

Exhibit 4-3

Interim Examination Process

Regulations at 24 CFR 982.516(b) require AHFC to establish policies describing when and under what circumstances a family must report a change in income or composition. Regulations also state that a family may request an interim examination of family income or composition between regular examinations, and AHFC must respond to those requests in a reasonable time. This exhibit explains what changes families must report to AHFC and what changes will result in an interim change in rent between regularly scheduled examinations.

4-3.1 MOVING TO WORK: CLASSIC, STEP, AND SET-ASIDE PROGRAMS

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, Classic, and Set-Aside 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.

4-3.1.A Family Income

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

1. Step and Set Asides

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

2. 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 loss of an unearned income source or the loss or reduction of an earned income source

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 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.

4-3.1.B Family Composition

All changes to family composition must be reported, in writing, to AHFC within **ten (10) business days** of the change. See Exhibit 2-1 to properly document and verify changes to family household members.

1. Subsidy Standard

If a reported change results in a change to the family's subsidy standard (subsidy level or bedroom size), the change will be processed at the family's next regular examination or if the family moves, whichever is first.

2. Income Changes Resulting from Composition Changes

AHFC will always process a change in family composition.

a. Set Aside and Step (Year 1 Only) Programs

AHFC will not increase the family rent due to income from a person being added to the household until the next regular examination.

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.

b. Step Program (Years 2 through 5)

Families on a fixed subsidy will not have a change to their income as these families are receiving a percentage of the payment standard as subsidy. Individual family member income contributions do not contribute to the subsidy.

c. Classic Program

Changes to family composition may result in changes to family income. 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
Once the adult is approved, AHFC will conduct a complete income examination for the family and change the family's classification to the Step Program. AHFC will conduct a Step Program briefing with the family to ensure the family is aware of their responsibilities under the Step Program.

4-3.1.C 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 program classification. If a family's circumstance or composition change results in a change in program designation (Classic to Step or Step to Classic), staff will apply the change in designation at the family's next regular examination.

4-3.2 TRADITIONAL PROGRAMS

Annual Plan Activity 2010N-1 Interim Reexamination Policy approved by the AHFC Board of Directors on April 23, 2009 and implemented December 7, 2009 revised AHFC's interim examination policy. The purpose of this policy is to encourage Traditional Program work-able families to seek and retain employment.

4-3.2.A Family Income

AHFC will exclude any incremental increase in income due to new wages or an increase in wages when reported between regular examinations. All income will be included at the regular examination. New employment refers to income from a new source, not seasonal income that resumes after a predictable slowdown or lay-off. These seasonal activities include: layoffs in the summer for a school bus driver and layoffs in the fall or winter for a hotel housekeeper or fishing industry worker. Seasonal income will be averaged at the regular examination. See Chapter 3, *Income Averaging*, for more information on how to calculate annual income.

Interim examinations are required for Traditional Program families for the following:

1. The income change is expected to last longer than 30 days.
2. Families report an increase in unearned income.
3. Families classified as minimum income households report an income increase.
See Chapter 3 for the definition of a minimum income household.

4. Families report an increase in family income because a person with income joins the family.
5. Any time the family requests one for:
 - a. Decreases in actual family income. Actual family income means the total income of all family members including income that AHFC may be disregarding.
 - b. Increases in medical or child care expenses.
6. Except in cases of welfare fraud, AHFC will cease to include welfare income when the benefits are terminated and the welfare case is closed. If a reduction in income results from the expiration of a lifetime limit on welfare benefits or a loss of benefits due to reasons other than non-compliance, AHFC will calculate the family's share of rent on the basis of actual family income.

4-3.2.B Family Composition

All changes to family composition must be reported in writing to AHFC within **ten (10) business days of the change**. See Exhibit 2-1 to properly document and verify changes to family household members.

1. Removal or Loss of Family Members

AHFC will remove only the income associated with the departed family member.

2. Addition of Family Members

AHFC will add only the income associated with the new family member.

4-3.3 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.

4-3.4 SAFETY NET REQUESTS

Families that were participants as of February 1, 2014 and transition from the traditional calculation to the rent reform calculation may request a one-time, hardship based on a change in income or family composition. See the Safety Net in Chapter 10.

4-3.5 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.

4-3.5.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 housing payment made to a landlord.

4-3.5.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. Staff 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. Staff may begin the decrease effective August 1.

4-3.6 SPECIAL INCOME EXAMINATIONS

AHFC will schedule special examinations at a frequency and duration determined necessary by AHFC staff 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).

4-3.7 EIV REPORTS

See Chapter 4 for deadlines and Exhibit 3-4 for procedures to resolve discrepancies.

Forms

None

Administrative Desk Manual

Income and Rent Calculations (Chapter 3)

Enterprise Income Verification (EIV) Income Discrepancy Report (Chapter 3)