

Exhibit 4-3

Interim Examination Process

HUD Regulation – 24 CFR 960.257(c)

PHA reexamination policies. The PHA must adopt admission and occupancy policies concerning conduct of annual and interim reexaminations in accordance with this section, and shall conduct reexaminations in accordance with such policies. The PHA reexamination policies must be in accordance with the PHA plan.

HUD Regulation – 24 CFR 960.257(b)

- (1) A family may request an interim reexamination of family income or composition because of any changes since the last determination.
- (2) The PHA must make the interim reexamination within a reasonable time after the family request. The PHA must adopt policies prescribing when and under what conditions the family must report a change in family income or composition.

AHFC Policy

1. All changes to family composition must be reported, in writing, to AHFC within ten (10) business days of the change.
2. Under AHFC's Moving to Work Activity 2014-1 Reasonable Rent and Family Self-Sufficiency Initiative approved by AHFC's Board of Directors on February 27, 2013 with Resolution No. 2013-11, AHFC will no longer conduct interim examinations due to changes in income in the Step and Classic Programs. If a family experiences a change in circumstances resulting in a financial hardship, the family may apply for an exception under AHFC's Bridge Process. For more information, see Chapter 10.

1. Family Income

Families are not required to report changes in income between regular examinations.

1.A Step

AHFC will not complete interim changes in rent based solely on changes to household income between regular examinations.

1.B Classic

Classic families who experience a decrease in gross annual income may request an interim rent change. Changes must:

- Be expected to last for more than 30 days **and**
- Result from the complete loss of an unearned income source or reduction or loss of earned income

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.

Families receiving an interim rent decrease will be scheduled for a full examination on the first anniversary of the regular examination date following completion of the decrease. The family will then be eligible to be returned to the triennial examination schedule.

2. Family Composition

See Qualify as a Family to properly document and verify changes to family household members.

2.A Step Term

Changes in family composition (additions or deletions) have no effect on a family's term under Step. When adult household members are added, the Step schedule remains the same; the new adult household member's participation will end on the same schedule established at the family's initial participation even if all of the original adult household members leave the family.

2.B 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. Families on the Step Program will continue to pay rent based on the Contract Rent for the size of unit they occupy. See AHFC's Transfer Policy.

2.C Income Changes Resulting from Composition Changes

AHFC will always process a change in family composition.

2.C.1. Step Program (Year 1)

AHFC will not change the family's rent schedule unless the change results in an occupancy standard change (follow policy in Occupancy Standard above). AHFC will remove a departed family member's associated income under the following situations:

1. When minors have permanently left the household.
2. When the perpetrator of domestic violence against other family members is removed from the family.
3. When a family member has died.

When there is an income loss, AHFC will process a change to the family's Public Housing Step Rent Calculator to account for the change.

2.C.2. Step Program (Years 2 through 5)

Families on a fixed rent schedule will not have a change to their income processed as these families pay a percentage of the Contract Rent for the unit they occupy. Individual family member income contributions do not contribute to the family's rent.

If the household composition qualifies as a Classic Program family after removal of an individual, AHFC will process the change in classification using the Residential Lease Agreement Addendum.

2.C.3. Classic Program

Changes to family composition may result in changes to family income and rent. AHFC will process these changes as follows.

1. Minors or Classic Adults
AHFC will process the change to family composition and income for additions or deletions of household members.
2. Addition of Work-Able Adult
The addition of a work-able adult will result in the family's reclassification to the Step Program at the family's next lease anniversary date. If the addition is approved between lease anniversary dates, an interim examination will be completed to add the family member. AHFC and the family will sign the Residential Lease Agreement Addendum to add the family member to the lease. No change will be made to the family's scheduled rent.

The family's next lease anniversary date, if not already scheduled to be a regular examination, will become their regular examination. A full examination of family composition and income will be completed to prepare the family for entry into the Step program. Any change in tenant rent resulting from the examination and the Residential Lease Agreement Addendum designating the change in program will be effective on the lease anniversary date. The family will be subject to all requirements under the Step Program.

- a) If the return to Step occurs more than 12 months from the change to Classic, then start the Classic family back at Step Year 1.

For example: the Alydar family began the Step Program in April 2019 in Step Year 1. They changed to the Classic Program in August 2020. In December 2021, a work-able adult was added. As of February 1, 2022 (30 days for family portion increase), the family starts on Step Year 1, month 1.

- b) If the Classic family is returning to the Step Program within less than one calendar year, the family will not restart the Step program over at Year 1.

- 1) Families who changed to Classic in Step Year 1 to Classic will begin at month 1 of Step Year 2.

For example: the Shuvee family began the Step Program in June 2021 in Step Year 1. They changed to the Classic Program in October 2021. In February 2022, a work-able adult was added. As of April 1, 2022 (30 days for family portion increase), the family will begin on Step Year 2, month 1.

- 2) Families who changed to Classic in Step Years 2 through 5 (and any extension period) will begin at month 1 of the Step Year at time of change.

For example: the Johnstown family began the Step Program in March 2019 in Step Year 1. They completed their regular examinations in March 2020 and March 2021. In July 2021, they changed to the Classic Program; in January 2022 as part of the regular examination process, they added a work-able adult. In March 2022, the family started on Step Year 3, month 1.

3. Family Circumstances

Families may experience changes in their composition or circumstances (i.e., reaching age 62, a minor reaching age 18, etc.) that may result in a change in program classification. If a family's circumstance or composition change results in a change in program designation (Classic to Step or Step to Classic):

- If there is no income hardship from the change, AHFC will apply the change in designation at the family's next regular examination.
- If an income hardship occurs from the change, AHFC will process these as an interim examination. See the Reasonable Accommodations exhibit, Change to Classic Designation, for persons unable to verify they meet Classic qualifications.

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

23-04 Exhibit 4-3 Interim Examination Process