



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: April 25, 2016  
MAHS Docket No.: 15-021413  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

### **HEARING DECISION**

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on April 25, 2016, from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED] Family Independence Manager, and [REDACTED], Eligibility Specialist.

### **ISSUE**

Did the Department properly deny the Petitioner's application for State Disability Assistance (SDA)?

### **FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Petitioner applied for SDA on October 16, 2015. The application did not advise the Department regarding any income received. Exhibit 1.
2. During an interview with the Department, the Petitioner advised the Department that she receives monthly loans from her mother who assists her to pay her rent in the amount of \$ [REDACTED] and also receives a loan to pay utilities monthly from a friend in the amount of \$ [REDACTED] to \$ [REDACTED].
3. The Department completed a budget to determine whether the Petitioner was income eligible and found that her income in the amount of \$ [REDACTED] per month

exceeded the payment standard for the SDA program. The Petitioner is [REDACTED] years of age.

4. The Department issued a Notice of Case Action on October 23, 2015, denying the Petitioner's SDA application effective November 1, 2015. The denial was due to the Petitioner's countable income exceeding the income limit for the SDA program. Exhibit 3. The Petitioner requested a timely hearing on November 10, 2015, protesting the Department's actions.

### CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

The State Disability Assistance (SDA) program is established by the Social Welfare Act, MCL 400.1-.119b. The Department of Health and Human Services (formerly known as the Department of Human Services) administers the SDA program pursuant to 42 CFR 435, MCL 400.10 and Mich Admin Code, R 400.3151-.3180.

In this case, the Department denied the Petitioner's application for SDA cash assistance due to excess income. Exhibits 2 and 3. Based upon a phone interview, the Petitioner advised the Department that she received assistance in the payment of her rent and utilities from her mother and a friend on a monthly basis. The Petitioner's rent was \$ [REDACTED] a month at the time of the application, and utility assistance was between \$ [REDACTED] to \$ [REDACTED] per month.

Based upon these answers and information given to the Department it determined that the Petitioner was not eligible for SDA due to excess income. In doing so, the Department included the loan proceeds as unearned income because the Petitioner did not verify that the loan was a bona fide loan. If an individual applicant can establish that a loan is a bona fide loan, the loan proceeds **are not included** as unearned income. Department policy regarding loan proceeds provides the following:

Enter loan proceeds in the unearned income logical unit of work. Bridges **excludes** funds an individual has borrowed provided it is a bona fide loan. This includes a loan by oral agreement if it is **made into** a bona fide loan.

Bona fide loan means all the following are present:

- A loan contract or the lender's written statement clearly indicating the borrower's indebtedness.

- An acknowledgment from the borrower of the loan obligation.
- The borrower's expressed intent to repay the loan by pledging real or individual property or anticipated income. BEM 503 (April 1, 2016), p. 23.

Based upon Case Comment notes, Exhibit 2 made part of the case record, it does appear that the Petitioner during her interview did mention that she was borrowing money and receiving income from friends and family. At the hearing, the Department did not mention that it sought verification of the loan proceeds consisting of unearned income from these loans and that her food assistance was denied on that basis. Based upon the policy noted above, the Petitioner may wish to reapply for SDA assistance and in doing so must specifically meet the provisions set out above. She must present the Department with a loan document acknowledging that she is borrowing the money and that the lender, her mother or friend clearly indicate that the money is being loaned and that must be repaid and indicate in the document the Petitioner's expressed intent to repay the loan by pledging real or individual property or any anticipated income. As this information by way of a loan document or other note of indebtedness was not provided to the Department at the time of the Petitioner's Application for SDA, the Department correctly denied the application due to excess income.

At the hearing, the Petitioner had provided loan documentation to the Department; however, this documentation was received well after the denial of her SDA application and, therefore, was not considered at the hearing. The Petitioner may reapply for SDA and seek a determination that the loan proceeds **are not unearned income** if she can demonstrate that she meets the requirements of establishing a bona fide loan as set forth above in BEM 503.

RFT 225 (December 1, 2013), p. 1, provides that the SDA monthly assistance payment standard is \$ [REDACTED] for an individual living in an independent living arrangement in the house due to the fact that the fact that the Petitioner was receiving in excess of \$ [REDACTED] through loan proceeds which were not properly verified by Petitioner as bona fide loans, the Department properly determined that the Petitioner's unearned income from loan proceeds of \$ [REDACTED] exceeded the payment standard of \$ [REDACTED] monthly for SDA. Exhibit 3.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it denied the Petitioner's SDA application.

**DECISION AND ORDER**

Accordingly, the Department's decision is **AFFIRMED**.

LMF/jaf



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**Lynn M. Ferris**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; Attention: MAHS Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-8139

**DHHS**

[REDACTED]

**Petitioner**

[REDACTED]

**cc:**

[REDACTED]