
Assets

- Step 1: Add together the equity value of all personal and real business properties used in one enterprise.
- Step 2: If the Step 1 amount is less than \$6,000, multiply that amount by .06. If the Step 1 amount is \$6,000 or greater, multiply \$6,000 by .06.
- Step 3: Compare the Step 2 amount to the net annual income. If the net annual income is equal to or greater than the amount in Step 2, subtract \$6,000 from total equity value of the property(s). The remainder is an asset. If the net annual income is less than the amount arrived at in Step 2, the total equity of the property(s) is an asset.

EXAMPLE: Mr. Patterson owns a mobile home, which is not his residence, that has a CMV and equity value of \$3,000. He owns other property that has a CMV and equity value of \$2,000. The mobile home produces a net annual rental income of \$750, and the other property produces less than \$50 a year. Since the mobile home produces more than a 6% return, its equity value is excluded. Since the other property produces less than a 6% return, its equity value is counted.

EXAMPLE: Sharon has a small business in her home making hand-woven rugs. The looms and other equipment used in the business have a CMV of \$7,000. Her equity is \$5,500 since she owes \$1,500 on the looms. Sharon's net earnings from self-employment are \$400. Since Sharon's equity in the looms and other equipment is under the \$6,000 limit for income-producing property, and her net income after expenses (\$400) is greater than 6% of the equity, her property is excluded from countable resources.

EXCEPTION: Property that represents the authority granted by a governmental agency to engage in an income-producing activity is excluded if it is:

- Used in a trade or business or non-business income-producing activity; or

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- Not used due to circumstances beyond the individual's control, such as illness, and there is a reasonable expectation that the use will resume.

EXAMPLE: John owns a commercial fishing permit granted by the State Commerce Commission, a boat, and fishing tackle. The boat and tackle have an equity value of \$6,500. Last year, John earned \$2,000 from his fishing business. The value of the fishing permit is not determined because the permit is excluded under the exception. The boat and tackle are producing in excess of a 6% return on the excluded equity value, so the equity is excluded, up to \$6,000. The \$500 excess value is counted toward the asset limit.

2. Non-Business Personal Property

a. Income Producing

FS	WVW, AFDC Groups	SSI Groups
No *	Yes	No *

Food Stamp Benefits: Property which is annually producing income consistent with its CMV is excluded. Vehicles, recreational vehicles/equipment **and mobile homes** are excluded regardless of use.

b. Necessary for Self-Support

FS	WVW, AFDC Groups	SSI Groups
Yes	Yes	No *

SSI-Related Medicaid, CDCS, PAC, QDWI, QMB, SLIMB, and QI-1: Non-business personal and real property is considered essential for an individual and/or his spouse's self-support, if it is used to produce goods or services necessary for his daily activities. This property includes real property, such as land, which is used to produce vegetables or livestock for personal consumption only, such as corn, tomatoes, chickens, cattle. This property also includes personal property necessary to perform daily functions, but not passenger cars, trucks, boats, or other special vehicles. Property used to produce goods or services or property necessary to perform daily functions is excluded, if the individual's equity in the property does not exceed \$6,000.

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2. 401k Plans

FS	WVW, AFDC Groups	SSI Groups
No	Yes	Yes

Food Stamp Benefits: The cash value of these accounts is excluded, unless removed from the account.

WV WORKS and AFDC Groups: The amount counted is the total cash value of the account or plan, minus the amount of the penalty, if any, that would be applied for the early withdrawal of the entire amount.

SSI-Related Medicaid: The amount counted is the total cash value of the account or plan, minus the amount of the penalty, if any, that would be applied for the early withdrawal of the entire amount.

Pension or other retirement funds of ineligible spouses, parents or spouses of parents are not deemed. Once removed from the pension or retirement account, the fund(s) is counted according to the policy for the asset to which it is converted, i.e., bank account, CD, etc.

3. IRA, KEOGH, Simplified Employer Pension Plan Or Similar Plans

FS	WVW, AFDC Groups	SSI Groups
Yes	Yes	Yes

Food Stamp Benefits, WV WORKS and AFDC Groups: Individual Retirement Accounts (IRA's), Simplified Employer Pension Plans (SEPs), which are considered to be IRA's, and funds held in KEOGH plans which do not involve the AG member in a contractual relationship with individuals who are not AG members, are counted as assets. The amount counted is the total cash value of the account or plan, minus the amount of the penalty, if any, that would be applied for the early withdrawal of the entire amount.

If the KEOGH Plan is such that individual participants may make withdrawals without affecting in any way other parties who are not AG members, the AG member's funds in the KEOGH Plan, minus any penalty affecting him only, are counted as an asset. The exclusion of the KEOGH Plan involving more than one person does not apply if the other persons involved in the Plan are members of the AG.

SSI-Related Medicaid: The amount counted is the total cash value of the account or plan, minus the amount of the penalty, if any, that would be applied for the early withdrawal of the entire amount.

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Pension or other retirement funds of ineligible spouses, parents or spouses of parents are not deemed. Once removed from the pension or retirement account, the fund(s) is counted according to the policy for the asset to which it is converted, i.e., bank account, CD, etc.

BB. PRODUCE AND LIVESTOCK FOR HOME CONSUMPTION

FS	WVW, AFDC Groups	SSI Groups
No	No	No

CC. REAL PROPERTY

Also see BUSINESS and NON-BUSINESS PERSONAL PROPERTY

1. Homestead Property

FS	WVW, AFDC Groups	SSI Groups
No	Yes	Yes

The client's homestead is the property on which he lives and which is owned, or is being purchased by him. It is the dwelling and the land on which the dwelling rests, which is not separated by intervening property owned by others. Public rights-of-way which run through the surrounding property and separate it from the home, do not affect this exclusion. Any additional property acquired and not separated from the original acquisition by intervening property owned by others, is also excluded.

The value of structures on the property, other than the client's dwelling, is included in the exemption whether or not they are income-producing, except for mobile homes. **For WV WORKS, AFDC and SSI groups, the value of any mobile home on the homestead property, if it is not the client's dwelling, is considered an asset, unless it is income-producing property. See Item 3 below.**

a. Food Stamp Benefits

All real property and mobile homes are excluded, regardless of use.

b. SSI-Related Medicaid, CDCS, PAC, QDWI, QMB, SLIMB and QI-1

Only one dwelling is established as the client's principal place of residence, and only the principal place of residence is excluded. When an individual leaves his principle place of residence for any reason, but intends to return to it, the home is excluded. The exclusion is based solely on the individual's intent to return, even if the home is vacant or rented. The individual need not have the ability to return to the home, but must simply have the intent.

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When an individual is institutionalized, his home remains his principal place of residence, regardless of his intent to return, as long as a spouse or dependent relative lives in the home. For purposes of the homestead exclusion only, a dependent relative is one who is dependent financially, medically, or as otherwise determined, upon the institutionalized person. The following are considered relatives of the institutionalized person: child, stepchild or grandchild; parent, stepparent or grandparent; aunt, uncle, niece or nephew; brother or sister, including relations of step or half; cousin or in-law.

When the client has only a life estate interest in his principal place of residence, the value of the life estate interest is excluded. For more information, see item 4 below. Temporary absences from the home for trips, visits, hospitalizations or institutionalization do not affect the homestead exclusion.

2. Sale Proceeds Or Compensation For Loss Or Damage

See Section 11.2 CONVERSION OR SALE OF AN ASSET; COMPENSATION FOR LOSS OR DAMAGE

3. Non-Homestead Property

Treatment of non-homestead property as an asset depends on its use.

- a. Income-Producing Property

FS	WVW, AFDC Groups	SSI Groups
No	Yes	No*

- (1) Food Stamp Benefits

All real property, mobile homes and mineral/timber rights are excluded, regardless of use.

- (2) SSI-Related Medicaid, CDCS, PAC, QDWI, QMB, SLIMB and QI-1

Up to \$6,000 of an individual's equity in real or personal income-producing property is excluded, if it produces a net annual income of at least 6% of the excluded equity. The maximum amount of net annual income the property must produce is \$360.

If the individual's equity is greater than \$6,000, only the amount that exceeds \$6,000 is counted toward the allowable asset limit, when the net annual income requirement of 6% is met. Net annual income is the gross income from the

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enterprise, less the cost of doing business for a one-year period.

If the activity produces less than a 6% return, due to circumstances beyond the individual's control, such as crop failure or illness, and there is a reasonable expectation that the individual's activity will again produce a 6% return, the property is excluded. If the individual owns more than one piece of property and each produces income, each has the 6% rule applied. Then the amounts of the individual's equity in all of the properties producing 6% are totaled to determine if the total equity is \$6,000 or less. The equity in those properties that do not meet the 6% rule is counted as an asset. If the individual's total equity in the properties producing 6% income is over the \$6,000 equity limit, the amount of equity exceeding \$6,000 is an asset.

The procedure to determine if the property is excluded are as follows:

- Step 1: Add together the equity value of all personal and real business properties used in one enterprise.
- Step 2: If the Step 1 amount is less than \$6,000, multiply that amount by .06. If the Step 1 amount is \$6,000 or greater, multiply \$6,000 by .06.
- Step 3: Compare the Step 2 amount to the net annual income. If the net annual income is equal to or exceeds the amount arrived at in Step 2, subtract \$6,000 from the total equity value of the property(s). The remainder is an asset. If the net annual income is less than the amount arrived at in Step 2, the total equity of the property(s) is an asset.

EXAMPLE: Mr. Patterson owns a mobile home, which is not his residence, that has a CMV and equity value of \$3,000. He owns other property that has a CMV and equity value of \$2,000. The mobile home produces a net annual rental income of \$750, and the other property produces less than \$50 a year. Since the mobile home produces more than a 6% return, its equity value is excluded. Since the other property produces less than a 6% return, its equity value is not excluded.

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EXAMPLE: Sharon has a small business in her home making hand-woven rugs. The looms and other equipment used in the business have a CMV of \$7,000. Her equity is \$5,500 since she owes \$1,500 on the looms. Sharon's net earnings from self-employment is \$400. Since Sharon's equity in the looms and other equipment is under the \$6,000 limit for income-producing property, and her net income after expenses (\$400) is greater than 6% of her equity, her property is excluded from countable resources.

EXCEPTION: Property that represents the authority granted by a governmental agency to engage in an income-producing activity is excluded if it is:

- Used in a trade or business or non-business income-producing activity; or
- Not used due to circumstances beyond the individual's control, e.g., illness, and there is a reasonable expectation that the use will resume.

EXAMPLE: John owns a commercial fishing permit granted by the State Commerce Commission, a boat, and fishing tackle. The boat and tackle have an equity value of \$6,500. Last year, John earned \$2,000 from his fishing business. The value of the fishing permit is not determined because the permit is excluded under the exception. The boat and tackle are producing in excess of a 6% return on the excluded equity value, so the equity is excluded, up to \$6,000. The \$500 excess value is counted toward the asset limit.

b. Necessary for Self-Support

FS	WVW, AFDC Groups	SSI Groups
Yes	Yes	No*

SSI-Related Medicaid, CDCS, PAC, QDWI, QMB, SLIMB, and QI-1: Non-business real and personal property is considered necessary for an individual and/or his spouse's self-support, if it is used to produce goods or services necessary for his daily activities. This type of property includes real property, such as land, which is used to produce vegetables or livestock for personal consumption only, such as, corn, tomatoes, chickens, cattle.

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This property also includes personal property necessary to perform daily functions, but not passenger cars, trucks, boats, or other special vehicles. Property used to produce goods or services or property necessary to perform daily functions is excluded, if the individual's equity in the property does not exceed \$6,000. The amount of equity in excess of \$6,000 is counted toward the asset limit. Personal property which is required by the individual's employer for work is not counted, regardless of value, while the individual is employed. Examples of this type of personal property include tools, safety equipment, uniforms and similar items.

EXAMPLE: Bill owns a small, unimproved lot several blocks from his home. He uses the lot, which is valued at \$4,800, to grow vegetables and fruit, only for his own consumption. Since his equity in the property is less than \$6,000, the property is excluded as necessary to self support.

c. Other Real Property

FS	WVW, AFDC Groups	SSI Groups
No	Yes*	Yes*

The equity in property, not otherwise excluded, is an asset.

(1) Food Stamp Benefits

All real property, mobile homes and mineral/timber rights are excluded, regardless of use.

(2) WV WORKS

Any non-excluded real property which the AG is making a good faith effort to sell is excluded for six months. A good faith effort means that the property is currently available for sale through a real estate agent or through publication.

The only time this exclusion applies is when the client has agreed in writing, using Form DFA-22, to dispose of the property within the six-month exclusion period. Any payments made to the AG during this disposition period must be repaid to the Department once the client disposes of the asset.

If, for any reason, the client fails to dispose of the property, or the case is closed during the exclusion period, all of the payments made to the AG must be repaid. If, at the end of the 6-month period, the client has failed to dispose of the property, it must be counted as an asset.

**DUE TO THE DELETION
OF SOME MANUAL MATERIAL
PAGES 39 and 40
HAVE BEEN RESERVED FOR FUTURE USE.**

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(3) AFDC Medicaid and AFDC-Related Medicaid

The equity in real property, other than homestead property, is an asset.

(4) SSI-Related Medicaid, CDCS, PAC, QDWI, QMB, SLIMB, and QI-1

When the client's non-excluded real property does not meet the \$6,000 or the \$6,000/6% limitation, the equity in the property is an asset. See items a and b above.

4. Life Estates

FS	WVW, AFDC Groups	SSI Groups
No	No	Yes*

Under a life estate, an individual who owns property transfers ownership of the property to another individual, while retaining certain rights to it for the rest of his life, or the life of another person. Generally, a life estate entitles the owner of the life estate to possess, use, and obtain profits from the property for as long as he lives. However, actual ownership of the property has been transferred.

When the client establishes a life estate with his own property, the property itself is no longer an asset to him because ownership has been transferred. However, the value of the life estate is treated as an asset when it is not the client's principal place of residence unless he cannot legally dispose of the life estate. The value is determined as follows:

- Step 1: Determine the CMV of the property.
- Step 2: Determine the age of the life estate holder, as of his last birthday and the life estate factor for that age found in Appendix A. The table contained in the WV State Code is not used; only Appendix A is used.
- Step 3: Multiply the CMV by the life estate factor determined in Step 2.

The resulting amount is counted as an asset for the life estate holder.