

Exhibit 4-3

Interim Examination Process

HUD Regulation – 24 CFR 5.657(c)

Interim reexaminations. A family may request an interim reexamination of family income because of any changes since the last examination. The owner must make the interim reexamination within a reasonable time after the family request. The owner may adopt policies prescribing when and under what conditions the family must report a change in family income or composition.

HUD Regulation – 24 CFR 880.603(c)(2)

(2) Interim reexaminations. The family must comply with provisions in its lease regarding interim reporting of changes in income. If the owner receives information concerning a change in the family's income or other circumstances between regularly scheduled reexaminations, the owner must consult with the family and make any adjustments determined to be appropriate. Any change in the family's income or other circumstances that results in an adjustment in the Total Tenant Payment, Tenant Rent and Housing Assistance Payment must be verified. See 24 CFR part 5 for the requirements for the disclosure and verification of Social Security Numbers at interim reexaminations involving new family members. For requirements regarding the signing and submitting of consent forms for the obtaining of wage and claim information from State Wage Information Collection Agencies, see 24 CFR part 5. At any interim reexamination after June 19, 1995, when a new family member has been added, the owner shall follow the requirements of 24 CFR part 5 concerning obtaining and processing evidence of the citizenship or eligible immigration status of any new family member.

HUD Multifamily Occupancy Handbook 4350.3

Owners must process an interim recertification if a tenant reports:

1. A change in family composition;
2. An increase in a family's cumulative income of \$200 or more a month;
3. An increase in allowances (e.g., number of dependents, a new disability assistance expense);
4. Most decreases in income except in the circumstance described in subparagraph D below; or
5. A change in citizenship or eligible immigration status of any family members.

Subparagraph D: Owners may refuse to process an interim recertification when the tenant reports a decrease in income only if the following apply:

1. The decrease was caused by a deliberate action of the tenant to avoid paying rent. For example, the owner receives documented evidence that a tenant quit a job in order to qualify for a lower rent.
2. The owner has confirmation that the decrease will last less than one month. For example, an owner receives confirmation from the tenant's employer that the tenant will be laid off for only two weeks.
 - a. If the owner determines that the decrease in income will last less than one month, the owner may choose, but is not obligated, to process an interim recertification.
 - b. The owner must, however, implement this policy consistently for all tenants in the property who experience a decrease in income that will last for less than one month.

AHFC Policy

1. AHFC is choosing to not pursue this option at this time.
2. All changes to family composition must be reported, in writing, to AHFC within ten (10) business days of the change.
3. AHFC will process any addition or removal of a member to the household when it is timely reported as an interim examination. Additions or removals that occur within the regular examination processing period will occur in conjunction with the regular examination.
4. AHFC will not process an interim examination of income unless the family's gross monthly income increases by \$200 or more.

1. Family Income Decrease

All requests require verification and must be made to AHFC in writing. The family will also be required to certify that family total gross income has decreased. The following types of income changes are not eligible for an interim decrease:

- fluctuations in permanent fund dividends or Native distributions;
- income sources that are annualized based on the prior year's receipts (seasonal slow-downs, layoffs, or employment such as fishery work, school bus drivers, or teachers) unless the loss of income is anticipated to be permanent;
- changes in HUD-excluded income sources.

2. Family Composition

See Exhibit 2-1 to properly document and verify changes to family household members.

2.A Occupancy Standard

If a reported change results in a change to the family's unit size, the family may be placed on a transfer list for the appropriate sized unit. See AHFC's Transfer Policy.

2.B Income Changes Resulting from Composition Changes

AHFC will always process a change in family composition. Changes to family composition may result in changes to family income and rent. AHFC will only process changes to income from composition changes when that change:

- Will result in a change lasting more than 30 days **AND**
- Will increase gross monthly income by \$200 or more.

3. Family Circumstances

Families may experience changes in their composition or circumstances (i.e., reaching age 62, a minor reaching age 18, eligibility for Social Security disability, etc.) that may result in a change in eligibility for deductions. If a family's circumstance or composition change results in this type of change, AHFC will apply the change at the family's next regular examination.

If the change results in eligibility for monetary benefits, AHFC will only process the change if it will increase gross monthly income by \$200 or more. Otherwise, the change will be added at the family's next regular examination.

4. Changes Due to Welfare Decreases

By law, the family share may not decrease as a result of a reduction in welfare benefits due to welfare fraud by a family member or the family's failure to comply with work activities or participation in an economic self-sufficiency program, if verified by the welfare agency.

5. Effective Date of Rent Changes

It may be necessary to activate a rent change prior to receiving verification if the change happens late in the month.

5.A Increases

When a family reports changes in income in a timely manner, any rent increase becomes effective the first of the month following the next rental due date (for example, reported in June, rent increase effective on August 1).

If the family failed to report the change in a timely manner, any rent increase will be made retroactive to first of the month following the month in which the income was

received (for example, reported in June, income started in February, rent increase effective March 1). The household must repay AHFC any overpaid subsidy.

5.B Decreases

If any delay in reporting was beyond the control of the family, the reduction becomes effective the first of the month after the month the interim examination should have been completed. For example, adult was hospitalized in April, had no wages, and reported in June. AHFC may begin the decrease effective May 1.

If the new rent is a reduction and the household caused the delay or did not report the change in a timely manner, the change will be effective the first of the month after the rent amount is determined. For example, adult lost her job in March and did not report it until July. The reason for not reporting was that she forgot. AHFC may begin the decrease effective August 1.

6. Special Income Examinations

AHFC will schedule special examinations at a frequency and duration determined necessary by AHFC when a family's income is too unstable to project for 12 months. The initial special examination will be scheduled no later than 90 days from the interview date.

- If the rent will increase due to a special income examination, the rent increase will take place the first of the month following the next rental due date (i.e. examination completed in June, rent will change August 1).
- If the rent will decrease due to a special income examination, the rent decrease will take place at the beginning of the next rental period (i.e. examination completed in June, rent will change July 1).

7. 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