

CHAPTER 4 Verifications

Section 1 Overview

- The issue of verification cuts across all occupancy areas.
- All information in an applicant or participant family's file must be verified and properly documented.
- PHAs need to establish detailed verification procedures within their administrative plans (or separately) for management control purposes.
- Each PHA should ensure that staff interviewers are trained to explain the following points during face-to-face interviews or over the phone if necessary:
 - The types of information that the PHA will verify
 - The methods of verification, including computer matching, that the PHA will use
- PHAs share the responsibility for documentation and verification of income information with the families that apply for or receive program assistance.
 - To fulfill their responsibilities, families must:
 - Complete all necessary paperwork
 - Sign all required release forms
 - Be responsive to PHA requests
 - Provide requested information and documents in a timely manner
 - PHAs, for their part, must follow up with third-party sources.

Verifications

Section 1: Overview

Notes

- Verifications are essential for high-quality administration.
- Verifications ensure that the income information provided by families and used by PHAs to determine eligibility and rental subsidy amounts is correct.
- PHAs must take measures to ensure that each regulatory and policy item that needs to be verified is in fact verified—and verified consistently—by all staff members.

LEARNING ACTIVITY 4-1 MINIMUM RENT VERIFICATION

Objectives

- To review regulatory and policy language and determine what needs to be verified
- To determine how the needed items should be verified

Instructions

- Review ABC PHA's minimum rent policy on the following page.

Task

- On the answer sheet provided on page 4-5, question 1a lists one item in ABC PHA's minimum rent policy that needs to be verified. Answer questions 1b and 1c by identifying the appropriate verification source for this item and explaining how you would go about verifying it.
- On your own time, identify three other items in ABC PHA's minimum rent policy that need to be verified and complete this learning activity by answering the remaining questions on the answer sheet.

ABC PHA
POLICY ON MINIMUM RENT

Minimum Rent

“Minimum rent” is \$25. Minimum rent refers to the minimum total tenant payment (TTP) and includes the combined amount a family pays toward rent and/or utilities when it is applied.

Hardship Requests for an Exemption to Minimum Rent

The PHA recognizes that in some circumstances even the minimum rent may create a financial hardship for families. The PHA will review all relevant circumstances brought to the PHA’s attention regarding financial hardship as it applies to the minimum rent. The following section states the PHA’s policies in regard to minimum rent financial hardship as set forth by the Quality Housing and Work Responsibility Act of 1998. HUD has defined circumstances under which a hardship can be claimed. (24 CFR 5.630)

Criteria for Hardship Exemption

In order for a family to qualify for a hardship exemption, the family’s circumstances must fall under one of the following HUD hardship criteria:

- The family has lost eligibility or is awaiting an eligibility determination for federal, state, or local assistance, including a family with a member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act and who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.
- The family would be evicted as a result of the imposition of the minimum rent requirement.
- The income of the family has decreased because of changed circumstances, including loss of employment, death in the family, or other circumstances as determined by the PHA or HUD.

Suspension of Minimum Rent

The PHA will grant the minimum rent suspension to all families who request it, effective the first of the following month.

The minimum rent will be suspended until the PHA determines whether the hardship meets the criteria for exemptions and whether it is temporary or long-term.

“Temporary” means verified to last less than 90 days. “Permanent” means lasting 90 or more days.

“Suspension” means that the PHA must not use the minimum rent calculation until the PHA has made this decision.

During the minimum rent suspension period, the family will not be required to pay the minimum rent, and the housing assistance payment (HAP) will be increased accordingly.

If the PHA determines that there is no qualifying hardship, the PHA will reinstate the minimum rent, including payment for minimum rent from the time of suspension. The PHA will determine whether a repayment agreement is feasible in accordance with its repayment policy.

Temporary Hardship Suspension

If the PHA determines that the hardship is temporary, the minimum rent will not be imposed for a period of 90 days from the date of the family’s request unless the family reports that the temporary hardship no longer exists. At the end of the temporary suspension period, the minimum rent will be imposed retroactively to the time of suspension. The PHA will offer the family a reasonable repayment agreement.

Long-Term Duration Hardship Exemption (24 CFR 5.630(b)(2)(iii)(B))

If the PHA determines that there is a qualifying long-term financial hardship, the PHA must exempt the family from the minimum rent requirements for as long as the hardship continues. The exemption from minimum rent shall apply from the first day of the month following the family’s request for exemption.

Answer Sheet

1a. What needs to be verified?

- Family has lost eligibility or is awaiting eligibility determination for federal, state, or local assistance.

1b. Who is the verification source?

-

1c. How would you verify this item?

2a. What needs to be verified?

2b. Who is the verification source?

2c. How would you verify this item?

3a. What needs to be verified?

3b. Who is the verification source?

3c. How would you verify this item?

4a. What needs to be verified?

4b. Who is the verification source?

4c. How would you verify this item?

Section 2 Verification Policies

REGULATORY VERIFICATION REQUIREMENT

- The regulation governing verification in the HCV program is located at 24 CFR 982.516(a).
- The regulation states that PHAs either must obtain and document in family files third-party verification of the following factors or must document in the files 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

HIERARCHY OF VERIFICATION METHODS

- HUD has established a hierarchy of five verification levels.
- Using this hierarchy, PHAs should develop and adopt verification policies to guide staff in determining what qualifies as adequate verification for specific items that affect the determination of income and rent.
 - These policies must be consistent with the regulatory requirements.
- On the following pages you will find two samples:
 - A sample of a general verification policy that follows HUD's hierarchy
 - A sample of a policy that applies specifically to the verification of assets

Notes

SAMPLE GENERAL VERIFICATION POLICY

A. METHODS OF VERIFICATION AND AGE OF DATA (24 CFR 982.516)

The PHA will verify information through the five methods of verification acceptable to HUD in the following order:

1. Up-front income verification (UIV)
2. Third-party written verification
3. Third-party oral verification
4. Review of documents
5. Certification/self-declaration

Up-Front Income Verification

The PHA will utilize up-front income verification tools, including TASS and the Work Number, whenever possible.

When HUD announces the availability of the UIV system for our PHA, we will utilize additional UIV tools, including a centralized computer matching system. The PHA will pursue other computer matching agreements with federal, state, and local government agencies.

Use of Third-Party Verification to Supplement Up-Front Income Verification

Up-front income verification replaces, to the maximum extent possible, the more time-consuming and less accurate third-party verification process of contacting individual employers identified by families or reviewing outdated income verification documents. However, third-party verification may continue to be necessary to complement up-front income verification. Up-front income verification should not be considered an automatic substitute for other third-party verification. Rather, up-front income verification may supplement other verification documentation, such as original, current tenant-provided documents.

Third-Party Written Verification

Third-party verification is used to verify information directly with the source.

Third-party written verification forms will be sent and returned via first-class mail. The family will be required to sign an authorization allowing the information source to release the specified information.

Two attempts to obtain third-party verification will be made before relying on another method. Verifications received electronically directly from the source are considered third-party written verifications.

Third-party verification forms, including computerized printouts, will not be hand-carried by the family under any circumstances. The PHA will send requests for third-party written verifications to the source at all times regardless of whether the family provides a computerized printout.

The PHA will allow four weeks for return of third-party verifications.

If third-party written verification is not used, the PHA will document the reasons in the file.

For applicants, verifications may not be more than 60 days old at the time of voucher issuance. For participants, they are valid for 120 days from date of receipt.

Third-Party Oral Verification

Oral third-party verification will be used when written third-party verification is delayed or impossible. When third-party oral verification is used, staff will be required to complete a Certification of Document Viewed or Person Contacted form, noting with whom they spoke, the date of the conversation, and the facts provided. If oral third-party verification is provided by telephone, the PHA must originate the call. If third-party verification is not available, the PHA will compare the specified information to any documents provided by the family.

Review of Documents

In the event that third-party written or oral verification is unavailable or information has not been verified by a third party within four weeks, the PHA will annotate the file accordingly and utilize documents provided by the family as the primary source if the documents contain complete information.

All such documents, excluding government checks, will be photocopied and retained in the family file. When documents cannot be photocopied, staff viewing the documents will complete a Certification of Document Viewed or Person Contacted form.

The PHA will accept the following documents from families providing that tampering can be easily noted:

- Printed wage stubs
- Computer printouts from employers
- Signed letters (provided that the information is confirmed by phone)
- Other documents identified by PHA as acceptable verification

The PHA will accept faxed documents.

The PHA will not accept photocopies.

If third-party verification is received after documents have been accepted as provisional verification and there is a discrepancy, the PHA will contact the third-party source and the family to resolve differences.

The PHA will allow up to one week for families to provide documents when third-party verification is impossible to obtain.

The PHA will not delay the processing of an application beyond 45 days because a third-party information provider does not return a verification in a timely manner.

Self-Certification/Self-Declaration

When information cannot be verified by a third party or by review of documents, families will be required to submit a self-certification.

Self-certification means a notarized statement signed under penalty of perjury in the presence of a witness.

The PHA will allow up to one week for a family to provide a self-certification or self-declaration if other forms of verification are impossible to obtain.

SAMPLE VERIFICATION POLICY FOR ASSETS

VERIFICATION OF ASSETS

Family Assets

The PHA will utilize the current balance for savings accounts and the average six-month balance for checking accounts. The PHA will require the information necessary to determine the current cash value of a family's assets (the net amount the family would receive if the asset were converted to cash).

To document the existence of an asset, acceptable verification may include:

- Verification forms, letters, or documents provided directly by a financial institution or broker

If third-party verification is not available, any of the following may be accepted:

- Passbooks, checking account statements, certificates of deposit, bonds, or financial statements supplied by a family if completed by a financial institution or broker
- Estimates by a stockbroker or real estate agent of the net amount a family would receive if it liquidated securities or real estate
- Real estate tax statements if the approximate current market value can be deduced from them
- Financial statements for business assets
- Copies of closing documents showing selling price and distribution of sales proceeds
- Appraisals of personal property held as an investment
- A family's self-certification describing assets or cash held at the family's home or in safe-deposit boxes

Assets Disposed of for Less Than Fair Market Value (FMV) During Two Years Preceding Effective Date of Certification or Recertification

At admissions and reexaminations, the PHA will obtain each family's certification that it has or has not disposed of assets for less than fair market value during the two years preceding the effective date of the certification or recertification.

If the family certifies that it has disposed of assets for less than fair market value, the certification must show: (a) all assets disposed of for less than fair market value, (b) the date they were disposed of, (c) the amount the family received for each asset, and (d) the market value of each asset at the time of disposition. Third-party verification will be obtained whenever possible.

INCOME FROM ASSETS (24 CFR 982.516)

Savings or Checking Account Interest and Dividend Income

Acceptable methods of verification include, in this order:

1. PHA verification forms filled out or other statements supplied by the financial institution or, if these are not available, account statements, passbooks, or certificate of deposit statements supplied by the family
2. Broker statements showing the value of stocks or bonds and the earnings credited to the family (Earnings can also be obtained from current newspaper quotations or orally from brokers.)
3. IRS Form 1099 from a financial institution provided that the PHA adjusts the information to project earnings expected for the next 12 months

Interest Income from Mortgages and Similar Arrangements

Acceptable methods of verification include, in this order:

1. A letter received directly from an accountant, attorney, real estate broker, the buyer, or a financial institution stating the interest due for the next 12 months (A copy of the check paid by the buyer to the family is not sufficient unless a breakdown of interest and principal is shown.)
2. An amortization schedule showing interest for the 12 months following the effective date of certification or recertification

Net Rental Income from Property Owned by Family

Acceptable methods of verification include, in this order:

1. IRS Form 1040 with Schedule E (Rental Income)
2. Copies of latest rent receipts, leases, or other documentation of rent amounts
3. Documentation of allowable operating expenses of the property: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense
4. Lessee's written statement verifying rent payments to the family and the family's self-certification of net income realized

RELEASE FORMS

- Before requesting any verifications, PHAs must obtain signed consent forms from family members authorizing release of information.
- One such consent form must be consistent with the regulations at 24 CFR 5.230.
 - Form HUD-9886, Authorization for Release of Information/Privacy Act Notice (see page 4-15), is consistent with these regulations and therefore is the easiest form for PHAs to use.
- PHAs must also use other consent forms to request verification of information not covered by this form.
 - Because of privacy act issues, PHAs are advised to use specific, rather than generic, consent forms.

***Authorization for Release of Information/
Privacy Act Statement (Form HUD-9886)***

- Form HUD-9886 must be signed by:
 - All adult family members—i.e., those 18 years or older (24 CFR 5.230(a))
 - The family head and spouse regardless of age (24 CFR 5.230(a))
- This form can be used between regular reexaminations to verify unreported income.
 - The form is valid for 15 months after the date it was signed. (24 CFR 5.230(c)(4))
- HUD-9886 may be used by PHAs to obtain the following information **only**:
 - Wage and unemployment compensation from state wage information collection agencies (SWICAs)
 - Salary and wage information from current and former employers
 - Unearned income from financial institutions

Form HUD-9886

Authorization for the Release of Information/ Privacy Act Notice

to the U.S. Department of Housing and Urban Development (HUD)
and the Housing Agency/Authority (HA)

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

PHA requesting release of information: **(Cross out space if none)**
(Full address, name of contact person, and date)

IHA requesting release of information: **(Cross out space if none)**
(Full address, name of contact person, and date)

Authority: Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by Section 903 of the Housing and Community Development Act of 1992 and Section 3003 of the Omnibus Budget Reconciliation Act of 1993. This law is found at 42 U.S.C. 3544.

This law requires that you sign a consent form authorizing: (1) HUD and the Housing Agency/Authority (HA) to request verification of salary and wages from current or previous employers; (2) HUD and the HA to request wage and unemployment compensation claim information from the state agency responsible for keeping that information; (3) HUD to request certain tax return information from the U.S. Social Security Administration and the U.S. Internal Revenue Service. The law also requires independent verification of income information. Therefore, HUD or the HA may request information from financial institutions to verify your eligibility and level of benefits.

Purpose: In signing this consent form, you are authorizing HUD and the above-named HA to request income information from the sources listed on the form. HUD and the HA need this information to verify your household's income, in order to ensure that you are eligible for assisted housing benefits and that these benefits are set at the correct level. HUD and the HA may participate in computer matching programs with these sources in order to verify your eligibility and level of benefits.

Uses of Information to be Obtained: HUD is required to protect the income information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes, to Federal agencies for employment suitability purposes and to HAs for the purpose of determining housing assistance. The HA is also required to protect the income information it obtains in accordance with any applicable State privacy law. HUD and HA employees may be subject to penalties for unauthorized disclosures or improper uses of the income information that is obtained based on the consent form. **Private owners may not request or receive information authorized by this form.**

Who Must Sign the Consent Form: Each member of your household who is 18 years of age or older must sign the consent form. Additional signatures must be obtained from new adult members joining the household or whenever members of the household become 18 years of age.

Persons who apply for or receive assistance under the following programs are required to sign this consent form:

- PHA-owned rental public housing
- Turnkey III Homeownership Opportunities
- Mutual Help Homeownership Opportunity
- Section 23 and 19(c) leased housing
- Section 23 Housing Assistance Payments
- HA-owned rental Indian housing
- Section 8 Rental Certificate
- Section 8 Rental Voucher
- Section 8 Moderate Rehabilitation

Failure to Sign Consent Form: Your failure to sign the consent form may result in the denial of eligibility or termination of assisted housing benefits, or both. Denial of eligibility or termination of benefits is subject to the HA's grievance procedures and Section 8 informal hearing procedures.

Sources of Information To Be Obtained

State Wage Information Collection Agencies. (This consent is limited to wages and unemployment compensation I have received during period(s) within the last 5 years when I have received assisted housing benefits.)

U.S. Social Security Administration (HUD only) (This consent is limited to the wage and self employment information and payments of retirement income as referenced at Section 6103(I)(7)(A) of the Internal Revenue Code.)

U.S. Internal Revenue Service (HUD only) (This consent is limited to unearned income [i.e., interest and dividends].)

Information may also be obtained directly from: (a) current and former employers concerning salary and wages and (b) financial institutions concerning unearned income (i.e., interest and dividends). I understand that income information obtained from these sources will be used to verify information that I provide in determining eligibility for assisted housing programs and the level of benefits. Therefore, this consent form only authorizes release directly from employers and financial institutions of information regarding any period(s) within the last 5 years when I have received assisted housing benefits.

Consent: I consent to allow HUD or the HA to request and obtain income information from the sources listed on this form for the purpose of verifying my eligibility and level of benefits under HUD's assisted housing programs. I understand that HAs that receive income information under this consent form cannot use it to deny, reduce or terminate assistance without first independently verifying what the amount was, whether I actually had access to the funds and when the funds were received. In addition, I must be given an opportunity to contest those determinations.

This consent form expires 15 months after signed.

Signatures:

_____	_____	_____	_____
Head of Household	Date		
_____	_____	_____	_____
Social Security Number (if any) of Head of Household		Other Family Member over age 18	Date
_____	_____	_____	_____
Spouse	Date	Other Family Member over age 18	Date
_____	_____	_____	_____
Other Family Member over age 18	Date	Other Family Member over age 18	Date
_____	_____	_____	_____
Other Family Member over age 18	Date	Other Family Member over age 18	Date

Privacy Act Notice. Authority: The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937 (42 U.S.C. 1437 et. seq.), Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), and by the Fair Housing Act (42 U.S.C. 3601-19). The Housing and Community Development Act of 1987 (42 U.S.C. 3543) requires applicants and participants to submit the Social Security Number of each household member who is six years old or older. Purpose: Your income and other information are being collected by HUD to determine your eligibility, the appropriate bedroom size, and the amount your family will pay toward rent and utilities. Other Uses: HUD uses your family income and other information to assist in managing and monitoring HUD-assisted housing programs, to protect the Government's financial interest, and to verify the accuracy of the information you provide. This information may be released to appropriate Federal, State, and local agencies, when relevant, and to civil, criminal, or regulatory investigators and prosecutors. However, the information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Penalty: You must provide all of the information requested by the HA, including all Social Security Numbers you, and all other household members age six years and older, have and use. Giving the Social Security Numbers of all household members six years of age and older is mandatory, and not providing the Social Security Numbers will affect your eligibility. Failure to provide any of the requested information may result in a delay or rejection of your eligibility approval.

Penalties for Misusing this Consent:

HUD, the HA and any owner (or any employee of HUD, the HA or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form.

Use of the information collected based on the form HUD 9886 is restricted to the purposes cited on the form HUD 9886. Any person who knowingly or willfully requests, obtains or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than \$5,000.

Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the HA or the owner responsible for the unauthorized disclosure or improper use.

Original is retained by the requesting organization.

ref. Handbooks 7420.7, 7420.8, & 7465.1

form HUD-9886 (7/94)

Section 3 Recommended Levels of Verification

- HUD identifies the following levels in its hierarchy of verification:
 - Highest
 - Up-front income verification (UIV)—to become mandatory when HUD’s UIV system is available (24 CFR 5.236(b)(2))
 - High
 - Third-party written—mandatory
 - Medium
 - Third-party oral—mandatory if third-party written verification is not available
 - Medium-low
 - Document review—to be used on a provisional basis, as a supplement to UIV, or in situations where UIV and third-party verification are not obtained
 - Low
 - Tenant declaration—to be used only as a last resort when no other method of verification is available

UP-FRONT INCOME VERIFICATION (UIV)

- UIV is the verification of income, before or during a reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals.

Section 3: Recommended Levels of Verification

Notes

- HUD believes that UIV offers the best opportunity for making the biggest impact on reducing the excess rental assistance subsidies identified in the 2001 study “Quality Control for Rental Assistance Subsidies Determinations.”
 - Undisclosed income accounts for half of the excess subsidy reported in the study—over \$2 million every day, or about \$900 million a year—and UIV is particularly useful in identifying this income.
 - HUD also estimates that 50 percent of the errors associated with earned income in the study could be reduced by using UIV techniques.
 - Reducing subsidy errors is a major challenge and opportunity for the housing industry, including HUD.
- HUD maintains a website devoted to UIV, and links to many current UIV resources are posted on this website. (For the address, see Appendix A, page A-1.)
- Current UIV resources include the following:
 - Social security (SS) and supplemental security income (SSI) information accessed via HUD’s Tenant Assessment Subsystem (TASS), a secure Internet facility
 - State wage information collection agencies (SWICAs)
 - State systems for the Temporary Assistance for Needy Families (TANF) program
 - Credit Bureau Association (CBA) credit reports
 - Internal Revenue Service (IRS) Letter 1722
 - Private sector databases (e.g., The Work Number)
- PHAs may execute UIV agreements, such as agreements with TANF agencies, independent of HUD.
 - PHAs may execute UIV agreements with SWICAs only in states where HUD has not already executed such agreements.

Use of UIV for Verification

- When UIV does **not** differ substantially from participant-provided documents, PHAs may use the UIV to satisfy their regulatory obligation to obtain third-party verification.
 - In such cases, PHAs are not required to obtain additional third-party verification from employers.
 - However, PHAs need to adopt standards that clarify the meaning of *differ substantially*.
 - HUD suggests \$200 or more per month as a reasonable guideline.
- When UIV differs substantially from participant-provided documents, as in the following situations, third-party verification is still required.
 - A participant discloses an employer that is not represented in the UIV source.
 - The UIV source identifies an employer that a participant has not disclosed.
 - The income amounts on UIV and participant-provided documents differ substantially.

Use of UIV for Projecting Income

- PHAs can also use UIV to project income.
- However, since UIV information is not up-to-date, PHAs should use it along with participant-provided documents, such as pay stubs or SS/SSI award letters, when making their income projections.

Section 3: Recommended Levels of Verification

Notes

- UIV and pay stubs are complementary sources of information.
 - UIV satisfies the third-party obligation; pay stubs do not.
 - UIV reveals undisclosed income; pay stubs do not.
 - Pay stubs provide hours worked and rate of pay; UIV does not.
 - Pay stubs are current; UIV is dated (usually 3 months old).
- PHAs should **always** use UIV to verify SS and SSI income information.
 - In its initial round of RIM reviews, HUD did not make failure to use TASS to obtain up-front verification of SS and SSI income a finding. However, field offices were instructed to note on their RIM reports that such failure will be a finding next time if there is no other third-party verification of SS and SSI income (from a local SSA office) in a participant's file.
 - HUD has found that UIV from TASS is far superior to third-party verification of SS/SSI income from local SSA offices because PHAs often fail to ask for information on all family members, including children.

HUD's UIV System

Background and Rationale

- HUD's Office of Public and Indian Housing (PIH) is developing a UIV system to provide PHAs with a single source for obtaining verification of wages, unemployment compensation, and social security benefits.
- The department has invested millions of dollars in this system to assist in the reduction of subsidy overpayments as a result of inaccurately reported family income.

Section 3: Recommended Levels of Verification

Notes

- HUD's goal is to move toward achieving a reduction in subsidy errors of:
 - 30 percent by fiscal year 2004
 - 50 percent by fiscal year 2005
- Since January 2002, PIH has been actively negotiating cooperative agreements with state wage information collection agencies (SWICAs) nationwide.
 - These cooperative agreements enable HUD to receive wages and unemployment compensation on an ongoing basis through a computer matching operation for disclosure to PHAs.
 - PIH anticipates having more than 40 cooperative agreements executed by midyear 2004.
- The UIV system will contain:
 - Wage and unemployment information from SWICAs across the nation
 - Social security benefits from the Social Security Administration (SSA)
- All housing program participants whose social security numbers (SSNs) are transmitted to HUD's PIH Information Center (PIC) will be matched on a quarterly basis with the data in the UIV system.
 - This procedure will allow HUD to provide PHAs with the most recent income information available from SWICAs and the SSA.
- Previous HUD studies have shown that wages and social security benefits are the largest income components to be underreported. Therefore, HUD has determined that the UIV system is the best tool for PHAs to identify potential wage and benefit income underreporting.

Section 3: Recommended Levels of Verification

Notes

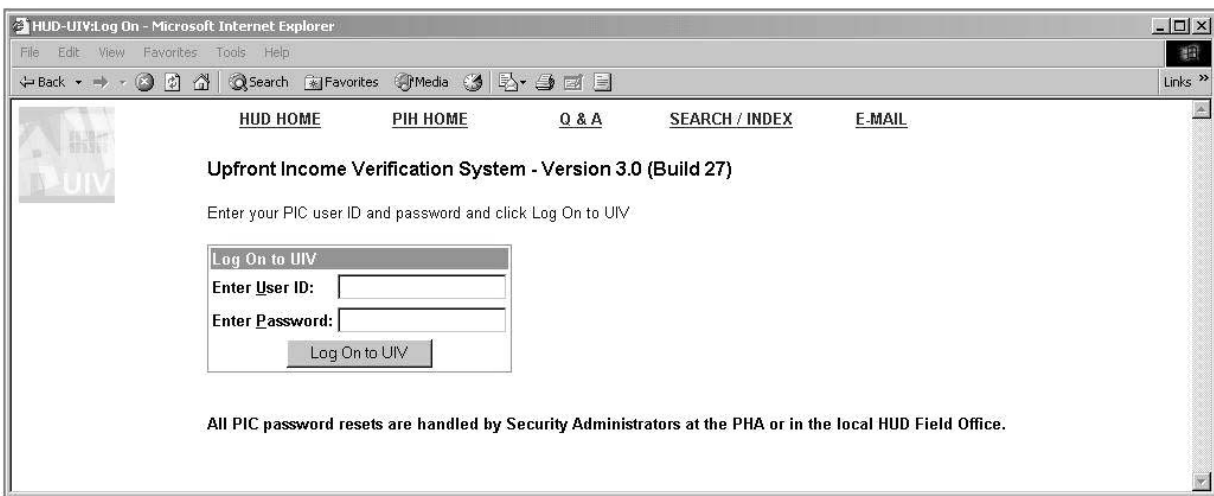
PHA Responsibilities

- While the UIV system will be an excellent tool for highlighting potential income errors, PHAs will still have the responsibility to:
 - Compare UIV information with participant-provided information
 - Resolve income discrepancies promptly to determine accurate tenant rents based on all available information
- In addition, PHAs will be responsible for:
 - Maintaining a current form HUD-9886, Authorization for Release of Information/Privacy Act Notice, in each HCV applicant's and participant's file
 - Restricting access to UIV data to employees who have a recognized need to know for valid administration reasons in the operation of HUD-assisted housing programs
 - Ensuring that UIV data is stored in places that are physically secure from access by unauthorized persons
- HUD plans to provide guidance to PHAs to ensure that they implement appropriate physical, technical, and administrative safeguards in their business operations. Safeguards will include:
 - Executive director certification to HUD regarding a security plan
 - Appointment of a security coordinator
 - User agreements signed by all PHA users
 - Physical security of tenant information (files, offices, etc.)
 - UIV system security:
 - Updating of user IDs quarterly
 - Monitoring of system usage
 - Training for staff

Section 3: Recommended Levels of Verification

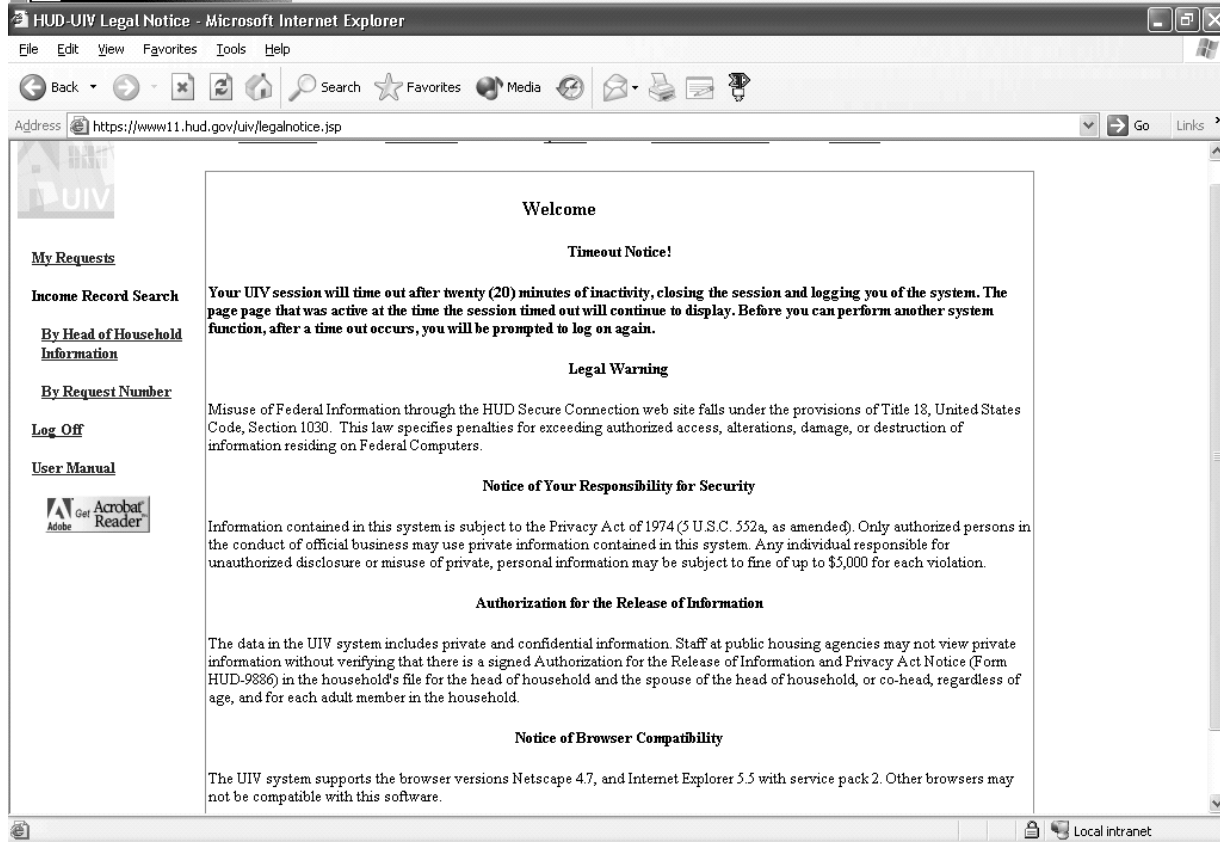
How the System Will Work

- As the following series of screen shots illustrates, HUD's UIV system is a simple tool that will enable PHAs to obtain information about the income of its HCV participants.
- To log on to the UIV system, an authorized user will enter the same ID and password that he or she uses for PIC.
 - PHAs may request additional PIC IDs and passwords for staff who do not have them but need access to the UIV system.



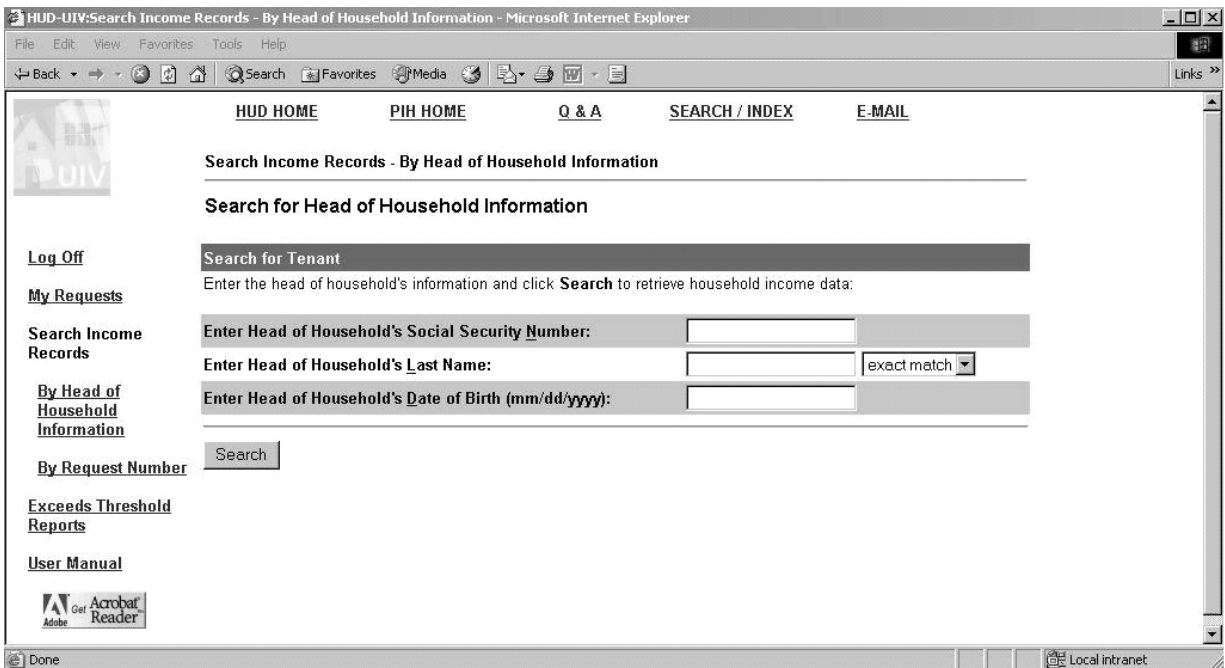
Section 3: Recommended Levels of Verification

- Successful log-on will bring the user to a welcome page and starting point for obtaining data.



Section 3: Recommended Levels of Verification

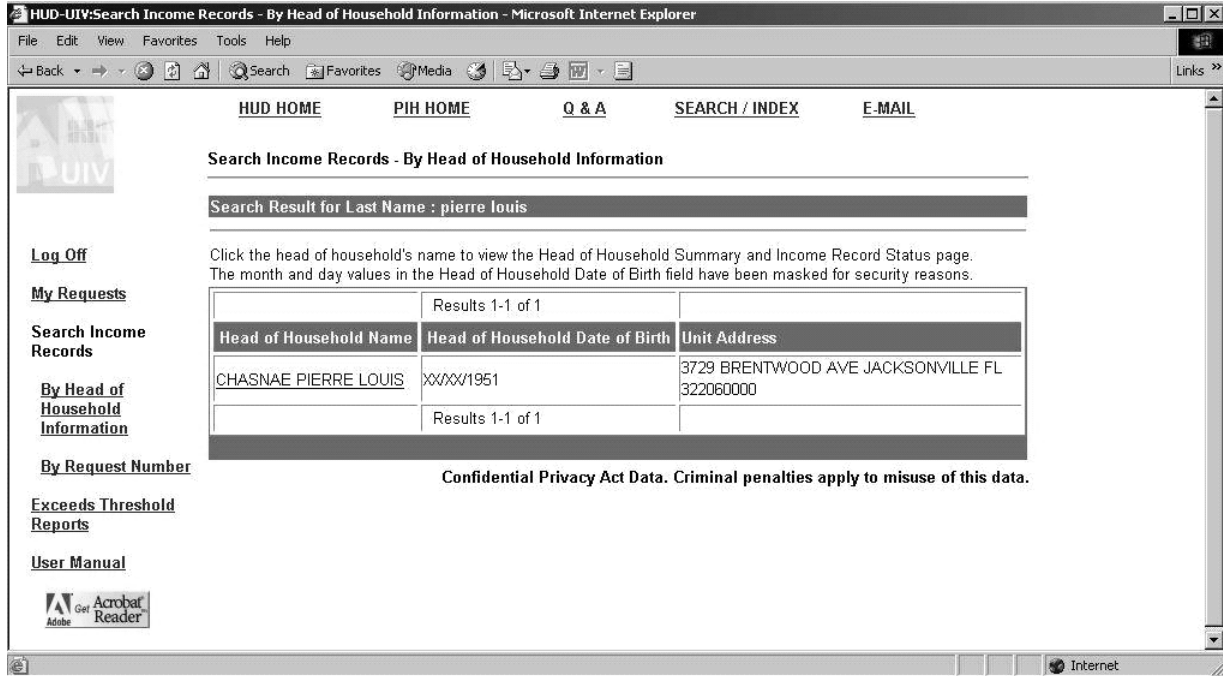
- The user will then select **Search Income Records By Household Information**, enter any of the following, and click the **Search** button.
 - Head of household's SSN
 - Head of household's last name (choosing **exact match**, **begins with**, or **sounds like** from a drop-down menu)
 - Head of household's date of birth



- *Note:* Searches based on last name or date or birth also require the user to select a participant code from a drop-down menu.

Section 3: Recommended Levels of Verification

- A screen like the following will appear. Under the column labeled **Head of Household Name**, the user may see more than one name. If so, he or she will click on the appropriate name from the list.



Verifications

Section 3: Recommended Levels of Verification

- The next screen will display the **Household Summary and Income Record Status** for the chosen family. To access available income details for a family member, the user will simply click on the family member's name.

HUD HOME PIH HOME Q & A SEARCH / INDEX E-MAIL

Search Income Records - By Head of Household Information

Household Summary and Income Record Status

Head of Household Identifiers

Name: CHASNAE PIERRE LOUIS
Social Security Number: ***-**-6859
Date of Birth (mm/dd/yyyy): XX/XX/1951
Unit Address: 3729 BRENTWOOD AVE , JACKSONVILLE FL 322060000
Program Type: Public Housing
Project Name: BRENTWOOD PARK
Participant Code: FL001
Annual Reexamination Date: 12/01/2001
Tenant Data from Form 50058 as of: 05/25/2001

Family Members					
Member SSN	Member Name	Date of Birth	Age	Income Availability Status	Request Income
***-**-6859	CHASNAE PIERRE LOUIS	XX/XX/1951	52	Not Available	<input type="checkbox"/>
***-**-6860	SHELBI JEAN PIERRE LOUIS	XX/XX/1987	16	Not Available	
***-**-6861	TIFFANTY PIERRE LOUIS	XX/XX/1988	15	Not Available	

[Submit Request for Data](#)

The month and day values in the Head of Household Date of Birth field have been masked for security reasons.

In order to receive an Income Control Number (ICN), you must acknowledge that the data provided by this system needs to be verified and may need to be supplemented with other third-party income-related data, in order to accurately calculate the income and rent for the household.

To do so, check the affirmation checkbox and then click the button labeled "Provide ICN."

I affirm that I will consider this household's third party income verification data when projecting the household's income.

[Provide ICN](#)

Confidential Privacy Act Data. Criminal penalties apply to misuse of this data.

Section 3: Recommended Levels of Verification

Notes

- The user will then arrive at the **Household Income Details** screen, which is shown on the next page. This screen includes the following components:
 - Household summary table
 - Head of household identifier
 - Member selection list
 - Wage and benefits table (including wages, unemployment benefits, and income information from the Social Security Administration)
 - Access to income data for the four most recent quarters

Household Income Details

Wage and Benefit Report for CHASNAE PIERRE LOUIS			
PHA Code:	FLO01	Program Type:	Public Housing
PHA Name:	JACKSONVILLE	Project:	BRENTWOOD PARK
Annual Reexamination Date:	12/01/2001	Form 50058 as of:	05/25/2001
Address:	3729 BRENTWOOD AVE JACKSONVILLE FL 322060000		

Head of Household: CHASNAE PIERRE LOUIS	
Social Security Number:	***-**-6859
Date of Birth:	XX/XX/1951

Family Member:

Social Security Number:	***-**-6859
Date of Birth:	XX/XX/1951

Pay Period	Amount	FEIN	Employer Name, Address and Phone	Source	Date Received by UIV
Q4 of 2003	\$500.14	64-7000000	walmart main st. Reston VA 20170-1245 703-123-4567	swica_fl	11/02/2003
Q3 of 2003	\$1500.00	64-7000000	walmart main st. Reston VA 20170-1245 703-123-4567	swica_fl	11/02/2003
Q2 of 2003	\$1500.00	64-7000000	walmart main st. Reston VA 20170-1245 703-123-4567	swica_fl	11/02/2003
Q1 of 2003	\$0.00	64-7000000	walmart main st. Reston VA 20170-1245 703-123-4567	swica_fl	11/02/2003

Pay Period	Amount	View Detail
Q3 of 2003	\$269.41	
Q2 of 2003	\$69.47	
Q1 of 2003	\$69.47	
Q4 of 2002		UIV received no benefit data.

Social Security Benefits		Benefit History	
Verification Data		Date	Gross Benefit
Payment Status Code:	C - Current payment status (except railroad payment)	12/2002	\$569.00 Benefits paid
Date of Current Entitlement:	05/1985	12/2001	\$561.00 Benefits paid
Net Monthly Benefit if Payable:	\$569.00	07/2001	\$547.00 Benefits paid
Payee Name and Address:	SHXXLEY M GAXXN 185 3RX ST APT A XXXXXXX VT	12/2000	\$547.00 Benefits paid
		12/1999	\$528.00 Benefits paid
		12/1998	\$516.00 Benefits paid
		12/1997	\$509.00 Benefits paid
		12/1996	\$499.00 Benefits paid
		Lump Sum	
		Date	Amount
		05/2006	\$1660.12

Dual Entitlement		Benefit History	
Verification Data		Date	Gross Benefit
Payment Status Code:	C - Current payment status (except railroad payment)	12/2002	\$1122.70 Benefits paid
Date of Current Entitlement:	01/1980	12/2001	\$1107.00 Benefits paid
Net Monthly Benefit if Payable:	\$1064.00	07/2001	\$1079.00 Benefits paid
Payee Name and Address:	SAXXEL ROXXXX WEXXXXXEEP ACRES 12 C XXXXXXXX NH	12/2000	\$1076.00 Benefits paid
		12/1999	\$1041.50 Benefits paid
		12/1998	\$1017.50 Benefits paid
		12/1997	\$1004.00 Benefits paid
		12/1996	\$983.80 Benefits paid

Medicare Data		Premium	Buyin	Buyin Start	Buyin Stop
Verification Data					
Payee Name and Address:	SHXXLEY M GAXXN 185 3RX ST APT A XXXXXXX VT	Hospital Insurance:	\$0.00 N	/	/
		Supp. Med. Insurance:	\$68.70 Y	06/1991	/

Supplemental Security Benefits		Payment History of Net Benefits Paid			
Verification Data		Date	Federal Amount	State Amount	Type of Payment
Payment Status Code:	C01 - Current Pay	01/01/2003	\$3.00	\$52.00	Recurring Payment
Alien Indicator:		08/01/2001	\$4.00	\$59.00	Recurring Payment
SSI Monthly Assistance Amount (Current):	\$3.00	07/02/2001	\$19.00	\$0.00	Underpayment
State Supplement Amount (Current):	\$52.00	01/01/2001	\$3.00	\$59.00	Recurring Payment
Payee Name and Address:	SHIRLEY M GARDON 185 3RD ST APT A XXXXXXX VT	08/01/2000	\$4.00	\$59.00	Recurring Payment
		08/01/1999	\$4.00	\$57.60	Recurring Payment
		01/01/1999	\$4.00	\$54.90	Recurring Payment
		08/01/1997	\$5.00	\$54.90	Recurring Payment

Black Lung Entitlement	Amount:	Entitlement Code:
------------------------	---------	-------------------

Disability	Disability:	No	On-set Date:
------------	-------------	----	--------------

Report Date: 11/03/2003

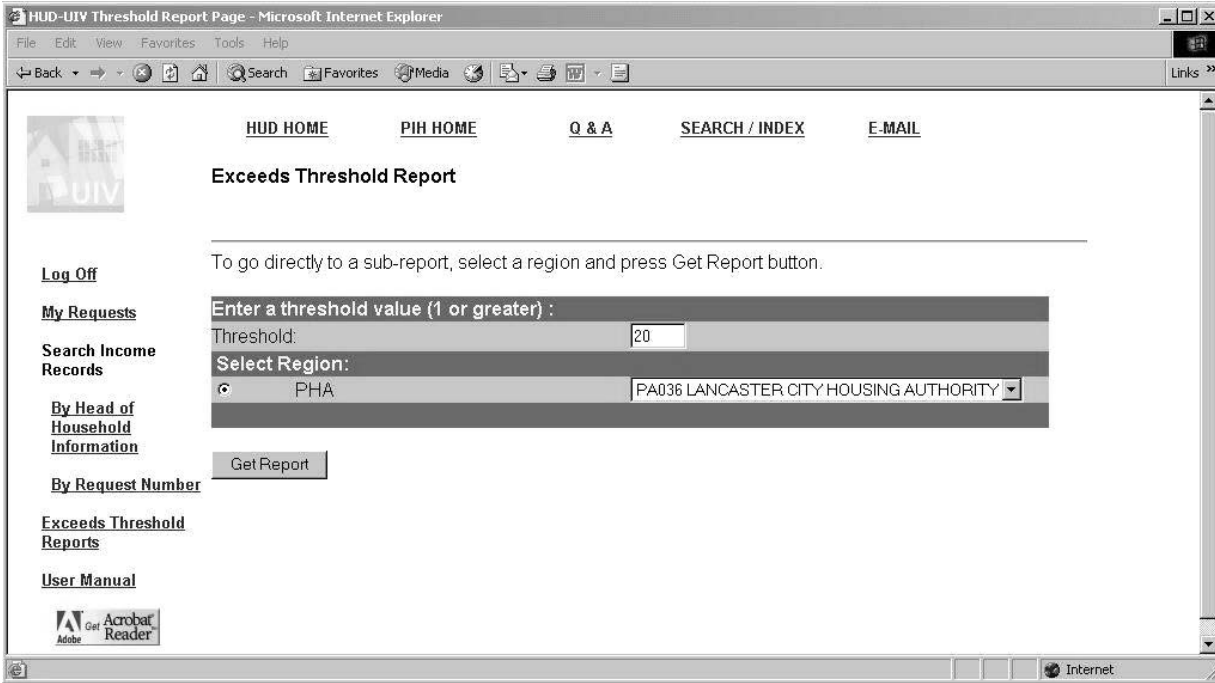
Section 3: Recommended Levels of Verification

Notes

- In addition to specific tenant income information, the UIV system will also contain an “exceeds threshold report.”
 - This report will be based on two mathematical comparisons.
 - First, third-party (SWICA and SSA) tenant household quarterly income data will be compared with PIC 50058 projected income data.
 - Second, the difference will be compared to an established threshold.
 - The results of the report may be used to:
 - Identify individual households with suspect income reporting
 - Generate metrics that may be used in measuring the effectiveness of income error reduction efforts achieved with the UIV system
 - The report will be a critical tool in pursuing undisclosed income.

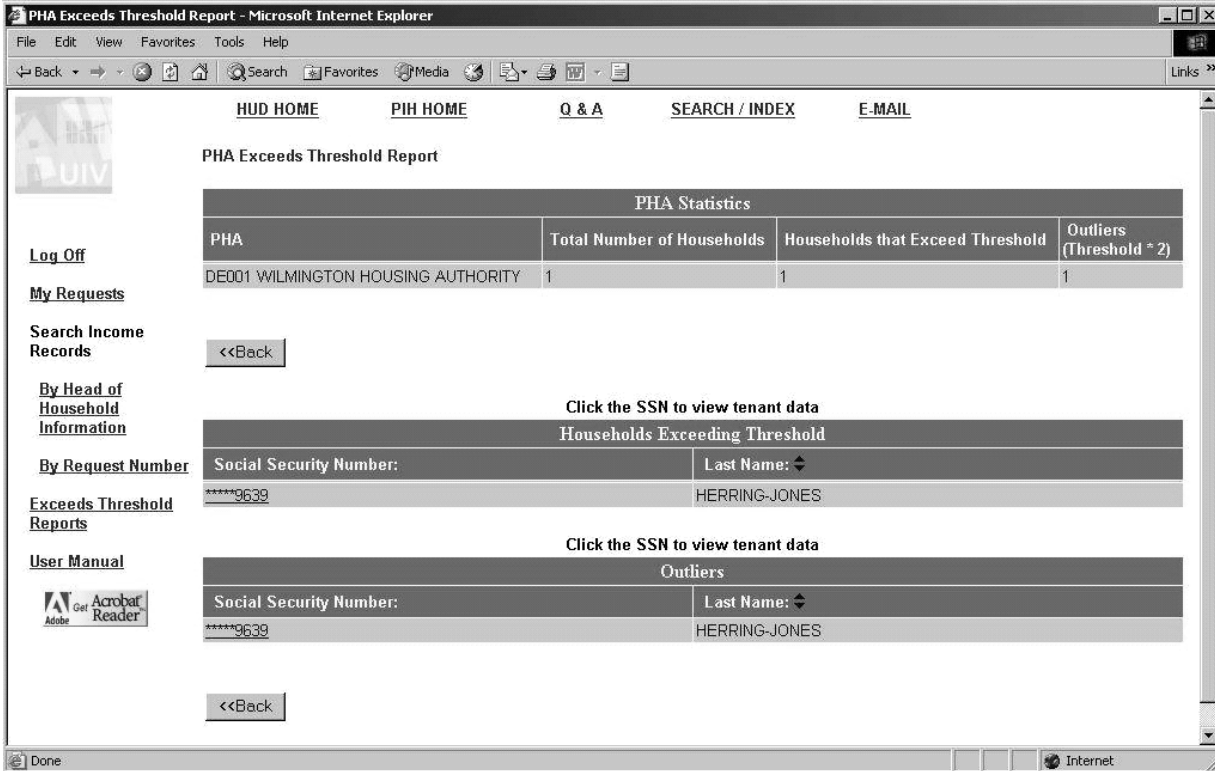
Section 3: Recommended Levels of Verification

- The first step in generating an exceeds threshold report will be to enter a threshold and click **Get Report**.



Section 3: Recommended Levels of Verification

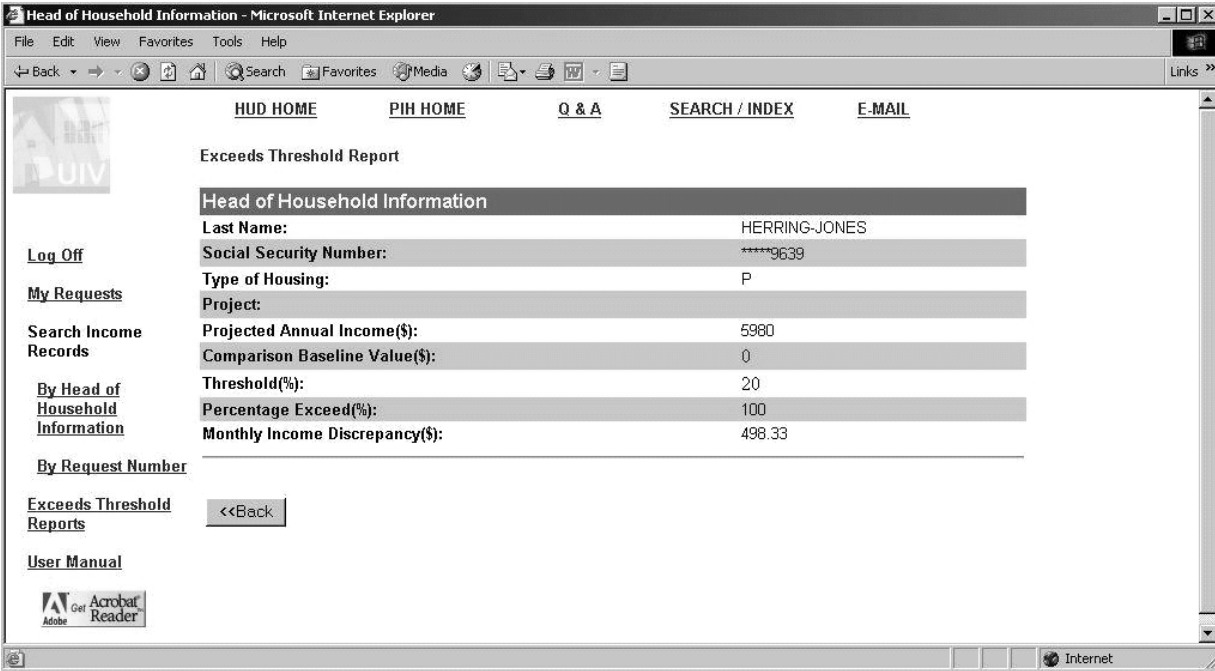
- A **PHA Exceeds Threshold Report** will appear on the screen.



- If the discrepancy between a family’s reported data and UIV data equals or exceeds the established threshold, the family’s name will be listed on the report.
- To obtain more information, the user will click on the social security number (SSN) of the family’s head of household.

Section 3: Recommended Levels of Verification

- The **Head of Household Information** screen will display detailed information about the selected household, as shown below.



- Using exceeds threshold reports, PHAs will be able to follow up with families to ensure that income has been correctly reported and calculated.
- In cases where underreporting has occurred, PHAs will need to take appropriate action (e.g., enter into repayment agreements).

Verifications

Section 3: Recommended Levels of Verification

- Field offices will also be able to view exceeds threshold reports.
- HUD will be using **Field Office Exceeds Threshold Reports** like the one below to monitor and follow up with PHAs to ensure that discrepancies are being addressed.

The screenshot shows a web browser window with the title "Field Office Exceeds Threshold Report - Microsoft Internet Explorer". The page has a navigation menu with links: HUD HOME, PIH HOME, Q & A, SEARCH / INDEX, and E-MAIL. The main content area is titled "Field Office Exceeds Threshold Report" and contains two tables.

Field Office Statistics

Field Office	Total Number of Households	Households that Exceed Threshold	Outliers (Threshold * 2)
4HPH JACKSONVILLE HUB OFFICE	50600	47283	46827

Below the first table is a "<<Back" button and a prompt: "Click the branch code to view its data."

PHA Statistics

PHA	Total Number of Households	Households that Exceed Threshold	Outliers (Threshold * 2)
FL001 JACKSONVILLE	13220	11975	11827
FL004 ORLANDO	5018	4722	4691
FL006 PENSACOLA (AHC)	918	854	850
FL007 DAYTONA BEACH	2249	2079	2061
FL015 NW FLORIDA REGIONAL	1367	1327	1290
FL018 PANAMA CITY	1434	1320	1295
FL022 NEW SMYRNA BEACH	486	485	484
FL024 ORMOND BEACH	267	259	257
FL027 LIVE OAK	182	179	179
FL030 FLAGLER COUNTY	449	442	442
FL031 MARIANNA	332	329	323
FL032 OCALA	1940	1839	1819
FL033 SEMINOLE COUNTY	440	415	415
FL035 SPRINGFIELD	466	464	462

At the bottom of the PHA Statistics table is another "<<Back" button.

Section 3: Recommended Levels of Verification

Notes

Mandatory Use, Monitoring, and Other Matters

- When HUD’s UIV system is fully operational, PHAs will be required to use it.
- HUD will intensely monitor the system.
 - Monthly usage rates will be reviewed at all levels of HUD.
 - Reports on discrepancies between income reported in PIC and income reported in the UIV system will be reviewed closely to determine whether PHAs with discrepancy rates higher than the norm are using UIV to reduce undisclosed income.
- The system will be linked to a hotline set up by HUD’s Office of Inspector General to receive and process complaints of fraud, waste, and abuse.
- *One caveat:* A federal statute governing computer matching requires that before an adverse action can be taken by a PHA using UIV, a program participant must be given notice and opportunity to address the discrepancy.
- For more information on HUD’s UIV system, see “Up-Front Income Verification Orientation” on page 4-67.

Section 3: Recommended Levels of Verification

Notes

Section 3: Recommended Levels of Verification

LEARNING ACTIVITY 4-2 UIV CASE STUDY 1

Scenario

- The Walter family consists of the following members:
 - Larry—head of household under 62
 - Renee—spouse
 - Louis—minor under 13
 - Lisa—minor under 13
 - Richard—minor under 13
- On June 12, 2002, the family reported no change in family composition and the following income: SSI of \$545 a month for Larry and SSI of \$545 a month for Louis. The PHA obtained third-party verification of the family-reported income and calculated the family's total tenant payment (TTP) at \$281 effective October 1, 2002.
- On June 26, 2003, the family reported no change in family composition and the following income: SSI of \$565 a month for Larry and SSI of \$565 a month for Louis. The PHA obtained up-front income verification of the family-reported income and discovered the family had not reported monthly SSI benefits of \$565 for Renee and monthly SSI benefits of \$565 for Lisa. Up-front income verification indicated the effective date of SSI benefits was 05/01/95 and 06/01/97, respectively, for Renee and Lisa. The PHA calculated the family's TTP at \$641 effective October 1, 2003.

Task

- Answer the questions regarding UIV on the following pages.

Section 3: Recommended Levels of Verification

1. What do you see as the benefits of UIV in this scenario or within your agency?

2. What do you see as the limitations of UIV within your agency?

Section 3: Recommended Levels of Verification

3. What types of policies will your PHA need to develop in conjunction with implementing a UIV process?

4. How would you notify families that you are doing UIV?

Section 3: Recommended Levels of Verification

LEARNING ACTIVITY 4-3 UIV CASE STUDY 2

Scenario

- The Roberts family consists of the following family members:
 - Gina Roberts—head
 - Ginny Roberts—minor over 13
 - Greg Henderson—minor over 13
- On August 10, 2002, the family reported no change in family composition and the following income: wages of \$250 per week from Kmart (average based on submitted pay stubs for the months of August, July, and June). The PHA obtained third-party verification of the family-reported income (through a handwritten wage form from the employer) and calculated the family’s total tenant payment (TTP) at \$301 effective December 1, 2003.
- On August 20, 2003, the family reported no change in family composition and the following income: wages of \$400 per week from Kmart (average based on submitted pay stubs for the period June 1, 2003, through the last pay date of August 15, 2003). The PHA obtained the following up-front income verification:

SWICA Data as of March 30, 2003

EMPLOYER	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Kmart Corporation 52-123456789 123 Main Street Baltimore, MD 21201 (410) 555-1212	\$4,052.63	\$3,258.26	\$3,550.82	\$4,565.45

Task

- Answer the questions on the following two pages.

Section 3: Recommended Levels of Verification

1. What would be the benefits of UIV in this case?

2. What would be the limitations of UIV in this case?

Section 3: Recommended Levels of Verification

3. How could the PHA calculate income and rent for the Roberts family?

4. What policies/procedures are needed to address this situation?

Section 3: Recommended Levels of Verification

Notes

THIRD-PARTY VERIFICATION

- Third-party verification is obtained independently from information sources identified by families.
 - The sources may have income information (e.g., employers) or expense information (e.g., health care or child care providers).

Written

- For third-party written verification, documents must be supplied directly to independent sources by PHAs and returned directly to PHAs from the independent sources.
 - In other words, third-party verification documents may not be hand-delivered by family members.
- PHAs may mail, fax, or e-mail third-party written verification requests to independent sources.
- HUD strongly encourages PHAs to make at least two attempts to obtain third-party written verification.

Oral

- For third-party oral verification, PHAs contact independent sources by telephone or in person.
- Third-party oral verification may be used when requests for written verification have not been returned within a reasonable time—e.g., 10 business days.

DOCUMENT REVIEW

- With this method of verification, a PHA reviews original documents provided by a family as verification of a given income or expense item.
- Document review may be used in conjunction with UIV or when third-party verification is not obtained.

Section 3: Recommended Levels of Verification

Notes

- Documents acceptable for this method of verification include the following:
 - Consecutive and original pay stubs
 - SSA award letters
 - Bank statements
 - TANF award letters
 - Other official documents from federal, state, or local agencies
- To be acceptable for this method of verification, documents must be original and authentic.
- If a PHA verifies an income or expense item by reviewing a document supplied by a family, the PHA must:
 - Make and retain a copy of the document in the family's file
 - Note in the file that the original has been received, reviewed, and copied
- Documents used for verification purposes should be as current as possible (e.g., dated within 60 days of the family interview).

TENANT DECLARATION

- With this method of verification, an applicant or participant submits an affidavit or notarized statement to certify income or expenses that s/he has reported.
- This method should be used as a last resort when no other verification method is possible.

LEVEL OF VERIFICATIONS CHART

Upfront (UIV)	Highest (Highly Recommended, highest level of third party verification)
Written 3rd Party	High (Mandatory if upfront income verification is not available or if UIV data differs substantially from tenant-reported information)
Oral 3rd Party	Medium (Mandatory if written third party verification is not available)
Document Review	Medium-Low (Use on provisional basis)
Tenant Declaration	Low (Use as a last resort)

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Wages/ Salaries	Use of cooperative agreements with a State Wage Information Collection Agency (SWICA) to obtain wage information electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the independent sources to obtain wage information.	In the event the independent source does not respond to the PHA's written request for information, the PHA may contact the independent source by phone or make an in person visit to obtain the requested information.	When neither form of third party verification can be obtained, the PHA may accept original documents such as consecutive pay stubs (HUD recommends the PHA review at least three months of pay stubs, if employed by the same employer for three months or more), W-2 forms, etc. from the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares the family's total annual income from earnings. Note: The PHA must document in the tenant file, the reason third party verification was not available.
	Agreements with private vendor agencies, such as The Work Number or ChoicePoint to obtain wage and salary information.	The PHA may have the tenant sign a Request for Earnings Statement from the SSA to confirm past earnings. The PHA mails the form to SSA and the statement will be sent to the address the PHA specifies on the form.			
	Use of HUD systems.				

Verification of Employment Income: The PHA should always obtain as much information as possible about the employment such as start date (new employment), termination date (previous employment), pay frequency, pay rate, anticipated pay increases in the next twelve months, year-to-date earnings, bonuses, overtime, company name, address and telephone number, name and position of the person completing the employment verification form.

Effective Date of Employment: The PHA should always confirm start and termination dates of employment.

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Self-Employment	Not Available	The PHA mails or faxes a verification form directly to sources identified by the family to obtain income information.	The PHA may call the source to obtain income information.	The PHA may accept any documents (i.e. tax returns, invoices and letters from customers) provided by the tenant to verify self-employment income. Note: The PHA must document in the tenant file, the reason third party verification was not obtained.	The PHA may accept a notarized statement or affidavit from the tenant that declares the family's total annual income from self-employment. Note: The PHA must document in the tenant file, the reason third party verification was not available.
<p>Verification of Self-Employment Income: Typically, it is a challenge for PHAs to obtain third party verification of self-employment income. When third party verification is not available, the PHA should always request a notarized tenant declaration that includes a perjury statement.</p>					
Social Security Benefits	Use of HUD Tenant Assessment Sub-system (TASS) to obtain current benefit history and discrepancy reports.	The PHA mails or faxes a verification form directly to the local SSA office to obtain social security benefit information. (Not Available in some areas because SSA makes this data available through TASS. SSA encourages PHAs to use TASS.)	The PHA may call SSA, with the tenant on the line, to obtain current benefit amount.	The PHA may accept an original SSA Notice from the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly social security benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available.
Welfare Benefits	Use of cooperative agreements with the local Social Services Agency to obtain current benefit amount electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the local Social Services Agency to obtain welfare benefit information.	The PHA may call the local Social Services Agency to obtain current benefit amount.	The PHA may review an original award notice or printout from the local Social Services Agency provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly welfare benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available.

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Child Support	Use of cooperative agreements with the local Child Support Enforcement Agency to obtain current child support amount electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the local Child Support Enforcement Agency or child support payer to obtain current child support payments.	The PHA may call the local Child Support Enforcement Agency or child support payer to obtain current child support payments.	The PHA may review an original court order, notice or printout from the local Child Support Enforcement Agency provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares current child support payments. Note: The PHA must document in the tenant file, the reason third party verification was not available.
Unemployment Benefits	Use of cooperative agreements with a State Wage Information Collection Agency to obtain unemployment compensation electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the State Wage Information Collection Agency to obtain unemployment compensation information.	The PHA may call the State Wage Information Collection Agency to obtain current benefit amount.	The PHA may review an original benefit notice or unemployment check stub, or printout from the local State Wage Information Collection Agency provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares unemployment benefits. Note: The PHA must document in the tenant file, the reason third party verification was not available.
	Use of HUD systems.				
Pensions	Use of cooperative agreements with a Federal, State, or Local Government Agency to obtain pension information electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the pension provider to obtain pension information.	The PHA may call the pension provider to obtain current benefit amount.	The PHA may review an original benefit notice from the pension provider provided by the tenant. Note: The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly pension amounts. Note: The PHA must document in the tenant file, the reason third party verification was not available.

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Comments	Whenever HUD makes available wage, unemployment, and SSA information, the PHA should use the information as part of the reexamination process. Failure to do so may result in disallowed costs during a RIM review.	Note: The independent source completes the form and returns the form directly to the PHA. The tenant should not hand carry documents to or from the independent source.	The PHA should document in the tenant file, the date and time of the telephone call or in person visit, along with the name and title of the person that verified the current income amount.		The PHA should use this verification method as a last resort, when all other verification methods are not possible or have been unsuccessful. Notarized statement should include a perjury penalty statement.

Note: The PHA must not pass verification costs along to the participant.

Note: In cases where the PHA cannot reliably project annual income, the PHA may elect to complete regular interim reexaminations (this policy should be part of the PHA's written policies.)

Section 4 Verification Standards

- To manage the verification process effectively, PHAs should:
 - Establish a schedule for requesting higher levels of verification before accepting lower levels
 - **Example:**
 - Family signs release forms and provides requested documents at interview (at least 75 days prior to reexamination date).
 - Staff mails third-party verification forms within 5 business days after interview.
 - If no response after 10 business days, staff sends second request.
 - If no response to second request within 5 business days, staff attempts to contact source by phone.
 - If third-party verification is not obtained, staff makes provisional determination using documents provided by family.
 - Track the process using a monitoring form similar to the one on page 4-50

Sample Verification Monitoring Form

Name _____

Type of Verification	UIV	3rd Party			Oral	Tenant-Supplied Docs	Self-Dec	Remarks
		Sent	Sent	Rec'd				
Social Security Admin/SSI								
Railroad Retirement								
Veterans Administration								
Welfare								
Child Support								
Employment								
Pension								
Unemployment Compensation								
Workmen's/Disability Comp.								
Educational Assistance								
Checking								
Savings								
Savings Certificates								
Contract for Deed								
Real Estate								
Stocks/Bonds								
Credit Union								
Life Insurance								
Medical:								
Insurance Premiums								
Payment Plan								
Rx (Pharmacy)								
Disability/Handicap Statement								
Educational Status								

DOCUMENTING THE ABSENCE OF THIRD-PARTY VERIFICATION

- There are four acceptable reasons for not having third-party verification of an income or expense item in an applicant’s or participant’s file:
 1. PHA staff has made efforts to obtain third-party verification in accordance with PHA policy, and the independent source of verification has not responded.
 2. An independent source that has been asked to provide written third-party verification does not have the capability of sending such verification directly to the PHA or of facilitating oral third-party verification.
 3. It is not cost-effective or reasonable to obtain third-party verification.
 4. The income or expense item to be verified is an insignificant amount that would have minimal impact on total tenant payment (TTP) **and** the PHA is able to verify the amount through original documents provided by the applicant or participant.
- When third-party verification is requested and not received for reason 1 or 2, an applicant’s or participant’s file should contain documentation of PHA efforts.
 - The documentation should include the following information:
 - Date and time of the initial request and all follow-ups
 - The name of the company and the person to whom the request was sent
 - A notation that no response was received and an explanation of the reason, if known
- When third-party verification is not attempted for reason 3 or 4, an applicant’s or participant’s file should contain documentation of the reasoning used to justify the decision.

Section 4: Verification Standards

Notes

- All file notations made by staff members should be:
 - Complete
 - Dated
 - Limited to facts (not opinions)
 - Signed or initialed

***When Third-Party Verification Is Not Cost-Effective:
An Example***

- **Scenario:** Ms. Lee reports a savings account with a balance of \$1,000 earning 1.25 percent interest. She provides her PHA with her bank statements. Her bank charges a \$10 fee for third-party verification of account balances. Staff time for processing a third-party verification is estimated at \$9.
- **Question:** Is third-party verification cost-effective under these circumstances?
- **Reasoning:**
 - The cost of obtaining third-party verification is $\$10 + \$9 = \$19$.
 - The cost of reviewing Ms. Lee's documents (her bank statements) is \$0.
 - The interest she will earn on her checking account amounts to $\$1,000 \times 0.0125 = \12.50 .
- **Conclusion:** No, third-party verification is not cost-effective.
- **Reminder:** This reasoning must be documented in Ms. Lee's file.

EXCEPTION TO THIRD-PARTY VERIFICATION CHART

INCOME TYPE	REASON 3 RD PARTY VERIFICATION IS NOT AVAILABLE
Checking/Savings Accounts	Balance is under a specified reasonable threshold (determined by the PHA and included in PHA plans) and it would not be cost effective to incur bank verification fee and/or use PHA administrative staff time to facilitate 3 rd party verification.
Employment	PHA has attempted third party verification (and documented the tenant file) and has not received a response. It would not be reasonable or cost effective to continue seeking 3 rd party verification.
Self-Employment Verification	The tenant may do odd jobs such as babysitting, cutting lawns, running errands for various people, or other Schedule C type work. Oftentimes, the participant cannot provide a name and address or telephone number for the PHA to confirm this type of income, thus making it impossible for the PHA to obtain 3 rd party verification.
Social Security Benefits	Benefit information is not available in HUD's Tenant Assessment Sub-system (TASS) and the Social Security Administration (SSA) Office does not accept verification requests from PHAs. (Examples of why data is not available: invalid SSN in PIC system, newly admitted family into program.)
Unemployment Benefits	PHA does not have a cooperative agreement with the State Wage Information Collection Agency (SWICA) to obtain income verification. SWICA refuses to provide information over the telephone or in writing.
Welfare Benefits	PHA does not have a cooperative agreement with the local welfare office to obtain income verification. Local welfare office refuses to provide information over the telephone or in writing.

WHAT MUST BE VERIFIED

- The following elements must all be verified:
 - Income, assets, and asset income
 - Divested assets
 - Income exclusions
 - Allowances and deductions
 - Family composition
 - Social security numbers
 - Citizenship or eligible immigration status

Verifying Annual Income

- PHAs need a thorough understanding of what constitutes income.
- PHAs should not make assumptions about whether an individual or family may or may not have a particular type of income.
 - A family without children, for instance, may be receiving back child support payments.
- To properly verify annual income, PHA staff must first:
 - Have a thorough data-gathering form
 - Forms that gather data about annual income should ask the right questions.
 - Know how to conduct a thorough interview
 - The initial interview is critical: it lays the groundwork for future interviews for interim and annual reexaminations.

Verifying Income Exclusions

- All exclusions and excluded amounts associated with the members of a family should be:
 - Declared by the family
 - Reported by the family's PHA in field 7e of form HUD-50058
- PHAs need to obtain verification for an income exclusion if, without that verification, they would not be able to determine whether or not the income is to be excluded. (24 CFR 982.516(a)(2))
- The type of verification needed for exclusions may differ.
 - **Example 1:** For payments received under a federal work-study program, a PHA would have to verify, at a minimum, the source of the income.
 - **Example 2:** For the wages of a child under 18, a PHA would have to verify the age of the child but not the amount of the wages.
- For some exclusions, third-party verification of both the source and the amount may be required for proper calculation. For example:
 - The mandatory earned income disallowance (24 CFR 5.617)
 - The exclusion of incremental earnings and benefits resulting from participation in a qualifying state or local training program (24 CFR 5.609(c)(8)(v))

Verifying the Deduction for Dependents

- By regulatory definition (24 CFR 5.603(b)), a *dependent* is a family member other than the head or spouse (except foster children and foster adults) who is any of the following:
 - Under 18 years of age
 - A person with a disability
 - A full-time student who is 18 years of age or older
- The mandatory deduction for each dependent in a family is \$480. (24 CFR 5.611(a)(1))
- Minor status may be verified with a birth certificate and social security card showing:
 - Name
 - Sex
 - Social security number
 - Date of birth
 - Relationship to head

Verifications

Section 4: Verification Standards

Determining the Status of Dependents: An Example

- **Scenario:** An HCV family consists of the following members:

Family Member	Relation to Head	School Grade	Sex	Disabled	Date of Birth	Age *
Jones, Tina	Head	N/A	F	Y	01/01/71	32
Jones, Sam	Son	12 th	M	Y	05/14/84	19
Holly, Amy	Daughter	10 th	F	N	10/15/87	15
Miller, Tim	Foster son	9 th	M	Y	12/12/88	14

* As of effective date of action: October 1, 2003

- **Question:** Upon effective verification, which family members in the above chart are entitled to the \$480 dependent deduction? Why or why not?
- **Answer:**

Family Member	Dependent Deduction (Y/N)	Why or why not?
Sam Jones	Yes	Although Sam Jones is over the age of 18, Sam is a full-time student. He is also disabled. Thus, he is eligible for the \$480 dependent deduction.
Amy Holly	Yes	Amy Holly is under the age of 18 and is not a foster child. Thus, she is eligible for the \$480 dependent deduction.
Tim Miller	No	Although Tim Miller is under the age of 18, he is NOT entitled to the \$480 dependent deduction because he is a foster child and, by definition, is excluded from receiving the \$480 dependent deduction.

Verifying the Status of Full-Time Students

- A *full-time student* is defined as a person who is attending school or vocational training on a full-time basis. (24 CFR 5.603(b))
- Earnings in excess of \$480 for a full-time student 18 years old or older—except the head of household or spouse—are excluded from annual income. (24 CFR 5.609(c)(11))
- To obtain third-party verification of the status of a full-time student, a PHA must send a verification form to the institution (school or vocational training center) the student is attending.
- The institution defines what *full-time* means for its student population.
- Options for verifying full-time student status include:
 - Current enrollment status letter showing:
 - School name and address
 - Dates of enrollment
 - Total number of classes or credits attempted in a given quarter or semester
 - Current school transcript
 - Most recent grade report

Verifying the Deduction for Disabled Families

- A *disabled family* is defined as a family whose head, spouse, or sole member is a person with disabilities. (For this definition and the regulatory definition of *person with disabilities*, see 24 CFR 5.403.)
- The mandatory deduction for a disabled family is \$400. (24 CFR 5.611(a)(2))
- The deduction for a disabled family that is receiving disability benefits from the Social Security Administration (SSA) may be verified:
 - Through HUD's Tenant Assessment Subsystem (TASS)
 - Through the SSA by phone with the disabled family member on the line
 - By viewing an original SSA notice provided by the disabled family member if third-party verification is not available
- The deduction for a disabled family that is **not** receiving SSA disability benefits may be verified in writing by a third party who is a qualified professional with knowledge of the person's disability status.
 - The professional may, but does not have to be, a doctor.
 - The verification form sent to the qualified professional must state the regulatory requirements for qualifying as a person with disabilities.

Verifying the Deduction for Elderly Families

- An *elderly family* is defined as a family whose head, spouse, or sole member is a person who is at least 62 years of age. (24 CFR 5.403)
- The mandatory deduction for an elderly family is \$400. (24 CFR 5.611(a)(2))
- The documents that a PHA needs to verify the deduction for an elderly family are the same documents that it would normally collect when admitting a family to the program—i.e., the birth certificates and social security cards of all family members.
 - These documents are used to verify the name, sex, social security number, and date of birth of each family member as well as the relationship of each member to the head of household.

Verifying the Deduction for Child Care Expenses

- *Child care expenses* are defined (at 24 CFR 5.603(b)) as amounts anticipated to be paid by a family for the care of children under 13 years of age during the period for which annual income is computed if the care is necessary to enable a family member to do any of the following:
 - Actively seek employment
 - Be gainfully employed
 - The amount deducted for child care expenses may not exceed the amount of employment income that is included in annual income.
 - Further his or her education
- Child care expenses are deductible only to the extent that they:
 - Are not reimbursed
 - Reflect reasonable charges for child care
- Third-party options for verifying that an individual is “actively seeking work” include:
 - Evidence that the individual is fulfilling welfare-to-work requirements or the requirements for receiving unemployment compensation
 - Written or oral verification from a local or state government agency that oversees work-related activities
- If third-party verification is impossible, a PHA may verify that a family member is “actively seeking work” by one or both of the following methods:
 - Reviewing family-supplied documents
 - Obtaining a notarized statement from the family member attesting to his or her efforts to find employment

**Making the Child Care Expense Determination:
An Example**

- Tim Williams (head of household) is employed by ABC Box Company. Mr. Williams has two minor children ages 2 and 4. He reports that he pays Kinder Care Center \$250 a month for child care for both children.
- To determine if the Williams family is eligible for the child care deduction, ascertain the following:
 - Are Mr. Williams's children under the age of 13?
 - If no, the family is not eligible for the deduction.
 - If yes, continue.
 - Does the child care expense enable Mr. Williams to actively seek employment, be gainfully employed, or further his education?
 - If no, the family is not eligible for the deduction.
 - If yes, continue.
 - Is the child care expense reimbursed?
 - If yes, the family is not eligible for the deduction.
 - If no, continue.
 - Are the expenses reasonable?
 - If no, the family is not eligible for the deduction.
 - If yes, continue.
- If the Williams family is eligible for the deduction, the PHA should obtain third-party verification of the child care expense.

Verifying the Deduction for Medical Expenses

- Disabled families and elderly families are both entitled to a deduction for unreimbursed medical expenses. (24 CFR 5.611(a)(3)(i))
- *Medical expenses* are defined as medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed and that are not covered by insurance or otherwise reimbursed. (24 CFR 5.603(b))
- If a family qualifies for the medical expense deduction—i.e., if a family meets the regulatory definition of *disabled family* or *elderly family*—the medical expenses of **all** family members are eligible for the deduction.
 - **Test yourself:** A participant family consists of a disabled head, age 52; a grandmother, age 80; a son, age 21; and a daughter, age 16. Whose medical expenses are eligible for deduction?
- The allowable deduction for medical expenses is that portion of the expenses that exceeds 3 percent of annual income.
 - **Example:** A family qualifies for the medical expense deduction. The family’s annual income is \$16,667. The family’s anticipated medical expenses amount to \$900. Therefore, the family’s medical expense deduction is calculated as follows:

Total medical expenses	\$900
Less 3% of annual income	<u>– 500</u>
Allowable medical deduction	\$400
- A PHA should review all medical expense documents provided by a family very closely to ensure that the PHA is accurately projecting regular, ongoing, and anticipated expenses for the coming year.

Section 4: Verification Standards

Notes

- Medical bills from previous years paid in full during the current year, however recently, should not be included.
 - **Example:** During her 10/01/02 annual reexamination conducted on June 10, 2002, Ms. Wilmetta Harris reported that she was paying \$50 a month on a past-due medical bill to Dr. Adajay totaling \$800. The bill was to be paid in full by October 1, 2003. During her 10/01/03 annual reexamination conducted on June 23, 2003, Ms. Harris submitted canceled checks to verify payment on the same bill to Dr. Adajay and requested a deduction for the expenses. The expenses are not deductible because they will not continue beyond the effective date of Ms. Harris's current reexam.
- PHAs may use Internal Revenue Service (IRS) Publication 502 as guidance in defining *medical care* and determining what to allow as a medical expense.
 - To download a copy of IRS Publication 502, go to www.irs.gov.
- PHAs must adopt written policies that define or identify allowable medical expenses.
- Privacy laws are making it more difficult to verify medical expenses.
- If a health care provider does not respond to a PHA's request for verification of a medical expense, the PHA may review tenant-provided documents.
- If a PHA must rely on review of documents to verify medical expenses, the PHA should examine the documents carefully to ensure that:
 - Expenses are not counted twice
 - Ineligible expenses (e.g., one-time past expenses that are unlikely to recur in the coming year) are not counted

Verifying Social Security Numbers

- All family members who are six years of age or older and who have social security numbers (SSNs) are required by 24 CFR 5.216(a) to:
 - Disclose their SSNs
 - Provide documentation verifying their SSNs
- If a family member has not been assigned an SSN, the family member must execute a certification stating that no SSN has been issued to him or her.
 - If the family member is less than 18 years of age, the certification must be executed by his or her parent or guardian.
- A valid SSN card issued by the SSA serves as verification of an individual's SSN.
- PHAs may adopt written policies allowing any of the following documents to be used in verifying an individual's SSN—providing, of course, that the SSN is shown on the document:
 - Drivers' licenses
 - ID cards issued by:
 - A federal, state, or local agency
 - A medical insurance company or provider
 - An employer or trade union
 - Earnings statements on payroll stubs
 - Benefit award letters from government agencies
 - Retirement benefit letters
 - Life insurance policies
 - Court records (e.g., real estate, tax, marriage, divorce, judgment, or bankruptcy records)

Verifying Citizenship and Eligible Immigration Status

- The regulations governing the submission of evidence of citizenship or eligible immigration status are located at 24 CFR 5.508.
- Further guidance is provided in HUD guidebook 7465.7, *Restrictions on Assistance to Noncitizens*.

SUMMARY

- PHAs are the final judge of what constitutes adequate and credible verification.
- If PHA staff doubt the reliability of any information received, they should request additional information and documentation.
- PHA staff are not required to accept information simply because it is offered.

Up-Front Income Verification Orientation

HUD's up-front income verification (UIV) system provides PHAs with information supplied from state wage information collection agencies (SWICAs) and the Social Security Administration (SSA). Quarterly wage information, biweekly unemployment benefit information, and social security benefits information are provided through a data matching process for households covered by a 50058 form submitted to HUD.

The implementation of UIV has managerial, programmatic, and policy implications that PHAs should consider.

Managerial:

- How will PHAs incorporate UIV into their business processes, particularly the annual reexamination? This includes the establishment of a notice procedure to meet the requirements of regulatory computer matching, as noted below. ***It is HUD's expectation that the UIV system, once made available, will be used by PHAs to better ensure that income does not go undisclosed. (See 24 CFR 5.236(b)(2).)***
- How will PHA management use the UIV discrepancy reports that contrast 50058 income information with information from UIV matches, highlighting discrepancies in income? ***It is HUD's expectation that PHAs will put controls in place that involve follow-up on significant discrepancies. HUD will use PHA discrepancy rates as a means to target PHAs for further attention.***
- HUD UIV information will not be available for new admissions because the system is dependent on 50058 data already submitted to HUD by PHAs. PHAs may want to systematically check the UIV system one quarter after 50058 transmission of an admission to determine if income has been fully disclosed, rather than waiting to use UIV for the first time at the tenant's next reexamination. Participants should be informed at admission that PHAs will be doing this.
- HUD recommends that interview guides used by caseworkers be changed to ensure that caseworkers emphasize the importance of fully disclosing income by informing participants before disclosure that PHAs have access to wage, social security, and unemployment benefit information.
- HUD recommends that PHA management meet with stakeholders to inform them about the new availability of SWICA data. Stakeholders might include board members, resident representatives, local advocacy groups, and groups like Legal Aide. Depending on a PHA's policies, the availability of this new information may lead to a significant increase in reactions by the PHA to the discovery of undisclosed income.
- The importance of full and successful reporting of form 50058s to HUD is made all the more critical since data matching with SSA and the SWICAs can only be accomplished if social security numbers are submitted to HUD.
- Management should assess privacy safeguards using the UIV system's PHA security procedures manual.

❑ Programmatic:

- Statutory and regulatory requirements prohibit PHAs from taking any adverse actions against participants solely based on computer matching information. PHAs may not suspend, terminate, reduce, or make a final denial of assistance to any tenant as a result of information produced by UIV until (a) the tenant has received a notice from the PHA of its findings and has been offered the opportunity to contest the findings and (b) either the notice period provided in applicable regulations of the program or 30 days, whichever is later, has expired. In most cases it is anticipated that PHAs will resolve income discrepancies with participants. (See 24 CFR 5.236.)
- HUD recommends that PHAs reevaluate policies and practices in light of the availability of new wage information and the possibility of a major increase in the number of cases of undisclosed income. These policies may include:
 - Criteria for repayment agreements
 - Thresholds for legal action related to fraud
 - Interim reexamination thresholds
 - Zero income–related policies (PHAs may want to review SWICA data quarterly on all zero-income families.)

Key Regulatory and Notice Information—Excerpts

1. Privacy Act of 1974; Notice of Matching Program: Matching Tenant Data in Assisted Housing Programs, *Federal Register*, May 5, 2003

III.A.(3) Verification of SWICAs Data

HUD will disclose matching results for SWICAs wage and unemployment claim data directly to HAs. The comparison of SWICAs wage information and the tenant-reported data will reveal whether income verification is necessary. HAs must then obtain wage information directly from the tenants' employers, including information from prior 4 years, when appropriate. The SWICAs unemployment claim data must be verified with the tenants. Verification of the income data with employers or the SWICAs would only be required if tenants dispute the SWICAs data.

III.B. Administrative or Legal Actions

Regarding all the matching described in this notice, HUD anticipates that POAs (PHAs, owners, and agents) will take appropriate action in consultation with tenants to: (1) Resolve income disparities between tenant-reported and independent income source data and (2) use correct income amounts in determining housing rental assistance.

POAs must compute the rent in full compliance with all applicable occupancy regulations. POAs must ensure that they use the correct income and correctly compute the rent.

The POAs may not suspend, terminate, reduce, or make a final denial of any housing assistance to any tenant as the result of information produced by this matching program until: (a) The tenant has received notice from the POA of its findings and informing the tenant of the opportunity to contest such findings and (b) either the notice period provided in applicable regulations of the program or 30 days, whichever is later, has expired. In most cases, POAs will resolve income discrepancies in consultation with tenants.

2. 24 CFR Part 5.236

(b)(2) Upon receiving income information from a SWICA or a Federal agency, HUD or, when applicable, the PHA shall compare the information with the information about a family's income that was:

(i) Provided by the assistance applicant or participant to the PHA; or

(ii) Obtained by the owner (or mortgagee, as applicable) from the assistance applicant or participant or from his or her employer.

(3) When the income information reveals an employer or other income source that was not disclosed by the assistance applicant or participant, or when the income information differs substantially from the information received from the assistance applicant or participant or from his or her employer:

(i) HUD or, as applicable or directed by HUD, the PHA shall request the undisclosed employer or other income source to furnish any information necessary to establish an assistance applicant's or participant's eligibility for or level of assistance in a covered program. This information shall be furnished in writing, as directed, to:

(A) HUD, with respect to programs under parts 215, 221, 235, 236, or 290 of this title;

(B) The responsible entity (as defined in Sec. 5.100) in the case of the public housing program or any Section 8 program.

(C) The owner or mortgagee, as applicable, with respect to the rent supplement, Section 221(d)(3) BMIR, Section 235 homeownership assistance, or Section 236 programs.

(ii) HUD or the PHA may verify the income information directly with an assistance applicant or participant. Such verification procedures shall not include any disclosure of income information prohibited under paragraph (b)(6) of this section.

(4) HUD and the PHA shall not be required to pursue these verification procedures when the sums of money at issue are too small to raise an inference of fraud or justify the expense of independent verification and the procedures related to termination, denial, suspension, or reduction of assistance.

(5) Based on the income information received from a SWICA or Federal agency, HUD or the PHA, as appropriate, may inform an owner (or mortgagee) that an assistance applicant's or participant's eligibility for or level of assistance is uncertain and needs to be verified. The owner (or mortgagee) shall then confirm the assistance applicant's or participant's income information by checking the accuracy of the information with the employer or other income source, or directly with the family.

(6) *Nondisclosure of income information.* Neither HUD nor the PHA may disclose income information obtained from a SWICA directly to an owner (unless a PHA is the owner). Disclosure of income information obtained from the SSA or IRS is restricted under 26 U.S.C. Sec. 6103(l)(7) and 42 U.S.C. 3544.

(c) *Opportunity to contest.* HUD, the PHA, or the owner (or mortgagee, as applicable) shall promptly notify any assistance applicant or participant in writing of any adverse findings made on the basis of the information verified in accordance with paragraph (b) of this section. The assistance applicant or participant may contest the findings in the same manner as applies to other information and findings relating to eligibility factors under the applicable program. Termination, denial, suspension, or reduction of assistance shall be carried out in accordance with requirements and procedures applicable to the individual covered program and shall not occur until the expiration of any notice period provided by the statute or regulations governing the program.