

INTERPRETIVE MEMO

3SquaresVT Rule Interpretation

Procedural Instruction

This memo remains effective statewide until it is specifically superseded – either by a subsequent memo or by a contradictory rule with a later date.

Please file in your manual facing the page indicated below.

Facing page 273.9c4 **Effective date of this memo** 10/8/2012 **Page** _____

This memo: **is new** **Replaces one dated** _____

UPDATE: Reverse Mortgages

For 3SquaresVT a reverse mortgage is essentially a loan and therefore is excluded income as long as there is a verifiable agreement to repay the loan with interest. Repayment of this ‘loan’ is usually done in 1 of 3 ways:

- the owner dies and the estate repays the loan
- the house is sold and the loan is paid from the proceeds of the sale
- the house is turned over to the mortgage holder

If there is no repayment agreement the money received from the reverse mortgage would be counted as income in the month received. If they get it monthly it counts monthly. If they get a lump it counts in the month received.

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