

Social Security

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SI 00835.482 Loans of In-Kind Support and Maintenance

Citations:

20 CFR 416.1103(f);

Social Security Rulings, SSR 92-8p

A. Policy regarding loans of ISM

Food and shelter provided to an individual under the terms of a bona fide loan agreement are not counted as in-kind support and maintenance (ISM). This is called a loan of ISM. A loan of ISM can be:

- An oral or written agreement enforceable under State law;
- Borrowed from inside or outside the household;
- Borrowed by an individual or a deemor; or
- Borrowed as either a one-time event or over a period of time.

NOTE: If an individual borrows cash and alleges that the cash is for food and shelter, this is a cash loan, not a loan of ISM. For instructions on cash loans, see SI 01120.220.

B. Policy regarding the requirements for a bona fide loan of ISM

All five of the following requirements must be met for a loan agreement to be a bona fide loan of ISM. All of the following bona fide loan requirements must be evaluated separately, starting **sequentially** with requirement #1.

1. Enforceable under State law

The loan agreement must be enforceable under the applicable State Law as an oral or written contract. Check for regional instructions in SI 01120.220. For a list of States that have specific

requirements for handling loans made to minors, see PS 01500.000 Program Requirements – In-Kind Support and Maintenance within PolicyNet “POMS Index”. For requirements for handling loans made to minors in the state of Oregon, see PS 01415.041.

2. Loan agreement in effect at time ISM provided

The loan agreement must be in effect at the time that the ISM is provided to the borrower. A borrower’s obligation for repayment of ISM received must be established at the time the ISM is provided for the ISM to be considered a loan. If the obligation for repayment of ISM is established after the food, shelter, or both are provided, the item received is not a loan of ISM and must be evaluated using normal ISM rules.

EXAMPLE 1: Loan established when ISM provided

Mr. Hollenback applies for Supplemental Security Income (SSI) disability benefits and the facts of his case are:

- 03/15/2009 – Mr. Hollenback applies for SSI disability benefits and is using his savings to pay his pro rata share of the household expenses. He did not receive any food or shelter from sources outside the household.
- 07/31/2009 – Mr. Hollenback and his son establish a loan agreement for the food and shelter provided by the son when Mr. Hollenback was no longer able to contribute towards household expenses.
- 11/05/2009 – Mr. Hollenback submits a signed statement about the loan agreement during the pre-effectuation review contact (PERC) interview stating that he is required to repay his son for the food and shelter he received beginning 07/31/2009.

The CR correctly determines that:

- 07/31/2009 - a loan agreement was established as evidenced by the signed statements provided during the PERC interview; and
- if the established agreement meets all of the requirements to be a bona fide loan, the food and shelter received beginning 07/31/2009 is not countable as income because the loan agreement was in effect at the time the son provided the ISM. For bona fide loan of ISM requirements, see SI 00835.482B. (in this section).

REMINDER: The beginning date of the loan is not necessarily the date that the CR records the claimant’s allegations on the Remarks screen or DROC screen.

EXAMPLE 2: Loan established after ISM provided

Ms. Hamilton applies for SSI disability benefits and the facts of her case are:

- 01/28/2008 – Ms. Hamilton applies for SSI disability benefits and attests to the

information documented on the application within MSSICS, which states that the food and shelter she receives from her mother is not a loan.

- 12/17/2009 – Ms. Hamilton’s mother loses her job and can no longer afford to provide the food and shelter. At that point, Ms. Hamilton and her mother agree that repayment for the food and shelter will be required as of 12/17/2009.
- 06/05/2010 – Ms. Hamilton submits a written statement about the loan agreement during the PERC interview stating that she is required to repay her mother for the food and shelter she received beginning 01/28/2008.

The CR correctly determines that:

- a bona fide loan did not exist at the time of the application (01/28/2008) because no loan agreement was established based on the application statements;
- a loan agreement was established on 12/17/2009 based on case facts;
- the food and shelter received before 12/17/2009 must be evaluated using normal ISM rules because no loan agreement was established at the time the ISM was provided; and
- if the loan agreement meets all of the requirements to be a bona fide loan of ISM, the food and shelter received beginning 12/17/2009 is not countable as income because the loan agreement was in effect at the time the mother provided the ISM.

REMINDER: The date that the claimant signs the statement about a loan of ISM is not necessarily the date the loan was established.

3. Acknowledgement of an obligation to repay

A loan is an advance from a lender that the borrower must repay, with or without interest. For us to consider the ISM as a bona fide loan, the ISM must be given and accepted based on the understanding that it is to be repaid by the borrower.

The obligation to repay must be:

- acknowledged by both the lender and the borrower; and
- unconditional.

IMPORTANT: The borrower and lender must agree that the borrower is expected to repay the lender whether or not the borrower ultimately receives anticipated Title XVI, Title II, Veterans benefits, etc.

EXAMPLE 1: No obligation for repayment

Ms. Norton applies for SSI in June 2010. She has no income or resources and alleges that her

father provides her with food and shelter. She states that she feels personally responsible to pay back her father, but her father **does not expect repayment**. The CR determines that a bona fide loan does not exist because Ms. Norton and her father did not have a mutual agreement that Ms. Norton must repay the loan. Ms. Norton's statement that she feels personally responsible does not create a legal obligation to repay her father for the food and shelter he provided.

EXAMPLE 2: Conditional requirement for repayment

Mr. Johnson applies for SSI in June 2010. He has no income or resources and alleges that his daughter provides him with food and shelter as a loan. When contacted, the daughter states that Mr. Johnson is required to repay her only if he begins to receive his Title XVI benefits.

The CR determines that:

- Mr. Johnson does not have an obligation to repay the ISM because the requirement to repay is conditional on his receipt of Title XVI benefits; and therefore
- a bona fide loan does not exist because Mr. Johnson has no obligation to repay the ISM.

EXAMPLE 3: Obligation to repay is established

Ms. Smith applies for SSI in April 2010. She alleges that her brother provides her with food and shelter as a loan. When interviewed by the CR, Ms. Smith and her brother both state that she must repay the loan of food and shelter whether or not Ms. Smith is found eligible for SSI. In this case, the CR determines that an obligation to repay exists because both parties confirmed that the obligation to repay is **not** contingent on whether Ms. Smith's financial circumstances improve.

4. Plan or schedule for repayment

The loan agreement must include a plan or schedule for repayment, and the borrower's express intent to repay the loan:

- by selling or transferring real or personal property; or
- with current income or anticipated income.

IMPORTANT: Anticipated income such as Title II, Title XVI, Veterans benefits, etc., may be used to establish a plan for a feasible repayment of the loan. To determine a feasible repayment loan, see SI 00835.482B.5. (in this section).

CAUTION: Transferring real or personal property for less than its fair market value can cause a period of ineligibility for SSI. For determining the fair market value, see SI 01150.005.

Consider the following factors when preparing or evaluating a repayment plan or schedule:

- **Plan should state amount borrowed and repayment terms**

The repayment plan or schedule should state the value of the food or shelter, or both, that is being borrowed and the terms of repayment (e.g., how much will be repaid per week or per month, etc.). For a loan of ISM, the value of "shelter" is based on the household expenses listed in SI 00835.465.

- **Inside ISM loan amount**

The lender (usually the householder) who is providing the food and shelter determines the value of the food or shelter provided. If the lender alleges a monthly dollar value, this is the amount that is borrowed each month. If the loan does not cover the full pro rata share, the individual may be receiving countable ISM for the difference.

- **Pro rata share basis for loan amount**

If the lender does not allege a monthly loan amount but the CR has computed the borrower's pro rata share of the household expenses, the computed pro rata share is the amount that is borrowed each month as long as the lender agrees.

EXAMPLE: Borrower's pro rata share basis for loan amount

Ms. Jones lives in the household of Ms. Smith. Ms. Jones states that Ms. Smith provides her with food and shelter under a loan agreement. Ms. Smith is unable to estimate the value of the food and shelter she provides. The CR computes that Ms. Jones' pro rata share of household expenses is \$200 per month. Ms. Smith agrees that this amount is reasonable, so the CR determines that \$200 is the monthly value of the ISM loan.

- **Pro rata share not computed**

If the lender does not allege a monthly loan amount and the pro rata share has not been computed, the loan agreement can be bona fide if it stipulates that the borrower is required to repay an amount equal to the pro rata share of household expenses for the period covered by the loan.

- **Outside ISM loan amount**

If the lender is outside the household and makes a third party vendor payment for food or shelter, the loan amount is the amount of repayment agreed upon by the lender and borrower. The loan amount could be equal to the full amount of the vendor payment or the individual's pro rata share of that amount. If the loan covers several months, the loan amount would be the total of the vendor payments for those months.

EXAMPLE: Lender outside the household

If the outside lender pays \$150 toward a utility bill, the loan amount is \$150, if the borrower

agreed to repay the entire \$150. However, if the loan stipulates that the eligible individual is only responsible for his or her pro rata share of the utility bill and there are two persons in the household, the eligible individual's loan agreement is to repay \$75 to the lender.

5. Repayment plan must be feasible

The plan or schedule for repayment must be feasible. The case facts must show that the individual can repay the loan using his or her own resources and income. To determine the repayment plan's feasibility, consider only the:

- amount of the loan;
- individual's resources and income (including anticipated income); and
- individual's monthly living expenses.

Do not consider services (e.g., lawn mowing, housekeeping) to determine the repayment plan's feasibility. Services are not considered as contributions toward the payment of household expenses per SI 00835.480C.

EXAMPLE 1: Feasible loan repayment based on anticipated benefits

Mr. Thomas applies for SSI disability benefits and the facts of his case are:

- 05/10/2010 - Mr. Thomas applies for SSI disability benefits. He alleges that his brother provides him with food and shelter as a loan.
- During the interview, Mr. Thomas and his brother both state that the loan of food and shelter must be repaid whether or not Mr. Thomas is found eligible for SSI.
- Prior to completing the SSI application Mr. Thomas states if approved he hopes to use his SSI benefits to repay the loan.

The CR determines that:

- the obligation to repay was established because both parties confirmed that repayment was **not** dependent on whether Mr. Thomas's financial situation improved, and
- the repayment plan is feasible because Mr. Thomas intends to use anticipated SSI benefits to pay back the loan.

EXAMPLE 2: Prorata share greater than anticipated income

Mr. Applewhite applies for SSI in January 2010 and alleges that he has no income or resources. He lives with his sister, who provides him with food and shelter with a value (pro rata share) of \$825 per month. He alleges that he has a loan of ISM agreement with his sister. The repayment plan states that Mr. Applewhite will repay the loan by:

- making monthly payments of \$20 from his anticipated monthly \$674 SSI check; and
- providing lawn care services valued at \$50 per month.

The CR correctly determines:

- Mr. Applewhite's repayment plan is not feasible because his SSI check amount is not sufficient to pay his pro rata share of current household operating expenses (\$825);
- The loan is not a bona fide loan of ISM because the repayment plan is not feasible; and
- The value of Mr. Applewhite's services cannot be considered when determining the plan's feasibility because services may not be counted as a contribution toward household expenses.

NOTE: The CR is not required to document the file that the borrower has repaid the loan of ISM. Evidence received later that the individual did not repay a bona fide loan of ISM does not negate the determination that the loan was bona fide. If it has been previously determined that a loan is bona fide, do not redevelop that issue unless the individual provided incorrect information.

C. Policy regarding a period covered by a bona fide loan of ISM**1. Loan of ISM beginning date**

The loan period begins with the date the lender and borrower established the loan agreement. The beginning date of the loan is not necessarily the date the CR records the loan allegations on the Remarks screen or report of contact (DROC) screen.

REMINDER: All five criteria in SI 00835.482B (in this section) must be met for a bona fide loan of ISM to exist. For posteligibility cases involving a loan of ISM, see SI 00835.482H (in this section).

2. Loan of ISM ending date**a. Deferred claims and other claims that require a PERC**

For cases that require a PERC, assume that the loan of ISM covers food and shelter provided through the last day of the month of the PERC.

b. Simultaneously developed cases

For simultaneously developed cases that require an RT diary to re-contact the individual for living arrangement development pursuant to SI 00835.482E., assume that the loan of ISM

covers food and shelter provided through the last day of the month in which the individual received the first SSI payment.

c. Loan of ISM ended in the past

If the case facts establish that the loan of ISM ended earlier than the assumed date, (e.g., the loan of ISM was a one-time occurrence, or the loan of ISM ended in an earlier month) use this date as the ending date of the loan and develop the new living arrangement for the following month.

3. Continuing loan of ISM

If the individual alleges that a loan of ISM continues beyond the month of the PERC, treat the allegation as a new loan of ISM that the CR must develop to determine whether the new loan agreement is bona fide.

EXAMPLE: Ms. Trask has a bona fide loan of ISM ending on 06/30/2009, which is the last day of the month that her PERC was conducted. Ms. Trask states that she will not be contributing to the household operating expenses, and that the food and shelter she receives from other household members is a loan that she is obligated to repay. The CR must determine whether the food and shelter received beginning, 07/01/2009 is a new bona fide loan of ISM. For the requirements of a bona fide loan of ISM, see SI 00835.482B. (in this section).

D. Procedure for developing loans of inside ISM

Follow these procedures to develop allegations of loans of inside ISM.

1. Documenting the loan allegation

a. Initial claims interview

During the first interview for all simultaneously developed **and** deferred claims, ask the claimant and document:

- whether the individual has a loan agreement that requires repayment for food, shelter, or both expenses; and
- the beginning date of the loan agreement.

b. MSSICS deferred claims

In deferred claims taken in MSSICS, document in the Remarks section of the Residence

Address and Jurisdiction screen in MS INTRANETSSI 010.007:

- whether or not the individual alleges a loan (e.g., "I have/do not have a loan for the food and shelter I am receiving."); and
- the beginning date of the loan agreement.

c. MSSICS full claims path

In the full MSSICS path document:

- the loan allegation by completing the Household Expenses and Contributions screen in MS INTRANETSSI 010.013; and
- the beginning date of the loan agreement in the Remarks section of the Household Expenses and Contributions screen.

d. Non-MSSICS claims

For SSI claims taken on the SSA-8000-BK (Application for Supplemental Security Income) answer the loan of ISM question (#32).

For SSI claims taken on the SSA-8001-BK (Application for Supplemental Security Income) use the Remarks section to document:

- whether or not the individual alleges a loan (e.g., "I have/do not have a loan for the food and shelter I am receiving."); and
- the beginning date of the loan agreement.

2. Documenting whether a loan is bona fide

Develop whether a loan of ISM is bona fide at the initial interview or during the PERC. When documenting a loan:

- Ask the individual to provide any documents that support the allegation of a loan of ISM and record them on a DROC screen in MSSICS;
- Document the loan allegation and the date that the borrower and lender established the agreement on a DROC screen in MSSICS;

NOTE: For non-MSSICS cases use the SSA-5062 (Claimant's Statement About Loan of Food or Shelter) to document the borrower's statement and the SSA-L5063-F3 (Statement About Food or Shelter Provided to Another) to document the lender's verification of the loan statement. Fax the paper forms into the appropriate electronic folder.

- Determine whether the individual has a bona fide loan of ISM using the requirements in SI 00835.482B (in this section);
- Document your bona fide loan **determination** on a DROC screen or the Remarks portion of the LHID screen for MSSICS cases. For non-MSSICS cases document your **determination** on an SSA-5002 (Report of Contact) and fax the paper form into the appropriate electronic folder; and
- Destroy the paper form(s) after you document the information electronically.

NOTE: For more information on use of the SSA-5062 and the SSA-L5063-F3 see SI 00835.482I.

E. Procedure for developing living arrangements in loan situations for simultaneously developed cases

Use the following procedure for initial claims that have been simultaneously developed and are awaiting only the DDS medical decision input. These are cases for which POMS requires simultaneous development (e.g., TERI cases). These also include cases for which the field office follows local guidelines for doing simultaneous development instead of deferred development. For information about the types of cases that require simultaneous development, see SI 00603.002.

NOTE: Simultaneous development includes the CR's determination and documentation of whether the individual has a bona fide loan of ISM.

1. Loan of ISM is not bona fide

If the loan of ISM is not bona fide, develop and count ISM using normal ISM rules for the entire period (i.e., back to the application date). Continue with simultaneous development to prepare the claim for the DDS medical decision input.

2. Loan of ISM is bona fide and covers the pro rata share of household expenses

If the individual has a bona fide loan of ISM, and the individual and the lender allege that the loan covers the full pro rata share, follow these steps:

1. Verify that the loan covers the household expenses for the period covered by the loan;
2. Document the file with the individual's allegation in Remarks on the LHID screen in MSSICS and with the lender's statement on a DROC screen;

3. Determine that the individual is in FLA/A with no ISM starting from the application date;
4. Complete simultaneous development of the claim for the DDS medical decision input;
and
5. Set an RT diary to contact the individual within 3 months after he or she receives the first SSI check to develop the living arrangement.

NOTE: The CR may need to reset the RT diary if it matures before the DDS disability determination is made.

NOTE: When a bona fide loan of ISM exists and it covers the pro rata share, it is not necessary to develop the household expenses and contributions for the retroactive period.

3. Loan of ISM is bona fide and does not cover pro rata share of household expenses

If the individual and lender do not allege that the bona fide loan covers the full pro rata share, follow these steps to determine whether the individual has received countable ISM:

1. Develop household operating expenses beginning with the month of application. For information about household expenses, see SI 00835.465;
2. Compute the individual's pro rata share. For information on sharing and the pro rata share, see SI 00835.160;
3. Determine whether the loan of ISM (plus any cash contribution) covers the value of the food and shelter received (if not, the difference is countable ISM); and
4. Process the inside ISM development normally in MSSICS cases:
 - Input the monthly loan amount (plus any additional cash) in the MONTHLY LOAN AMOUNT field of the Householder ISM/Cash Data (LXHP) or Household of Another (LOHH) screen;
 - Input any cash contribution in the AMOUNT CLAIMANT CONTRIBUTES field. MSSICS correctly computes the ISM and determines whether the one-third reduction rule (VTR) or presumed maximum value rule (PMV) applies. For information about the Household Expenses and Contributions screen, see MS INTRANETSSI 010.013 and the Household of Another screen, see MS INTRANETSSI 010.014;
 - Complete simultaneous development of the claim so it will be ready for the DDS medical decision input; and
 - Set an RT diary to contact the individual within 3 months after he or she receives

the first SSI check to develop the living arrangement. The CR may need to reset the diary if it matures before the DDS makes a disability determination.

REMINDER: The VTR (FLA/B) applies only if:

- the loan amount plus the cash contribution, if any, does not cover the pro rata share of the food and shelter received from within the household, and
- the applicant receives **both** food and shelter from within the household of another for the entire month.

When the VTR does not apply, use the PMV rule to determine ISM, if any. For additional instructions on determining ISM under the PMV rule, see SI 00835.340. For instructions on determining the pro rata share, see SI 00835.020B.25.

4. Input RT diary to re-contact individual after SSI benefits start

When the CR processes a simultaneous development claim to completion based on a bona fide loan of ISM, it is necessary to contact the individual after SSI benefits have started to close out the loan of ISM period and to develop the individual's new living arrangement period after the loan period ending date. If the CR does not contact the individual, he or she may receive SSI benefits for many months based only on the loan of ISM. Follow these steps to contact the individual after receipt of SSI benefits has begun:

1. Input an RT diary to contact the individual within 3 months after the estimated first month of SSI payments per the diary instructions in MSOM BUSSR 002.019, "Update Diaries (UDIA);
2. When the diary matures, contact the individual to develop living arrangements and ISM beginning with the month after the month of the first SSI payment. Do not conduct a redetermination if the only reason for contact is to develop the living arrangement;
3. Do full living arrangement development beginning the month after the individual receives the first SSI payment to determine whether the individual's cash contribution covers the pro rata share of household expenses; and
4. If the contribution does not cover the value of food and shelter the individual receives, determine the amount of ISM and count it beginning with the month after the month of the first SSI payment.

EXAMPLE: Simultaneous development claim with RT diary for re-contact

Mr. Ford files for SSI on 03/12/2009, alleging that he lives in his sister's home and receives both food and shelter covered by a loan agreement. The CR completes simultaneous

development of the claim on 04/07/2009, and determines that Mr. Ford has a bona fide loan of ISM that is presumed to cover the pro rata share for food and shelter. Mr. Ford's living arrangement under the loan of ISM is FLA/A with no ISM. The CR adjudicates the claim and inputs an RT diary set for 07/07/2009. At this point, the claim is complete except for the input of the DDS medical determination.

DDS completes its evaluation and inputs a medical allowance on 06/05/2009. Mr. Ford receives his first SSI check on 06/19/2009. When the RT diary matures on 07/07/2009, the CR contacts Mr. Ford to determine his living arrangements beginning 07/01/2009 and to close out the loan of ISM.

On 07/12/2009, the CR interviews Mr. Ford to develop his living arrangements. The CR establishes that Mr. Ford's pro rata share is \$400 per month and that Mr. Ford contributes \$300 per month toward the expenses. Based on this information, MSSICS determines that Mr. Ford is in FLA/B and subject to the one-third reduction starting in July 2009 (the month after the month the first SSI payment was received).

F. Procedure for developing living arrangements in loan situations for deferred claims and other claims that require a PERC

When taking a deferred development application, it is not necessary to set an RT diary, since the PERC will be used to fully develop the individual's anticipated living arrangements for the period after the loan of ISM ends.

When conducting a PERC for a claim with a loan of ISM, it is necessary to close out the loan of ISM, develop the living arrangements for the period covered by the loan, and determine what the individual's ongoing living arrangement will be after SSI benefits start. For more information on when a PERC is required, see SI 00603.031.

1. Determine whether the loan of ISM is bona fide

If the loan determination has not already been made, determine whether the alleged loan of ISM is bona fide, and document the file. Absent evidence to the contrary, assume that the loan of ISM covers the entire period from the application filing date through the last day of the month of the PERC.

2. Develop the living arrangements for the period covered by the loan of ISM

a. Loan is not bona fide

If the loan of ISM is not bona fide, develop the living arrangements and count ISM using normal ISM rules for the entire period (i.e., back to the filing date). No special procedures are required.

b. Loan is bona fide and covers the pro rata share of household expenses

If the individual has a bona fide loan of ISM and alleges that the loan covers the pro rata share, follow these steps to determine the individual's living arrangements for the period covered by the loan of ISM:

1. Determine that the loan covers the household expenses for the period covered by the loan if the individual alleges that the loan covers the pro rata share **and** the lender verifies the claimant's allegation;
2. Document the file with the individual's allegation in Remarks on the appropriate LHID screen in MSSICS and the lender's statement on a DROC screen;
3. Determine that the individual is in FLA/A with no ISM starting from the application filing date through the end of the month of the PERC;
4. Do not develop household expenses for this period; and
5. Develop the individual's anticipated living arrangements following the instructions in SI 00835.482F.3. (in this section).

c. Loan is bona fide and does not cover the pro rata share of household expenses

If the individual and lender do not allege that the bona fide loan covers the full pro rata share, follow these steps to determine whether the individual has received countable ISM:

1. Develop household operating expenses back to the month of application. For information about household expenses, see SI 00835.465;
2. Compute the individual's pro rata share. For information on sharing and the pro rata share, see SI 00835.160;
3. Determine whether the loan of ISM (plus any cash contribution) covers the value of the food or shelter, or both, received (If it does not, the difference is countable ISM);
4. Process the inside ISM development normally in MSSICS cases;
5. Input the monthly loan amount (plus any additional cash) in the MONTHLY LOAN AMOUNT field of the Householder ISM/Cash Data (LXHP) or Household of Another (LOHH) screen;
6. Input any cash contribution in the AMOUNT CLAIMANT CONTRIBUTES field. MSSICS

correctly computes the ISM and determines whether the one-third reduction rule (VTR) or presumed maximum value rule (PMV) applies; and

7. Develop the individual's anticipated living arrangements following the instructions in SI 00835.482F.3. (in this section).

3. Determine the living arrangement for the month after the loan of ISM ends

Based on the policy that the loan of ISM applies through the month of the PERC, the new living arrangement period will begin on the first day of the month after the month of the PERC. Use these instructions to establish the new living arrangement period in MSSICS.

For cases that will go from FLA/A with no ISM (during the loan period) to:

- FLA/A with no ISM for the month after the loan ends, input the last day of the PERC month as the date of change on LCHG;
- FLA/B for the month after the loan ends, input the last day of the PERC month as the date of change on LCHG; or
- FLA/A with H type ISM income for the month after the loan ends, input the first day of the month after the PERC month as the date of change on LCHG.

4. Developing the new living arrangement period

Take the following steps to develop the individual's anticipated living arrangement as of the month following the month of the PERC:

- a. Use the LCHG screen to create a new living arrangement period as explained in SI 00835.482F.2. (in this section);
- b. On the LHID screen, enter "N" to indicate there is no loan agreement. This closes out the loan of ISM issue for the new living arrangement period;
- c. Document the individual's anticipated living arrangements including the anticipated contribution and the household living expenses on the appropriate MSSICS screens;
- d. Inform the individual that he or she is responsible for paying the agreed upon contribution amount starting the month after the month of the PERC. Also inform the individual that he or she must report to SSA if he does not start contributing the agreed upon amount; and
- e. Verify with the householder the household expenses and the amount of the agreed upon contribution. Document the householder's response on a DROC screen. When the householder's verification of the expenses and the agreed upon contribution is

received, development of the living arrangement is complete.

NOTE: If the agreed-upon contribution amount is equal to or exceeds the pro rata share, the individual is in FLA/A with no ISM. If the agreed-upon contribution is less than the pro rata share, the individual is receiving ISM (VTR or PMV).

EXAMPLE 1: Individual is FLA/ A with no ISM for the loan period and will be FLA/ A with no ISM for the new living arrangement period

Facts of the case:

- 01/15/2010 - Mr. White filed for SSI, alleging that he has lived in his brother's home since 11/07/2009, and that he receives food and shelter from his brother that is covered by a loan agreement.
- 07/12/2010 - During the PERC, Mr. White establishes that he had a bona fide loan agreement with his brother to repay his share of the food and shelter, so there is no countable ISM for the period covered by the loan of ISM, which ends the last day of the PERC month.

The CR:

- uses the last day of the PERC month, (07/31/2010) as the date of change on LCHG;
- establishes a new living arrangement period for Mr. White for the living arrangement after the loan of ISM ends;
- completes the MSSICS screens and documents Mr. White's agreed contribution amount;
- documents the householder's statement verifying the household expenses and the claimant's allegation;
- determines that Mr. White's expected contribution (as verified by the householder) equals or exceeds the pro rata share; and
- determines that the individual is in FLA:A with no ISM. No further development is needed.

EXAMPLE 2: Individual is FLA/ A with no ISM for the loan period and will be in FLA/ B for the new living arrangement.

Facts of the case:

- 01/15/2010 – Ms. Smith filed for SSI, alleging that she has lived in her brother's home since 11/07/2009 and that she receives food and shelter from her brother that is covered by a loan agreement.
- 07/12/2010 - During the PERC, Ms. Smith established that she had a bona fide loan

agreement with her brother to repay her share of the food and shelter, so there is no countable ISM for the period covered by the loan of ISM, which ends the last day of the PERC month.

The CR:

- uses the last day of the PERC month (07/31/2010) as the date of change on LCHG;
- establishes a new living arrangement period for Ms. Smith;
- completes the MSSICS screens and documents Ms. Smith's contribution amount;
- documents the householder's statement verifying the household expenses and the amount that Ms. Smith will be required to contribute toward household expenses (**NOTE:** In this case, Ms. Smith's anticipated contribution will be less than the pro rata share of the expenses); and
- determines that Ms. Smith's contribution does not equal or exceed her pro rata share and that Ms. Smith is in FLA:B as of 08/01/2010. No further development is needed.

Example 3: Individual is in FLA/ A with no ISM for the loan period and will be in FLA/ A with H type income in the new living arrangement

Facts of the case:

- 01/15/2010 - Ms. Smith filed for SSI, alleging that she lives with her brother in an apartment for which she has rental liability and that she receives food and shelter from her brother that is covered by a loan agreement.
- 07/12/2010 - During the PERC, Ms. Smith established that she has a bona fide loan agreement with her brother to repay her share of the food and shelter, so there is no countable ISM for the period covered by the loan of ISM, which ends the last day of the PERC month.

The CR:

- uses the last day of the PERC month (07/31/2010) as the date of change on LCHG;
- establishes a new living arrangement period for Ms. Smith for the living arrangement period after the loan of ISM ends;
- documents her brother's statement verifying the household expenses and the amount that Ms. Smith contributes toward household expenses (**NOTE:** In this case, Ms. Smith's anticipated contribution will be less than her pro rata share of the expenses); and
- determines that Ms. Smith's contribution does not equal or exceed her pro rata share and that Ms. Smith is in FLA/A with H type income as of 08/01/2010. No further development is needed.

G. Procedure for developing loans of outside ISM

Follow these procedures when a person outside the household pays for food or shelter, or both, and the eligible individual alleges that this payment is a loan of ISM.

1. Documenting the loan allegation

Document the loan allegation following SI 00835.482D.1. (in this section).

REMINDER: Use the In-Kind Support and Maintenance screen rather than the Household Expenses and Contributions screen to document outside ISM. For the In-Kind Support and Maintenance screen, see MS INTRANETSSI 010.015.

2. Determining whether loan is bona fide

Determine whether the individual has a bona fide loan of ISM that meets the requirements in SI 00835.482B (in this section) and document the loan determination as explained in SI 00835.482D.2 (in this section) on the MSSICS DROC screen or the remarks section of the LISM screen for MSSICS cases.

For non-MSSICS cases, document the loan determination on an SSA-5002 (Report of Contact) and fax the paper form into the appropriate electronic folder. Destroy the paper form after you document the information electronically.

3. Determining outside ISM when loan is not bona fide

If no bona fide loan exists, document the loan determination on the MSSICS DROC screen and obtain the amount of the third party's payment(s) for the food or shelter, or both. Record this information in MSSICS on the LISM screen. Determine the amount of ISM received following normal outside ISM development procedures.

For non-MSSICS cases, document the determination on an SSA-5002 and fax the paper form into the appropriate electronic folder. Destroy the paper form after you document the determination electronically.

4. Determining outside ISM when loan is bona fide

If the loan is bona fide:

- a. Determine the actual value of the outside ISM provided to the borrower by the lender as if no loan of ISM existed. For example, if the lender pays a \$300 electric bill and there

- are three members in the household, \$100 is countable as ISM to the eligible individual.
- b. Compare the actual value of the outside ISM provided by the lender with the required loan repayment amount.
 - c. If the loan repayment amount **equals or exceeds** the actual value of the outside ISM provided by the lender, the borrower receives no outside ISM from the lender. Code the LISM screen as follows:
 - o SOURCE NAME: the lender's name;
 - o ISM COUNTABLE:N; and
 - o IF NO, REASON: ISM loan.
 - d. If the loan repayment amount is **less than** the actual value of the outside ISM provided by the lender, the difference is the countable value of the outside ISM received by the borrower. Code the LISM screen as follows:
 - o SOURCE NAME: the lender's name;
 - o ISM COUNTABLE: Y; and
 - o TYPE OF ISM: 3 – ISM TO ONE.
 - e. Record the amount of countable outside ISM as "ISM to one" and document the determination in the LISM Remarks section. (This input of "ISM to one" is necessary because the LISM screen is designed to equally apportion outside ISM among the household members.)

H. Procedure for developing living arrangements for posteligibility cases involving a loan of ISM

In a posteligibility situation where the individual alleges a loan of ISM, follow these four steps:

1. Determine whether the individual has a bona fide loan of ISM that meets the requirements in SI 00835.482B (in this section) and document the loan determination on the MSSICS DROC screen as explained in SI 00835.482D.2. (in this section). For non-MSSICS cases use the SSA-5062 (Claimant's Statement About Loan of Food or Shelter) and SSA-L5063-F3 (Statement About Food or Shelter Provided To Another) to document the borrower's and lender's statement regarding the loan agreement;
2. **Do not** conduct a redetermination if the only reason for the contact is to develop the ISM issue;
3. If the loan is not bona fide, develop the living arrangement and ISM using normal rules;

and

4. If the loan is bona fide, develop the individual's living arrangements and ISM **beginning** with the month after the loan of ISM ends. Determine the household operating expenses and whether the claimant's current **contribution** amount covers the value of the food, shelter, or both. If the contribution does **not** cover the value of the food, shelter, or both, determine the amount of ISM and charge it as income beginning with the month **after** the first SSI payment or reinstated payment is received.

NOTE: In cases where suspended benefits are reinstated, assume that the loan ends in the month that the reinstated payment is received.

I. Procedure for documenting loans of ISM

1. Electronic documentation

Document the borrower's allegation of the loan of food or shelter or both on the Remarks screen in MSSICS. Document the lender's verification of the loan on a DROC screen.

REMINDER: The beginning date of the loan is not necessarily the date that the CR records the borrower's allegations on the Remarks or DROC screen.

2. Use the SSA-5062 to document the claimant's statement about loan of food or shelter or both

If you cannot obtain the information in person or by telephone, you may send the paper form SSA-5062 to the borrower to document allegations of the loan of ISM.

REMINDER: The beginning date of the loan is not necessarily the date that the claimant signed the SSA-5062.

When the FO receives the paper form SSA-5062, document:

- MSSICS cases by recording the information on a DROC screen;
- Non-MSSICS cases by faxing the completed SSA-5062 into the appropriate electronic folder; and
- Do not retain the paper form after you document the issue electronically.

To view this form, go to SSA-5062.

3. Use the SSA-L5063-F3 to document the lender statement about food or shelter or both provided to another

If you cannot obtain the information in person or by telephone, send the paper form SSA-L5063 to the lender to document allegations of the loan of ISM. Form SSA-L5063-F3 has two parts. The first part is a cover letter to the lender that explains why SSA needs the information. The second part is a questionnaire used to document the lender's statement.

REMINDER: The beginning date of the loan is not necessarily the date that the lender signed the SSA-L5063-F3.

When the paper form SSA-L5063-F3 is received in the FO, document:

- MSSICS cases by recording the information on a DROC screen;
- Non-MSSICS cases by faxing the completed SSA-L5063-F3 into the appropriate electronic folder; and
- Do not retain the paper form after you document the issue electronically.

For more information on storing forms electronically refer to GN 00301.322 "Retention of Paper Material After Faxing into Either the eDIB folder or Claims Folder using NDRed".

To view this form, go to SSA-L5063-F3.

J. References

SI 00603.002 Explanation of Deferred and Simultaneous Development

SI 00603.031 When a Pre-effectuation Review contact (PERC) is Required

SI 00835.160 Sharing

SI 00835.340 Computation of In-Kind Support and Maintenance from Within a Household

SI 00835.450 Cash Income from Within and from Outside Households

SI 00835.465 ISM and Households – Household Costs

SI 00835.480 Contributions Toward Household Operating Expenses

SI 00835.510 Breakpoints

SI 00835.520 Redetermination Guidelines – LA and ISM

SI 01120.220 Cash Loans

SI 01140.300 Promissory Notes and Property Agreements

To Link to this section - Use this URL:

<http://policy.ssa.gov/poms.nsf/lnx/0500835482>

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