

Sample EIV – Enterprise Income Verification System Use Policies Property _____

<i>General EIV Discrepancy Administration</i>	2
EXISTING RESIDENT AND APPLICANT NOTIFICATION	2
REPORT REVIEWED DURING THE FINAL ELIGIBILITY REVIEW	3
EXISTING TENANT REPORT	3
<i>EIV Reports Quick Chart- How and when to use</i>	4
FAILED EIV PRE-SCREENING AND FAILED VERIFICATION REPORTS	5
<i>Addressing Data Entry Errors</i>	5
<i>Meeting with the Resident</i>	6
<i>Addressing Valid Discrepancies for the failed pre-screening and/or failed verification report</i>	6
<i>Invalid Data in EIV – Failed Verification</i>	6
<i>Recordkeeping – Failed Verification</i>	6
DECEASED TENANT REPORT.....	7
<i>Recordkeeping – Deceased Resident</i>	7
NEW HIRES REPORT.....	7
<i>Investigating the Household Situation</i>	8
<i>No Requirement to Report</i>	8
<i>Meeting with the Resident – New Hires</i>	8
<i>Invalid Data in EIV – New Hires</i>	8
<i>Recordkeeping – New Hires</i>	9
MULTIPLE SUBSIDY REPORT.....	9
<i>Investigating the Household Situation</i>	9
<i>Meeting with the Resident – Multiple Subsidy</i>	10
<i>Invalid Data in EIV – Multiple Subsidy</i>	10
<i>Recordkeeping – Multiple Subsidy</i>	10
REPORTING AT INITIAL, ANNUAL AND INTERIM CERTIFICATION	11
INCOME REPORT	11
SOCIAL SECURITY BENEFITS	11
<i>Using the EIV Printout as 3rd Party Verification of Social Security Income</i>	11
<i>Including the Medicare Part B Deduction in the Assistance Calculation</i>	11
<i>Incorporating the Cost of Living Adjustment (COLA) Increase</i>	12
<i>Addressing Unexplained Social Security Deductions</i>	12
<i>Obtaining Alternative/Additional Verification of Social Security Income</i>	13
NDNH - WAGE AND UNEMPLOYMENT COMPENSATION	13
<i>Employment & Employment Income Verification</i>	13
<i>3rd Party Verification of Unemployment, Employment, Employment Income</i>	15
<i>Unemployment Income</i>	15
<i>Irregular Income - Using Income Reflected for the Past 12 Months</i>	16
<i>Recordkeeping – Income Reports – Employment/Income Verification</i>	16
EIV DISCREPANCY REPORTING	ERROR! BOOKMARK NOT DEFINED.
INCOME DISCREPANCY REPORT	16
<i>Effective Date Changes in Household Rent/Assistance for Interim Certifications Initiated as a Result of Income Discrepancy Investigation</i>	17
<i>Investigating Income Discrepancies</i>	18
<i>Addressing Data Entry Errors</i>	18
<i>Addressing Valid Income Discrepancies</i>	19
<i>Invalid Data in EIV – Income Discrepancy</i>	20
<i>Recordkeeping – Income Discrepancy</i>	20
NO INCOME REPORT.....	20
POLICIES FOR RE-VERIFICATION OF STATUS OF TENANTS REPORTING ZERO INCOME	21

General EIV Discrepancy Administration

EIV reports will be produced and reviewed by staff responsible for:

- HUD eligibility determination
- HUD discrepancy analysis
- HUD compliance monitoring
- HUD compliance training

Reports will be produced, secured and maintained in accordance with the property's EIV Security Policy.

When information in EIV indicates potential errors in the eligibility determination or assistance calculation, documentation of the investigations of such errors will be maintained in:

- The resident/applicant file
- The EIV Discrepancy Log

EIV Discrepancy Logs are used to record responses to unresolved EIV discrepancies throughout the year. Since all EIV errors are not the result of errors in TRACS or resident non-compliance, it is helpful to maintain a record of response to errors in one place. EIV Discrepancy Logs will be maintained for each year.

The EIV Discrepancy Log is divided into 3 categories:

1. Existing Resident Discrepancies (From the Existing Resident Report)
2. Failed Verification/Deceased Resident Discrepancies
3. Income/Employment Discrepancies

Information tracked in the EIV Discrepancy Log includes:

- HOH Name
- Unit Number
- Name of Member with Discrepancy
- Brief Description of Discrepancy
- Date Notice Sent
- Date Meeting Scheduled
- Resolution
- Close Date
- Miscellaneous Notes

More detailed information is maintained in the applicant/resident file.

Existing Resident and Applicant notification

Existing residents and applicants will be notified of the implementation of EIV through the Resident Selection Plan and the HUD EIV and You pamphlet. Existing residents have been provided the



brochure no later than 1/31/2010 and will be offered the brochure again at least annually as part of the recertification process. Applicants will be provided the EIV and YOU brochure along with their application or on or before move-in.

Report Reviewed During the Final Eligibility Review

Currently, there is only one EIV report available that provides information about *applicants*. This is the **Existing Tenant Report**. The Owner/Agent uses this report during the final eligibility interview. Information about how this report is used during the screening process is described in the current Resident Selection Plan.

EXISTING TENANT REPORT

All applicants **MUST** disclose if they are currently receiving HUD housing assistance. The Owner/Agent will not knowingly assist applicants who will maintain a residence in addition to the HUD-assisted unit.

HUD provides the Owner/Agent with information about an applicant's current status as a HUD housing assistance recipient. The Owner/Agent will use the **Existing Tenant Report**, during the final eligibility review, to determine if the applicant or any member of the applicant household may be receiving HUD assistance. Copies of the report will be maintained in the applicant/resident file in accordance with HUD's recordkeeping requirements.

Since the applicant is required to provide current landlord information on the application, the Owner/Agent should be aware of the housing assistance. Nothing prohibits a HUD housing assistance recipient from applying to this property. However, the applicant must move out of the current property and/or forfeit any HUD voucher before HUD assistance on this property will begin. Special consideration applies to minor children where both parents share 50% custody or to applicants who are part of a "split" household.

The report gives the Owner/Agent the ability to coordinate move-out and move-in dates with the resident and the PHA or Owner/Agent of the property at the other location. The Owner/Agent will follow-up with the respective PHA or Owner/Agent to confirm the individual's program participation status **before admission**. In addition, applicants will be notified that assistance will not be provided in the new unit until the day after assistance stops in the residence identified in EIV (dual subsidy).

If the applicant or any member of the applicant household fails to fully and accurately disclose receipt of HUD assistance or rental history on the application, the applicant will be denied based on "misrepresentation" of information. If the Owner/Agent discovers a discrepancy, the applicant will be notified and will have **5 business days** to respond to the inquiry.

Failure to respond to Owner/Agents requests for additional information and/or providing false or incomplete information will result in denial and removal from the waiting list in accordance with the property's current Resident Selection Plan. Unintentional errors that do not cause preferential treatment will not be used as a basis to deny assistance.



EIV Reports Quick Chart- How and when to use

Report	Frequency	Use this report to
Failed EIV Pre-Screening Report	Monthly	Verify personal identifiers such as SSN, Last Name or DOB sent to TRACS. Any invalid data on this report must be corrected by Owner/Agents. O/A must confirm data with tenants and if applicable, send a HUD-50059 to correct the discrepancy in the TRACS system.
Failed Verification Report	Monthly	This report checks personal identifiers with data in SSA. O/A must identify those records with errors and follow up to correct inaccurate information by conferring with the tenant. They must also obtain third party verification or documentation to support the tenant's personal identifiers and the accuracy of the HUD-50059 and TRACS data.
Existing Tenant Report and Multiple Subsidy Report	At admission At least Quarterly and at all recertification's	These 2 reports check for double subsidy in Multifamily programs and/or Public Housing Programs one before admission and one after. If the report indicates a possible double subsidy situation, the O/A should discuss this with the applicant/resident and if necessary the PHA or other O/A before admitting the applicant or recertifying the resident.
Deceased Tenant Report	At least Quarterly and at all recertification's	Use this report to identify potential subsidy payments to deceased tenants or household members. O/A must confirm with the house-hold, next of kin or emergency contact person on the status of the individual. If deceased, the O/A must update the HUD-50059; if a single member household is identified as deceased, O/A should terminate tenancy and update any errors in TRACS records.
Income Report	At all recertification times	The income report must be used to verify the employment and income of the tenants. The income report serves as third party verification of employment, and third party verification of income for SSA and unemployment, unless the tenant disputes the employment or income information reported. If tenant disputes this information, O/A must note this on the report and follow established guidance for obtaining 3rd party verification directly from the income source. NOTE: EIV data does not serve as third party verification of income for employment. Other 2nd party documents must be obtained for this purpose.



No Income Report	At all Re-certification's	O/As must have a policy to re-verify the status of tenants reporting \$0 income at least quarterly and to use EIV to determine if any income has been reported since the last certification.
New Hires Report	At least Quarterly and at all recertification's	The new hires report provides information on households who have started new jobs within the last six months. This database is updated monthly. O/A should contact the resident for any discrepancies noted in the report, and resolve.
Income Discrepancy Report	Monthly and at all recertification's	The income discrepancy report identifies tenants whose income reported in TRACS differs by more than \$2400 a year from the actual income reported by SSA and HHS. O/As are required to review and resolve any discrepancies in income reported on the income discrepancy report

****NOTE: Copies of all reports ran, even if they are returned with no data, such as the Existing Tenant Search, must be printed and retained in the resident file, with the application or in the monthly report binder, as appropriate.**

FAILED EIV PRE-SCREENING AND FAILED VERIFICATION REPORTS

Failed Pre-Screening Reports indicate that SSA information provided on HUD Form 50059 failed some level of audit. Previously, these records were returned to the Owner/Agent through the TRACS mailbox. This report **MUST** be reviewed on a monthly basis, as well as at all annual and interim recertifications, and discrepancies addressed.

Failed Verification Reports identify household members who failed the SSA identity match due to invalid personal identifiers.

- Incorrect Social Security Number and/or
- Date of birth and/or
- Incorrect last name

Usually, Failed Verification Reports are returned when there are data entry errors. However, other factors can create errors. The methods for addressing information on both reports are the same and are described below:

Addressing Data Entry Errors

The Owner/Agent will review the resident file to determine if a simple data entry error caused this discrepancy. If the Owner/Agent discovers a data entry error, the corresponding 50059 must be corrected within 30 days. This corrected certification must be signed by all adult household members, as specified by HUD, and the new, corrected, signed 50059 must be transmitted to the Contract Administrator and/or HUD.



Meeting with the Resident

If the reason for the Failed Pre-Screening and/or Failed Verification Report discrepancy cannot be identified after a simple file review, the Owner/Agent will issue a notice to the affected resident and notify him/her that the Social Security Number, date of birth and/or last name is producing discrepancies. The resident will have **10 business days** to respond to the notice. Failure to respond will result in termination of assistance and/or tenancy pursuant to the HUD Handbook 4350.3 guidance as appropriate.

During the meeting with the resident, the Owner/Agent will discuss the discrepancy. In some cases, the Owner/Agent may request additional verification of the information provided. The Owner/Agent has the right to determine the veracity of the verification documents provided.

Addressing Valid Discrepancies for the Failed Pre-Screening and/or Failed Verification Report

If the information provided by the resident was inaccurate, the Owner/Agent will issue a notice of “material lease violation” and begin the process to terminate assistance and/or tenancy as appropriate. Unintentional errors that do not cause preferential treatment will not be used as a basis to terminate assistance and/or tenancy.

If the Owner/Agent discovers that the Social Security Number provided was incorrect, the Owner/Agent is required to attempt to recover subsidy paid in error. In these cases, the Owner/Agent will:

- Create/correct appropriate certifications and
- Request all “assistance paid in error” is returned to HUD in one lump sum or
- Require that all “assistance paid in error” is returned to HUD as scheduled in an executed repayment agreement

If the resident refuses to sign the verification documents or attempts to refuse to return assistance paid in error, the Owner/Agent will take appropriate action up to and including termination of assistance and/or tenancy and pursuit of fraud.

Invalid Data in EIV – Failed Verification

If the resident claims that the information provided by EIV is inaccurate, the resident must sign appropriate verification release forms and assist the Owner/Agent in efforts to obtain verification of the information provided. The Owner/Agent will encourage the resident to contact the Social Security Administration to correct any inaccurate data in their databases.

In these cases, the **Pre-Screening Report or Failed Verification Report** will be printed and the Owner/Agent will note when the discrepancy was reviewed and verification documents support the information submitted on the resident’s 50059 certification. The Owner/Agent will also describe contact with the resident and document efforts to communicate that he/she should attempt to resolve the discrepancy with the Social Security Administration.

Recordkeeping – Failed Verification

Since Social Security identification discrepancies can impact program eligibility, the Owner/Agent will maintain detailed information about discrepancy investigation and resolution. This information will be maintained in the resident file with the “Move-in” information so that the explanation is not inadvertently archived when files are purged. Unresolved discrepancies will also be documented in the EIV Discrepancy Log.



When both the Failed Pre-Screening and Failed Verification Reports are generated monthly, even if the reports return no results, the report will be printed and retained in the EIV periodic report binder for the corresponding property. This binder will be provided to the Contract Administrator at Management and Occupancy Review.

DECEASED TENANT REPORT

This report identifies residents who are currently reflected in TRACS as existing/active residents and who have been identified by SSA as deceased. **This report will be reviewed quarterly, and at all annual and interim recertifications.** The Owner/Agent will confirm with the head-of-household, next of kin or emergency contact person to find out if the resident has passed away. If so, the Owner/Agent will create an interim 50059 to update the household composition and re-calculate assistance.

The Owner/Agent will refer to HUD instruction provided in HUD Handbook 4350.3 when working with the resident and creating the interim certification.

In the case where the deceased resident is the sole member of a household, the Owner/Agent will process a move out HUD-50059A in accordance with the HUD Handbook 4350.3, Chapters 7, 8 and 9 and with HUD's MAT Guide.

If the Owner/Agent verifies that the resident is not deceased, the Owner/Agent will encourage the resident to contact the SSA to get the discrepancy resolved. In some cases, the Owner/Agent may opt to waive minimum rent if financial assistance is temporarily terminated.

Recordkeeping – Deceased Resident

The Owner/Agent will maintain detailed information about discrepancy investigation and resolution. This information will be maintained in the resident file with the "move-out" information. Unresolved discrepancies will also be documented in the EIV Discrepancy Log.

When the Deceased Tenant Report is generated quarterly, even if the report returns no results, the report will be printed and retained in the EIV periodic report binder for the corresponding property. This binder will be provided to the Contract Administrator at Management and Occupancy Review.

NEW HIRES REPORT

This report provides employment information for residents who may have started new jobs. The information in this report is updated monthly. Since most employers report information on new hires to their state within 30 days of the hire date, an Owner/Agent may know within 60 days whether a resident has started a new job.

To ensure timely rent adjustments, this report will be reviewed quarterly as well as at all annual and interim recertifications. The Owner/Agent will not deny, suspend, or reduce any benefits of a resident until the Owner has taken appropriate steps to independently third party verify information relating to:

1. The amount of the wages, other earnings or income, or unemployment compensation involved;
2. Whether such resident actually has (or had) access to such wages, other earnings or income, or benefits for his or her own use; and
3. The period (or periods) when, or with respect to which, the resident actually received such wages, other earnings or income, or benefits.



Investigating the Household Situation

The first thing the Owner/Agent will do when there is undisclosed new employment is investigate the resident's requirement to report. The following resident reporting requirements are in place:

- An adult member of the household who was reported as unemployed on the most recent certification or recertification obtains employment; or
- The household income cumulatively increases by \$200 or more per month
- There is a change in household composition

No Requirement to Report

If the household member identified in EIV's New Hires Report was previously employed, the Owner/Agent will not contact the resident. Residents must be given the benefit of the doubt. Residents have no requirement to report a new job if the household cumulative income increases by less than \$200 per month (\$2400 per year) or if the household income decreases.

In these cases, the printout will be maintained in the resident file and discussed with the resident during the next certification interview.

Meeting with the Resident – New Hires

If a resident fails to report as required, the household will be provided with a notice, in accordance with HUD Handbook 4350.3. The household will be required to meet with the Owner/Agent within 10 days of the notice or face termination of subsidy.

During the meeting, the resident will be asked if the information in EIV is accurate. The resident will be required to sign appropriate verification release forms so that the hire date and income information can be verified with the employer. Based on the information provided, an interim certification will be created. The resident will be required to return to HUD any assistance paid in error.

In these cases, the Owner/Agent will:

- Request all "assistance paid in error" is returned to HUD in one lump sum
- Require that all "assistance paid in error" is returned to HUD as scheduled in an executed re-payment agreement

If the resident refuses to sign the verification documents or attempts to refuse to return assistance paid in error, the Owner/Agent will take appropriate action up to and including termination of assistance and/or tenancy and pursuit of fraud.

In addition, the resident will be provided with notice of material lease violation. Action will be taken based on the Owner/Agent's policy and procedure regarding material lease violation.

Invalid Data in EIV – New Hires

If the resident claims that the information is invalid, the resident must sign appropriate verification release forms. The Owner/Agent will contact the employer listed in EIV to verify the information provided by the resident. There can be several valid causes for errors that would preclude any action:

1. Human error
2. System Error (SSA/SSI/EIV/HHS)
3. Identity Theft



There may be cases where attempts to verify the EIV data is unsuccessful. In these cases, the resident must certify that the employer and employment information displayed in EIV is invalid and has been wrongly attributed to his or her personal identifiers (SSN, Last Name, and DOB).

The resident will be advised to contact the third-party income source(s), and if unsuccessful, contact the State Workforce Agency (SWA) to have that employer or agency remove the invalid income information from his or her records. In the meantime, the Owner/Agent will use tenant-provided documentation to verify tenant income.

Recordkeeping – New Hires

The resident file will be documented by attaching:

1. Copy of the Notice to the Resident
2. Copy of letters sent to the third-party income source attempting to verify the EIV information
3. Copy of the certification that the tenant signed disputing the employer and income from wages reflected in EIV for the tenant
4. All other correspondence, including documentation of verbal communication, in relation to resolution of the discrepancy

Since failure to report changes in employment can impact the assistance calculation, the Owner/Agent will maintain detailed information about discrepancy investigation and resolution.

In the case of “New Hires” discrepancies, this information will be maintained in the resident file with the “Annual Certification” information. Unresolved discrepancies will also be documented in the EIV Discrepancy Log.

When the New Hires Report is generated quarterly, even if the reports return no results, the report will be printed and retained in the EIV periodic report binder for the corresponding property. This binder will be provided to the Contract Administrator at Management and Occupancy Review.

MULTIPLE SUBSIDY REPORT

The **Multiple Subsidy Report** will be generated quarterly for the property as well as at every interim and annual recertification for each individual in the specific household. If any household member received or attempted to receive assistance in another HUD assisted unit while receiving assistance on this property, the household member will be required to reimburse HUD for assistance paid in error. This is considered a material lease violation and may result in penalties up to and including eviction and pursuit of fraud charges.

Investigating the Household Situation

There are situations where a dual assistance is allowed. A minor may reside in two different HUD assisted units if two parents live in separate units and share 50% custody of the minor.

When households “split” (one household member remains in a unit and other household members move to a new unit), there may be a required notification period that prevents the Owner/Agent from removing a resident until the notice has been executed.



In addition, a resident receiving housing assistance that does not include subsidy, such as a 236 property, may also benefit from HUD's tenant-based voucher program.

Meeting with the Resident – Multiple Subsidy

If a resident appears on the Multiple Subsidy Report and the resident appears to be violating HUD's rules regarding dual subsidy or multiple residences, the household will be sent an appropriate notice. The household will be required to meet with the Owner/Agent or face termination and/or eviction as appropriate.

During the meeting, the resident will be asked if the information in EIV is accurate. The resident should sign appropriate verification release forms so that the Owner/Agent can contact the other landlord and, if necessary, determine the extent of the violation. The Owner/Agent will determine appropriate action including termination of assistance, termination of tenancy, requirement to return assistance paid in error to HUD and pursuit of fraud after verification is complete.

If the resident refuses to sign the verification documents or attempts to refuse to return assistance paid in error, the Owner/Agent will take appropriate action up to and including termination of assistance and/or tenancy and pursuit of fraud.

In addition, the resident will be provided with notice of material lease violation. Action will be taken based on the Owner/Agent's policy and procedure regarding material lease violation.

Invalid Data in EIV – Multiple Subsidy

If the resident claims that the information is invalid, the resident must sign appropriate verification release forms. The Owner/Agent will contact the landlord listed in EIV to verify the information provided by the resident. There can be several valid causes for errors that would preclude any action:

1. Human error
2. System Error
3. Identity Theft

There may be cases where attempts to verify the EIV data is unsuccessful. In these cases, the resident must certify that the residence information displayed in EIV is invalid and has been wrongly attributed to his or her personal identifiers (SSN, Last Name, and DOB).

The resident will be advised to contact the third-party income source(s), and if unsuccessful, contact the local Contract Administrator or local HUD office to have that landlord or agency remove the invalid income information from his or her records.

Recordkeeping – Multiple Subsidy

The resident file will be documented by attaching:

1. Copy of the Notice to the Resident
2. Copy of letters sent to the landlord attempting to verify the EIV information
3. Copy of the certification that the tenant signed disputing the landlord information reflected in EIV
4. All other correspondence, including documentation of verbal communication, in relation to resolution of the discrepancy



The Owner/Agent will maintain detailed information about discrepancy investigation and resolution. In the case of "Multiple subsidy" discrepancies, this information will be maintained in the resident file with the "Annual Certification" information. Unresolved discrepancies will also be documented in the EIV Discrepancy Log.

When the Multiple Subsidy Report is generated quarterly, even if the reports return no results, the report will be printed and retained in the EIV periodic report binder for the corresponding property. This binder will be provided to the Contract Administrator at Management and Occupancy Review.

Reporting at Initial, Annual and Interim Certification

Aside from the reports previously mentioned, EIV information will be obtained and reviewed for each adult resident during their initial, annual and interim certification process.

Income reports will be reviewed by the Owner/Agent at Initial, Annual or Interim Recertification – the Owner/Agent will review income information (if available) up to 120 days of submission of any MAT 10 50059 in order to quickly identify any potential discrepancies that may affect the household's assistance payments.

INCOME REPORT

The income report will be used to verify certain income/employment information as specified in this document. This report will be used as the preferred electronic 3rd party verification resource for this purpose per HUD's instruction.

SOCIAL SECURITY BENEFITS

The SSA match process begins at the beginning of each month with all of the data being loaded into EIV by the second week of the month. EIV retains the last eight actions processed by SSA for a resident. Social Security information provided by EIV includes SSA; SSI; Dual Entitlement; Medicare Part B Premium; Disability Onset.

Using the EIV Printout as 3rd Party Verification of Social Security Income

If the Social Security benefit information in EIV agrees with the amount that the resident reports, the Owner/Agent will use the EIV printout as electronic 3rd-party verification of Social Security income and Medicare Part B expenses. No additional verification is required. This information will be printed and maintained in the resident file for the term of tenancy plus 3 years after tenancy ends.

Including the Medicare Part B Deduction in the Assistance Calculation

The Medicare Part B premium will be used as part of the medical expense deduction only when an "N" is indicated in the "Buy-in" column.

When the Medicare premium is being paid by the state or another entity, there will be a "Y" in the Buy-in column with a corresponding "Buy-in Date". In these cases, the Medicare Part B amount will not be used to calculate the medical expense.



Incorporating the Cost of Living Adjustment (COLA) Increase

The SSA cost of living adjustments (COLAs) are not included in EIV until January. According to HUD Notice 08-03, when processing Annual Certifications effective January 1, February 1, March 1, and April 1, the Owner/Agent may:

- Use the benefit information reported in EIV that does not include the COLA as third party verification as long as the income data in EIV agrees with the income the resident reports he/she is receiving. (Request a current Award Letter when the income in EIV does not agree with the income the resident reports he/she is receiving, or the resident disputes the EIV data)
- Use the Award Letter provided by the resident if the resident has received his/her Award Letter that includes the COLA adjustment
- Determine the resident's income by applying the COLA increase percentage to the benefit amount in the Award Letter for the current award year or by applying it to the benefit reported in EIV that does not include the COLA

For this property, the Owner/Agent will use the information provided in EIV for the current year when processing January and February annual certifications. This ensures that all residents with annual certifications effective in those months are treated equally. No interim certification is required after the COLA increase is applied unless the adjustment contributes to a cumulative household income increase of \$200 or more per month.

For households whose annual certification is effective in March or later, the EIV printout reflecting the COLA increase will be used. If information is not available in EIV, the Owner/Agent will use a current benefit letter provided by the Social Security Administration or by the resident. Benefits/award letters must be no more than 120 days old from the date of receipt. In this case, the document will include a note explaining why 3rd party verification was not included in the file.

Addressing Unexplained Social Security Deductions

While the SSA provides information on Medicare premiums, it does not provide information on additional deductions such as Medicare Part D (prescription drugs) premiums, repayment agreement information or garnishments.

If there is an unexplained difference between the gross benefit and the net payment, the Owner/Agent will ask the resident to disclose any deductions they may have from their SSA benefits and, when necessary, will request that the resident obtain a current Award Letter from SSA to verify these amounts. For example, if the resident is paying his/her Medicare premium and the difference between the gross and net SS benefit exceeds the amount of the Medicare premium, the Owner/Agent will:

- Discuss this with the resident
- Determine the reason for the difference and
- If applicable, obtain additional third party verification to support any of the deductions that may affect the resident's income or allowable expenses

According to Previous HUD Notice 08-20 and current HUD Notice 09-20, it is up to the Owner/Agent to determine whether additional verification is necessary. In consideration of this, the Owner/Agent will only require additional verification if the unexplained difference can affect the assistance calculation.



Obtaining Alternative/Additional Verification of Social Security Income

If the information in EIV does not agree with the amount that the resident reports he/she receives or when the resident disputes the EIV data, the Owner/Agent must request that the resident obtain a current Award Letter from SSA. Information from the current Award Letter will be used as third party verification and for determining the resident's income and medical expense deduction, if applicable.

If there is no information in EIV reported for the resident, the Owner/Agent must request that the resident obtain a current Award Letter from SSA. Information from the current Award Letter will be used as third party verification (in accordance with HUD Notice 08-03 and HUD Notice 09-20) and for determining the resident's income and medical expense deduction, if applicable. Residents who need to request a current Award Letter may contact SSA by calling 1-800-772-1213 (TTY 1-800-325-0778) or by requesting it over the internet at www.ssa.gov.

If the Owner/Agent finds it necessary to use some other alternative form of verification, e.g., oral verification, it may be necessary to use more than one document for verification. See Appendix 3, Acceptable Forms of Verification, of Handbook 4350.3. In addition, if the Owner/Agent uses a benefit letter, or some other form of verification provided by the resident, the Owner/Agent will document the file and explain why third part verification was not used.

NDNH - WAGE AND UNEMPLOYMENT COMPENSATION

For existing residents, EIV provides wage and unemployment benefit data contained in the National Directory of Multiple subsidy (NDNH) maintained by HHS. EIV retains NDNH employment and income data for a resident for two years.

EIV identifies all adult household members and provides wage and unemployment benefits for all active adults who are at least 18 years of age, pass the SSA/EIV verification or are not listed on the 50059 as a live-in aide. Live-in aides are not matched since their income is excluded from annual income.

Employment Income Verification

The NDNH Wage information can be used to verify a resident's employment. If information provided by the resident matches the employment information on the Income Report, this is considered 3rd-party electronic verification of employment.

The Owner/Agent understands that the EIV System does not provide "real-time" information. There is a delay between the time income is earned and the time income is reflected in EIV.

Wage Data for

Approximate availability date

Q1 Jan/Feb/Mar	Aug 15
Q2 Apr/May/Jun	Nov 15
Q3 Jul/Aug/Sept	Feb 15
Q4 Oct/Nov/Dec	May 15

Unemployment Data for

Approximate availability date

Q1 Jan/Feb/Mar	Aug 15
Q2 Apr/May/Jun	Nov 15
Q3 Jul/Aug/Sept	Feb 15
Q4 Oct/Nov/Dec	May 15



Because of this, the NDNH income information in EIV is **not** to be used to determine the resident's projected income. The Owner/Agent will obtain additional, more current, verification documentation from the resident (e.g., pay stubs, unemployment benefit information, etc.) in accordance with HUD Handbook 4350.3 Appendix 3 (for example, the most recent consecutive 4 to 8 pay stubs). The Owner/Agent will use the documentation provided by the resident to calculate income.

Example:

EIV shows that the resident is working at Jack's Restaurant and the resident has reported he/she works at Jack's Restaurant. The resident has brought in his/her four most current, consecutive check stubs. The Owner/Agent will use the Income Report in EIV as third party verification that the resident is employed at Jack's Restaurant and use the check stubs provided by the resident for determining the resident's income.

Check stubs – gross pay 1) \$120; 2) \$145; 3) \$125; 4) \$130 $\$120 + \$145 + \$125 + \$130 = \$520$ $\$520 / 4 = \130 average $\$130 \times 52 = \$6,760$ gross annual income

The Owner/Agent will use the income calculated using verification documents provided by the resident and compare it to the income amounts provided in EIV.

In some circumstances, information provided in EIV may not agree with what the tenant is providing as income information. The comparison may require additional calculations. When information provided in EIV differs materially from what is provided by the resident, the following method will be used:

- If the EIV provides less than 1 Quarter of employment income from the current employer(s), no comparison will be done and the Owner/Agent will use the income calculated using verification documents provided by the resident
- If the most recent information in EIV provides at least one full quarter of income information from the current employer(s), the Owner/Agent will calculate projected income based on earnings history available in EIV
 - If the income calculated, using verification documents provided by the resident, is equal to or higher than the income amount calculated using EIV, the Owner/Agent will use the higher value and no additional verification will be required
 - If the income calculated, using verification documents provided by the resident, is *materially lower than the income calculated using EIV, then the Owner/Agent will initiate 3rd party verification

Note: If the information in EIV is *materially lower than the amount that is reported by the resident, or when the resident disputes the EIV data, the O/As will attempt to obtain third party verification directly from the employer for use in determining the resident's income.

*Materially lower is defined by this Owner/Agent as \$2400 per year (\$200 per month). If the resident's documentation reflects income within \$2400 of the income provided in the EIV Income Report, the Owner/Agent will investigate all of the historical income information illustrated in the income report. If historical income does, indeed, fluxuate, or if there is a reasonable explanation for the difference, the Owner/Agent will consider the verification to be complete. If there is a material difference, the Owner/Agent will pursue third party verification in accordance with Handbook 4350.3.



In Summary, below is the step-by-step process for verifying employment income using EIV.

Employment income verification using data provided by EIV is always done as follows:

- 1) Resident reports employment
- 2) Resident reports employment income
- 3) OA checks EIV and finds that employment matches resident's information
- 4) OA requests last 4 to 8 pay stubs and estimates income (alternative verification documents are acceptable as long as they meet the requirements outlined in HUD Handbook 4350.3 and/or Appendix 3)
- 5) OA compares that income to income in EIV
 - a) If income from verification documents is higher than income calculated using EIV, verification is complete
 - i) EIV printout is retained in the file for the term of tenancy and for three years after tenancy ends for any reason
 - ii) EIV printouts and the information provided by EIV can only be used for HUD occupancy, assistance calculation and discrepancy analysis purposes. Do not use for Tax Credits, 515 or financial audit purposes
 - b) If there is no material difference in income, verification is complete
 - i) EIV printout is retained in the file for the term of tenancy and for three years after tenancy ends for any reason
 - ii) The copies of the check stubs are retained in the resident file for the term of tenancy plus three years after tenancy ends
 - c) If income from verification documents is at least \$2400 less than income calculated using EIV, income history is reviewed and, if necessary, 3rd party verification is initiated
 - d) Owner/Agent contacts the employer for 3rd party verification
 - e) 3rd party verification from the employer is considered more reliable than information provided by EIV

3rd Party Verification of Employment Income

The Owner/Agent will verify employment income in accordance with HUD Handbook 4350.3 and Appendix 3 when:

- No/incomplete employment or income information is available in EIV and the resident reports he/she is working
- Information in EIV is inconsistent with information provided by the resident as described above

There may also be times when Owner/Agents need to request third-party verification directly from the employer in order to have all of the information needed to determine income. For example, employers are not required to report the "Hire Date" when submitting their data to the state; therefore, the Owner/Agent may need to obtain third party verification for new employment to obtain this information.

Unemployment Income

Since Unemployment income is generally reported in EIV after the benefit has stopped, EIV Unemployment income will not be used to project income for the next 12 months. However, this information will be compared to the previous 50059(s) to monitor resident reporting compliance.



Irregular Income - Using Income Reflected for the Past 12 Months

As referenced in HUD Handbook 4350.3, some circumstances present more than the usual challenges to estimating anticipated income. Examples of challenging situations include a family that has sporadic work or seasonal income or a resident who is self-employed.

In all instances, Owners are expected to make a reasonable judgment as to the most reliable approach to estimating what the resident will receive during the year. In many of these challenging situations, mid-year or interim recertifications may be required to reflect changing circumstances.

In these cases, the Owner/Agent may elect to use historical income to assist in projecting income, for the new 50059. The EIV Income Report will be used as a **TOOL** to identify past income and verify past employment. In these cases, EIV may be used as electronic 3rd-party verification only if the resident agrees with the information provided in EIV. If complete information is unavailable or the resident claims that the information does not accurately reflect future income, the resident will be asked to sign appropriate verification release forms and/or produce alternative verification documents such as tax returns, bank statements or other documents indicated by HUD Handbook 4350.3. The resident may also be asked to provide W-2 or tax return information and/or self-certify income as a comparison to information obtained through EIV.

Using historical income verified through EIV versus projected income is an exception to standard policy and must be approved by the regional manager or by appropriate compliance/management staff ONLY in cases where tenant provided documentation or third party verification is not possible.

Recordkeeping – Income Reports – Employment/Income Verification

Income reports used for verification will be printed and maintained in the resident file in accordance with EIV Recordkeeping Requirements. Reports obtained through EIV will be retained in the resident files for the term of tenancy plus three years.

After three years, EIV printouts will be destroyed in accordance with the Owner/Agents record destruction policy which includes shredding of paper files, erasing electronic files and destructions of any portable media such as CDs (if used).

INCOME DISCREPANCY REPORT

By regulation, resident income information must be reviewed and verified on at least an annual basis. Reviewing Income Discrepancy Reports on an annual basis provides the Owner/Agent with information necessary to monitor and, if necessary, re-calculate rent and assistance. The reports help monitor compliance by providing information about residents who may have failed to Report (Income Report):

- Social Security benefits
- Past or current employment and employment income
- Unemployment benefits

Income Discrepancy Reports will be reviewed monthly as they appear in EIV and until resolved or clarified as well as at every interim and annual recertification. Owner/Agents are required to review and, if necessary, resolve any discrepancies in income reported on the Income Discrepancy Report. The Owner/Agent will follow the guidance in HUD Handbook 4350.3.



The Owner/Agent will compare the SS, SSI, wage and unemployment compensation information reported on the HUD-50059 and, if applicable, third party verifications, with the employment and income information reported in EIV to determine whether or not there is a valid discrepancy.

The Owner/Agent will not suspend, terminate, reduce, or make a final denial of any financial assistance or payment under a federal benefit program against an individual, or take other adverse action against such individual, as a result of information produced by the EIV system without meeting with the resident and properly verifying the information and notifying the resident in writing of any adverse findings in the same manner as applies to other information and findings related to eligibility factors.

The Owner/Agent will obtain independent verification of disputed EIV data such as that provided by SSA and HHS' NDNH, in accordance with 24 CFR 5.236. If a resident fails to report as required, the household will be provided with a notice, in accordance with HUD Handbook 4350.3.

Effective Date Changes in Household Rent/Assistance for Interim Certifications Initiated as a Result of Income Discrepancy Investigation

According to this property's House Rules or policies, residents are responsible for reporting income lease required changes **within 14 days** of the change.

In accordance with HUD policy provided in HUD Handbook 4350.3 if the resident complies with the interim reporting requirements, rent changes must be implemented as follows:

1. Rent increases. If the resident's rent increases because of an interim adjustment, the Owner/Agent will give the resident 30 days advance notice of the increase. The effective date of the increase will be the first of the month after the end of the 30-day period.
2. Rent decreases. If the resident's rent will decrease, the change in rent is effective on the first day of the month after the date of action that caused the interim certification. A 30-day notice is not required for rent decreases.

If the resident does not comply with the interim reporting requirements, and the Owner/Agent discovers the resident has failed to report changes as required in paragraph HUD Handbook 4350.3, the Owner will create an interim recertification and will implement rent changes as follows:

1. Rent increases. Owners must implement any resulting rent increase retroactive to the first of the month following the date that the action occurred.
2. Rent decreases. Any resulting rent decrease must be implemented effective the first rent period following completion of the recertification

With the use of the employment and income information from the Enterprise Income Verification System, the Owner/Agent may discover that some residents have not disclosed all of their income information and, in many instances, the non-disclosure of income goes back for a number of years. When resolving income discrepancies, including non-reporting of income by residents, in accordance with RHIP ListServ #122, the Owner/Agent will limit investigation of unreported income to income received by the resident within the last five (5) years (assuming that the resident has received assistance at this property for those five years).

In some cases, reduction of income is not reported even though income projected is higher than income actually received. This usually occurs when a household member's income fluctuates and income calculations were performed when the Owner/Agent and the resident agreed on a non-standard



method to project income. In these cases, if the Owner/Agent discovers that the household income, as reflected on the 50059 is actually lower, and the resident has complied with all HUD and Owner/Agent reporting requirements, then the Owner/Agent will re-calculate the 50059 and refund any overpayment of rent. The resident will decide if the refund should be returned to the resident or should be applied as a rent credit.

Income Discrepancies Already Explained by Resident File

The Owner/Agent will review income discrepancies and compare the information in EIV with information included in the resident file. Because EIV information is historical and resident income calculations are generally "projected" the file may already include documentation that explains the discrepancy.

Example 1: Discrepancy that Requires No Action Because of Previously Known Circumstance

In 2009, the Davis household reports income of \$23000 per year
In 2010, Ms. Davis becomes unemployed, reducing the household income by \$12000
The Owner/Agent verifies termination of employment
The Owner/Agent completes an interim certification reducing income
EIV compares the projected income to historical income and indicates a \$12000 difference
This Discrepancy is explained in the resident file and no additional action is required

Example 2: Discrepancy that Requires No Action Because of Previously Known Circumstance

In 2009, the Stephens household reports income for Brad Stephens of \$5000
In 2010, Brad is a full time student so only \$480 is included on the 50059
EIV returns an income discrepancy of \$4520
This Discrepancy is explained in the resident file and no additional action is required

Addressing Data Entry Errors

The Owner/Agent will review the resident file to determine if a simple data entry error caused this discrepancy. If the Owner/Agent discovers a data entry error, and the corresponding 50059 must be corrected within 30 days and the new, corrected, signed 50059 must be transmitted to the Contract Administrator and/or HUD. In these cases, data entry errors may affect the assistance paid. The correction will generate an increase or decrease in the assistance and the rent.

If the correction generates a rent increase/assistance decrease, the Owner/Agent will correct the certification and any subsequent certifications using the original certification effective date. The Owner/Agent will provide a 30 day notice of rent increase to the household and the household rent will increase the first of the month after the 30 day notice expires.

Example

- Owner/Agent creates and Annual Certification effective 10/1/2009
- New rent is effective 10/1/2009
- Discrepancy analysis completed in April indicates that income was entered as 2460 instead of 4860
- AR is corrected
- Resident signs corrected AR
- 30-day notice of rent increase is provided to the resident on 4/15. New rent is effective 6/1
- Subsidy paid in error is \$60.00 per month (\$480).



- This will be reflected as a voucher adjustment on the voucher

If the correction generates a rent decrease/assistance increase, the Owner/Agent will correct the certification and any subsequent certifications using the original certification effective date.

The Owner/Agent will notify the resident of the rent change and make that change retroactive to the effective date of the certification. A rent credit will be returned to the resident. The resident can choose if they want the entire rent credit in one lump sum or if the credit should be applied to future rent.

Example

- Owner/Agent creates and Annual Certification effective 5/1/2009
- New rent is effective 5/1/2009
- Discrepancy analysis completed in November indicates that income was entered as 4860 instead of 2460
- AR is corrected
- Notice of rent decrease is sent to the resident on 11/15. New rent is effective 5/1 (retroactive)
- Resident overpaid rent from 5/1 through 11/1 (\$60 per month)
- Resident decides if they want the rent refunded in one lump sum or if the “credit” should be applied to future rent
- The subsidy will increase for this resident effective 5/1
- This will be reflected as a voucher adjustment on the voucher

Addressing Valid Income Discrepancies

If review of the Income Discrepancy Report and review of the supporting Income Report indicate that the resident has failed to disclose an income decrease, the Owner/Agent will **not** notify the resident. It is the resident’s responsibility to notify the Owner/Agent in this case.

If review of the Income Discrepancy Report and review of the supporting Income Report indicate that the resident has failed to disclose new income or increases in income as required, the Owner/Agent will send a notice to the household in accordance with HUD Handbook 4350.3, the resident will have 10 days to participate in a meeting with the Owner/Agent to discuss the discrepancy. Failure to respond to the notice will result in termination of assistance and/or residency the first of the month following the 10 day notice.

During the meeting, the resident will be asked if the information in EIV is accurate. If the information is accurate, the resident must sign appropriate verification release that will enable the Owner/Agent to determine if assistance was paid in error.

Based on the information verified, an interim certification will be created. The resident will be required to return to HUD any “assistance paid in error”. The resident may return any “assistance paid in error”:

- In one lump sum
- In compliance with an executed re-payment agreement

If the resident refuses to sign the verification documents or attempts to refuse to return “assistance paid in error”, the Owner/Agent will take appropriate action up to and including termination of assistance and/or tenancy and pursuing fraud.

The following are steps the Owner/Agent will take to resolve valid income discrepancies:

- Notify and discuss any discrepancy with the resident



- Request current documents from the resident to verify income or review verification obtained
- Request verification or clarification for any income source that the resident disputes
- Confirm effective dates of unreported income
- Provide the resident the right to contest the findings (10 day notice- ability to discuss with party not involved in the review of information)
- Document 10 day discussion meeting and results of meeting
- Create an interim certification to calculate retroactive certification to the beginning of the month following the date the action occurred
- Have certification signed by all adults and manager
- Return overpayment of rent to the resident as described in this policy or
- Determine the amount of “assistance paid in error” which must be returned to HUD (in cases where the Owner/Agent confirms that the resident failed to report income)
- If necessary, execute a repayment agreement when the resident is unable to pay the amount due in full, in accordance with HUD Handbook 4350.3,
- Reimburse to HUD any “assistance paid in error” in compliance with HUD Handbook 4350.3. If a repayment agreement is made, reverse full repayment to HUD and repay HUD as the tenant pays (if overpayment)

Invalid Data in EIV – Income Discrepancy

If the resident claims that the information provided in EIV is invalid, the resident must sign appropriate verification release forms. The Owner/Agent will contact the employer listed in EIV to confirm the information provided by the resident. There can be several valid causes for errors that would preclude any action:

1. Human error
2. System Error (SSA/SSI/EIV/HHS)
3. Identity Theft

If the resident refuses to sign the verification documents, the Owner/Agent will take appropriate action up to and including termination of assistance and/or tenancy.

Recordkeeping – Income Discrepancy

Since income discrepancies can impact program eligibility and assistance, the Owner/Agent will maintain detailed information about discrepancy investigation and resolution. This information will be maintained in the resident file with the certification information. This information will also be documented in the EIV Discrepancy Log.

No INCOME REPORT

The No Income Report provides a list of residents whose identity was verified by SSA based on the SSN/Last Name/Date of Birth combination.

However, such residents did not receive or have never received SS/SSI benefits from SSA or wages or unemployment compensation insurance, as provided by the HHS NDNH database.

The No Income report will be reviewed during the annual, interim or initial recertification process to compare to resident provided income information and documentation.



POLICIES FOR RE-VERIFICATION OF STATUS OF TENANTS REPORTING ZERO INCOME

When a resident reports a change resulting in zero income or marginal household income (less than \$100/month), the adult members of the household will be required to complete a zero income questionnaire or monthly statement of income to identify all current and potential sources of income for the household. This questionnaire will be required on a quarterly basis as long as the household is reporting zero or marginal income. The Owner/Agent will review EIV for households reporting zero or marginal income quarterly.

The Owner/Agent will review the zero income questionnaire submitted by the adult members for completeness and compare to reported income. If there is a discrepancy or potential unreported income, the Owner/Agent will notify the household to attend an interview for an explanation.

For example, if the monthly expenses add up to \$650, but the adults declare their only income is \$180 in food stamps, it is likely that other sources of income have not been reported to management as income.

The Owner/Agent should be asking the right questions at interview so the resident is given the opportunity to disclose any income they receive. Do not hesitate to ask additional questions if the answers provided are unclear. The family may not be aware that certain monies they are receiving or payments on their behalf are considered income.

Owner/Agents will consider all regular monetary or non-monetary contributions to the household as income unless specifically exempted by Federal Statute. Regular contributions or gifts will be defined as income, gifts or contributions, payments made by others on the applicant's/tenants behalf, monetary or not, coming into the household 2 or more times in a 12 month period.

Based on the information provided by the household or discovered in EIV, additional verification may be obtained by management. If the sources of income appear reasonable based on the expenses of the household, and management feels the household is reporting income correctly, the form will be filed in the resident file with a letter of review from management.

If however, management has reason to believe that the resident is not reporting income properly, the Owner/Agent will determine if the income should have been reported for the last annual or for an interim recertification, or if it will be considered at the next annual recertification, based on the amount and source of income.

In all cases, re-verification of the status of residents reporting zero or marginal income will be performed at least quarterly. On a quarterly basis, the Owner/Agent will notify the household with a 10 day interim notice, to attend an interview and provide verification and/or release verification forms. This would include a review of EIV and to obtain additional tenant provided documents or third party verification from the source of income or for payments on behalf of the household. In some cases, verification may be a combination of resident provided documents, which may include W-2, tax returns and/or self-declaration of income as allowed as alternate verification in Appendix 3 of the HUD handbook 4350.3.

If an income change has occurred that requires a certification, management will process a certification, and a repayment agreement as outlined in the HUD Handbook 4350.3 requirements and the process



above “Effective Date Changes in Household Rent/Assistance for Interim Certifications Initiated as a Result of Income Discrepancy Investigation”.

