

**Georgia Department of Human Services
Division of Family and Children Services
Notice of Review of Promissory Note, Loan or Property Agreement**

Date _____
Client ID _____

Dear _____,

Upon reviewing information that you provided, we have determined that _____ has a contract (promissory note, loan, or property agreement) that will be a countable resource in the determination of Medicaid eligibility.

We have determined that the outstanding principal balance of the contract is currently \$ _____. This amount plus other resources exceeds the maximum resource allowance of \$. Therefore, Medicaid will be terminated or denied due to resources exceeding the allowable limit. (Regulations: Medicaid Manual, Appendix A1).

If you think that the outstanding principal balance of the contract will not cause excess resources or that the contract cannot legally be sold, you must present us with written verification rebutting the value of this contract. We will only accept written verification from reliable sources, such as financial institutions or real estate brokers in the business of selling notes, loans, or property agreements.

_____ is currently a Medicaid **recipient**; verification must be provided within 30 days from the date on this notice.

_____ is an **applicant** for Medicaid; verification must be provided by _____.

Verification must include sworn affidavits from two independent knowledgeable sources that buy contracts, showing that the Current Market Value (CMV) of the contract is less than its outstanding principal balance. One of these sources **shall** be chosen by DFCS.

The affidavit must include the following information:

- Do you buy contracts?
- What type?
- How long have you been buying contracts?
- How are you knowledgeable about the business?
- Would you be willing to buy this contract?
- If yes, how much would you pay for this contract?
- If not, why wouldn't you buy the contract?
- What factors did you use to arrive at this amount?

Knowledgeable sources include anyone regularly engaged in the business of making such evaluations, such as banks or other financial institutions, private investors, or real estate brokers. Knowledgeable sources may be found in the telephone book yellow pages, internet, or other sources. The estimate must indicate the name, title, and address of the source. If the source buys contracts, but would not consider buying the contract under review, the affidavit must, at minimum, respond to **ALL** above questions to be considered a valid rebuttal. The rebuttal should be on the company's letterhead and signed by the individual making the determination.

To be valid, all contracts must include the following:

- Be fully amortized with a reasonable interest rate. Fully amortized means that the monthly payments are equal so that the last payment is the same as the previous payments.
- Only monthly payment schedules are acceptable.
- All contracts must be actuarially sound. This means the average number of years of expected life remaining for the owner of the contract must be equal to or more than the number of years stated in the contract to be paid.
- The contract must be negotiable (saleable) or if non-negotiable, it must contain no self-canceling clauses.

If after the rebuttal process, the contract's outstanding principal balance is below the resource limit, but it is not actuarially sound, amortized or negotiable, a transfer of resource penalty may be assessed. The transfer of resource penalty will be based on the difference between the original value of the contract and the rebutted value of the note.

If you think that the outstanding principal balance of the contract is less than the amount shown above and choose to rebut the value, the Medicaid eligibility will be reviewed when verification is provided. For current Medicaid recipients, verification must be received within 30 days from the date on this notice.