

**Policy Clarification - LIHEAP - All
PLA9659710**

Submitted: 5/10/01

Agency: Bedford

Citations:

Subject: Income from Sale of Property

A household applied for a LIHEAP cash benefit, and reported earned income from wages and unearned income from the sale of property. The income from the property is received monthly. The total household income from the wages and the property sale combined was in excess of the limit for the household, and the application was denied. The client is now questioning why the mortgage that he pays on the property that he is selling was not deducted from the amount that he receives for the property. Our response was that this was not an allowable deduction, as this is not listed under LIHEAP State Plan 601.84 as an income exclusion. Is this correct?

Response By: A. Nightingale

5/23/01

Under our State Plan citation 601.84, there is no income exclusion for a mortgage payment. Historically, LIHEAP has followed suit with TANF decisions regarding various issues to maintain consistency. Therefore, we have cited the Cash handbook, which discusses nonresident real property in Chapter 140, subsection 140.623. "Mr. Arbus, a member of a TANF budget group, reports the sale of his nonresident property by an Article of Agreement. The total price is \$10,000. He receives a down payment of \$2,000 and will receive the balance through monthly payments of \$150 toward the remaining \$8,000 until the Agreement is satisfied. Of the \$150/month payment, \$100 is principal and \$50 is interest." Note: it is important to remember that Mr. Arbus will receive \$100/month that is considered a resource and \$50/month that is considered interest income. PRINCIPAL=RESOURCE. INTEREST=INCOME. LIHEAP does not utilize a resource test.

Therefore, in this situation, determine the breakdown of principal and interest, and calculate the yearly income from all sources, including the interest, according to LIHEAP procedures, while excluding the principal.