

Chapter 7

VERIFICATION

[24 CFR 982.516, 24 CFR 982.551, 24 CFR 5.230]

INTRODUCTION

The LSHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain the family's consent to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The LSHA must not pass on the cost of verification to the family.

The LSHA will follow the verification guidance provided by HUD in PIH Notice 2004-01, PIH 2010-19 Verification Guidance, PIH 2012-26, PIH 2013-3, PIH 2013-4, PIH 2013-23, PIH 2013-26, PIH 2015-02, PIH 2015-04, streamlining verification, and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary LSHA policies.

Part I describes the general verification process. More detailed requirements related to individual factors are provided in subsequent parts including family information (Part II), income and assets (Part III), and mandatory deductions (Part IV).

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the LSHA.

PART I. GENERAL VERIFICATION REQUIREMENTS

A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 982.516 AND 982.551, 24 CFR 5.230]

The family must supply any information that the LSHA or HUD determines is necessary to the administration of the program and must consent to LSHA verification of that information [24 CFR 982.551].

Consent Forms

It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the LSHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). All adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

Penalties for Failing to Consent [24 CFR 5.232]

If any family member who is required to sign a consent form fails to do so, the LSHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with LSHA procedures.

B. OVERVIEW OF VERIFICATION REQUIREMENTS

Overview

On December 29, 2009, HUD issued the final rule entitled *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification (EIV) System-Amendments*, which requires PHAs to use the EIV system in its entirety to verify tenant employment and income information during mandatory reexaminations of family composition and income; and reduce administrative and subsidy payment errors in accordance with 24 CFR §5.236 and administrative guidance issued by HUD.

Using EIV as an upfront income verification (UIV) technique is a valuable in validating tenant-reported income during interim and annual reexaminations of family income; as well as streamlining the income verification process. This will result in less administrative burden in complying with third party verification requirements. Additionally, EIV will help to identify and cure inaccuracies in housing subsidy determinations, which will benefit PHAs, tenants, and taxpayers by ensuring that the level of benefits provided on behalf of families is proper and will prevent fraud and abuse within Public and Indian Housing (PIH) rental assistance programs.

LSHA Policy

The LSHA is required to use the EIV system in its entirety. This means the LSHA must use all features of the EIV system to:

- Verify tenant employment and income information during mandatory reexaminations of family composition and income in accordance with 24 CFR §5.236, and HUD administrative guidance; and
- Reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

Streamlining Verification of Assets

The LSHA has elected to use the streamlining verification of assets. For a family with net assets equal to or less than \$5,000, the LSHA may accept, for purposes of recertification of income, a family's declaration that it has net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration.

- The declaration must state the amount of income the family expects to receive from such assets; this amount must be included in the family's

income.

- The LSHA must obtain third-party verification of all family assets every 3 years.

Streamlining Verification of Income

LSHA has elected to use the streamlining verification of income. For any family member with a fixed source of income, the LSHA may elect to determine that family member's income by means of a streamlined income determination. A streamlined income determination must be conducted by applying, for each fixed-income source, the verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount.

The "Family member with a fixed source of income" is defined as a family member whose income includes periodic payments at reasonably predictable levels from one or more of the following sources:

- Social Security, Supplemental Security Income, Supplemental Disability Insurance;
- Federal, state, local, or private pension plans;
- Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

In using the streamlining, the LSHA must use a COLA or current rate of interest specific to the fixed source of income in order to adjust the income amount. The LSHA must verify the appropriate COLA or current rate of interest from a public source or through tenant-provided, third party-generated documentation. If no such verification is available, then the LSHA must obtain third-party verification of income amounts in order to calculate the change in income for the source.

For any family member whose income is determined pursuant to a streamlined income determination, the LSHA must obtain third-party verification of all income amounts every 3 years.

C. THE EIV SYSTEM

The EIV System is a web-based application, which provides LSHA with employment, wage, unemployment compensation and social security benefit information of tenants who participate in the Public Housing and various Section 8 programs under the jurisdiction of the Office of Public and Indian Housing (PIH). This system is available to LSHA. Information in EIV is derived from computer matching programs initiated by HUD with the Social Security Administration (SSA) and the U.S. Department of Health and Human Services (HHS), for all program participants with valid personal identifying information (name, date of birth (DOB), and

social security number (SSN)) reported on the form HUD-50058.

LSHA is required to review the EIV Income Report of each family before or during mandatory annual and interim reexaminations of family income and/or composition to reduce tenant under reporting of income and improper subsidy payments. EIV is classified as an UIV technique (or automated written third party verification), which helps to identify income sources and/or amounts that the tenant may not have disclosed. This UIV technique in many instances will reduce the need to mail or fax third party verification request forms to an income source. EIV also provides various reports to assist LSHA with the following:

- Identifying tenants whose reported personal identifiers do not match the SSA database;
- Identifying tenants who need to disclose a SSN;
- Identifying tenants whose alternate identification number (Alt ID) needs to be replaced with a SSN;
- Identifying tenants who may not have reported complete and accurate income information;
- Identifying tenants who have started a new job;
- Identifying tenants who may be receiving duplicate rental assistance;
- Identifying tenants who are deceased and possibly continuing to receive rental assistance;
- Identifying former tenants of PIH rental assistance programs who voluntarily or involuntarily left the program and have a reportable adverse status and/or owe money to a PHA or Section 8 landlord.

LSHA Policy

All LSHA staff (including LSHA-hired management agents), who have a need to access the EIV system are required to complete and retain the EIV Access Authorization Form & Rules of Behavior and User Agreement. The form is available online at:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uivsystem.cfm>.

The user's access must be approved by the LSHA Executive Director or designee in order for the local HUD office to process all EIV access requests. Individuals who will not directly access the EIV system, but will have access to the EIV data in printed or electronic form are also required to complete the EIV Access Authorization Form & Rules of Behavior and User Agreement and retain in the file by the LSHA.

The Verification Hierarchy

LSHA Policy

The LSHA will begin with the highest level of verification techniques. The LSHA is required to access the EIV system and obtain an Income Report for each household. The LSHA is required to maintain the Income Report in the tenant file along with the form HUD-50058 and other supporting documentation to support income and rent determinations for all mandatory annual reexaminations of family income and composition.

If the Income Report does not contain any employment and income information for the family, the LSHA will attempt the next lower level verification technique, as noted in the below chart.

Level Verification Technique Ranking

Level	Verification Technique	Ranking
6	Upfront Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system (not available for income verifications of applicants)	Highest (Mandatory)
5	Upfront Income Verification (UIV) using non-HUD system	Highest (Optional)
4	Written third Party Verification	High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV- reported employment and income information and is unable to provide acceptable documentation to support dispute)
3	Written Third Party Verification Form	Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation) Low (Mandatory if written third party verification is not available)
2	Oral Third Party Verification	Low (Mandatory if written third party verification is not available)
1	Tenant Declaration	Low (Use as a last resort when unable to obtain any type of third party verification)

This verification hierarchy applies to income determinations for applicants and participants. However, EIV is not always available for verifying income of applicants. The LSHA is still required to use EIV for applicants to determine other factors as relates to eligibility and maintain a copy of the record in the file.

Verification Technique Definitions Third Party Verification Techniques

Upfront Income Verification (UIV) (Level 6/5)

The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals.

The EIV system is available to the LSHA as a UIV technique. The LSHA is encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to validate tenant-reported income when available.

Written Third Party Verification (Level 4)

An original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or the LSHA request date. Such documentation may be in the possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents.

These tenant-provided documents are considered written third party verification since they originated from a third party source. The LSHA may, at its discretion reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

Examples of acceptable tenant-provided documentation (generated by a third party source) include, but are not limited to:

- Pay stubs,
- Payroll summary report,
- Employer notice/letter of hire/termination,
- SSA benefit verification letter,
- Bank statements,
- Child support payment stubs,
- Welfare benefit letters and/or printouts, and;
- Unemployment monetary benefit notices.
- Current acceptable tenant-provided documents must be used for income and rent determinations.

The LSHA is required to obtain at a minimum, four current and consecutive pay stubs for determining annual income from wages. For new income sources or when four pay stubs are not available, the LSHA should project income based on the information from a traditional written third party verification form or the best available information.

Documents older than 60 days (from the PHA interview/determination or request date) is acceptable for confirming effective dates of income.

Written Third Party Verification Form (Level 3)

Also, known as traditional third party verification. A standardized form to collect information from a third party source. The form is completed by the third party by hand (in writing or typeset). The LSHA sends the form directly to the third party source by mail, fax, or email.

LSHA Policy

It is the LSHA's position that the administrative burden and risk associated with use of the traditional third party verification form may be reduced the LSHA relying on acceptable documents that are generated by a third party, but in the possession of and provided by the tenant (or applicant). Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

The LSHA recognizes that third party verification request forms sent to third party sources often are not returned. In other instances, the person who completes the verification form may provide incomplete information; or some tenants may collude with the third party source to provide false information; or the tenant intercepts the form and provides false information.

Documents must originate from a third party source's computerized system and/or database, as this process reduces the likelihood of incorrect or falsified information being provided on the third party verification request form. The use of acceptable tenant-provided documents, which originate from a third party source, will improve the integrity of information used to determine a family's income and rent and ultimately reduce improper subsidy payments. This verification process will also streamline the income verification process.

Oral Third Party Verification (Level 2)

Independent verification of information by contacting the individual income/expense source(s), as identified through the UIV technique or identified by the family, via telephone or in-person visit. PHA staff should document in the tenant file, the date and time of the telephone call (or visit to the third party), the name of the person contacted and telephone number, along with the confirmed information.

LSHA Policy

This verification will be used in the event that the independent source does not respond to the LSHA's faxed, mailed, or e-mailed request for information in a reasonable time frame, i.e., ten (10) business days.

Non-Third Party Verification Technique Tenant Declaration (Level 1)

The tenant submits an affidavit or notarized statement of reported income and/or expenses to the PHA. This verification method should be used as a last resort when the LSHA has not been successful in obtaining information via all other verification techniques. When the LSHA relies on tenant declaration, the PHA must document in the tenant file why third party verification was

not available.

Exceptions to Third Party Verification Requirements 24 CFR §960.259(c)(1) and §982.516(a)(2)

The exception to third party verification is, "The PHA must obtain and document in the family file third party verification of the following factors, **or must document in the file why third party verification was not available.**"

If third party verification is not available for a variety of reasons These reasons include::

- The LSHA may have made numerous attempts to obtain the required verifications with no success, or
- It may not be cost effective to obtain third party verification of income, assets, or expenses, when the impact on total tenant payment is minimal.

In these cases, the LSHA is **required to document in the family file the reason(s) why third party verification was not available.**

The exception to third party verification can be found at 24 CFR §960.259(c)(1) and §982.516(a)(2).

Third party verification requirements 24 CFR §960.259(c)(1) and 24 CFR §982.516(a)(2)

In accordance with for the Public Housing and the HCV programs, respectively, the LSHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available:

- Reported family annual income
- The value of assets
- Expenses related to deductions from annual income
- Other factors that affect the determination of adjusted income.

Compliance and reduction of the administrative burden of third party verification requirements of family annual income

LSHA can comply with and reduce administrative burden of third party verification requirements for employment, wage, unemployment compensation and social security benefits, and any other information that is verifiable using EIV by all of the following:

- Reviewing the EIV Income Report to confirm/validate tenant-reported income
- Printing and maintaining an EIV Income Report (or an EIV Individual Control Number (ICN) page for interim reexaminations) in the tenant file
- Obtaining current acceptable tenant-provided documentation to supplement EIV information

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- Using current tenant-provided documentation and/or third party verification to calculate annual income.

Note: Social Security benefit information in EIV is updated every three months. If the tenant agrees with the EIV-reported benefit information, LSHA does not need to obtain or request a benefit verification letter from the tenant. See PIH Notice 2010-03 for guidance on verifying Social Security benefit income through the EIV system. **Social Security benefits can no longer be verified through bank statements. It must be verified through EIV or award letters or other means.**

The LSHA may also reduce the administrative burden of obtaining third party verification by relying on acceptable documents that are generated by a third party, but provided by the tenant. Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

The LSHA must request written third party verification under the following circumstances:

- When the tenant disputes the EIV information and is unable to provide acceptable documentation to support his/her dispute (24 CFR §5.236(b))
- When the LSHA requires additional information that is not available in EIV and /or the tenant is unable to provide the LSHA with current acceptable tenant-provided documentation.

Examples of additional information, includes but is not limited to:

- Effective dates of income (i.e. employment, unemployment compensation, or social security benefits)
- For new employment: pay rate, number of hours worked per week, pay frequency, etc.
- Confirmation of change in circumstances (i.e. reduced hours, reduced rate of pay, temporary leave of absence, etc.)

Note: 24 CFR §5.236(a), prohibits LSHA from taking adverse action based solely on EIV information.

Types of file documentation required to demonstrate LSHA compliance with mandated use of EIV as a third party source to verify tenant employment and income information (24 CFR §5.233(a)(2)(i)).

1. For each new admission (formHUD-50058actiontype1), the LSHA is required to do the following:
 - Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and

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- Print and maintain a copy of the EIV Income Report in the tenant file; and
 - Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
2. For each historical adjustment (form HUD-50058 action type 14), the LSHA is required to do the following:
 - Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
 - Print and maintain a copy of the EIV Income Report in the tenant file;
 - Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
 3. For each interim reexamination (form HUD-50058 action type 3) of family income and composition, LSHA is required to have the following documentation in the tenant file:
 - **ICN Page** when there is **no** household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. The LSHA has the discretion to print the EIV Income report, however, only the ICN page is required.

EIV Income Report when there **is** an income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report.

For each annual reexamination of family income and composition, the LSHA is required to have the following documentation in the tenant file:

- **No Dispute of EIV Information:** EIV Income Report, current acceptable tenant-provided documentation, and *if necessary* (as determined by the LSHA), traditional third party verification form(s).
- **Disputed EIV Information:** EIV Income report, current acceptable tenant-provided documentation, and/or *traditional* third party verification form(s) for disputed information.
- **Tenant-reported income not verifiable through EIV system:** Current tenant-provided documents, and *if necessary* (as determined by the LSHA), traditional third party verification form(s).

Tenants That Do Not Provide the LSHA with Requested Information

If the tenant does not provide the requested information, the LSHA may mail or fax a third party verification request form to the third party source. The LSHA is *required* to request third party verification when the tenant disputes EIV information and the tenant is unable to provide acceptable documentation to support disputed information. However, the LSHA shall remind the tenant that s/he is required to supply any information requested by the LSHA for use in a

regularly scheduled annual or interim reexamination of family income and composition.

The LSHA may determine that the tenant is not in compliance with program requirements and terminate tenancy or assistance, or both, if the tenant fails to provide the requested information in a timely manner,

Using the EIV to Reduce Administrative and Subsidy Payment Errors.

EIV has the ability to identify other potential issues, which may impact a family's level of assistance. EIV contains stand-alone reports, which the LSHA may generate at any time i.e.;

- Deceased Tenants Report,
- New Hires Report,
- Multiple Subsidy Report,
- Identity Verification Report,
- Income Discrepancy Report,
- Debts Owed to PHAs & Termination Report, and Immigration Report
- Income Validation Tool

However, it should be noted that the information from these stand-alone reports are contained in the Income Report for each household. The LSHA is **required** to address any and all potential issues at the time of the annual or interim re-exam, as conveyed in the Income Report.

The LSHA may use the stand-alone reports to monitor staff's progress in reducing the following administrative and subsidy payment errors by using the listed reports:

- Incorrect/invalid SSNs/name/date of birth – Identity Verification Report
- Follow-up with families who need to disclose a SSN – Immigration Report
- Duplicate rental assistance – Multiple Subsidy Report
- Unreported increase in income – Income discrepancy Report
- Improper payments on behalf of deceased tenants – Deceased Tenants Report
- Unreported new employment (PHAs with interim increase policy) – New Hires Report
- Adverse Termination/Outstanding Debt to PHA – Debts Owed to PHAs & Termination Search

In order to ensure the LSHA is aware of potential subsidy payment errors, the LSHA is **required** to monitor the following EIV reports on a **monthly** basis:

- Deceased Tenants Report
- Identity Verification Report
- Immigration Report
- Income Validation Tool

In order to ensure the LSHA is aware of potential subsidy payment errors, the LSHA is **required** to monitor the following EIV reports on a quarterly basis:

- Income Discrepancy Report
- Multiple Subsidy Report
- New Hires Report (if LSHA has an interim increase policy)

EIV Requirements for Recertification

To minimize tenant underreporting of income, the LSHA is required to obtain an EIV Income Report for each family any time the PHA conducts an annual or interim reexamination of family income and composition.

In accordance with 24 CFR §5.236(b)(2)(3), LSHA is required to compare the information on the EIV report with the family-reported information. If the EIV report reveals an income source that was not reported by the tenant or a **substantial difference** in the reported income information, the LSHA is required to take the following actions:

- Discuss the income discrepancy with the tenant
- Request the tenant to provide any documentation to confirm or dispute the unreported or underreported income and/ or income sources;
- In the event the tenant is unable to provide acceptable documentation to resolve the income discrepancy, the LSHA is required to request from the third party source, any information necessary to resolve the income discrepancy
- If applicable, determine the tenant's underpayment of rent as a result of unreported or underreported income, retroactively*
- Take any other appropriate action as directed by HUD or the LSHA's administrative policies.

* The LSHA is required to determine the retroactive rent as far back as the existence of complete file documentation (form HUD-50058 and supporting documentation) to support such retroactive rent determinations.

Note: A substantial difference is defined as an amount equal to or greater than \$2,400, annually.

When there is an unsubstantial or no disparity between tenant-reported and EIV-reported income information, the LSHA is required to obtain from the tenant, any necessary documentation to complete the income determination process. As noted previously, the LSHA may reject any tenant-provided documentation, if the LSHA deems the documentation unacceptable. The LSHA may reject documentation provided by the tenant for only the following HUD-approved reasons:

- The document is not an original; or
- The original document has been altered, mutilated, or is not legible; or

- The document appears to be a forged document (i.e. does not appear to be authentic).

The LSHA will explain to the tenant, the reason(s) the submitted documents are not acceptable and request the tenant to provide additional documentation. If at any time, the tenant is unable to provide acceptable documentation that the LSHA deems necessary to complete the income determination process, the LSHA is required to submit a traditional third party verification form to the third party source for completion and submission to the LSHA.

If the third party source does not respond to the LSHA's request for information, the LSHA is required to document the tenant file of its attempt to obtain third party verification and that no response to the third party verification request was received.

The LSHA should then pursue lower level verifications in accordance with the verification hierarchy.

Tenant Actions for LSHA Underpayments of Rent

LSHA Policy

The tenant must be provided an opportunity to contest the LSHA's determination of tenant rent underpayment. HUD regulations require the LSHA to promptly notify tenants in writing of any adverse findings made on the basis of the information verified through the aforementioned income discrepancy resolution process. The tenant may contest the findings in accordance with the LSHA's established grievance procedures, as required by HUD. The LSHA may not terminate, deny, suspend, or reduce the family's assistance until the expiration of any notice or grievance period.

Tenant Repayment Agreement and Failure to Report Income

Tenants are required to reimburse the LSHA if they were charged less rent than required by HUD's rent formula due to the tenant's underreporting or failure to report income. The tenant is required to reimburse the LSHA for the difference between the tenant rent that should have been paid and the tenant rent that was charged. This rent underpayment is commonly referred to as retroactive rent.

If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the LSHA **must** terminate the family's tenancy or assistance, or both. HUD does **not** authorize any LSHA-sponsored amnesty or debt forgiveness programs, therefore, no amnesty or debt forgiveness program will be provided.

All repayment agreements must be in writing, dated, signed by both the tenant and the LSHA, include the total retroactive rent amount owed, amount of lump sum payment made at time of execution, if applicable, and the monthly repayment amount. At a minimum, repayment agreements must contain the following provisions:

- Reference to the paragraphs in the Public Housing lease or Section 8 information packet whereby the tenant is in non-compliance and may be subject to termination of tenancy or assistance, or both.
- The monthly retroactive rent repayment amount is in addition to the family's regular rent

contribution and is payable to the LSHA.

- The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income.
- Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy and/or assistance.
- The LSHA is required to determine retroactive rent amount as far back as they have documentation of family reported income. For example, if the LSHA determines that the family has not reported income for a period of five years and only has documentation for the last three years, the LSHA is only able determine retroactive rent for the three years for which documentation is available.

Repayments shall be in accordance with LSHA's repayment policies and agreement.

EIV Record Retention

LSHA Policy

The LSHA's record retention policy will determine the length of time the PHA should maintain EIV printouts in a tenant file. LHAs are authorized to maintain the EIV Income Report in the tenant file for the duration of tenancy and no longer than three years from the end of participation (EOP) date. In accordance with revised regulation, 24 CFR §908.101, the LSHA is required to maintain at a minimum, the last three years of the form HUD-50058, and supporting documentation for all annual and interim reexaminations of family income. All records are to be maintained for a period of at least three years from the effective date of the action.

Disclosure of an Individual's EIV Information

The Federal Privacy Act (5USC§552a, as amended) prohibits the disclosure of an individual's information to another person without the written consent of such individual. As such, the EIV data of an adult household member may not be shared (or a copy provided or displayed) with another adult household member, unless the individual has provided written consent to disclose such information.

However, the LSHA is not prohibited from discussing with the head of household (HOH) and showing the HOH how the household's income and rent were determined based on the total family income reported and verified.

LSHA Policy

EIV information and any other information obtained by the LSHA for the purpose of determining eligibility and level of assistance for a PIH rental assistance program may not be disclosed to third parties for any reason (even for similar verifications under other programs, such as eligibility for low income housing tax credit units, other federal or state assistance programs), unless the tenant has authorized such disclosure in writing.

Incorrect EIV Information

Sometimes the source or originator of EIV information may make an error when submitting or reporting information about tenants. HUD cannot correct data in the EIV system. Only the originator of the data can correct the information. When the originator corrects the data, HUD will obtain the updated information with its next computer matching process. Below are the procedures tenants and the LSHA will follow regarding incorrect EIV information.

Employment and wage information reported in EIV originates from the employer. The employer reports this information to the local State Workforce Agency (SWA), who in turn, reports the information to HHS' (Health and Human Services) National Directory of New Hires (NDNH) database.

If the tenant disputes this information, s/he should contact the employer directly, in writing to dispute the employment and/or wage information, and request that the employer correct erroneous information.

The tenant should provide the LSHA with this written correspondence so that it may be maintained in the tenant file. If employer resolution is not possible, the tenant should contact the local SWA for assistance.

Unemployment benefit information reported in EIV originates from the local SWA. If the tenant disputes this information, s/he should contact the SWA directly, in writing to dispute the unemployment benefit information, and request that the SWA correct erroneous information. The tenant should provide the LSHA with this written correspondence so that it may be maintained in the tenant file.

SS and SSI benefit information reported in EIV originates from the SSA. If the tenant disputes this information, s/he should contact the SSA at (800) 772-1213, or visit the local SSA office. SSA office information is available in the government pages of the local telephone directory or online at <http://www.socialsecurity.gov>.

Note: The tenant may also provide the LSHA with third party documents which are in the tenant's possession to support their dispute of EIV information. The LSHA, with the tenant's consent, is required to submit a third party verification form to third party sources for completion and submission to the LSHA, when the tenant disputes EIV information and is unable to provide documentation to validate the disputed information. **The tenant's failure to sign the consent form is grounds for termination of tenancy and/or assistance in accordance with 24 CFR §5.232.**

Debts owed to PHAs and termination information reported in EIV originates from the PHA. If a current or former tenant disputes this information, s/he should contact the PHA (who reported the information) directly in writing to dispute this information and provide any documentation that supports the dispute. If the PHA determines that the disputed information is incorrect, the PHA will update or delete the record from EIV.

Former tenants may dispute debt and termination information for a period of up to three years from the end of participation date in the PIH program.

Identity Theft

Seemingly incorrect information in EIV may be a sign of identity theft. Sometimes someone else may use an individual's SSN, either on purpose or by accident. SSA does not require an individual to report a lost or stolen SSN card, and reporting a lost or stolen SSN card to SSA will not prevent the misuse of an individual's SSN.

However, a person using an individual's SSN can get other personal information about that individual and apply for credit in that individual's name. So, if the tenant suspects someone is using his/her SSN, s/he should check their Social Security records to ensure their records are correct (call SSA at (800) 772-1213); file an identity theft complaint with the local police department and/or Federal Trade Commission (call FTC at (877) 438-4338, or visit their website at: <http://www.ftc.gov/bcp/edu/microsites/idtheft/>); and s/he should also monitor their credit reports with the three national credit reporting agencies (Equifax, TransUnion, and Experian). The tenant should provide the LSHA written documentation of filed identity theft complaint. (Refer back to paragraph on Employment and wage information regarding disputed EIV information related to identity theft).

Tenants may request their credit report and place a fraud alert on their credit report with the three national credit reporting agencies at: www.annualcreditreport.com or by contacting the credit reporting agency directly. Each agency's contact information is listed below.

National Credit Reporting Agencies Contact Information

Equifax Credit Information Services, Inc.

P.O. Box 740241 Atlanta, GA 30374

Website: www.equifax.com

Telephone: (800) 685-1111

Experian

P.O. Box 2104 Allen, TX 75013

Website: www.experian.com

Telephone (888) 397-3742

TransUnion

P.O. Box 6790 Fullerton, CA 92834

Website: www.transunion.com

Telephone: (800) 680-7289 or (800) 888-4213

Security of EIV Data

The data in EIV contains personal information on individual tenants which is protected under the Federal Privacy Act. The information in EIV may only be used for limited official purposes, as noted below

Official Purposes Include:

- The LSHA, in connection with the administration of PIH programs, for verifying the employment and income at the time of interim and annual reexaminations.
- HUD staff for monitoring and oversight of LSHA compliance with HUD program requirements.
- Independent Auditors hired by the LSHA or HUD to perform a financial audit for use in determining the LSHA's compliance with HUD program requirements, including verifying income and determining the accuracy of the rent and subsidy calculations.

Restrictions on disclosure requirements for Independent Auditors

Independent Auditors:

- May only access EIV income information within family files and only within the offices of the LSHA or LSHA- hired management agent;
- May not transmit or transport EIV income information in any form;
- May not enter EIV income information on any portable media;
- Must sign non-disclosure oaths that the EIV income information will be used only for the purpose of the audit; and
- May not duplicate EIV income information or re-disclose EIV income information to any user not authorized by Section 435(j)(7) of the Social Security Act to have access to the EIV income data.

Official Purposes for Disclosure of EIV Do NOT Include:

Sharing the information with governmental or private entities not involved in the reexamination process specifically used for PIH rental assistance programs.

Disclosing the EIV information to other private or public entities for purposes other than determining eligibility and level of assistance for PIH rental assistance programs is prohibited since these entities are not a party to the computer matching agreements with the HHS and SSA.

The fact that these entities may find the EIV beneficial for similar eligibility and determination purposes for other low- income housing programs or public benefits, does not permit these entities to use or view information in the EIV system that is covered by the computer matching agreements.

The computer matching agreements are governed by the Privacy Act and the Social Security Act. Specifically, sections 453(j)(7)(E)(ii) and (iv) of the Social Security Act (42 USC §653j) limit disclosure of the data matched between HUD and HHS' National Directory of New Hires

(NDNH) database to PHAs, Independent Auditors, the Inspector General (IG) and Attorney General, private owners, management agents, and contract administrators of Multifamily Housing programs.

Penalties for Willful Disclosure or Inspection of EIV Data

- **Unauthorized Disclosure** – felony conviction and fine up to \$5,000 or imprisonment up to five (5) years, as well as civil damages.
- **Unauthorized Inspection** – misdemeanor penalty of up to \$1,000 and/or one (1) year imprisonment, as well as civil damages.

Penalties for Noncompliance with Mandated EIV System Use

The LSHA may be subject to sanctions and/or the assessment of disallowed costs associated with any resulting incorrect subsidy or tenant rent calculation or both. HUD may impose a sanction on:

- The LSHA if it does not have access to the EIV system or;
- The LSHA has access to the system, however, has not used the system within the last six months.

To avoid sanctions or disallowed costs, the LSHA will follow all formal and informal guidance provided to PHAs via webcast trainings, PIH Rental Housing Integrity Improvement Project (RHIP) periodic electronic mailings, and any other HUD Headquarters'-generated guidance.

Updating of PHA Policies and Procedures

LSHA Policy

The LSHA is required to implement all new and modified regulatory requirements of the *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System-Amendments*.

Notice to Applicants and Tenants

HUD PIH 2010-19 and updates provides LSHA with EIV system information guidance that the LSHA may provide to applicants and tenants of PIH rental assistance programs. The LSHA is **not** required to distribute this document. However, the LSHA will provide applicants and tenants with the *What You Should Know About EIV Guide* to educate families about EIV and inform them of how it affects their family.

There are two versions of the document: 1) with a signature block; and 2) without a signature block. It is not required for applicants or tenants to acknowledge receipt of the document; however, the LSHA may, at their discretion, require the family to acknowledge receipt of the guide. **LSHA requires families to acknowledge receipt of the guide, provide the family with a copy of the guide to take with them, and maintain a signed copy in the family file folder.**

D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION

Reasonable Effort and Timing

Unless third-party verification is not required as described below, HUD requires the LSHA to make at least two unsuccessful attempts to obtain third-party verification before using another form of verification [VG, p. 15].

LSHA Policy

The LSHA will diligently seek third-party verification using a combination of written and oral requests to verification sources. Information received orally from third parties may be used either to clarify information provided in writing by the third party or as independent verification when written third-party verification is not received in a timely fashion.

The LSHA may mail, fax, e-mail, or hand deliver third-party written verification requests and will accept third-party responses using any of these methods. The LSHA will send a written request for verification to each required source within 5 business days of securing a family's authorization for the release of the information and give the source 10 business days to respond in writing. If a response has not been received by the 11th business day, the LSHA will request third-party oral verification.

The LSHA will make a minimum of two attempts, one of which may be oral, to obtain third-party verification. A record of each attempt to contact the third-party source (including no-answer calls) and all contacts with the source will be documented in the file. Regarding third-party oral verification, LSHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the LSHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.

If a third party agrees to confirm in writing the information provided orally, the LSHA will wait no more than 5 business days for the information to be provided. If the information is not provided by the 6th business day, the LSHA will use any information provided orally in combination with reviewing family-provided documents.

When Third-Party Information is Late

When third-party verification has been requested and the timeframes for submission have been exceeded, the LSHA will use the information from documents on a provisional basis. If the LSHA later receives third-party verification that differs from the amounts used in income and rent determinations and it is past the deadline for processing the reexamination, the LSHA will conduct an interim reexamination to adjust the figures used for the reexamination, regardless of the LSHA's interim reexamination policy.

When Third-Party Verification is Not Required

Primary Documents

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

Certain Assets and Expenses

The LSHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value.

The LSHA will determine that third-party verification is not available if the asset or expense involves an insignificant amount, making it not cost-effective or reasonable to obtain third-party verification.

LSHA Policy

The LSHA will use review of documents in lieu of requesting third-party verification when the market value of an individual asset is less than \$5,000 or an expense is less than \$500 annually *and* the family has original documents that support the declared amount.

Certain Income, Asset and Expense Sources

The LSHA will determine that third-party verification is not required when it is known that an income source does not have the ability to provide written or oral third-party verification. For example, the LSHA will rely upon review of documents when the LSHA determines that a third party's privacy rules prohibit the source from disclosing information.

LSHA Policy

The LSHA also will determine that third-party verification is not available when there is a service charge for verifying an asset or expense *and* the family has original documents that provide the necessary information.

If the family cannot provide original documents, the LSHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost.

E. REVIEW OF DOCUMENTS

Using Review of Documents as Verification

LSHA Policy

If the LSHA has determined that third-party verification is not available or not required, the LSHA will use documents provided by the family as verification.

The LSHA may also review documents when necessary to help clarify information provided by third parties. In such cases the LSHA will document in the file how the LSHA arrived at a final conclusion about the income or expense to include in its calculations.

F. SELF-CERTIFICATION

LSHA Policy

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the LSHA.

The LSHA may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the LSHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a LSHA representative.

PART II. VERIFYING FAMILY INFORMATION

G. VERIFICATION OF LEGAL IDENTITY

LSHA Policy

The LSHA will require families to furnish verification of legal identity for each household member.

Verification of Legal Identity for Adults	Verification of Legal Identity for Children
Certificate of birth, naturalization papers	Certificate of birth
Church issued baptismal certificate	Adoption papers
Current, valid driver's license or Department of Motor Vehicles identification card	Custody agreement
	Health and Human Services ID
	School records

U.S. military discharge (DD 214)	
U.S. passport	
Employer identification card	

If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required.

If none of these documents can be provided and at the LSHA's discretion, a third party who knows the person may attest to the person's identity. The certification must be provided in a format acceptable to the LSHA and be signed in the presence of a LSHA representative.

Legal identity will be verified on an as needed basis.

H. SOCIAL SECURITY NUMBERS [24 CFR 5.216]

For every eligible family member, the family must provide documentation of a valid social security number (SSN). A self-certification stating that no SSN has been issued for a person that is not declaring eligibility of that member is acceptable only for those members of a mixed-family that do not declare eligibility. The self-certification must be executed personally by any family member 18 or older, or by a parent or guardian for a minor.

LSHA Policy

The LSHA requires review of the original, however, LSHA will also accept the following documents as evidence if the SSN is provided on the document:

Other identification letter that includes the SSN issued by a federal, state, or local agency.

If the family reports an SSN but cannot provide acceptable documentation of the number, the LSHA will require a self-certification stating that documentation of the SSN cannot be provided at this time. The LSHA will require documentation of the SSN within 60 calendar days from the date of the family member's self-certification mentioned above. Unless excepted under the regulation, if the family is an applicant, assistance cannot be provided until proper documentation of the SSN is provided.

LSHA Policy

The LSHA will instruct the family to obtain a duplicate card from the local Social Security Administration (SSA) office.

For individuals who are at least 62 years of age and are unable to submit the required documentation of their SSN within the initial 60-day period, the LSHA will grant an additional 60 calendar days to provide documentation.

Social Security Numbers must be verified only once during continuously-assisted occupancy.

If any family member obtains an SSN after admission to the program, the new SSN must be disclosed at the next regularly scheduled reexamination. If required by the law enforcement entity for the purpose of conducting criminal background verification, the social security numbers of household members, such as live-in aids, must be verified for the purpose of conducting criminal background checks.

I. DOCUMENTATION OF AGE and SEX

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

LSHA Policy

If an official record of birth, the LSHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and/or to provide a self-certification.

Age must be verified only once during continuously-assisted occupancy.

J. FAMILY RELATIONSHIPS

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.

LSHA Policy

Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.

Marriage

LSHA Policy

Certification by the head of household is normally sufficient verification. If the LSHA has reasonable doubts about a marital relationship, the LSHA will require the family to document the marriage.

A marriage certificate generally is required to verify that a couple is married.

Separation or Divorce

LSHA Policy

Certification by the head of household is normally sufficient verification. If the LSHA has reasonable doubts about a separation or divorce, the LSHA will require the family to document the divorce, or separation.

A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.

A copy of a court-ordered maintenance or other court record is required to document a separation.

If no court document is available, documentation from a community-based agency will be accepted.

Absence of Adult Member

LSHA Policy

If an adult member who was formerly a member of the household is reported to be permanently absent, the family must provide evidence to support that the person is no longer a member of the family (e.g., documentation of another address at which the person resides such as a lease or utility bill).

Foster Children and Foster Adults

LSHA Policy

Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required.

K. VERIFICATION OF STUDENT STATUS

LSHA Policy

The LSHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

The family claims full-time student status for an adult other than the head, spouse, or co-head, or

The family claims a child care deduction to enable a family member to further his or her education.

The family claims an income exclusion because the student is receiving earned income and only includes the amount of the child deduction for that year.

L. DOCUMENTATION OF DISABILITY

The LSHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. The LSHA is not permitted to inquire about the nature or extent of a person's disability [24 CFR 100.202(c)]. The LSHA may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If the LSHA receives a verification document that provides such information, the LSHA will not place this information in the tenant file. Under no circumstances will the LSHA request a participant's medical record(s). For more information on health care privacy laws, see the Department of Health and Human Services' website at www.os.dhhs.gov.

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [VG, p. 24]:

- Inquiry into an applicant's ability to meet the requirements of ownership or tenancy
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability
- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance

Family Members Receiving SSA Disability Benefits

Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions [VG, p. 23].

LSHA Policy

For family members claiming disability who receive disability benefits from the SSA, the LSHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system, when it is available. If documentation from HUD's EIV System is not available, the LSHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), the LSHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to the LSHA.

Family Members Not Receiving SSA Disability Benefits

Receipt of veteran's disability benefits, worker's compensation, or other non-SSA benefits based on the individual's claimed disability are not sufficient verification that the individual meets HUD's definition of disability in 24 CFR 5.603.

LSHA Policy

For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.

M. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]

Overview

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and LSHA verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during continuously-assisted occupancy. Verification of non-citizens having temporary status will need to be re-verified prior to the expiration date. [24 CFR 5.508(g)(5)]

U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

The LSHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

LSHA Policy

Family members who claim U.S. citizenship or national status will be required to provide additional documentation such as a birth certificate.

Eligible Immigrants

Documents Required

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible non-citizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance.

LSHA Verification

For family members age 62 or older who claim to be eligible immigrants, proof of age is required.

For family members under the age of 62 who claim to be eligible immigrants, the LSHA must verify immigration status with the United States Citizenship and Immigration Services (USCIS) (Systematic Alien Verification for Entitlement system).

The LSHA will follow all USCIS protocols for verification of eligible immigration status.

N. VERIFICATION OF PREFERENCE STATUS

Any preferences must be properly verified.

PART III. VERIFYING INCOME AND ASSETS

Chapter 6, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides LSHA policies that supplement the general verification procedures specified in Part I of this chapter.

O. EARNED INCOME

LSHA Policy

When paystubs or employer print-outs are used to verify earnings, four (4) current consecutive paystubs will be required to calculate annual income from earnings. This method will be used regardless of frequency (i.e. weekly, bi-weekly, semi-monthly, monthly). Income will be annualized using these paystubs or employer records. Exceptions to this method will be documented in the tenant file.

Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

Interruption of employment due to temporary leave of absence (i.e. maternity leave, short-term disability): upon verification that earnings have stopped, an interim will be conducted to remove the income. The family may be required to complete a Zero/Extremely Low Income Questionnaire/Certification. The family is required to report any other income received in lieu of earnings. The family will be required to report when the income starts again. At that time an interim will be conducted to add the income back into the family budget.

P. BUSINESS AND SELF-EMPLOYMENT INCOME

LSHA Policy

Business owners and self-employed persons will be required to provide:

An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.

All schedules completed for filing federal and local taxes in the preceding year.

If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The LSHA will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination the LSHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

If a family member has been self-employed less than three (3) months, the LSHA will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three (3) to twelve (12) months the LSHA will require the family to provide documentation of income and expenses for this period and use that information to project income.

Q. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

Social Security/SSI Benefits

LSHA Policy

To verify the SS/SSI benefits of applicants, the LSHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the LSHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant has received the benefit verification letter they will be required to provide it to the LSHA.

To verify the SS/SSI benefits of participants, the LSHA will obtain information about social security/SSI benefits through the HUD EIV System. If benefit information is not available in HUD systems, the LSHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the LSHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the participant has received the benefit verification letter they will be required to provide it to the LSHA.

R. ALIMONY OR CHILD SUPPORT

LSHA Policy

The way the LSHA will seek verification for alimony and child support differs depending on whether the family declares that it receives regular payments.

If the family declares that it *receives regular payments*, verification will be sought in the following order.

If payments are made through a state or local entity, the LSHA will request a record of payments for the past 12 months and request that the entity disclose any known information about the likelihood of future payments

Verification of Child Support payments may be obtained electronically from the Child Support enforcement web site. The LSHA must have the participants case number and along with entering the case number the last four digits of the participants Social Security number must be entered. This is only for court support payments in North Carolina.

Third-party verification from the person paying the support

Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules

Copy of the latest check and/or payment stubs

Family's self-certification of amount received and of the likelihood of support payments being received in the future, or that support payments are not being received.

If the family declares that it *receives irregular or no payments*, in addition to the verification process listed above, the family must provide evidence that it has taken all reasonable efforts to collect amounts due. This may include:

A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts

If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

Note: Families are not required to undertake independent enforcement action.

S. ASSETS AND INCOME FROM ASSETS

Assets Disposed of for Less than Fair Market Value

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The LSHA needs to verify only those certifications that warrant documentation.

LSHA Policy

The LSHA will verify the value of assets disposed of only if:

The LSHA does not already have a reasonable estimation of its value from previously collected information, or

The amount reported by the family in the certification appears obviously in error.

Example 1: An elderly participant reported a \$10,000 certificate of deposit at the last annual reexamination and the LSHA verified this amount. Now the person reports that she has given this \$10,000 to her son. The LSHA has a reasonable estimate of the value of the asset; therefore, re-verification of the value of the asset is not necessary.

Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately 5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the LSHA will verify the value of this asset.

T. NET INCOME FROM RENTAL PROPERTY

LSHA Policy

The family must provide:

A current executed lease for the property that shows the rental amount or certification from the current tenant.

A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, the LSHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

U. RETIREMENT ACCOUNTS

LSHA Policy

When third-party verification is not available the type of original document that will be accepted depends upon the family member's retirement status.

Before retirement, the LSHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.

Upon retirement, the LSHA will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.

After retirement, the LSHA will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any

distributions of the account balance, any lump sums taken and any regular payments.

V. INCOME FROM EXCLUDED SOURCES (PIH 2013-4)

Income that is fully excluded means the entire amount qualifies to be excluded from the annual income determination. For fully excluded income, the LSHA is **not required** to:

- Verify the income in accordance with the HUD-prescribed verification hierarchy;
- Document in the tenant file why third party verification was not available as required by 24 CFR 960.259(c)(i) and 24 CFR 982.516(a)(2); and
- Report the income in Section 7 of the form HUD-50058.

LSHA may accept an applicant or participant's self-certification as verification of fully excluded income. The LSHA's application and reexamination documentation, which is signed by all adult family members, may serve as the self-certification of the fully excluded income. LSHA has the option of elevating the verification requirements if necessary, to determine if a source of income qualifies for a full exclusion.

Examples of common fully excluded income categories that are verifiable through applicant or participant self-certification are:

- Supplemental Nutrition Assistance Program (SNAP) benefits, formerly known as food stamps.
- Income from a live-in aide.

For a complete list of income exclusions, see 24 CFR 5.609(c).

Income that is partially excluded means that only a certain portion of the income reported by the family qualifies to be excluded, while the remainder must be included when determining the family's annual income. For partially excluded income,

LSHA is required to:

- Comply with HUD-prescribed verification requirements and all applicable regulations pertaining to the determination of annual income; and
- Report the income in Section 7 of the form HUD-50058.

Examples of partially excluded income that are subject to regular verification requirements include:

- The Department of Veterans Affairs "Aid and Attendance" benefits – in accordance with 24 CFR 5.609(c)(4), these benefits may be excluded from income if they are used "specifically for, or in reimbursement of, the cost of medical expenses for any family member." Live-in or periodic medical assistance and services of doctors and health care professionals are among the services that may be counted as medical expenses. The LSHA must verify the amount provided for aid and attendance medical expenses and the amount actually being used by the veteran for such

expenses. Any portion of the benefit not used for such expenses would continue to be counted as income by the LSHA when determining the family's annual income.

- Earnings in excess of the determined annual amount from the HUD HOTMA guidelines for the current year for full-time students 18 years old or older (24 CFR 5.609(c)(11) – in order to determine the amount of earnings to include in the calculation of the family's annual income, the LSHA must verify the amount of employment income for these family members. This amount will match the dependent deductions.

LSHA Policy

The LSHA will not verify nor report fully excluded income. The LSHA will verify and report partially included/excluded income.

W. ZERO/EXTREMELY LOW ANNUAL INCOME STATUS

Families claiming to have no or extremely low annual income will be required to execute verification forms and LSHA executes an EIV search to determine that certain forms of income such as unemployment benefits, TANF, SSI, etc. are not being received by the household.

PART IV. VERIFYING MANDATORY DEDUCTIONS

X. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS

The dependent and elderly/disabled family deductions require only that the LSHA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

Dependent Deduction

See Chapter 6 for a full discussion of this deduction. The LSHA will verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or co-head of the family and is not a foster child
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full-time student

Elderly/Disabled Family Deduction

See Eligibility chapter for a definition of elderly and disabled families and Chapter 6 for a discussion of the deduction. The LSHA will verify that the head, spouse, or co-head is 62 years of age or older or a person with disabilities.

Y. MEDICAL EXPENSE DEDUCTION

Policies related to medical expenses are found in chapter 6. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

LSHA Policy

The LSHA will provide a third-party verification form directly to the medical provider requesting the needed information.

Medical expenses will be verified through:

EIV

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make medical expense payments and/or printouts or receipts from the source will be used. In this case the LSHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The LSHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months.

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months

In addition, the LSHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.

Eligible Household

The medical expense deduction is permitted only for households in which the head, spouse, or co-head is at least 62, or a person with disabilities. The LSHA will verify that the family meets the definition of an elderly or disabled family provided in the Eligibility chapter and as described in Chapter 7 of this plan.

Qualified Expenses

To be eligible for the medical expenses deduction, the costs must qualify as medical expenses. All qualified medical expenses must be above the federally mandated threshold as set by HUD. See Chapter 6 for the LSHA's policy on what counts as a medical expense.

Unreimbursed Expenses

To be eligible for the medical expenses deduction, the costs must not be reimbursed by another source.

LSHA Policy

The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source.

Expenses Incurred in Past Years

LSHA Policy

When anticipated costs are related to on-going payment of medical bills incurred in past years, the LSHA will verify:

The anticipated repayment schedule

The amounts paid in the past, and

Whether the amounts to be repaid have been deducted from the family's annual income in past years

Z. DISABILITY ASSISTANCE EXPENSES

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I. All disability assistance expenses must be above the federally mandated threshold as set by HUD.

Amount of Expense

Attendant Care

LSHA Policy

The LSHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make attendant care payments and/or receipts from care source

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months

Auxiliary Apparatus

LSHA Policy

Expenses for auxiliary apparatus will be verified through:

Third-party verification of anticipated purchase costs of auxiliary apparatus

If third-party is not possible, billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months

If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months

In addition, the LSHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described above).
- The expense permits a family member, or members, to work.
- The expense is not reimbursed from another source.
- The expense does not exceed the amount of the earned income of the individual freed for work.

Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The LSHA will verify that the expense is incurred for a person with disabilities.

Family Member(s) Permitted to Work

The LSHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

LSHA Policy

The LSHA will seek third-party verification from a Rehabilitation Agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6-II.E.).

If third-party and document review verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

LSHA Policy

An attendant care provider will be asked to certify that, to the best of the provider's knowledge, the expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

AA. CHILD CARE EXPENSES

Policies related to child care expenses are found in Chapter 6 (6-II.F). The amount of the deduction will be verified following the standard verification procedures described in Part I of this chapter. In addition, the LSHA must verify that:

- The child is eligible for care.
- The costs claimed are not reimbursed.
- The costs enable a family member to pursue an eligible activity.
- The costs are for an allowable type of child care.
- The costs are reasonable if seeking employment or furthering education.

Eligible Child

To be eligible for the child care deduction, the costs must be incurred for the care of a child under the age of 13. The LSHA will verify that the child being cared for (including foster children) is under the age of 13.

Unreimbursed Expense

To be eligible for the child care deduction, the costs must not be reimbursed by another source.

LSHA Policy

The child care provider will be asked to certify that, to the best of the provider's knowledge, the child care expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that the child care expenses are not paid by or reimbursed to the family from any source.

Pursuing an Eligible Activity

The LSHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

LSHA Policy

Information to be Gathered

The LSHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

Whenever possible the LSHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the

LSHA will request verification from the agency of the member's job seeking efforts to date and require the family to submit to the LSHA any reports provided to the other agency.

In the event third-party verification is not available, the LSHA will provide the family with a form on which the family member must record job search efforts. The LSHA will review this information at each subsequent reexamination for which this deduction is claimed.

Furthering Education

The LSHA will ask that the academic or vocational educational institution verify that the person permitted to further his or her education by the child care is enrolled and provide information about the timing of classes for which the person is registered.

Gainful Employment

The LSHA will seek verification from the employer of the work schedule of the person who is permitted to work by the child care. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified.

Allowable Type of Child Care

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in Chapter 6.

LSHA Policy

The LSHA will verify that the type of child care selected by the family is allowable, as described in Chapter 6.

The LSHA will verify that the fees paid to the child care provider cover only child care costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

The LSHA will verify the child care provider is not a family member residing in the household. Verification will be made through the head of household's declaration of family members who are expected to reside in the unit.

Reasonableness of Expenses

Only reasonable child care costs can be deducted for seeking employment or furthering education.

LSHA Policy

The actual costs the family incurs will be compared with the LSHA's established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable. LSHA will use local welfare agency guidelines.

If the family presents a justification for costs that exceed typical costs in the area, the LSHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.

The LSHA shall use the local HHS determinations as the limit on what is reasonable for the area.

Additional Provisions for Verification if Child Care Provided by Non-Agency Provider

In cases where verification is provided through non-agency providers through an self-affidavits, and if the child care deduction exceeds \$600, the LSHA will require the participant/tenant to provide verification of the 1099-Misc provided to the individual providing the care, and a copy of the provider's tax return indicating the income was properly documented for taxing purposes.