

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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NAHMAanalysis # 2010 - 0813

### Enterprise Income Verification (EIV) System: HUD Notice H 2010-10

**DISCLAIMER: This NAHMAanalysis highlights major policy changes related to HUD's EIV Notice, H 2010-10. It is intended for only informational purposes, and does not constitute compliance advice.**

#### Effective Date or Deadline

Notice H 2010-10 was issued July 1, 2010. It was effective upon release.

#### Background

On December 7, 2009, HUD's Office of Housing published Notice H 09-20, Enterprise Income Verification (EIV). HUD released this notice before it published the Final Income and Rent Determination Rule to prepare the industry for the EIV mandate. After reviewing the notice, NAHMA asked HUD to clarify several aspects of the guidance. HUD acknowledged that further guidance would be necessary once the EIV mandate took effect. In the meantime, HUD staff agreed to review our concerns.

HUD's final rule, "Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System-Amendments," became effective on January 31, 2010.<sup>1</sup> This rule requires the use of the EIV System in HUD's public and assisted housing programs as a third party source to verify tenants' employment and income information and to reduce administrative and subsidy payment errors.

Notice H 2010-10 supersedes the previous EIV guidance. The new notice instructs multifamily owners and agents (O/As) on procedures they must implement to comply with the EIV mandate. It describes:

- Updates to the property's tenant selection plan, policies and procedures that are necessary to run EIV reports;
- How to use the EIV reports;
- Who may view the EIV reports;
- What to do if the tenant disputes information in the EIV report;

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<sup>1</sup> For a detailed analysis of the final rule, see [NAHMAanalysis 2010-0115- HUD's Rent, Income, and EIV: Final Rule](#).

- What to do if the EIV data reveals the tenant has overpaid or underpaid rent;
- Documentation the O/A must keep on file and the length of time records must be retained;
- Required procedures to safeguard EIV information and protect the tenant's privacy;
- Penalties for misuse of EIV information; and
- Penalties for noncompliance if the O/A does not use EIV as instructed;

This NAHMA analysis will discuss highlights of the Notice H 10-10, with emphasis on changes made in response to NAHMA's questions and comments. It will focus only on the EIV use requirement for properties assisted under HUD's Office of Housing multifamily programs.

## Summary

### Privacy Act, Restricted Access and Limited Use of EIV data

It is important to note that the information about residents which is available through EIV is protected under the federal Privacy Act. The law provides both criminal and civil remedies for willful misuse of the information. Penalties for unauthorized disclosure include a felony conviction and maximum \$5000 fine or up to five years imprisonment, as well as civil damages. Unauthorized inspection carries a misdemeanor penalty of up to \$1,000 and/or one year imprisonment, as well as civil damages.

There are strict rules about accessing, using and safeguarding the information generated from EIV because the information is also protected under the Social Security Act and HUD's agreements with the federal agencies that provide income and employment data. EIV can only be used by authorized persons for official limited purposes. Access to the database is restricted, and those who use the hard copy reports generated from EIV must sign rules of behavior. The notice explains:

- Owners and agents must use EIV for third-party income verification and to reduce subsidy errors;
- Contract Administrators and HUD staff must use EIV to monitor the O/A's compliance in using the EIV system; and
- HUD's Office of Inspector General (IG) has access to EIV for auditing purposes.

More recently, HUD allowed independent public auditors (IPAs) to use EIV information for auditing an owner's compliance with verifying income and the accuracy of rent/subsidy determinations. After IPAs sign the EIV Rules of Behavior for Non System Users, **they are only allowed to use EIV information in the hard copy files within the O/A's offices.** IPAs are **not** authorized to obtain access to EIV, and they may **not** download any information from EIV to portable devices.

Notice H 10-10 explains that the Privacy Act prohibits disclosure of a person's information unless he or she has provided written consent. Realizing there will be times that a tenant wants assistance during the recertification process, HUD will issue a sample form for "obtaining the tenant's consent to disclose information to another adult household member or to persons assisting the tenant with the recertification process." If the tenant provides written consent, disclosure of EIV information is permitted to the following persons who may assist tenants during the recertification process. They may **only review EIV information pertaining to the tenant who provided written consent for the disclosure:**

- Service coordinators (if they are present at the annual or interim recertification) ;
- Translators/Interpreters;
- Individuals assisting an elderly individual or a person with a disability;
- Guardians;

- Powers of Attorney; or
- Other Family Members.

EIV information must **not** be used for unauthorized purposes and must not be disclosed to unauthorized persons. It cannot be used to complete the LIHTC Tenant Income Certification (TIC) or to certify tenants in Section 515 rural housing (if they are not receiving Section 8 assistance). The information cannot be disclosed to state agency officials for LIHTC compliance monitoring or to RHS staff for compliance monitoring--even if the tenant is receiving Section 8 assistance.

Section XII of Notice H 10-10 describes security procedures for accessing, using, storing and destroying EIV data. It discusses the Rules of Behavior for EIV users with system access and for authorized individuals who do not have EIV system access, but need the information from EIV to do their jobs. Required annual security training for the O/A's staff is also discussed.

Technical safeguards are built into the EIV system to ensure only authorized, certified EIV Coordinators and Users have access to the EIV system.

O/As must also establish administrative safeguards to protect EIV data. The O/A must establish policies and procedures to govern use of the EIV system. These procedures should cover authorized use of EIV, how to deal with security breaches and destruction of EIV data. Written policies and procedures must be provided to O/A s staff for using the EIV Income Report as third-party verification of employment and income and for using the other EIV income and verification reports.

Physical safeguards for storing and transmitting EIV data are also discussed in section XII. If EIV information is stored electronically, it must be kept in a restricted access directory or encrypted using a NIST compliant vendor. Hard copy EIV data must not be left unattended. Those with access to the EIV system should take additional security precautions such as using password protected screensavers and locking their computers when leaving their workspaces. Emails containing EIV data must also be encrypted, and the resident's full social security number must never be included in electronic communications. Once EIV data has served its purpose, it must be destroyed, "as prescribed by HUD's policies and procedures and in accordance with HUD's prescribed retention period." Acceptable methods for destruction include shredding, burning or pulverizing. Section X and Attachment 6 discuss the documents O/As must retain, as well as retention periods for the documents.

### What's In EIV?

Section VII and Attachment 6 provide detailed explanations of how to use the EIV income and verification reports. For each report in EIV, these sections describe:

- The report's purpose;
- Whether the O/A must update the policies and procedures or tenant selection plans to use it;
- Tenant consent requirements for each report;
- How often O/As must use the reports;
- Procedures to follow when there are discrepancies between the EIV data and the tenant's reported information;
- Required file documentation to demonstrate the O/A's compliance; and
- Record retention requirements.

Generally, O/As must describe the use of the Existing Tenant Search in their Tenant Selection Plans. The use of all other EIV reports must be explained in the O/As' written policies and procedures. Additionally, O/As must have signed, valid forms HUD 9887 and HUD 9887-A on file to view employment and

income records in EIV and to obtain third-party verification of income. Both forms restrict information about a tenant to “within the last 5 years when the tenant received assistance.” The HUD -9887 is not required to use the EIV verification reports.

Specific reports in EIV include:

**Summary Report:** Summarizes information taken from the current, active certifications contained in the TRACS file at the time of the income match, and provides the Identity Verification Status for each household member.

**Income Reports:** Include the Income Report, Income Discrepancy Report, No Income Report and New Hires Report. The Income Report and Income Discrepancy Report must be printed at the same time.

- **Income Report:** Provides employment and income information reported in the National Directory of New Hires (NDNH) and Social Security Administration (SSA) databases for each household member who passes the SSA identity test. It also identifies household members who may be receiving multiple subsidies. It must be used as a third-party verification of a tenant’s employment and income during annual and interim recertifications of family composition and income.
- **Income Discrepancy Report:** Identifies households where there is a difference of \$2,400 or more annually in the wages, unemployment compensation and/or Social Security benefit income reported by NDNH and SSA and the wages, unemployment compensation and/or Social Security benefit income reported in TRACS (from the form HUD-50059 in effect at the time of the computer match) for the period of income used for the discrepancy analysis. The \$2,400 threshold is based on the requirement that tenants must report to the O/A when the family’s income cumulatively increases by \$200 or more per month.
- **No Income Report:** Identifies tenants who passed the identity match against SSA’s records, but no employment or income information was received from the match against either the SSA or NDNH records.
- **New Hires Report:** Identifies tenants who have started new jobs within the last six months.

**Verification Reports:** Include Existing Tenant Search, Multiple Subsidy Report, Identity Verification Reports (failed EIV Prescreening & Failed EIV Verification) and Deceased Tenants Report.

- **Existing Tenant Search:** Identifies applicants applying for assisted housing that may be receiving rental assistance at the time of application processing at another location.
- **Multiple Subsidy Report:** Identifies individuals who may be receiving multiple rental subsidies.
- **Identity Verification Reports:** Include Failed EIV Prescreening Report and Failed Verification Report.
  - **Failed EIV Pre-Screening Report:** Identifies tenants who fail the EIV pre-screening test because of invalid or missing personal identifiers (SSN, last name or DOB). The tenants on this list will not be sent to SSA from EIV for the SSA identity match until the personal identifier information is corrected in TRACS. Tenants who are exempt from the SSN disclosure and verification requirements will continue to have a TRACS generated identification number in the SSN field, but no employment or income information will be provided in EIV for them.

- **Failed Verification Report (Failed the SSA Identity Test):** Identifies household members who failed the SSA identity test because their personal identifiers (SSN, last name or DOB) do not match SSA's records.
- **Deceased Tenants Report:** Identifies tenants who are participating in one of Multifamily Housing's rental assistance programs who are reported by SSA as being deceased.

**Systematic Alien Verification for Entitlements (SAVE):** An external link to the Department of Homeland Security's SAVE system can be accessed from the EIV Homepage. SAVE verifies the immigration status of non-citizens.

*When Discrepancies or Disagreements Arise*

HUD regulations prohibit O/As from taking *any* adverse actions against the tenant (including terminating or reducing rental assistance) based *solely* on EIV data. EIV is an imperfect tool. Data in the reports may be incorrect for any number of reasons--ranging from data entry errors to indentity theft.

The notice instructs,

“O/As must investigate and confirm possible income discrepancies of \$2,400 or more as disclosed on the EIV Income Discrepancy Report. They must also investigate and confirm other possible errors that may result in over or underpayment of HUD subsidy, e.g., tenants reported by SSA as being deceased, tenants receiving multiple subsidies, etc.”

Tenants have the right to dispute EIV data, which will trigger investigation and third-party verification requirements [from the third-party source] for the O/A. Section IX provides detailed procedures for investigating and resolving income discrepancies. Attachment 5 also explains procedures to follow when the tenant agrees with or disputes EIV information.

Curing improper subsidy payments is also explained in Notice H 2010-10. If the tenant's income was over-reported and he paid too much rent, the O/A must investigate the discrepancy, correct prior certifications, determine the amount of the overpayment and reimburse the resident. In the cases of unreported or underreported income, where the tenant did not pay enough rent, the O/A must investigate the discrepancy and correct previous certifications and adjust the voucher submissions. Tenants are not obligated to reimburse the O/A if the underpayment was the sole result of the O/A's failure to follow HUD's procedures for calculating rent or assistance payments. However, the O/A must use the relevant form HUD-50059 and supporting documentation to determine the amount of underpayment, so reimbursements can *only* be recovered from the tenant if the form HUD-50059 and supporting documentation for the relevant period is on file. Then, the tenant may enter into a repayment agreement with the O/A.

*Penalties for O/As Noncompliance with HUD's Requirement to Use EIV*

Use of EIV became mandatory on January 31, 2010. O/As who did not begin using EIV as of this date or are not using it at the time of the MOR will be subject to administrative and financial penalties. First, they will receive a MOR finding.<sup>2</sup> In addition, the voucher payment for the month following the violation will be reduced by five percent. The O/A has 30 days to cure the finding. If the O/A becomes compliant, “the

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<sup>2</sup> Attachment 8 of Notice H 10-10 lists the MOR findings. It is also included as an attachment at the end of this NAHMAAnalysis.

O/A will make an adjustment to the next scheduled voucher to collect the funds previously returned to HUD.” If the O/A does not become compliant during the 30-day period, the owner and agent (if applicable) will receive a flag in the APPS system. The flag will remain in APPS until the finding is cured.

When the property changes owners or management agents, the new operator will have 90 days to gain access and use the EIV system.

### **Positive Aspects of This Notice**

HUD provided clarification on a number of questions that NAHMA raised about Notice H 09-20, the Final Rent and Income Determination Rule, and the EIV webcasts. Major areas of clarification requested by NAHMA follow.

First, NAHMA argued that further guidance was urgently needed to explain when each specific EIV report must be used at each stage of the application, move-in, and recertification process. We asked HUD to prepare a matrix that lists:

- Each report in EIV (i.e., existing tenant, multiple subsidy, income reports, etc.);
- Required documentation on file for each report (i.e., HUD -9887, tenant selection plan, etc.);
- When the O/A MUST run the report; and
- When the O/A may run the report.

NAHMA commends HUD for providing this matrix as Attachment 6: Use of EIV Reports to Notice H 2010-10.<sup>3</sup> The matrix also explains the length of time each report and its supporting documentation must be kept on file. Another helpful resource is Attachment 5: Using EIV Data Flow Chart. Attachment 5 which summarizes procedures O/As must follow when there are discrepancies between the resident’s reported employment and income and the EIV data, or when the tenant does not agree with the EIV data.

Another area of confusion was how to deal with applicants and recent move-ins. The notice instructs O/As that they must use EIV’s Existing Tenant Search during the screening process for applicants. This report enables the O/A to coordinate the move-out and move-in dates with the other property. Because EIV cannot be used to verify applicants’ income or employment, the notice explains, “. . . the O/A must request third-party verification from the income source for determining the applicant’s income for eligibility and rent calculation purposes.” For all new admissions, O/As must review the Income Report within 90 days after transmission of the move-in certification to TRACS. Any discrepancies between the household’s reported income and the EIV data must be resolved within 30 days from the date of the Income Report.

Adding a dollar threshold for renegotiating repayment agreements was a welcomed improvement in H 2010-10. Several NAHMA members raised concerns about the instructions for repayment agreements in HUD’s previous EIV notice, H 09-20, which stated, “The repayment agreement should contain a clause whereby the terms of the agreement can be renegotiated if there is a decrease or increase in the family’s income.” NAHMA strongly urged HUD to revise the guidance by including a \$200 dollar per month increase or decrease in income—the trigger for recertification—as the threshold for renegotiation. Therefore, we are very pleased that as of July 1, 2010, new repayment agreements must, “Contain a clause whereby the terms of the agreement will be renegotiated if there is a decrease or increase in the family’s income of \$200 or more per month.”

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<sup>3</sup> Attachment 6 is also included as an attachment to this NAHMA analysis.

## **Issues of Concern to NAHMA**

Through the public comment process on the Rent and Income Determination Rule, NAHMA strongly objected to the *mandatory* use of EIV. We argued that HUD must resolve a number of technical, procedural and policy issues with EIV before subjecting owners/agents to penalties for noncompliance. Unfortunately, the Department insisted that further delay in EIV implementation was “without satisfactory justification.” Nevertheless, HUD conceded that system improvements will be needed and users will require ongoing education and guidance.

A few months after the EIV mandate took effect, the need for system improvements became painfully obvious. From late April through early June, EIV was sporadically available. Messages from HUD’s Multifamily RHIIP Listserv indicated the system was taken offline due to server problems<sup>4</sup>, and later because of “inaccuracy of the displayed data.”<sup>5</sup> O/As were instructed to conduct third-party verifications and to document tenant files affected by the outage. HUD instructed contract administrators not to issue MOR findings for failure to use EIV until the system became fully functional. NAHMA believes HUD must take greater care to prevent system failures in the future. The public interest is not served by requiring housing operators to use a database that is unavailable or unreliable.

Because information in the database is not always accurate, HUD regulation 24 CFR 5.236(2) prohibits housing operators from taking adverse action against the resident based *solely* on EIV information. False information can result from simple mistakes such as data entry/reporting errors or complex problems such as system failure or identity theft.

Even if a mistake in EIV can be easily fixed, HUD cannot make the correction. Inaccurate data can only be corrected by its source (i.e., SSA, state agency that reported unemployment data, O/A who submitted the HUD-50059, etc.). When a tenant disputes the EIV information, he or she must contact the appropriate agency to correct the problem. Tenants may become quite frustrated under these circumstances.

EIV will not completely eliminate the need for independent third-party verification from employers or other government agencies. In some cases, EIV will have no employment or income information for the tenant. For other residents, the EIV data may be incomplete. Housing operators must verify income and employment information from the source when:

- The tenant disputes the EIV information;
- EIV reports a discrepancy at the time of recertification (and other times as per the O/As’ policies and procedures); and
- The tenant can’t provide acceptable documentation to support the wage and unemployment income in EIV.

In cases where the tenant enters into a repayment agreement with the O/A, two additional concerns arise. First, HUD sets no time limit for the tenant to complete the reimbursement. The notice instructs, “The tenant and O/A must both agree on the terms of the repayment agreement.” Then it states, “The tenant’s monthly payment must be what the tenant can afford to pay based on the family’s income,” and it suggests the amount of the monthly repayment plus the monthly rent contribution, “should not exceed 40

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<sup>4</sup> RHIIP Listserv Posting # 218 April 21, 2010

<sup>5</sup> RHIIP Listserv Posting # 225, May 26, 2010

percent of the family's monthly adjusted income." The effect of limiting the amount of the monthly reimbursement is that the time to complete payment in full cannot be limited. Our second concern involves the cost of pursuing reimbursement from the tenant. In addition to cases of fraud, HUD is now allowing O/As to keep a portion of payments collected from tenants who improperly reported their income. HUD made this change to help housing operators offset the cost of pursuing these cases. However, the allowable offset may not even be enough to cover actual costs. O/As may only retain an amount which is *the lesser* of actual costs or 20 percent of the amount received from the tenant.

All things considered, NAHMA believes HUD has downplayed the substantial challenges the EIV mandate presents to housing operators. For example, HUD's response to public comments submitted on the final Income and Rent Determination Rule stated,

"HUD disagrees with the commenter that use of the EIV system increases administrative workload. EIV is an automated system that is free to the user and available 24 hours a day, 7 days a week. In contrast to a manual system, EIV has been determined to be the most effective, efficient, and least burdensome way to verify income...."

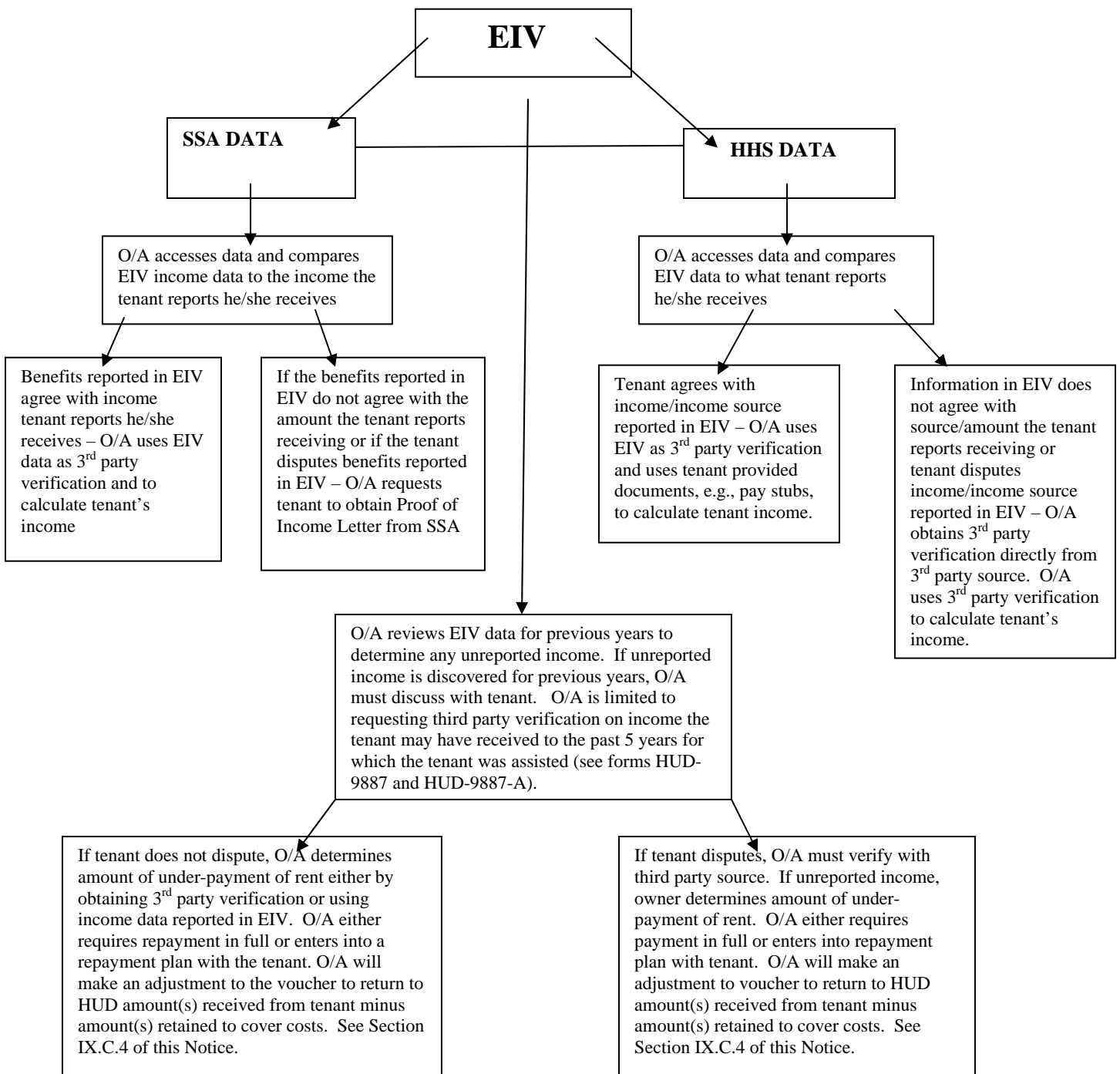
One only needs to read Notice H 2010-10 to understand how oversimplified HUD's previous description of EIV is. The O/A's staff will require ongoing security training. Paperwork and documentation will be essential—especially with respect to the HUD-9887, the HUD-9887-A, the HUD-50059, EIV rules of behavior and complying with the record-keeping requirements. Moreover, HUD is requiring O/As to run certain EIV reports on a regular basis (not just at annual or interim recertifications) and proactively reach out to tenants if there are discrepancies. For example, The New Hires, Multiple Subsidy, and Deceased Tenant Reports must be used quarterly. The failed EIV Pre-Screening and Failed Verification (SSA Identity Test) Reports must be used monthly. Staff will spend a considerable amount of time investigating the discrepancies. Finally, traditional third-party verifications will be continue to be necessary under a number of circumstances, which include resolving income and employment discrepancies.

### **NAHMA's position**

In the long run, EIV will likely help to minimize improper subsidy payments and to ensure the proper housing benefit is going to qualified individuals. We appreciate that HUD answered a number of important EIV compliance questions in Notice 2010-10. Nevertheless, we remain concerned about the additional administrative requirements the EIV mandate places on housing providers and their staff.



**Notice H 2010-10 Attachment 5: Using EIV Data Flow Chart**



**Notice H 2010-10 Attachment 6: Use of EIV Reports**

<b>USE OF EIV REPORTS</b>					
<b>REPORT</b>	<b>*UPDATE</b>		<b>REPORT USE</b>	<b>FILE DOCUMENTATION</b>	<b>RETENTION</b>
	<b>TSP</b>	<b>P&amp;P</b>			
<p><b>Summary Report</b></p> <p>Summary of household information from the current, active certification in the TRACS file at the time of the income match.</p> <p>Provides Identity Verification Status by identifying tenants whose personal identifiers:</p> <ul style="list-style-type: none"> <li>• Match the SSA database - “Verified”</li> <li>• Does not match the SSA database – “Failed”</li> <li>• Have not been sent by HUD to SSA for validation or have not yet been matched by SSA for validation – “Not Verified”</li> <li>• SSA’s records indicate the person is deceased – “Deceased”</li> </ul> <p><b>See Section VII.A.1</b></p>		X	<p>Must be used at recertification (annual and interim)</p> <ul style="list-style-type: none"> <li>• To validate a tenant’s SSN</li> <li>• To review and resolve discrepant or invalid personal identifiers of tenants with a “failed” or “deceased” status</li> </ul> <p><b>Note:</b> Nothing has to be done at the time of recertification with those tenants with an Identity Verification Status of “Not Verified”. However, the Failed SSA Identity Test report must be checked monthly as a change in the Identity Verification Status may occur.</p>	<p>Summary Report(s) as verification of the SSN for all household members whose Identity Verification Status is “Verified”.</p> <p>Correspondence or documentation received to resolve a tenant’s “Failed” or “Deceased” status.</p> <p>Documentation for household members identified as exempt from disclosing and providing verification of a SSN:</p> <ul style="list-style-type: none"> <li>• Tenants who were 62 years of age or older as of January 31, 2010 and whose initial determination of eligibility was begun before January 31, 2010; and</li> <li>• Individuals who do not contend eligible immigration status</li> </ul> <p>If the Summary Report in the tenant file shows an Identity Verification Status of “Verified” for all household members required to have a SSN, the Owner does not have to continue to print out the Summary Report at recertification unless there is a change in household composition or in a household member’s identity verification status</p>	<p><b>Tenant file</b></p> <p>Summary Report and supporting documentation must be retained in the tenant’s file for term of tenancy plus 3 years.</p> <p><b>Note:</b> O/As may remove and destroy copies of verification documentation received from the tenant to verify their SSN once the Identity Verification Status shows “Verified”. O/As are encouraged to minimize the number of tenant records that contain documents that display the full nine-digit SSN.</p>

\*TSP = Tenant Selection Plan      P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>INCOME REPORTS</b>					
<b>Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.</b>					
<b>A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.</b>					
<p><b>Income Report</b></p> <p>Provides employment and income reported by HHS and SSA for each household member that passes the SSA identity test.</p> <p>Identifies tenants who:</p> <ul style="list-style-type: none"> <li>• May not have reported complete and accurate income information</li> <li>• May be receiving multiple subsidies</li> </ul> <p><b>See Section VII.A.2</b></p>		X	<p>Mandatory use at Recertification - Annual and Interim</p> <p>May be used at other times as indicated in O/A's policies and procedures.</p> <ul style="list-style-type: none"> <li>• Serves as third party verification of employment and income.</li> </ul> <p>New Admissions:</p> <ul style="list-style-type: none"> <li>• Review new admissions within 90 days after the move-in information is transmitted to TRACS to confirm/validate the income reported by the household.</li> </ul> <p>Resolve discrepancies in reported income with the family within 30 days of the EIV Income Report date.</p>	<p>No Dispute of EIV Information:</p> <ul style="list-style-type: none"> <li>• EIV Income Report</li> <li>• Current, acceptable tenant provided documents</li> <li>• Third party verification from the source, if necessary</li> </ul> <p>Disputed EIV Information:</p> <ul style="list-style-type: none"> <li>• EIV Income Report</li> <li>• Third party verification from the source for the disputed information</li> </ul> <p>Tenant-reported income not verified through the EIV system:</p> <ul style="list-style-type: none"> <li>• EIV Income Report</li> <li>• Current, acceptable tenant-provided documents, and/or</li> <li>• Third party verification from the source</li> </ul> <p>Any correspondence with/from tenant relating to disputes of the employment or income reported in EIV.</p> <p>Form HUD-50059(s)</p>	<p><b>Tenant File</b></p> <p>Retain copy of Income Report and supporting documentation with applicable form HUD-50059 for term of tenancy plus 3 years.</p> <p><b>Note:</b> The O/A must make copies of any tenant provided documents and return the originals to the tenant.</p>

\*TSP = Tenant Selection Plan    P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>INCOME REPORTS Cont'd.</b>					
<b>Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.</b>					
<b>A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.</b>					
<p><b>Income Discrepancy Report</b></p> <p>Identifies households where there is a difference of \$2,400 or more in the wage, unemployment and SSA benefit information reported in EIV and wage, unemployment and SSA benefit information reported in TRACS for the period of income used for discrepancy analysis.</p> <p>The report serves as a tool to alert O/As that there may be a discrepancy in the income reported by the tenant during the period of income used for the discrepancy analysis.</p> <p><b>See Section VII.A.3</b></p>		X	<p>Mandatory use at Recertification - Annual and Interim</p> <p>Report may be used at other times as indicated in O/A's policies and procedures.</p> <p><b>Must print the report at the same time the Income Report is printed.</b></p> <p>Discrepancies must be reviewed and resolved at the time of recertification or within 30 days of the EIV Income Report date.</p> <p>Review data in TRACS to make sure agrees with the form HUD-50059 data. Correct any discrepant data in the TRACS database.</p>	<p>All correspondence to/from the tenant regarding the income discrepancy.</p> <p>Documentation received to resolve the discrepancy, including written third party verification of income, if applicable.</p> <p>The file must be documented regardless of whether the O/A determines the discrepancy to be valid or invalid.</p> <p>Corrected form HUD-50059(s), if applicable.</p> <p>Repayment Agreement, if applicable.</p>	<p><b>Tenant file</b></p> <p>Retain copy of Income Discrepancy Report and any documentation related to the resolution of the discrepancy, including any repayment agreements for term of tenancy plus 3 years.</p>

\*TSP = Tenant Selection Plan    P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>INCOME REPORTS Cont'd.</b>					
<b>Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.</b>					
<b>A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.</b>					
<p><b>No Income Report</b></p> <p>Identifies tenants who passed the SSA identity test but no income was reported by HHS or SSA.</p> <p>This does not mean that the tenant does not have any income. O/A must obtain written third party verification of any income reported by the tenant.</p> <p>Recommend "zero" income tenants be required to disclose and O/A re-verify income at least quarterly. These are tenants who report no income at all.</p> <p><b>See Section VII.A.4</b></p>		X	<p>As identified in O/A's policies and procedures. Interview tenants, asking the right questions to provide the tenant the opportunity to disclose any income.</p>	<p>Third party verification from income sources of other income reported by tenant, if applicable.</p> <p>Correspondence/documents received for re-verification of zero income tenants.</p>	<p><b>Tenant file</b></p> <p>Any documentation or third party verifications for other income reported by the tenant for term of tenancy plus 3 years.</p>

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USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>INCOME REPORTS Cont'd.</b>					
<b>Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.</b>					
<b>A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.</b>					
<b>New Hires Report</b>  Identifies tenants who have new employment within the last 6 months. Report is updated monthly.  <b>See Section VII.A.5</b>		X	At least quarterly  Contact tenant regarding new employment  Confirm new employment with tenant. Request tenant provided documents to support current income and/or third party verification from employer, as applicable.  Process Interim Recertification to include new income, if applicable.	New Hires Report with notation of action(s) taken.  No Dispute of EIV Information: <ul style="list-style-type: none"> <li>EIV Income Report</li> <li>Current, acceptable tenant provided documents</li> <li>Third party verification from the source, if necessary.</li> </ul> Disputed EIV Information: <ul style="list-style-type: none"> <li>EIV Income Report</li> <li>Third party verification from the source for disputed information</li> </ul> Any correspondence with/from tenant relating to new employment and/or disputes of the employment or income reported in EIV.  Form HUD-50059(s)	<b>Master file</b> Retain New Hires Summary Report in a master "New Hires Report" file for 3 years.  <b>Tenant file</b> Retain New Hires Detail Report for the tenant along with any correspondence with tenant, third party verifications, form HUD-50059(s), etc., .for term of tenancy plus 3 years.

\*TSP = Tenant Selection Plan    P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>VERIFICATION REPORTS</b>					
<b>Note: A form HUD-9887 is not required to view and/or use verification reports.</b>					
<p><b>Existing Tenant Search</b></p> <p>Identifies applicants who may be receiving assistance at another Multifamily or PIH location.</p> <p><b>See Section VII.B.2.a</b></p>	X		<p>At the time of processing an applicant for admission</p> <p>Search each applicant and applicant household member to see if receiving assistance at another location.</p> <p>Discuss with tenant regarding circumstances relative to being assisted at another Multifamily or PIH property.</p> <p>Follow up with respective PHA or O/A to confirm the individual's program participation status before admission.</p> <p>Coordinate move-in/out dates with PHA or O/A.</p>	<p>Search results for each member of the household.</p> <p>Results of any contact with applicant must be recorded on and/or with the search results for affected household member.</p> <p>Results of any contact with PHA, owner, management agent where applicant is reported as receiving assistance must be recorded on and/or with the search results for affected household member.</p>	<p><b>Application file</b></p> <p>If not admitted – retain search results and any supporting documentation with the application for 3 years.</p> <p><b>Tenant file</b></p> <p>If admitted – retain search results and any supporting documentation with the application for term of tenancy plus 3 years.</p>

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USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>VERIFICATION REPORTS Cont'd.</b>					
<b>Note: A form HUD-9887 is not required to view and/or use verification reports.</b>					
<p><b>Multiple Subsidy Report</b></p> <p>Identifies tenants who may be receiving rental assistance at more than one location.</p> <p><b>See Section VII.B.2.b</b></p>		X	<p>At least quarterly</p> <p>Must search both queries:</p> <ul style="list-style-type: none"> <li>• Search within MF</li> <li>• Search within PIH</li> </ul> <p>Provide tenant opportunity to explain any circumstances relative to his/her being assisted at another location.</p> <p>Follow up with respective PHA or O/A, if necessary, to confirm tenant is being assisted at the other location. Depending on the results, may need to take action to terminate the assistance or tenancy and repay subsidy to HUD.</p>	<p>Search results</p> <p>Documentation supporting any contacts made or information obtained to determine if household and/or household member is receiving multiple subsidies.</p> <p>Documentation to support any action taken if household and/or household member is receiving multiple subsidies.</p> <p><b>Note:</b> If a tenant's multiple subsidies were discussed and resolved at the time of recertification, this must be noted on the printed report and no further action is required.</p>	<p><b>Master file</b></p> <p>Retain Multiple Subsidy Summary Report and supporting documentation in a master "Multiple Subsidy Report" file for 3 years.</p> <p><b>Tenant file</b></p> <p>Retain a copy of the Multiple Subsidy Detail Report for the tenant along with any documentation of action taken for a household member for term of tenancy plus 3 years.</p>

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USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>VERIFICATION REPORTS Cont'd.</b>					
<b>Note: A form HUD-9887 is not required to view and/or use verification reports.</b>					
<p><b>Failed EIV Pre-screening Report</b></p> <p>Identifies tenants who have missing or invalid personal identifiers (last name, date of birth, SSN) in TRACS. These tenants will not be sent to SSA from EIV for the SSA identity test.</p> <p>Identifies tenants who need to disclose a SSN, e.g., replace TRACS generated id number.</p> <p><b>See Section VII.B.2.c.(1)</b></p>		X	<p>Monthly</p> <p>Follow up with tenants identified on the report where discrepant personal identifiers were not corrected at the time of recertification.</p> <p>Check accuracy of data entry, e.g., numbers not transposed in SSN.</p> <p>Contact tenant and confirm to verify discrepant personal identifiers</p> <p>Correct TRACS data within 30 days of the date of the report.</p>	<p>Failed EIV Pre-screening Report documented with action taken to resolve invalid or discrepant personal identifiers.</p> <p><b>Note:</b> This report will include those persons who are exempt from the SSN disclosure and verification requirements. In these instances the O/A will note on the copy of the report retained in the "Failed EIV Pre-Screening Report" master file that tenant(s) is exempt from SSN requirements.</p> <p><b>Note:</b> If a tenant's information was corrected at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.</p>	<p><b>Master file</b> Retain copy of report in a master "Failed EIV Pre-screening Report" file for 3 years.</p> <p><b>Tenant file</b> Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.</p>
<p><b>Failed Verification Report (Failed SSA Identity Test)</b></p> <p>Identifies tenants whose personal identifiers (last name, date of birth, SSN) do not match the SSA database.</p> <p><b>See Section VII.B.2.c.(2)</b></p>		X	<p>Monthly</p> <p>Follow up with tenants identified on the report where discrepant personal identifiers were not corrected at the time of recertification.</p> <p>Check accuracy of data entry, e.g., numbers not transposed in SSN.</p> <p>Contact tenant and confirm to verify discrepant personal identifiers.</p> <p>Correct TRACS data within 30 days of the date of the report.</p>	<p>Failed Verification Report (Failed SSA Identity Test) report documented with action taken to resolve invalid or discrepant personal identifiers</p> <p><b>Note:</b> If a tenant's information was corrected at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.</p>	<p><b>Master file</b> Retain copy of report in a mater "Failed EIV SSA Identity Test" file for 3 years.</p> <p><b>Tenant file</b> Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.</p>

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USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
<b>VERIFICATION REPORTS Cont'd.</b>					
<b>Note: A form HUD-9887 is not required to view and/or use verification reports.</b>					
<b>Deceased Tenants Report</b>  Identifies tenants reported by SSA as being deceased.  <b>See Section VII.B.2.d</b>		X	At least quarterly  Confirm, in writing, with head of household, next of kin or contact person or entity provided by the tenant to determine whether or not the person is deceased.  If deceased, within 30 days from date of report: <ul style="list-style-type: none"> <li>Update family composition, and, if applicable, income and allowance, on the form HUD-50059. See Paragraph 7-13D of Handbook 4350.3 REV-1 for effective date.</li> <li>Single member of a household, process move-out using form HUD-50059-A. Effective date retroactive to earlier of 14 days after date of death or date unit vacated.</li> </ul> <b>Note:</b> Overpayment of subsidy must be returned to HUD.  Any discrepant data in TRACS must be updated within 30 days from the date of the report.  Encourage tenant to contact SSA if SSA's data is incorrect.	Deceased Tenants Report  Documentation obtained to resolve discrepancy.  Form HUD-50059 with change of family composition.  Form HUD-50059-A for move-out.  <b>Note:</b> If action was taken to remove the deceased tenant from the household or to terminate tenancy of a deceased single member of a household at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.	<b>Master file</b> Retain copy of report in a master "Deceased Tenants Report" file for 3 years.  <b>Tenant file</b> Form HUD-50059 and/or form HUD-50059-A plus any other documentation received for a particular tenant must be retained for term of tenancy plus 3 years.

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**Attachment 8: MOR Findings for EIV Compliance (List is not all inclusive)**

<b>What is considered a Management and Occupancy Review (MOR) Finding? (Mandatory EIV Use)</b>	
1.	O/A does not have access to EIV
2.	O/A is not using EIV for recertifications effective June 1, 2010
3.	Missing/incomplete EIV documents as listed on the Addendum C. (Email HUD Headquarters immediately to Terminate the coordinator's/user's access at the following address: <a href="mailto:mf_alert@hud.gov">mf_alert@hud.gov</a> ) <ul style="list-style-type: none"> <li>• Name, property, MOR date and missing documentation</li> <li>• Advise O/A mitigate and contact CA to reinstate access</li> </ul>
4.	Rules of Behavior for non-system users missing where applicable
5.	EIV data being shared with other entities, e.g., state officials monitoring tax credit projects, rural Housing staff monitoring Section 515 projects, or Service Coordinators
6.	EIV data not kept secure
7.	O/A has not updated Policies and Procedures to include EIV use
8.	O/A has not updated Tenant Selection Plan to include use of Existing Tenant Search
9.	EIV Income Reports are not in tenant files as third party verification
10.	Tenant files do not have documentation to support EIV income discrepancy resolution
11.	O/A is not using Existing Tenant Search
12.	O/A is not reviewing New Hires Report
13.	Unresolved Failed Verification (SSA Identity Test) and Pre-screening discrepancies
14.	Deceased Tenants Report has not been reviewed and/or errors corrected
15.	Multiple Subsidy Report has not been reviewed and/or errors corrected
16.	O/A is not following HUD's record retention requirements
17.	Missing/Incomplete form HUD-9887
18.	O/A is not providing tenants with the <i>EIV &amp; You</i> brochure when selected from waiting list to move-in and at annual recertification
19.	Individual's having access to the EIV system or data had annual security training?
20.	O/A is sharing access Ids and passwords