

Chapter 4

Initial Interview, Annual and Interim Reexaminations

1. Initial Eligibility Interviews

Conduct the interview, compute tenant portion of rent calculations with reference to Chapter 2 and obtain all required forms in accordance with Procedures this chapter. The client file will be compliance with Procedure requirements.

1.A Eligibility Verification

AHFC must obtain verification of eligibility no more than 90 days before initial certification for assisted housing. (24 CFR 982.201(e)) Annual Income, Allowances, Family Composition, Social Security Numbers, and Citizenship/Eligible Immigration Status must be verified at this time. Any applicants found to be ineligible at this stage will be sent a rejection letter.

1.B Rent Computations

When the application for admission has been approved, Total Tenant Payment will be computed using the federal formula: TTP equals the greater of 30 percent of monthly adjusted income, 10 percent of monthly income or Welfare Rent (if applicable), or \$25 minimum rent.

2. Verifications

2.A What Must be Verified

The family must supply any information that AHFC or HUD determines is necessary in the administration of the program. All information must be **true and complete**.

All information relative to the following items must be verified as described in this chapter's procedures.

Eligibility for admission, such as:

- income, assets, and asset income:
- family composition;
- Social Security Numbers;
- Status of citizenship or eligible immigration for all family members;
- local preferences, such as:
 - involuntary displacement or victims of domestic violence,
 - living in substandard housing or homeless, or

- paying more than 50 percent of monthly income for shelter (rent plus utilities),
 - persons with terminal illness,
 - working families,
 - Family Reunification, Child Welfare System participant, or
 - Veteran
- Allowances, such as:
- age, disability, or handicap, of family members,
 - minor children
 - full-time student status,
 - child care costs,
 - handicap expenses, and/or
 - medical costs (Elderly/Disabled Families only)
- Compliance with Applicant Selection Criteria, including, but limited to:
- previous history of tenancy or noncompliance with any AHFC or local, state, or local program,
 - money owed to AHFC or any other PHA,
 - criminal activity of any family member, and
 - Special Program Requirements, such as special needs housing.

2.B Methods of Verification

See Procedures.

2.C Period for Verifications

See HUD-4350.3 Multifamily Occupancy Handbook, page 5-60 (version 8/13) for verification timing. Verified information not subject to change (such as records of eviction, criminal activity, or a person's date of birth) need not be verified.

2.D Intentional Misrepresentation (Fraud)

Any information provided by the applicant found untrue may disqualify the applicant for admission on the basis of misrepresentation. AHFC considers intentionally provided or omitted false information about the following as grounds for rejecting an applicant.

- income, assets, and asset income;
- family composition;
- Social Security Numbers;
- Status of citizenship or eligible immigration for all family members;
- allowances, and
- previous tenant history or criminal history

2.E Verifications and Rent Computations

Annual Income, used to determine eligibility, and Adjusted Income, the income upon which rent is based, will be computed in accordance with the definitions and procedures established in Chapter 3.

Ineligible applicants will be informed of the specific reason(s) for their ineligible status and their right to an Informal Hearing if requested in writing within 10 business days of the rejection letter. Once the decision to reject is final, the application will be filed with other rejected applications.

3. Eligibility for Continued and Annual Re-Examinations

3.A Eligibility for Continued Occupancy

AHFC shall, at least once a year, reexamine the incomes of all tenant families. Only those who meet the following criteria will be eligible for continued occupancy. Those:

1. who qualify as a family in Chapter 2;
2. who are the remaining member of a tenant family;
3. who are in full compliance with the tenant's obligations and responsibilities as listed in the tenant's dwelling lease; and
4. whose family members each have Social Security numbers or can document and certify that they do not have a Social Security number.

Families who are paying the market rate are not required to recertify.

3.B Re-examination Procedures

AHFC will notify the tenant family in writing 120 days before the tenant's Annual Anniversary date. Generally, the recertification effective date is the anniversary of the first day of the month the tenant was admitted to the property. The tenant has ten days to contact AHFC in order to schedule an appointment for the reexamination..

1. At the time of the re-examination, all adult members will be required to sign an application for continued occupancy and other forms required by AHFC and HUD.
2. Employment, income, allowances, Social Security Numbers, and such other data as is deemed necessary will be verified, and all verified findings will be documented and filed in the tenant's folder.

3. Verified information will be analyzed and a determination made with respect to:
 - a) eligibility of the tenant as a family or as the remaining member of a family;
 - b) unit size required for the family; and
 - c) Rent the family should pay.
4. Income shall be computed in accordance with the definitions and procedures set forth in this policy.

3.C Failure to Respond to Notification

See HUD-4350.3 Multifamily Occupancy Handbook, pages 7-12 through 7-14 (version 6/07).

3.D Action Following Re-examination

1. Changes in the assistance payment are always effective on the recertification anniversary date.
2. Changes in tenant rent are also effective on the recertification anniversary date, unless AHFC is late in starting the recertification (e.g., less than 75 days before the recertification is due).
3. If AHFC is late, an increase in the tenant's rent cannot become effective until after the period covered by a 30-day notice from AHFC.
4. Tenants who respond to the first notice, second notice, or final notice are not considered late in processing. In each case, AHFC is required to provide a 30-day notice of the rent increase. These tenants may still have their assistance suspended as of the scheduled recertification date and may be required to pay the full market rent. However, after the tenant has complied with the recertification requirement, their rent will be reduced to the proper amount.
5. AHFC must take every reasonable effort to provide this 30-day notice prior to the scheduled effective date. This may not be possible where the tenant has not responded promptly to AHFC's notice.
6. If AHFC is not late in processing, the recertification will become effective as of the recertification anniversary date, even though the end of the period of the 30-day notice extends beyond this date.

3.E Penalties for Late Response

If the tenant does not supply the requested recertification information within the date specified in the second (follow-up) or third notices, AHFC may:

1. require the tenant to pay the higher, HUD-approved Market Rent for the unit; or
2. implement any rent increase resulting from the recertification processing without providing the 30-day advance written notice. These penalties may be

implemented only after the recertification processing steps as outlined in Section B and C above.

3. AHFC may require the tenant to pay the full Market Rent for the first rent period beginning after the end of the 10-day period specified in the third and final recertification notice. For example, if the 10-day period expired on May 10, AHFC could require the tenant to pay the Market Rent for June.

AHFC may continue to charge the Market Rent until the tenant submits the requested recertification information. When the tenant submits the required information, then AHFC may reduce the tenant's rent, effective the first of the month, to the amount of the previous assisted rent until the recertification process is completed and AHFC has computed the new rent. For example, the previous rent before penalty was \$250. The tenant pays full Market Rent (\$790), provides information requested, and rent is adjusted back to \$250.

4. If there are no extenuating circumstances, AHFC will continue the recertification process. After the recertification process is completed, the new rent is calculated and the tenant is notified of the amount and date the new rent is effective. The new rent is adjusted retroactively back to the scheduled recertification effective date (i.e., June 1).

3.F Extenuating Circumstances

1. If the tenant provides the required recertification information after the final notice but before the end of the month in which the 10-day period terminated, AHFC must inquire as to the reason for the late recertification. AHFC will consider if there were extenuating circumstances that would prevent the tenant from responding to the final notice. Extenuating circumstances may include, but not be restricted to, such circumstances such as hospitalization, severe illness or death in immediate family (tenant, mother, father, child) that takes the tenant out of town, or military personnel on overseas duty.
2. AHFC must notify tenant in writing as to whether or not the lateness is considered extenuating circumstances.
3. If AHFC determines that extenuating circumstances exist, the tenant may not be raised to market Rent for the anniversary effective date and the rent charge is set at the assisted rent the tenant had previously been paying.
4. If AHFC denies extenuating circumstances, the tenant may be charged market Rent for the anniversary effective date. The notice from AHFC must provide an opportunity, within 10 days of notification, to meet with AHFC staff to appeal the decision to raise the tenant to Market Rent. The tenant must follow the grievance procedure as outlined in Chapter 9, Grievance Procedure.
5. If AHFC determines that there were extenuating circumstances, AHFC will provide the tenant a 30-day notice of the prospective rent increase. If the tenant

rent increase is effective later than assistance payment decrease, AHFC will not be able to recover the difference.

6. If the tenant responds after the final notice, AHFC must charge the tenant for additional back rent owed. AHFC will then adjust previous billing to HUD.
7. AHFC may credit excess rent collected from the tenant to following month's rental charge if tenant was late in responding to the third notice. AHFC will then adjust billing to HUD to increase assistance payments back to the effective date of the tenant's rent increase.

4. Interim Re-Examinations

See Interim Examination Process, Exhibit 4-3.

5. Removal of Subsidy

Removal of a tenant's subsidy may allow AHFC to offer the assistance slot to another tenant and the originally assisted tenant will be required to pay the full Market Rent. However, AHFC may only remove the subsidy after complying with notice requirements and procedures set forth in Section 3 above.

Removal of the tenant's subsidy will not affect the tenant's other rights under the lease, including the right to occupy the unit.

6. Reinstatement of Assistance

If assistance was terminated because of the tenant's failure to recertify or because the tenant's income has increased to the point where the tenant is able to pay full Market Rent, the assistance may be reinstated if:

- an assisted unit is available,
- the tenant submits the required information within permitted time frames, or
- AHFC determines the tenant is eligible for assistance.

7. Changes in Gross Rent and Utility Allowances

AHFC may increase gross rents and utility allowances only after:

1. obtaining approval from HUD; and
2. complying with any applicable tenant comment and notice procedures required by HUD regulation.

Requests for increases in gross rents must:

1. be accompanied by an analysis of utility consumption and a recommended utility allowance for the succeeding year; or
2. if AHFC is requesting a new utility allowance because of a cumulative increase of 10% or more in the current utility allowance.
3. AHFC must implement the HUD-approved changes in utility allowances within 75 days.

7.A Gross Rent Changes

Gross rent changes do not acquire AHFC to conduct any interim reexaminations of tenant's income and expenses, or change the annual recertification schedule.

8. EIV Reports

See Enterprise Income Verification (EIV) System exhibit for deadlines to pull reports and resolve discrepancies.

Numbered Memo

19-13m Updates to EIV Report Deadlines