

Exhibit 1-6

Financial Literacy Requirement

One adult in each Step Program household will be required to complete a financial literacy course by the end of their first year; a grace period of one additional year will be given if a family has not completed the requirement.

1. Objectives

The objectives of the financial literacy requirement are listed below.

1.A Learn Budgeting Skills

1. Track daily expenses
2. Prioritize spending
3. Build assets

1.B Learn Basic Banking Skills

1. The cost advantages of having a checking account
2. How to write a check
3. How to avoid overdrafts

1.C Learn About Credit

1. Build good credit
2. Repair bad credit
3. Costs associated with rent-to-own services, payday loans, and refund anticipation services

2. Completion Methods

Families may complete the financial literacy requirement through one of the three methods detailed below.

2.A Testing

Families that believe they have a good understanding of money management concepts or would like to study on their own may demonstrate their understanding of the objectives by passing a test. AHFC will provide an electronic or paper copy of the test.

The adult family member taking the test must obtain an accuracy level of 85 percent to pass.

If an adult family member takes the test and fails, another adult family member may take the test. An adult family member may only take the test one time. Families unable to pass the test with 85 percent accuracy will be required to follow through with one of the other options. Families may ask for sample test questions to determine if this option is appropriate.

2.B Completing Three Money Smart Modules

Of the possible nine modules from the Money Smart curriculum, an adult family member must complete three modules; one module from each of AHFC's learning objectives: budgeting skills, understanding basic banking concepts, and understanding basic credit concepts. The nine Money Smart modules have clearly set objectives with some subject matter overlap. Money Smart provides multiple ways to deliver instruction:

- Online instruction that is in both English and Spanish;
- Workbooks for modules;
- Instructor CDs in nine languages are available, including: English, Chinese, Haitian Creole, Hindi, Hmong, Korean, Russian, Spanish, Vietnamese, and a version for the visually impaired.

Families can check out CDs from the local AHFC office. The Money Smart program provides a certificate of completion for each module. Families must provide the local AHFC office with certification from each of the three modules completed to meet this requirement. Upon receipt of all three certifications, the local AHFC office will record the completion of the financial literacy requirement.

2.C Completing Another Financial Literacy Course

There are a variety of local and online financial education courses available. Families that wish to take alternate courses must:

1. Enroll in and complete the financial literacy/money management course.
2. Provide AHFC with documentation that an adult family member has completed the course.

An adult may provide a certificate or letter from the instructor including the name of the course, the organization conducting the course, the date, and the name of the adult who took the course. The certificate or letter must be turned into the local AHFC office.

3. Family Completes Requirement

By the family's first regular examination following the family's admission, AHFC will require the family to provide verification that an adult family member has completed the financial literacy requirement. If the family is able to document completion of this requirement, the family's assistance may continue.

4. Family Fails to Provide Proof of Completion

If the family fails to document completion of this requirement during their first year, AHFC will offer the family a written agreement to complete the requirement during their second year of participation.

Families failing to provide proof of completion by the end of their second year will be subject to termination of assistance.

Prior to termination of assistance, AHFC will provide all families a written warning of their failure to meet the requirement. The warning will:

- Provide the family with a minimum of 30 days from the date of the warning to provide documentation they have met the requirement.
- Advise the family that should they fail to meet the Financial Literacy requirement they will be required to pay Market Rent for the unit they occupy beginning the effective date of their second examination following entry into the program.
- Inform the family of their right to participate in the AHFC grievance process if they disagree with the notice.

If the family fails to bring documentation of their completion of the requirement within the timeframe outlined in the warning, AHFC will proceed with the rental assistance termination process. The assistance termination date is the day before the family's second examination effective date. This is not a termination of the family's tenancy. Effective the second examination date, the family will be required to pay Market Rent for the unit they occupy.

5. Family Provides Proof of Completion After Third Year Begins

Once a family's assistance has been terminated, the family may have their assistance reinstated by providing proof of completion of the requirement. The family will be subject to Market Rent through the month in which they provide proof of completion of the Financial Literacy Requirement. Upon the receipt of proof of completion of the requirement, AHFC will return the family to their Step Rent Schedule at the same point where they would have been in their participation had their assistance not been terminated. The effective dates of the family's future examinations, movement to the

next step on the family's schedule, and the family's term-limit end date will not change. AHFC will advise the family of the new rent amount and effective date in writing.

Families subject to Market Rent are required to comply with annual regular examination and Community Service requirements. They are not eligible for hardship consideration under AHFC's Bridge process.

Administrative Desk Manual

Money Smart Modules

Financial Literacy Requirement – Compliance Monitoring and Response to
Noncompliance

Flowcharts

- Financial Literacy Requirement Compliance
- Financial Literacy Requirement