

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### CHAPTER 300 - Resources

Page | 3084

#### 302.04.02 HOME REPLACEMENT FUNDS

If an individual sells an excluded home, the proceeds may be an excluded resource if he:

- Plans to buy another excluded home and
- Buys the home within 3 full calendar months following the month the proceeds are received.

#### 302.04.02A INSTALLMENT SALES CONTRACT

If the proceeds from the sale of an excluded home are received under an installment sales contract, the contract is excluded if the individual:

- Plans to use the entire down payment and the entire principal portion of a given installment payment to buy another excluded home and
- Purchases the new home within 3 full calendar months following the month the down payment or installment payment is received.

Procedure
<p><b><u>Treatment of Home Replacement Funds Under SSI and Liberalized Resource Policy</u></b></p> <p>The case record must contain a signed statement from the individual/authorized representative of the intent to purchase a new home.</p> <p><b>Proceeds From the Sale</b></p> <p>The proceeds of the sale include the following:</p> <ul style="list-style-type: none"><li>• Lump sum – The net amount the seller receives at closing/settlement</li><li>• Installments – Down payment and principal portion of any installment payment</li></ul> <p>Verification may include copy of closing/settlement papers, contract for sale, copy of installment contract and amortization schedule or other evidence that shows the new proceeds and how paid or payable.</p> <p><b>Use of Proceeds</b></p> <p>Use of the proceeds to buy another excluded home includes payment of any costs that stem from the purchase. These include, but are not limited to:</p> <ul style="list-style-type: none"><li>• Down payment</li><li>• Closing/settlement costs</li></ul>

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### Installment Sales Contract (Continued)

Procedure
<p><b>Use of Proceeds (continued)</b></p> <ul style="list-style-type: none"><li>• Moving expenses</li><li>• Loan processing fees and points</li><li>• Necessary repairs and replacement of the new home's structures and fixtures costs, if identified and documented before the new home is occupied and stem directly from the purchase or occupancy of the new home. This may include: roof, heating and cooling, plumbing, built-in appliances, etc.</li><li>• Mortgage payments</li><li>• Use of proceeds to pay other costs will warrant their exclusion if such costs are identified and documented prior to occupancy and stem directly from the purchase or occupancy of the new home.</li></ul> <p>Verification may include copy of closing statement, copy of loan application, copy of home inspection reports, receipts for moving and repairs.</p> <p><b>Proceeds Not Re-Invested in a Timely Manner</b></p> <p>If the home is not replaced within the allowable 3-month period, the unused proceeds are a countable resource retroactive to the month following the month of receipt as follows:</p> <ul style="list-style-type: none"><li>• <b>Lump sum</b> – the exclusion of the unused funds is revoked retroactively to the date of receipt</li><li>• <b>Installment contract</b> – the exclusion of the contract itself and the unused portion of any installments received are revoked retroactively to the date the unused proceeds were received.<ul style="list-style-type: none"><li>○ The exclusion of an installment contract, once revoked, will be reinstated if the individual intends to and does use the entire principal portion of a subsequent installment payment toward the purchase of another excluded home within 3 full calendar months of receiving such installment payment.</li></ul></li></ul> <p>The exclusion does not apply to that portion of the proceeds of the sale of the original home that is in excess of the costs of the purchase and occupancy of the new home.</p> <p><b>NOTE:</b> If replacement funds have been received for a damaged or destroyed home, refer to Section 302.09.03, "Cash or In-Kind Items Received for the Repair or Replacement of Lost, Damaged or Stolen Excluded Resources" and when applicable, Section 302.09.05, "Presidentially-Declared Major Disasters".</p>