

Exhibit 10-3

Minimum Rent Exemption

HUD Regulation (24 CFR 5.630(a))

- (1) The PHA must charge a family no less than a minimum monthly rent established by the responsible entity, except as described in paragraph (b) of this section.
- (2) For the public housing program and the section 8 moderate rehabilitation, and certificate or voucher programs, the PHA may establish a minimum rent of up to \$50.
- (3) For other section 8 programs, the minimum rent is \$25.

AHFC Policy

AHFC has a modified minimum rent amount under its FY2014 Annual Plan activity 2014-1b approved by the AHFC Board of Directors on February 27, 2013 with Board Resolution 2013-11. See Chapter 4 for a listing of the required minimum rent for each assisted housing program.

1. Exemption Qualifiers

1.A Family Financial Circumstances

HUD Regulation (24 CFR 5.630(b)(1))

The responsible entity must grant an exemption from payment of minimum rent if the family is unable to pay the minimum rent because of financial hardship, as described in the responsible entity's written policies. Financial hardship includes these situations:

- (i) When the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Act of 1996;
- (ii) When the family would be evicted because it is unable to pay the minimum rent;
- (iii) When the income of the family has decreased because of changed circumstances, including loss of employment;
- (iv) When a death has occurred in the family; and
- (v) Other circumstances determined by the responsible entity or HUD.

AHFC Policy

In addition to the financial situations listed above, AHFC will also consider the following as eligible financial hardships:

1. Families paying more than 50 percent of their monthly adjusted income towards unreimbursed childcare or medical expenses.
2. Families who have incurred additional, unplanned expenses as the result of a family emergency.
3. Other good cause as determined by AHFC.

1.B Exemption Process

HUD Regulation (24 CFR 5.630(b)(2))

What happens if family requests a hardship exemption?

(i) Public housing.

- (A) If a family requests a financial hardship exemption, the PHA must suspend the minimum rent requirement beginning the month following the family's request for a hardship exemption, and continuing until the PHA determines whether there is a qualifying financial hardship and whether it is temporary or long term.
- (B) The PHA must promptly determine whether a qualifying hardship exists and whether it is temporary or long term.
- (C) The PHA may not evict the family for nonpayment of minimum rent during the 90-day period beginning the month following the family's request for a hardship exemption.
- (D) If the PHA determines that a qualifying financial hardship is temporary, the PHA must reinstate the minimum rent from the beginning of the suspension of the minimum rent. The PHA must offer the family a reasonable repayment agreement, on terms and conditions established by the PHA, for the amount of back minimum rent owed by the family.

AHFC Policy

1. If the Hardship Exemption Committee is unable to render a decision prior to the first of the month following the family's request, AHFC will suspend the requirement to pay the minimum rent. The suspension period will remain in place until a decision is rendered.
2. AHFC qualifying hardships are defined in Section 1.A above and durations are described in the Definitions section of this policy.
3. AHFC will not evict a Public Housing tenant for nonpayment of the minimum rent during the 90-day period following a family's request.
4. If AHFC determines a financial hardship is temporary or short-term:
 - a. The minimum rent will be reinstated once the 90-day period has expired.

- b. The family will not be subject to a late rent fee during the suspended period.
- c. The family will be responsible for paying for any rent or late fees accrued prior to the exemption request.
- d. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees at the conclusion of the exemption.

(ii) All section 8 programs.

- (A) If a family requests a financial hardship exemption, the responsible entity must suspend the minimum rent requirement beginning the month following the family's request for a hardship exemption until the responsible entity determines whether there is a qualifying financial hardship, and whether such hardship is temporary or long term.
- (B) The responsible entity must promptly determine whether a qualifying hardship exists and whether it is temporary or long term.
- (C) If the responsible entity determines that a qualifying financial hardship is temporary, the PHA must not impose the minimum rent during the 90-day period beginning the month following the date of the family's request for a hardship exemption. At the end of the 90-day suspension period, the responsible entity must reinstate the minimum rent from the beginning of the suspension. The family must be offered a reasonable repayment agreement, on terms and conditions established by the responsible entity, for the amount of back rent owed by the family.

AHFC Policy

- 1. If the Hardship Exemption Committee is unable to render a decision prior to the first of the month following the family's request, AHFC will suspend the requirement to pay the minimum rent. The suspension period will remain in place until a decision is rendered.
- 2. AHFC qualifying hardships are defined in Section 1.A above and durations are described in the Definitions section of this policy.
- 3. If AHFC determines a financial hardship is temporary or short-term:
 - a. The minimum rent will be reinstated once the 90-day period has expired.
 - b. The family will not be subject to a late rent fee during the suspended period.
 - c. The family will be responsible for paying for any rent or late fees accrued prior to the exemption request.
 - d. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees at the conclusion of the exemption.

(iii) All programs.

- (A) If the responsible entity determines there is no qualifying financial hardship exemption, the responsible entity must reinstate the minimum rent, including back rent owed from the beginning of the suspension. The family must pay the back rent on terms and conditions established by the responsible entity.
- (B) If the responsible entity determines a qualifying financial hardship is long term, the responsible entity must exempt the family from the minimum rent requirements so long as such hardship continues. Such exemption shall apply from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.
- (C) The financial hardship exemption only applies to payment of the minimum rent (as determined pursuant to § 5.628(a)(4) and § 5.630), and not to the other elements used to calculate the total tenant payment (as determined pursuant to §5.628(a)(1), (a)(2) and (a)(3)).

AHFC Policy

- 1. If AHFC determines the family does not have a qualifying financial hardship:
 - a. The minimum rent will be reinstated the first of the month following the end of the 90-day suspension period.
 - b. The family will not be subject to a late rent fee during the initial suspension period.
 - c. The family will be responsible for paying for any rent or late fees accrued prior to the exemption request.
 - d. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees.
- 2. If AHFC determines a hardship is long-term:
 - a. The minimum rent will be suspended until the end of the qualifying financial hardship.
 - b. The family will not be subject to a late rent fee during the initial suspension period.
 - c. The family will be responsible for paying for any rent or late fees accrued prior to the hardship exemption request.
 - d. The family will sign a payment agreement with AHFC for any suspended amounts and any accrued rent or late fees at the conclusion of the exemption.
- 3. AHFC will continue to calculate the total tenant payment in accordance with the policy in Chapters 3 and 4.

1.C Public Housing Escrow Requirement

HUD Regulation (24 CFR 5.630(b)(3))

Public housing: Grievance hearing concerning PHA denial of request for hardship exemption. If a public housing family requests a hearing under the PHA grievance procedure, to review the PHA's determination denying or limiting the family's claim to a financial hardship exemption, the family is not required to pay any escrow deposit in order to obtain a grievance hearing on such issues.

AHFC Policy

A family requesting the grievance procedure to appeal a minimum rent exemption hardship does not have to pay an escrow deposit.

2. Exemption Request

In order to qualify for an exemption, a family must complete and submit the Minimum Rent Exemption Request. The request must be submitted within fourteen (14) calendar days of:

1. the date of a Notice of Rent Change, **OR**
2. the date of a Notice to Quit and Lease Termination for Nonpayment of Rent, **OR**
3. the date of the financial hardship event.

If the family does not submit supporting documentation with their request, they have an additional five (5) calendar days to submit it to AHFC.

3. Exemption Committee

AHFC has established an Exemption Committee. This Committee will meet once a month, as needed, to evaluate and issue determinations on exemption requests.

3.A Exemption Options

Once a decision to grant an exemption is made by the Committee, the Committee may decide to:

1. Reduce the family's rent portion to an income-based formula;
2. Waive the minimum rent requirement;
3. Grant additional income allowances for unreimbursed, verified child care or medical expenses;
4. Any combination of the above.

3.B Minimum Rent Exemption Decision

Once a decision has been made, a Minimum Rent Exemption Decision will be issued to the family. The decision will include:

1. The date of the family's request.
2. The family's reason for the exemption request.
3. The exemption period requested.
4. The determination of whether the financial hardship is short or long term.
5. The determination of whether the exemption is approved or denied.
6. The family's right to grieve the decision.

The Public Housing Division Director has the discretion to overrule a decision of the Hardship Exemption Committee.

4. Definitions

Qualifying hardship is defined as a financial situation that can be categorized under Section 1.A above.

Short-term or temporary financial hardship is defined as a financial hardship that will last for more than 30 days, but less than 90 days.

Long-term financial hardship is defined as a financial hardship that will extend beyond 90 days. This hardship may last for an indefinite period, depending upon the nature of the financial hardship.

Administrative Desk Manual Minimum Rent Exemption