INCOME TAX CREDIT (EITC) AND CHILD TAX CREDIT

EITC and Child Tax Credit, received as an advance payment or as a refund, are excluded as a resource in the month received and the month following receipt; code 'OX' on LIAS.

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Any federal, state or local EITC and/or Child Tax Credit received by any household member is excluded for 12 months provided the household:

1. Was participating in the Food Stamp Program at the time of EITC and/or Child Tax Credit receipt; and,
2. Participates continuously during that 12-month period.

NOTE:

Breaks in participation of one month or less due to administrative reasons are not considered as non-participation in determining the 12-month exclusion.

**EDUCATIONAL
INCOME AND
LOANS**

(FS 504-1)

**EDUCATIONAL
SAVINGS PLANS**

'529 Plans' are education savings plans. They are to save money for college through tax-exempt savings. An account owner has to be designated. The person who sets up the account can be the owner or another person can be designated as the owner by the person setting up the account.

If the owner is a member of a food stamp household, the plan is a resource. The owner can take money out of the 529 Plan for any purpose. The value of the account is the net amount received after penalties for early withdrawal.

If the owner transfers ownership to a non-household member, the transfer must be evaluated as a resource transfer (FS 404-1).

If the owner is not a member of the food stamp household, the resource is excluded.

**FAMILY SELF-
SUFFICIENCY
ESCROW
ACCOUNTS**

Funds held in an escrow account during the household's participation in a Department of Housing and Urban Development (HUD) Family Self-Sufficiency Program (FSSP) are excluded; code: 'OX' on FIAC.

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Funds may be withdrawn from the escrow account with the permission from public housing authority for purposes related to the goal of the FSSP contract. This could include completion of higher education, job training, to meet start up expenses involved in new small business, etc.

Since the funds in the escrow account as well as any funds withdrawn from it before completing the program are not available to buy food, the escrow account is inaccessible and excluded from resources. The funds are also excluded as income.

**FEDERAL, STATE,
or LOCAL ENERGY
ASSISTANCE
PAYMENTS**

Energy assistance payments or allowances made for the purpose of providing energy assistance under any federal law including utility reimbursements made by Department of Housing and Urban Development and the Farmers Home Administration are excluded; code 'OX' on LIAS.

Low Income Energy Assistance Program (LIEAP) payments or allowances are excluded; code 'OX' on LIAS.

**FIRE or CASUALTY
INSURANCE
PROCEEDS**

Proceeds from a private insurance company are counted as a resource.

If counted as income in the month received, the funds are counted as a resource the month following receipt.

See '**Disaster and Emergency Assistance**' in this section.

**HEALTH CARE
IMPROVEMENT
ACT OF 2000**

Payments for the children of women Vietnam veterans who suffer from certain birth defects are excluded from income and resources.

**HOME AND
SURROUNDING**

Home and surrounding property which is not separated from the home by intervening property owned by others is excluded; code 'HM' on OTAS.

Public rights of way, such as roads running through the surrounding property, do not affect the exclusion of the property.

An exclusion for a vacated home continues as long as the household has intent to return and the home is temporarily unoccupied due to:

1. Employment;
2. Training for future employment;
3. Illness; or,

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4. Unlivable conditions caused by casualty or natural disaster.

Households currently **not** owning a home but own or are purchasing a lot they intend to build or are building a permanent home, receive an exclusion for the value of the lot and the partially completed home; code 'HM' on OTAS.

**INCOME
PRODUCING
PROPERTY**

Non self-employment income producing property (e.g., rental properties, vacation homes, land leases, etc.) is excluded if the property produces income consistent with its fair market value. The exclusion also applies to property used on a seasonal basis. Some things to consider when determining fair market value: the property location and condition of the property.

Example: A household has rental property. The amount of rent charged for the property must be consistent with the fair market value of the rental property in that area.

For property used in a trade or business (e.g., farming), see 'Property/Equipment Necessary for Self-employment' in this section.

**INDIVIDUAL
DEVELOPMENT
ACCOUNT (IDA)**

An IDA may be established by or on behalf of an individual eligible for TANF. An IDA is created and funded through periodic IDA contributions by an individual and matched by or through a not-for-profit organization or a state or local government agency in cooperation with such organization. The purpose of the account is to enable an individual to accumulate funds for post-secondary education, first home purchase, or business capitalization.

Funds, including accrued interest, in the account are excluded as a resource as long as the individual maintains or makes contributions to the account. The Montana TANF-funded IDA is excluded when an individual becomes ineligible for TANF as long as the individual is still maintaining or making contributions into the account. Contributions are only matched when withdrawn for an allowable purpose. TANF-funded IDA is coded 'IT' and Demonstration Project IDA is coded 'ID' on FIAC.

**INDIVIDUAL
RETIREMENT
ACCOUNT (IRA)**

Funds held in Individual Retirement Accounts (IRA's) are accessible to the household. The equity value (the cash value minus any early withdrawal penalty) of the IRA is countable; code 'IR' on FIAC.

**ITEMS OF
UNUSUAL VALUE**

Items of unusual value are excluded; code 'UV' on OTAS.

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KEOGH PLANS	<p>Only KEOGH Plans held by a household member or in a contract between a household member and other individuals <u>within</u> the food stamp filing unit are <u>countable</u>; code: 'OF' on FIAC.</p> <p>KEOGH plans held in a contractual arrangement with individuals <u>outside</u> the food stamp filing unit are <u>excluded</u> until the individual begins accessing the funds; code 'PE' on FIAC.</p> <p>If an individual outside the filing unit is simply a beneficiary of the KEOGH, it is not considered a contractual relationship and the funds are countable.</p>
LAND	<p>Households currently not owning a home but own or are purchasing a lot they intend to build or are building a permanent home receive an exclusion for the value of the lot and the partially completed home; code 'HM' on OTAS.</p>
LIFE ESTATES	<p>All life estates are excluded; code 'LE' on OTAS.</p> <p>Life estates are excluded as the home while the individual is living in the property; code 'HM' on OTAS.</p>
LIFE INSURANCE	<p>The face and cash value of all whole life insurance policies and term life insurance policies are excluded; code 'LI', <u>equity value of \$0.00</u> on OTAS.</p>
LIVESTOCK	<p>The value of livestock used to produce income necessary for employment or raised for home consumption is excluded; code 'LV' on OTAS.</p> <p>Livestock that are pets are also excluded.</p>
LOANS GIVEN BY THE HOUSEHOLD	<p>The full unpaid balance of the loan (debt owed) is a countable resource when the balance is accessible and can be readily liquidated.</p>
LOANS RECEIVED BY THE HOUSEHOLD	<p>Loans, <u>including self-employment business loans</u> and home equity loans, are <u>counted</u> as a <u>resource</u> in the month received, even if the household anticipates spending some or all of it in the same month. Any amount remaining after the month of receipt is <u>counted</u> as a resource until the money is spent.</p>
LUMP SUM PAYMENTS	<p>Nonrecurring lump sum payments including but not limited to income tax refunds, rebates, credits, retroactive lump sum public assistance, railroad retirement, retroactive lump sum insurance settlements, refunds of security deposits <u>that can be accurately prospectively</u> are countable resources in the month received and in subsequent months to the extent retained; code 'LS' on LIAS.</p>

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**MILITARY
RE-ENLISTMENT
BONUSES**

Military re-enlistment bonuses are paid in one of two ways: a lump sum; or up to 50% of the bonus amount as an initial payment with the remainder of the bonus paid in equal annual payments. It is up to the military service to decide which military grades/series receive re-enlistment bonuses and how much the re-enlistment bonus is. This means the Navy, Marines, Army, and Air Force can have their own policies regarding payment of re-enlistment bonuses. The OPA Case Manager must verify what the payment policy is depending on the military service.

How the bonus is paid out determines how it is counted:

1. If a household receives a lump sum re-enlistment bonus, it is exempt from income as a non-recurring lump sum payment. The money is counted as a resource in the month it is received.
2. If a household receives up to half of the bonus pay as an initial payment with the remaining bonus paid in equal annual installments, the bonus is counted as earned income (FS 502-1).

**MINERAL
RIGHTS**

Mineral rights may be included with land ownership or owned separately. If surface rights of the same property are excluded (e.g., homestead) so are the mineral rights excluded.

If mineral rights are producing income under a lease agreement, the owner may be constrained from selling or otherwise disposing of the rights. If the land is already excluded (e.g., homestead) or the terms of the lease agreement do not allow sale, the mineral rights are excluded; code 'OX' on OTAS.

Determine the equity value by obtaining the fair market value from a knowledgeable source (e.g., brokers in the geographical area or companies leasing mineral rights) and subtracting the amount owed; code 'MR' on OTAS.

The value of leased mineral rights is excluded providing the leased mineral rights are producing income consistent with the fair market value of the lease. The mineral rights are excluded as a resource if they are producing income consistent with the fair market value. The fair market value is determined by what similar mineral rights in the area are earning.

Some acceptable forms of verification of mineral rights are deeds, lease agreements, titles, and homestead documents.

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**OLDER
AMERICANS ACT**

Funds received by individuals age 55 and over under the Senior Community Services Employment Program payments P.L. 100-175, Section 166, Title V of Older Americans Act are excluded.

Programs funded under this Act include:

1. Green Thumb;
2. Forest Service;
3. American Association of Retired People (AARP);
4. National Council on Aging;
5. National Council of Senior Citizens; and,
6. Foster Grandparent Program.

**PENSION PLANS
OR FUNDS**

The equity value (cash value minus any early withdrawal penalty) of the following financial accounts must be counted as a resource whether or not there is a penalty for early withdrawal:

1. Keogh Plans involving a contractual obligation with another household member;
2. Individual Retirement Accounts (IRA's); and,
3. Simplified Employer Pension Plans (SEPs are considered IRA's by banks and the IRS).

The following types of retirement savings and pension plans are excluded (list is not inclusive); code 'PE' on FIAC:

1. 457 Plans - plans for state and local governments and other tax-exempt organizations;
2. 401(k) Plans - generally a cash or deferred arrangement and generally limited to profit making firms;
3. Public Employee Retirement System (PERS);
4. Federal Employee Thrift Savings Plan;
5. Section 403(b) Plans - tax-sheltered annuities provided for employees of tax-exempt organizations and state and local educational organization;
6. Section 501(c)(18) Plans - retirement plans for union members consisting of employee contributions to certain trusts that must have been established before June 1959; and,

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7. Keogh Plans involving a contractual obligation with someone who is not a household member.

NOTE: If the cash value of an excluded type of plan is rolled over into an IRA, the cash value loses its exclusion and becomes a countable resource following the rollover.

The exclusion continues until the individual begins accessing the funds, even if the funds are available if requested (e.g., retired or no longer works for the company).

Most employment related retirement accounts cannot be accessed until the employee is no longer employed with that particular business or entity. The funds are inaccessible while the individual continues employment; code 'MR' on FIAC.

**PERSONAL
CHECKING
ACCOUNT**

A personal checking account is countable; code 'PC' on FIAC.

There is a two-step process to determine how much money in a checking account is counted toward the resource limit.

1. The current month's income deposited into the account is excluded. Any current month income deposited in the checking account is subtracted from the checking account balance.

No further action is needed if the household is resource eligible in step one. If the household remains resource ineligible, go to step two.

2. Evaluate the household's outstanding checks. If a check was written and sent to the payee even if it has not yet been cashed, the money is not available for other purposes. It is not counted toward the resource limit.

Self-employment or educational funds retain their exclusion for the time they are prorated as income even if the funds are commingled.

**PLAN for ACHIEVING
SELF- SUPPORT
(PASS)**

Any income a SSI recipient places in an approved PASS account as well as, the PASS account, is excluded; code 'OX' on FIAC.

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PREPAYMENT OF MORTGAGE or RENT	Prepayment of an individual's mortgage is not a resource. Prepayment of rent, however, is a countable resource unless the individual cannot receive the money back <u>under any circumstances</u> (e.g., the lease agreement includes a no refund policy, or the landlord provides a statement stating the funds will not be returned to the renter).
PROMISSORY NOTE	A promissory note is personal property (a liquid asset). An individual holds legal interest and has the legal ability to make available their share in the note. The equity value of the note (the principal reduced by any lien) is countable; code 'OT' LIAS.
PROPERTY/ EQUIPMENT NECESSARY FOR EMPLOYMENT	<p>Property/equipment necessary for employment to produce income is excluded; code 'TT' or 'FE' depending on the resource.</p> <p>Self-employment/farm resources may include:</p> <ol style="list-style-type: none"> 1. Tools/equipment such as those needed by a carpenter, mechanic, cosmetologist, etc.; 2. Stock such as, office supplies or raw materials; 3. Property essential for income production; 4. Office equipment such as, furniture, typewriters, calculators, etc.; 5. Inventory; 6. Machinery and equipment; and, 7. Other items needed to produce income.
≥	<p>Self-employment equipment is excluded if the individual intends to return to self-employment within a reasonable period of time.</p> <p>Property essential to the self-employment of a household engaged in farming is excluded for only <u>one year</u> after the date the household stopped farming unless they have the intent to return to the business.</p>
PROPERTY IN PROBATE	Property in probate is inaccessible and is excluded; code 'IA' on OTAS.
RADIATION EXPOSURE	Radiation Exposure Compensation Act payments (P.L. 101-425) are excluded; code 'OX' on LIAS.
REAL PROPERTY LISTED FOR SALE	<p>Non-home real property when a good faith effort to sell the property is being made is excluded; code 'HS' on OTAS.</p> <p>A good faith effort to sell could be:</p> <ol style="list-style-type: none"> 1. Offering the property for sale through a general circulation newspaper or a real estate broker; and,

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2. Advertised at a reasonable price.

**RESOURCES USED
AS COLLATERAL
(BUSINESS LOAN)**

If a non-liquid resource is used as collateral for a business loan and cannot be sold because of the security or lien agreement prohibition, the non-liquid resource is excluded.

If a liquid resource is used as collateral for a business loan, the equity value is counted as a resource.

**RESOURCES USED
AS COLLATERAL
(PERSONAL
LOAN)**

If an otherwise accessible resource, either liquid or non-liquid, is used as collateral on a personal loan, the equity value of that resource is counted as a resource.

Example: Household used a certificate of deposit (CD) valued at \$4,000 as collateral for a personal loan of \$3,000. They are prohibited from cashing in the CD during the duration of the loan. The CD's countable value is its equity value (fair market less encumbrances). The equity value of the CD is \$1,000 and is counted toward the resource limit. In this case, the CD's equity value is considered accessible because the household could default on the loan and receive the remaining balance of the CD.

If the CD had restrictions placed on it prohibiting the household from cashing it, the total value of the CD is considered inaccessible and is excluded as a resource.

RESTITUTION

Restitution made to **ALEUTS relocated during World War II** as per the Civil Liberties Act of 1988 is excluded; code 'OX' on LIAS.

Restitution to individuals of **JAPANESE ancestry interned during World War II** as per the Civil Liberties Act of 1988 is excluded; code 'OX' on LIAS.

Restitution to individuals because of their status as victims of **Nazi Persecution** under P.L. 103-286 is excluded; code 'OX' on LIAS.

**SAFETY DEPOSIT
BOX**

There is no requirement to view the contents of an individual's safety deposit box. It is appropriate to ask what the contents are and request necessary verification. List the contents on TEAMS using the appropriate codes.

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SALE OF A RESOURCE

If a resource is sold and payment is received in a lump sum, it remains a resource.

If installment payments are made, the payments are income in the month received and are not counted as a resource until the month following receipt.

SAVINGS ACCOUNT

Savings account is countable; code 'SV' on FIAC.

If the current month's income is deposited into the account, the income is excluded as a resource the month received when determining the current value of the savings account.

SAVINGS OFFER SUCCESS (SOS)

Matching award payments by Rural Opportunities Incorporated (ROI) to individuals participating in a Savings Offer Success program are excluded; code 'OX' on LIAS.

EXCEPTION:

Money deposited into a personal savings account is considered a resource. After the program is completed, the matching award is excluded as income and as a resource as a vendor payment.

SECURITY DEPOSITS

Security deposits on rental property or utilities are excluded; code 'OX' on OTAS.

The exclusion applies to both landlords and tenants.

SPINA BIFIDA

Payments to children of Vietnam veterans for disabilities resulting from spina bifida (P.L. 104-204) are excluded; code 'OX' on LIAS.

STOCKS

Stocks and mutual fund shares are countable; code 'ST' on LIAS.

≥TRAILERS

All trailers are excluded; code 'UV' on OTAS.

WARTIME RELOCATION

Payments of 'Wartime Relocation of Civilians' to certain U.S. citizens of Japanese ancestry, resident Japanese aliens, and certain eligible Aleuts under Title I of P.L. 100-383 are excluded; code 'OX' on LIAS.

TP