

Exhibit M-2

Allegations, Family Errors, and Misrepresentation

AHFC and its partner, NeighborWorks Alaska (NWA), accept and investigate allegations of program violations and possible misrepresentation in all rental assistance programs. This policy sets forth AHFC's allegation acceptance and investigation process, determination of family errors or misrepresentation, and file audit process. NWA is responsible for determining its procedures for these types of actions.

HUD Regulation 24 CFR 5.659(b)

Family obligation to supply information.

(4) Any information supplied by the family must be true and complete.

HUD Regulation 24 CFR 880.607

(b) Entitlement of Families to occupancy

(1) Grounds. The owner may not terminate any tenancy except upon the following grounds:

(i) Material noncompliance with the lease;

(3) Material noncompliance.

(ii) Failure of the family to timely submit all required information on family income and composition, including failure to submit required evidence of citizenship or eligible immigration status (as provided by 24 CFR part 5), failure to disclose and verify Social Security Numbers (as provided by 24 CFR part 5), failure to sign and submit consent forms (as provided by 24 CFR part 5), or knowingly providing incomplete or inaccurate information, shall constitute a substantial violation of the lease.

1. Allegations

AHFC and NWA protect the privacy of families and their income information in accordance with the Privacy Act (Overall Approach chapter) and the Information Requests exhibit.

NWA will maintain policies and procedures for:

- A complaint process
- An investigative process
- A file audit process
- A family interview process

2. Determination of Misrepresentation

HUD Regulation 24 CFR 880.607(b)

Entitlement of Families to occupancy.

(1) Grounds. The owner may not terminate any tenancy except upon the following grounds:

(i) Material noncompliance with the lease;

(3) Material noncompliance.

(i) Material noncompliance with the lease includes:

(A) One or more substantial violations of the lease;

(ii) Failure of the family ... or knowingly providing incomplete or inaccurate information, shall constitute a substantial violation of the lease.

Based on the information gathered during the investigative process, NWA will determine if a family's action was an error or misunderstanding of program rules or an intentional program violation.

- Families will be required to repay any overpaid subsidy as a result of the investigation.
- Families determined to have committed an unintentional mistake or error will be counseled and allowed to continue rental assistance.
- Families determined to have committed an intentional program violation may be terminated. When appropriate, these cases may be referred for further prosecution.

3. Definitions

3.A Allegation

1. Allegation¹ means a positive assertion, especially of misconduct.
2. An assertion unsupported and by implication regarded as unsupportable.

3.B Error

1. Error¹ means an act involving an unintentional deviation from truth or accuracy.
2. An act that through ignorance, deficiency, or accident departs from or fails to achieve what should be done.
3. Something produced by mistake.

¹ Merriam-Webster Dictionary, accessed March 12, 2020.

3.C Fraud

Fraud² is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act on it to his or her injury.

3.D Misrepresent

Misrepresent¹ means to give a false or misleading representation of, usually with an intent to deceive or be unfair.

3.E Mistake

1. Mistake¹ means to misunderstand the meaning or intention of; misinterpret.
2. A wrong judgment or a wrong action or statement proceeding from faulty judgment, inadequate knowledge, or inattention.

3.F Unintentional

Unintentional¹ means not done by intention or design.

Numbered Memo

21-30 Chapter 13 Charges, Payments, and Collection

² U.S. Department of Housing and Urban Development, Office of Inspector General Office of Investigation. "Detecting, Preventing, and Reporting Fraud."