
**DEPARTMENT
POLICY**

This item applies **only** to FAP.

Budget the following expenses to determine net income for FAP eligibility and benefit levels.

- Groups with **no** Senior/Disabled Veteran (SDV) member:
 - Dependent care expense, and
 - Excess shelter up to the maximum in RFT 255, and
 - Court ordered child support and arrearages paid to non-household members.
- Groups **with** one or more SDV ([see SDV Group in PEM 550](#)) member:
 - Dependent care expense, and
 - Excess shelter, and
 - Court ordered child support and arrearages paid to non-household members, and
 - Medical expenses for the SDV member(s) that exceed \$35.

Complete either a manually-calculated or LOA2 budget to document expenses every time an expense change is reported.

**ALLOWABLE
EXPENSES**

Allow an expense if:

- The service is provided by someone outside of the FAP group, and
- Someone in the FAP group has the responsibility to pay for the service in money, and
- Verification is provided, if required.

**Responsibility to
Pay**

Responsibility to pay means that the expense is in the name of a person in the FAP group.

Exception: If the expense is in someone else's name, allow the expense if the FAP group:

- Claims the expense, **and**
- The service address on the bill is where they live.

Do **not** allow any expense if the entire expense is directly paid by an agency or someone outside of the group.

Do **not** allow an expense that is fully reimbursed. (See [PEM 500, Reimbursements](#))

If an expense is partially reimbursed or paid by an agency or someone outside of the FAP group, allow **only** the amount that the group is responsible to pay, **unless** specific policy directs otherwise.

Example: HUD pays \$150 towards a FAP group's \$325 rental expense. Allow only the \$175 (\$325 rent - \$150 HUD pays = \$175) that the group is expected to pay.

Shared Expenses

Allow only the FAP group's portion of child support, medical or dependent care expenses if another person outside of the FAP group is jointly responsible. If the FAP group's share can be identified, allow that portion. Otherwise, evenly prorate the expense among the groups responsible for it and allow the FAP group's prorated share.

Exception: Shelter, the Heat and Utility Standard and the individual Utility Standards are **never** prorated, even if the expense is shared. Refer to the following sections found in this item:

- [SHELTER EXPENSES](#), and
- [MANDATORY HEAT AND UTILITY STANDARD](#), and
- [MANDATORY INDIVIDUAL STANDARDS](#).

Member Removal

Remove the expenses of a FAP member who is no longer living with the group when you do the member removal.

Verification

You **must** verify the responsibility to pay and the amount of certain expenses. See the individual expense policy for verification requirements. Document verification in the case record.

Do **not** budget expenses that require verification until the verification is provided. Determine eligibility and the benefit level without an expense requiring verification if it cannot be verified.

Example: Do **not** include a medical expense that might be covered by a reimbursement if the amount of the reimbursement cannot be verified.

Treat subsequently provided verification to an eligible FAP group as a change. Issue a supplement for lost benefits **only** if:

- The expense could **not** be verified within 30 days of the application, and
- The local office was at fault.

BUDGETING EXPENSES

- Budget Month** Use expenses from the same calendar month as the month for which you are determining benefits.
- Example:** Use June expenses to determine June's benefits.
- Expenses remain unchanged until the FAP group reports a change. See [PAM 220, Change Processing](#).
- Determining the Monthly Amount** Convert all expenses (except one-time-only expenses the group does not wish to average) to a nonfluctuating monthly amount.
- Use the same conversion method used to determine countable available income in [PEM 505](#). To convert a:
- Weekly expense, multiply the average weekly expense by 4.3.
 - Twice a month expense, multiply the average weekly expense by 2.
 - Bi-weekly expense, multiply the average bi-weekly expense by 2.15.
 - Yearly expense, average the bill over 12 months beginning with the first billing of the year.
 - Quarterly expense, average the bill over 3 months.
 - Expenses billed less often than monthly, average the expense one-time-only expense, average the expense over the balance of the benefit period beginning with the first benefit month the change can affect.
- Exception:** Groups that have 24-month benefit periods must be given options for one-time-only medical expenses, See [MEDICAL EXPENSES](#) in this item.
- Home Equity Loan Expense** To determine the countable monthly expense for a home equity loan, use:
- The entire amount (principal and interest) for a fixed, non-fluctuating home equity loan, **or**
 - The average of two or more recent month's payments (principal and interest) for a variable home equity loan payment, **unless** the FAP group states the payment amount is different for the benefit month being determined.
- Explain what months were used and why they were representative.

Non-Converted Expenses Do **not** convert expenses that will not continue beyond the month following the benefit month being processed.

Budget **non-converted** expenses for the month they are billed or otherwise become due, regardless of when the FAP group intends to pay the expense.

Non-converted expenses are budgeted for **one** benefit month only.

Expenses for Disqualified or Ineligible Persons

The treatment of expenses paid by or billed to ineligible or disqualified persons differs depending on the reason the person is not in the group.

Determine the appropriate month's expenses for a disqualified or ineligible person as if he were a member of the FAP group.

Student Status Do not budget expenses for which the ineligible student is responsible.

Employment Related Activities, IPV, Trafficking, Parole or Probation Violation or Fugitive Felons Budget total expenses, including medical expenses of an SDV disqualified person. Allow unlimited excess shelter even if the only SDV member is the disqualified person.

Social Security Enumeration, Citizenship/Alien Status, Child Support Non-Cooperation or Time Limited Do **not** prorate any shelter or mandatory heat and utility standard, mandatory individual standard or actual utility expenses. However, only a prorated portion for dependent care expenses and child support expenses is allowed.

To determine the prorated amount to allow:

1. Divide the expense evenly by the number of group members, including the disqualified person(s) living with the FAP group.
2. Multiply the result by the number of eligible group members.

Example: One person in the group is disqualified with a child support expense of \$200.00 per month. The total group size is 4. Divide \$200.00 by 4, equals \$50.00. Multiply \$50.00 by 3 eligible group members, equals \$150.00. Allow a child support expense of \$150.00.

Do **not** allow:

- Medical expenses for SDV disqualified persons;
- Unlimited excess shelter if the only SDV member is disqualified.

CHILD SUPPORT EXPENSES

Allow the following child support expenses:

- The amount of court-ordered child support and arrearages paid by the household members to non-household members in the benefit month.
- Court-ordered third party payments (e.g., landlord or utility company) on behalf of a non-household member.
- Legally obligated child support paid to an individual or agency outside the household, for a child who is now a household member, provided the payments are not returned to the household.

Do not allow more than the household's legal obligation. The child support expense **must be paid** to be allowed.

Verification

Verify child support expenses and arrearages paid to non-household members at application, redetermination and when a change is reported. The following must be verified:

1. The household's legal obligation to pay,
2. The monthly amount of the obligation for current child support, and
3. The amount of child support the household actually pays.

Verification Sources

Acceptable verification sources include, but are **not** limited to

- For the household's legal obligation to pay and current obligation amount:
 - Court or administrative order.
 - Legally enforceable separation agreement.
- For the household's actual child support and arrearages paid:
 - Wage withholding statements,
 - Verification of withholding from unemployment compensation or other unearned income,
 - Statements from the custodial parent regarding direct payments,
 - Statements from the custodial parent regarding third party payments the noncustodial parent pays or expects to pay on behalf of the custodial parent, or
 - Data obtained from the state's Child Support Enforcement System (CSES).

Note: Documents that are accepted as verification of the households' legal obligation to pay child support and arrearages are **not** acceptable as verification of the households' actual monthly payment.

DEPENDENT CARE EXPENSES

Allow an **unreimbursed** dependent care expense for a child or an incapacitated adult who is a member of the FAP group, when such care is necessary to enable a member of the FAP group to work. This is the amount the FAP group actually pays out of pocket. The expense does **not** have to be paid to be allowed. Allow only the amount the provider expects the client to pay out-of-pocket. Work includes seeking, accepting or continuing employment; or training or education preparatory to employment.

Case Management Tip: Be especially careful in following the above dependent care expense budgeting policy if the client's dependent care is reimbursed by the Child Development and Care program (CDC) or another agency or person.

Verification

Verify dependent care expenses at application, reported change and redetermination.

Verification Sources

Acceptable verification sources include, but are not limited to bills or written statement or collateral contact with the provider.

MEDICAL EXPENSES

Estimated Medical Expense

Estimate an SDV person's medical expenses for the benefit period. A FAP group may voluntarily, but cannot be required, to report changes during the benefit period.

Consider **only** the medical expenses of SDV persons in the eligible group or SDV persons disqualified for certain reasons. See [Expenses for Disqualified or Ineligible Persons](#) in this item.

The expense does **not** have to be paid to be allowed. Allow medical expenses when verification of the portion paid, or to be paid by insurance, Medicare, Medicaid, etc. is provided. Allow **only** the nonreimbursable portion of a medical expense.

Any incurred current medical expense that is applied toward a Medicaid deductible is also an allowable FAP medical expense.

Application and Redetermination

Estimate an SDV person's medical expenses for the benefit period. Base the estimate on:

- Verified medical expenses;
- Available information about the SDV member's medical condition and health insurance; and
- Changes that can be reasonably anticipated to occur during the benefit period.

During the Benefit Period

Process changes during the benefit period **only** if they are:

- Voluntarily reported and verified during the benefit period (e.g., expenses reported and verified for MA spend-down); or
- Reported by another source **and** you have sufficient information and verification to determine the allowable amount **without** contacting the FAP group.

Allowable Medical Expenses

Allowable medical expenses are limited to the following:

- Medical and dental care.
- Hospitalization or nursing care. Include these expenses for a person who was a group member, immediately prior to entering a hospital or nursing home.
- Prescription drugs and the postage for mail-ordered prescriptions.
- Costs of medical supplies, sickroom equipment (including rental) or other prescribed medical equipment (excluding the cost for special diets).
- Over-the-counter medication (including insulin) and other health-related supplies (bandages, sterile gauze, incontinence pads, etc.) when recommended by a licensed health professional.
- Premiums for health and hospitalization policies (excluding the cost of income maintenance type health policies and accident policies, also known as assurances). If the policy covers more than one person, allow a prorated amount for the SDV person(s).
- Medicare premiums.
- Dentures, hearing aids and prosthetics including the cost of securing and maintaining a seeing eye or hearing dog or other assistance animal. (Animal food and veterinary expenses are included.)
- Eyeglasses when prescribed by an ophthalmologist (physician-eye specialist) or optometrist.
- Actual costs of transportation and lodging necessary to secure medical treatment or services. If actual costs **cannot** be determined for transportation, allow the cents-per-mile amount at the standard mileage rate for a privately owned vehicle in lieu of an available state vehicle. To find the cents-per-mile amount go to http://www.michigan.gov/dmb/0,1607,7-150-9141_13132---,00.html, choose Travel Rates and use the rate for the current year.

- The cost of employing an attendant, homemaker, home health aide, housekeeper, home help provider, or child care provider due to age, infirmity or illness. This cost must include an amount equal to the maximum FAP benefits for one person if the FAP group provides the majority of the attendant's meals. If this attendant care cost could qualify as both a medical expense and a dependent care expense, it **must** be treated as a medical expense.

One-Time-Only Expenses

Average one-time-only medical expenses over the balance of the benefit period. Begin with the first benefit month the change can affect.

Exception: Groups that have 24-month benefit periods must be given the following options for one-time-only medical expenses billed or due within the first 12 months of the benefit period:

1. Budget it for one month, or
2. Average it over the remainder of the first 12 months of the benefit period, or
3. Average it over the remainder of the 24 month benefit period.

Example: Sally has a \$1200 emergency room bill in 1/02. It is not covered by Medicaid or any medical insurance. Her FAP benefit period is 10/1/01 through 9/30/03. She can elect to use:

- The entire \$1200 deduction to affect 2/02 benefits. This would probably increase her FAP to the maximum amount for that one month; **or**
- \$150 per month (\$1200 bill divided by 8 months remaining in the first 12 months of her benefit period) to affect 2/02 through 9/02 (the 12th month of the benefit period) benefits. This would probably increase her FAP benefits by \$50 per month for 8 months, **or**
- \$50 per month (\$1200 bill divided by 20 months remaining in the benefit period) to affect 2/02 through 9/03. This would probably increase her FAP benefits by \$20 for 20 months. (If she were within \$20 of the maximum, this option would benefit her the most.

VERIFICATION

Verify medical expenses including the **amount of reimbursement**, at initial application and redetermination. Verify reported changes in the source or amount of medical expenses if the change would result in an increase in benefits.

Do not verify other factors, unless questionable. Other factors include things like the allowability of the service or the eligibility of the person incurring the cost.

VERIFICATION SOURCES

Acceptable verification sources include, but are not limited to:

- Current bills or written statement from the provider, which show all amounts paid by, or to be paid by, insurance, Medicare or Medicaid.
- Insurance, Medicare or Medicaid statements which show charges incurred and the amount paid, or to be paid, by the insurer.
- DHS-54A, Medical Needs, completed by a licensed health professional.
- BENDEX for Medicare premiums.
- Written statements from licensed health care professionals.
- Collateral contact with the provider. (Most commonly used to determine cost of dog food, over the counter medication and health-related supplies, and ongoing medical transportation).

SHELTER EXPENSES

Allow a shelter expense when the FAP group has a shelter expense or contributes to the shelter expense. Do **not** prorate the shelter expense even if the expense is shared. Shelter expenses are allowed when billed. The expenses do **not** have to be paid to be allowed.

Late fees and/or penalties incurred for shelter expenses are **not** an allowable expense.

Note: When a shelter expense is paid in advance, continue to allow the ongoing monthly shelter expense. **Example:** A client's monthly shelter expense is \$300. They pay \$900 to the landlord to cover the months of April-June. Continue to allow the monthly shelter obligation of \$300 in the FAP budgets for April-June.

Housing Expenses

Housing expenses include rent, mortgage, a second mortgage, home equity loan, required condo or maintenance fees, lot rental or other payments including interest leading to ownership of the shelter occupied by the FAP group.

The expense must be a continuing one. Payments that exceed the normal monthly obligation are **not** deductible as a shelter expense unless the payment is necessary to prevent eviction or foreclosure, **and** it has **not** been allowed in a previous FAP budget. Additional expenses for optional charges, i.e., carport, pets, etc. are **not** allowed.

Note: Some finance companies or banks may combine billings for allowable shelter expenses with other loans. Be careful to only allow the portion that is an allowable shelter expense. Home equity loans are

allowable, see [Determining Monthly Amount, Home Equity Loan Expense](#).

Temporary Housing If FIP or SDA shelter vendor payments are made on behalf of a FAP group residing in **temporary housing** per [PEM 500, "Government Aid"](#) section, subtract the vendor payment from the total shelter amount to determine the allowable shelter expense.

Rental Income Situations Do **not** deduct the cost of doing business from the shelter expense of a FAP group with rental income.

Property Taxes, Assessments and Insurance Property taxes, state and local assessments and insurance on the structure are allowable expenses. Do **not** allow insurance costs for the contents of the structure, e.g. furniture, clothing and personal belongings.

Deduct the entire insurance charge for structure and contents when the amount for the structure cannot be determined separately.

Renter's insurance is **not** allowed.

Home Repair Expenses Allow charges for repair of a home which was substantially damaged or destroyed due to a natural disaster such as fire or flood.

Note: Do **not** allow any portion of an expense that has been or will be reimbursed by any source.

Verification Verify shelter expenses at application and when a change is reported. If the client fails to verify a reported change in shelter, remove the old expense until the new expense is verified.

Verify the expense **and** the amount for housing expenses, property taxes, assessments, insurance and home repairs.

Verification Sources Acceptable verification sources include, but are **not** limited to:

- Mortgage, rental or condo maintenance fees contracts or a statement from the landlord, bank or mortgage company.
- Copy of tax, insurance, assessment bills or a collateral contact with the appropriate government or insurance office.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address if verifying shelter, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification form. A copy of this form will be sent to the FAP group and the specialist when a change of

address is done on CIMS. The due date will be on the form. The specialist must monitor for return of the form and take appropriate action if it is or is **not** returned.

- Current lease.

MANDATORY HEAT AND UTILITY STANDARD

Heating/Cooling Separate from Housing Costs

A FAP group which has a heating/cooling (including a room air conditioner) expense or contributes to the heating/cooling expense separate from rent, mortgage or condominium /maintenance payments, must use the Heat and Utility Standard. This standard covers all heat and utility costs, except **actual utility expenses, i.e. installation fees** etc. (See [Actual Utilities](#) in this item.) Do **not** prorate the Heat and Utility Standard even if the heating/cooling expense is shared.

FAP groups that qualify for the Heat and Utility Standard **do not** receive any other individual utility standards.

Heat Verification

Verify the heating obligation at application and when a change is reported, **except** for groups that verify they own or are purchasing their home.

Cooling Verification

Do not verify cooling expense.

Heat Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for heating/cooling expenses.
- Collateral contact with the landlord or the heating/cooling provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

Cooling Verification Sources

Acceptable verification sources include but are not limited to client's statement.

Heat Included in Rent or Fees

FAP groups whose heat is **included** in their rent or fees are not eligible for the Heat and Utility Standard, **unless**:

- They are billed for **excess heat** payments from their landlord, **OR**
- They report that they received, applied for or will be applying for a Home Heating Credit warrant in the current fiscal year (October through September) for their current address.

Verification Verify the excess heat expense at application and when a change is reported. Accept the client’s statement regarding Home Heating Credit receipt or future application.

Verification Sources Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the landlord for excess heat expenses.
- Collateral contact with the landlord.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Shared Meters or Expenses If the FAP group has **any** responsibility for the heating/cooling expense, use the Heat and Utility standard.

Verification Verify the heating/cooling expense at application and when a change is reported.

Verification Sources Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the landlord.
- Collateral contact with the landlord.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

MANDATORY INDIVIDUAL STANDARDS

FAP groups not eligible for the Heat and Utility Standard who have other utility expenses or contribute to the cost of other utility expenses are eligible for the individual utility standards. Use the individual standard for each utility the FAP group has responsibility to pay. Do **not** prorate the utility standard even if the expense is shared.

Non-Heat Electric Standard A FAP group which has no heating/cooling expense but has a responsibility to pay for non-heat electricity separate from rent/mortgage or condo/maintenance fees, must use the Non-Heat Electric Standard. The standard covers **only** non-heat electric.

Verification Verify the non-heat electric expense at application and when a change is reported.

Verification Sources Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for electric expenses.
- Collateral contact with the electric provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

Water and/or Sewer Standard A FAP group which has no heating/cooling expense but has a responsibility to pay for water and/or sewer separate from rent/mortgage or condo fees, must use the Water and/or Sewer Standard. The standard covers **only** water and/or sewer expenses.

Verification Do **not** verify the water or sewer expense, unless questionable. See [PAM 130](#) regarding verification of questionable data.

Verification Sources Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for water or sewer expenses.
- Collateral contact with the water or sewer provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Telephone Standard A FAP group which has no heating/cooling expense but has a responsibility to pay at least the basic fee required to maintain a telephone, must use the Telephone Standard. This includes cell phones. The standard covers **only** the telephone expense.

Verification Do not verify the telephone expense, unless questionable. See [PAM 130](#) regarding verification of questionable data.

Verification Sources Acceptable verification sources include, but are **not** limited to:

- Current bills or a written statement from the telephone provider.
- Collateral contact with the telephone provider.

- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Cooking Fuel Standard

A FAP group which has no heating/cooling expense but has a responsibility to pay for cooking fuel separate from rent/mortgage or condo fees, must use the Cooking Fuel Standard. The standard covers **only** cooking fuel expenses.

Verification

Do not verify the cooking fuel expense, unless questionable. See [PAM 130](#) regarding verification of questionable data.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for cooking fuel expenses.
- Collateral contact with the cooking fuel provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Trash Removal Standard

A FAP group which has no heating/cooling expense but has a responsibility to pay for trash or garbage removal separate from rent/mortgage or condo fees, must use the Trash Removal Standard. The standard covers **only** trash removal.

Verification

Do not verify the trash or garbage removal expense, unless questionable. See [PAM 130](#) regarding verification of questionable data.

Verification Sources

If the trash or garbage removal expense is questionable, acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for trash removal.
- Collateral contact with the trash removal provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

ACTUAL UTILITIES

Actual utility expenses will be used for the following expenses only:

- Utility installation charges (not deposits).
- Water well installation and maintenance.

- Septic installation and maintenance.

Note: Do **not** allow an actual utility expense for reconnection fees after service has been turned off for the same people at the same address.

Verification Verify the actual expense.

Verification Sources Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider.
- Collateral contact with the provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

SHELTER COSTS FOR UNOCCUPIED HOME

Allow shelter costs for a home temporarily unoccupied by the FAP group due to:

- Employment or training away from home,
- Illness, or
- Abandonment caused by a natural disaster or casualty loss.

Include shelter costs for a temporarily unoccupied home, provided:

- The FAP group intends to return to the home, **and**
- The current occupants of the home, if any, are **not** claiming shelter costs on that home for FAP purposes, **and**
- The home is **not** being leased or rented to others during the FAP group's absence.

Allowable Expenses

Allow the following expenses:

- Basic shelter expenses as described above.
- Heat and Utility Standard, or individual utility standards.
- Utility installation fees charged by the utility provider, excluding deposits.
- Well/septic installation and maintenance.

Exception: Heat and utility expenses may only be claimed for one home.

Verification

The FAP group **must** verify these expenses for a deduction to be allowed. You are not required to assist FAP groups in obtaining verification of shelter costs for an unoccupied home in another county or state.

**FAP ALLOWABLE
EXPENSES - DESK
AID**

Ineligible Student has Expense?	If no, go to the next section. If yes, do not allow the expense.
Disqualified due to: • Lack of SSN, alien status, • Time limited, child support. Has expense?	If no, go to the next section. If yes, allow full shelter, heat and utility expenses. Note: Prorate other expenses, i.e. child support and dependent care expenses, between the household members. Allow the prorated portion designated for the eligible group members.
Disqualified due to: • IPV. • Employment related. Has expense?	If no, go to the next section. If yes, allow full expense.
Receives subsidized housing?	If no, go to the next section. If yes, allow only the portion of the rent the client is responsible for.
Verifications.	Required at application and reported change. Acceptable verifications: • DHS-3688. • Current lease. • Rent receipt. • Collateral contact with the landlord. • Statement from HUD. Note: These types of verifications must identify the client and the client's address and obligations.
Housing/rent responsibility?	If no, do not allow an expense. Go to the next section. If yes, allow the full expense. Note: Do not allow late fees, penalties or one-time deposits.
Verifications.	Required at application and reported change. Acceptable verifications: • DHS-3688. • Current lease. • Rent receipt. • Collateral contact with landlord. Note: These types of verifications must identify the client and the client's address and obligations.
Purchasing home or ownership responsibility?	If no, do not allow an expense. Go to the next section. If yes, allow the full expense. Note: 1. Allow taxes, insurance, required maintenance and condo fees the client is responsible for that are not included in the mortgage payment. 2. Do not allow late fees or penalties.

<p>Verifications.</p>	<p>Required at application and reported change.</p> <p>Acceptable verifications:</p> <ul style="list-style-type: none"> • DHS-3688. • Land contract. • Tax bills. • Insurance bills. • Mortgage papers. • Assessment bills. • Collateral contact. <p>Note: These types of verifications must identify the client and the client's address and obligations.</p>
<p>Responsible for heating/cooling expenses separate from mortgage/rent/fees?</p>	<p>If no, do not allow the Heat & Utility standard. Go to the next section.</p> <p>If yes, allow the Heat and Utility Standard, which includes all the individual utility standards.</p>
<p>Heat Verifications.</p>	<p>Required at application and reported change.</p> <p>Acceptable verifications:</p> <ul style="list-style-type: none"> • DHS-3688. • Current lease. • Current bill that identifies the expense. • Collateral contact with the landlord or provider. <p>Note:</p> <ol style="list-style-type: none"> 1. Verify the heat obligation only if questionable for groups that have verified that they own or are purchasing the home they occupy. 2. If the heating bill is in someone else's name, allow the expense if the client claims the expense, and the service address on the bill is where the FAP group lives. 3. The heat obligation must be verified to allow the Heat and Utility Standard, even if the client received, applied or expects to apply for an HHC.
<p>Cooling Verifications</p>	<p>Accept client's statement as verification they have a cooling expense.</p>
<p>Heat included in rent/fees, but responsible for:</p> <ul style="list-style-type: none"> • Excess heat costs, or • Receiving/applying for Home Heating Credit? 	<p>If no, do not allow the Heat and Utility Standard. Go to the next section.</p> <p>If yes, allow the Heat and Utility Standard.</p> <p>Note: The client will indicate on the DHS-1171, that they received, applied for or will be applying for the Home Heating Credit warrant in the current fiscal year for their current address.</p>
<p>Verifications.</p>	<p>Required for excess heat costs.</p> <p>Acceptable verifications:</p> <ul style="list-style-type: none"> • Current bills or written statement form the landlord. • Collateral contact with the landlord. • Cancelled checks, receipts or money order copies, if current. <p>Not required for Home Heating Credit, unless questionable.</p> <p>Acceptable verifications:</p> <ul style="list-style-type: none"> • Copy of the Home Heating Credit Warrant. • Copy of the application.

<p>Responsible for non-heat electric expenses and not eligible for the Heat and Utility Standard?</p>	<p>If no, do not allow the Non-Heat Electric Standard. Go to the next section. If yes, allow the Non-Heat Electric Standard.</p>
<p>Verifications.</p>	<p>Required at application and reported change. Acceptable verifications:</p> <ul style="list-style-type: none"> • DHS-3688. • Current lease. • Current bill that identifies the expense for the FAP group. • Collateral contact with the landlord or provider. <p>Note: If the non-heat electric bill is in someone else’s name allow the expense if the client claims the expense, and the service address on the bill is where the FAP group lives.</p>
<p>Responsible for water and/or sewer expenses and not eligible for the Heat and Utility Standard?</p>	<p>If no, go to the next section. If yes, allow the Water and/or Sewer Standard.</p>
<p>Verifications.</p>	<p>Not required, unless questionable. Acceptable verifications:</p> <ul style="list-style-type: none"> • Current bill that identifies the expense for the FAP group. • Collateral contact with the landlord or provider. <p>Note: If the water and/or sewer bill is in someone else’s name, allow the expense if the client claims the expense, and the service address on the bill is where the FAP group lives.</p>
<p>Responsible for telephone/cell phone expenses and not eligible for the Heat and Utility Standard (Y/N)?</p>	<p>If no, go to the next section. If yes, allow the Telephone Standard.</p>
<p>Verifications.</p>	<p>Not required, unless questionable. Acceptable verifications:</p> <ul style="list-style-type: none"> • Current bill that identifies the expense for the FAP group and, must include at least the monthly basic fee. • Collateral contact with the provider.
<p>Responsible for cooking fuel expenses and not eligible for the Heat and Utility Standard?</p>	<p>If no, go to the next section. If yes, allow the Cooking Fuel Standard.</p>
<p>Verifications.</p>	<p>Not required, unless questionable. Acceptable verifications:</p> <ul style="list-style-type: none"> • Current bill that identifies the expense for the FAP group. • Collateral contact with the provider.
<p>Responsible for trash removal expenses and not eligible for the Heat and Utility Standard (Y/N)?</p>	<p>If no, go to the next section. If yes, allow the Trash Removal Standard.</p>

Verifications.	<p>Not required, unless questionable.</p> <p>Acceptable verifications:</p> <ul style="list-style-type: none"> • Current bill that identifies the expense for the FAP group. • Collateral contact with the provider.
Actual utility expenses?	<p>If no, go to the next section.</p> <p>If yes, allow only the following expenses:</p> <ul style="list-style-type: none"> • Utility installation charges (not deposits). • Water well installation and maintenance. • Septic installation and maintenance.
Verifications.	<p>Verify the actual expense.</p> <p>Acceptable verifications include, but are not limited to:</p> <ul style="list-style-type: none"> • Current bills or a written statement from the provider. • Collateral contact with the provider. • Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense. <p>Note: Do not allow an actual utility expense for reconnection fees after the service has been turned off for the same people at the same address.</p>

LEGAL BASE 7 CFR 273.9(d), .10(d), .11(c), .21