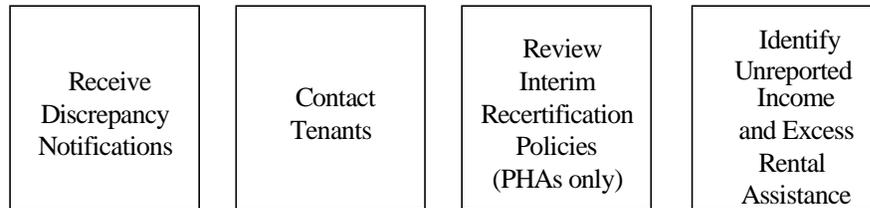


## 2 Discrepancy Resolution

This section presents the discrepancy resolution process from the POA's receipt of discrepancy notifications from HUD through tenant contact, discrepancy resolution, and the calculation of unreported income and excess (or underpaid) rental assistance.

Figure 4 presents a high level overview of the POA discrepancy resolution process. Each of these process steps is discussed in more detail in the following sections.

Figure 4, POA Discrepancy Resolution Process



### 2.1 HUD Discrepancy Notifications

HUD mails discrepancy letters to tenants and notifies POAs of tenants that have been sent letters. (See Appendix A for sample tenant letters.) When a POA receives a discrepancy notification, the POA should resolve the discrepancy to determine whether it is a valid discrepancy or a false positive discrepancy (discrepancy that did not involve unreported income or excess rental assistance as described in this Guide). If the discrepancy is valid, the POA should recalculate tenants' rent taking into consideration allowable deductions and exclusions. (See Appendix I.)

The POA discrepancy resolution process begins with the POA's receipt of a notification that discrepancy letters have been sent to one or more tenants in the POA's portfolio of tenants receiving rental assistance. HUD mails discrepancy notifications to POAs and posts these notifications on a secure site on the Web. Anyone wishing to view the online list of discrepancies must obtain a User ID and password and must be assigned rights to access the list.

The following Web site provides links to complete registration instructions, online registration forms for POAs, and quick reference sheets with step by step instructions for obtaining User IDs and password and logging on to Secure Systems.

**<http://www.hud.gov/reac/tools/reasyst.html>**

Once a User ID and password are obtained, the Secure Systems coordinator for each POA must perform specific system administrator functions to POAs (and themselves) with rights to access the Tenant Assessment Subsystem functions including notification access and discrepancy status reporting. Please refer to the following URL for a complete description of the registration and system administration functions.

**[http://www.hud.gov/reac/tools/secure\\_doc.html](http://www.hud.gov/reac/tools/secure_doc.html)**

Coordinators should grant TASS “Tenant Income Discrepancy Tracking (TRK)” access rights to the appropriate individuals (including themselves) for access to specific property portfolios.

Owners should review the list of their properties (grouped by contracts) and determine which entities (management agents or property managers) will be responsible for resolving the potential discrepancies. Owners should notify these entities and instruct them to obtain User IDs and TASS “TRK” access rights to the appropriate properties. When an entity already has a User ID, the entity must be granted TASS “TRK” access rights by a coordinator.

The Web site to sign on to Secure Connection for report access is:

**[https://hudapps.hud.gov/HUD\\_Systems](https://hudapps.hud.gov/HUD_Systems)**

Once in Secure Connection, the user should follow the link to “Tenant Assessment Subsystem” and select “Tenant Income Discrepancy Notifications and Status Reporting” to access the discrepancy notifications. Questions and problems should be addressed to the REAC Technical Assistance Center at 1-888-245-4860.

One or more tenants in a household may receive discrepancy letters. Each discrepancy should be resolved, i.e., determined to be a valid or false positive discrepancy. The process for resolving discrepancies is detailed in the following sections. Prior experience with income discrepancy resolution has shown that specifically identifying individuals who are responsible for discrepancy resolution can expedite the resolution process.

### **2.1.1 Comparing Notifications with POA Tenant Data**

The POA discrepancy notification includes a list of tenants to whom discrepancy letters have been sent. Each tenant listing in the notification includes:

- Head of Household Name and SSN;
- Tenant Name and SSN; and
- Total annualized tenant income computed by HUD based on data in MTCS or TRACS.

A POA should first verify that each tenant listed is a resident currently receiving rental assistance from the POA. This can be done through an inquiry into a POA automated database, if available, or through a tenant file review. If a tenant is not receiving assistance, is no longer a resident of the POA, or has the incorrect tenant identifiers (name, social security number, and date of birth), the POA should identify the discrepancy as a false positive.

Next, the POA should verify that both the household and the tenant were receiving rental assistance for the full calendar year for which the match was conducted. This check is required because MTCS and TRACS data do not always contain accurate termination dates based on POA data submissions. If both the household and the tenant were receiving rental

assistance for the entire match year, the POA should continue to process the potential discrepancy. (Note: The tenant must have been a member of the same household for the entire match year.)

### **2.1.2 Checking POA Reported Income Data**

For computer matching, MTCS and TRACS data is converted to calendar year data for comparison with Federal tax data, a process called annualization. Because MTCS and TRACS tenant data do not usually correspond to a calendar year, e.g., when a tenant's effective recertification date occurs in any month other than January, data in POA files may not agree with the data used by HUD to conduct the computer match. The data contained in HUD's notification is the annualization of POA reported income data.

### **2.1.3 Checking Ceiling or Market Rent**

Another area the POA should consider is rent type. Specifically, the POA should consider whether the tenant is subject to the conditions of ceiling or market rent. For the purposes of this process, discrepancies for tenants who paid ceiling or market rent for the full match year should be identified as false positives since unreported income did not result in excess rental assistance.

## **2.2 Contacting Tenants**

This section describes POA contacts with tenants and the various scenarios that can occur as a result of the contact.

**Note: all tenant contacts should be fully documented including all follow-up actions.**

After eliminating those tenants who do not meet the residency criteria (described in Section 2.1.1) and those who pay ceiling or market rent, the POA should contact the remaining tenants listed in their discrepancy notifications to request that the tenants disclose the HUD discrepancy letters. POAs should contact tenants no earlier than 40 days after the date on the POA notification.

POA contacts can be via telephone or mail. Whichever method is used, the POA should fully document the tenant contact. The following sections describe the various scenarios that a POA can encounter once a tenant is contacted and the procedures the POA should follow to resolve discrepancies under each scenario.

If a tenant vacates a unit prior to or after the POA contact, the POA should follow its normal procedures for pursuing discrepancy resolution and report the vacate status of the discrepancy as noted in Chapter 4.

### **2.2.1 Processing If a Tenant Fails to Respond to the POA Contact**

If a tenant fails to respond to the POA contact, the POA should call the TASS Technical Assistance Center at 1-888-708-8277 to request that REAC send a second letter to the tenant. When the POA contacts the hotline, the POA will be asked to verify the tenant's address. REAC will send the tenant a second letter within one week.

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant does not respond to the POA contact, the POA should again contact the TASS Technical Assistance Center to request that REAC send a third letter to the tenant. REAC will send the tenant a third letter within one week. (Note: The third letter sent to the same tenant address will be sent via certified mail.)

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should send a letter to the head of the tenant household. In the letter, the POA should indicate that HUD sent three letters to one or more tenants in the household. The POA should indicate that these letters informed the tenant(s) that a potential issue regarding a discrepancy in reported income existed, and that the tenant(s) were directed to contact the POA regarding the letter(s).

The POA should further indicate what proceedings will begin if the tenant(s) who received the HUD letter(s) does not contact the POA within two weeks. The POA should follow its normal procedures if the tenants who were sent discrepancy letters by HUD do not contact the POA. (See Appendix I for discussion of an alternative to terminating assistance for an entire household. This alternative allows a non-head of household member with a valid income discrepancy to vacate the household.)

### **2.2.2 Processing If a Tenant Claims that a HUD Discrepancy Letter Was Not Received**

If a tenant responds to the POA contact but indicates that he or she did not receive HUD's discrepancy letter, the POA should call the TASS Technical Assistance Center at 1-888-708-8277 to request that REAC send a second letter to the tenant. When the POA contacts the hotline, the POA will be asked to verify the tenant's address. REAC will send the tenant a second letter within one week.

As with the non-response situation, if the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant indicates non-receipt of the second letter, the POA should again contact the TASS Technical Assistance Center to request that REAC send a third letter to the tenant. REAC will send the tenant a third letter within two weeks.

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant claims non-receipt of the third letter, the POA should set up a meeting with the tenant during which the POA should ask the tenant to complete IRS Forms 4506 and 8821. These forms authorize the IRS to transmit copies of the tenant's tax return directly to the POA.

Note: All costs associated with income verification activities are the responsibility of the POA. (See Appendix B for sample IRS forms.)

It is important to note that to receive detailed information from the IRS, the POA must include the following information on the Form 8821: "Please provide transcript of the tax return and a copy of the **IRPTR screens for each W-2, 1098, and 1099** reported to the IRS for (the match year)".

If the tenant does not attend the scheduled meeting, or refuses to complete and sign the IRS income disclosure forms, the POA should send a letter to the head of household. In the letter, the POA should indicate that a member of the household did not attend a scheduled meeting to discuss a potential income discrepancy or refused to sign IRS income disclosure form. Additionally, the POA should indicate that, if the tenant does not meet with the POA or sign the forms, as appropriate, termination proceedings will begin within one week.

### **2.2.3 Processing If a Tenant Does Receive HUD Letter**

If a tenant does respond to the POA contact and reveals that he or she has received the HUD letter, the POA should direct the tenant to immediately bring the original letter to the POA, if the tenant has not already done so, and should schedule a meeting with the tenant as soon as possible. (Note: The original letter is printed on watermark paper, the same paper on which the POA discrepancy notification cover letters are printed. The watermark is visible when the letter is held at an angle.)

By asking the tenant to bring the letter to the POA, the POA may help avoid situations in which the tenant misplaces the letter before the scheduled meeting. Additionally, once the POA receives the letter, it can begin a review of the information.

### **2.2.4 Preparing to Process Income Information**

Once the POA has obtained disclosure of the Federal tax data (either via letter disclosure or IRS processed Forms 4506 and 8821), the POA should set up a tenant discrepancy resolution meeting to ascertain if the tenant agrees or disagrees with the Federal tax data.

If the tenant fails to attend the meeting as scheduled, the POA should contact the tenant to establish a new meeting date and time as soon as possible. If the tenant fails to attend the second meeting, the POA should notify the head of household as described in Section 2.2.2.

If the tenant attends the meeting and agrees that the Federal tax data is correct, the POA should continue processing the case and calculate excess rental assistance as described in Section 2.5. If the tenant does not agree with some or all of the Federal tax data, the POA should follow the steps outlined in Section 2.2.5.

POAs may consider the tenant-provided Federal tax information included on the HUD-printed letter to the tenants as verified information if the tenant does not dispute that information.

### **2.2.5 Processing if a Tenant Disagrees with the Federal Tax Data**

If a tenant does not agree with the income identified in the discrepancy letter, the tenant should notify the POA of the disagreement. If the tenant does not notify the POA that he/she disagrees, the POA should assume that the tenant agrees with all Federal tax data. The POA should ask the tenant if the tenant can provide documented proof that the Federal tax data is not correct. In the event that the tenant does not provide the documented proof that the Federal tax data is incorrect, the POA should then obtain proof to verify the Federal tax data amount.

In the event that the tenant disagrees with only some of the Federal tax data, the POA should first determine the income with which the tenant agrees. (The tenant may agree with some information in the HUD letter.) The POA should then verify and document any *unearned* income and *earned* income that is not excluded. (See Appendix H for a discussion of income excluded from the calculations.)

To obtain proof of income, the POA should obtain third party income verification by following established HUD program guidelines and procedures. (See Appendix C for a discussion of income verification.) If the POA cannot obtain proof after a reasonable attempt to do so or if the proof obtained does not show a discrepancy with what the tenant reported, the POA should notify the tenant and log the case as a false positive. For the POA's records, the POA should document the process of verification.

## **2.3 Resolving Income Discrepancies**

POAs should complete Income Comparison Worksheets for income discrepancies that cannot be readily identified as false positives such as when tenants are not currently receiving assistance from a POA.

The Income Comparison Worksheet and the Excess Rental Assistance Worksheet are discussed in the following sections. This Income Comparison Worksheet will assist the POA in resolving income discrepancies consistently. The POA should prepare a worksheet for each tenant for whom a discrepancy was not identified as false positive based on his or her residency or rent category. There are two types of Income Comparison Worksheets – the Short Form and the Long Form. POAs should use the Short Form for tenants that have two or fewer sources of earned and/or unearned income, and have had two or fewer recertifications. In contrast, POAs should use the Long Form for tenants that have three to six sources of earned and/or unearned income, and have had four or fewer recertifications.

The Excess Rental Assistance Worksheet provides a month-by-month comparison of the amount of rent a tenant should have been responsible for based on identified unreported income with the amount of rent a tenant was responsible for based on reported income. (See Appendix D for copies of the Income Comparison Worksheets and the Excess Rental Assistance Worksheet.)

## 2.4 Using the Income Comparison Worksheet

The Income Comparison Worksheet applies to verified or agreed upon income. For example, the worksheet can be used when a tenant brings in the HUD discrepancy letter and agrees with the Federal tax data shown in the letter. The worksheet can also be used when a POA has verified income, through third party verification, that was not agreed upon by the tenant.

### Entering Tenant Identifiers

The POA should enter tenant and head of household identifiers (names and social security numbers) on the Income Comparison Worksheet. All worksheets for tenants within a single household should be kept together. In doing so, the POA will find it easier to take administrative actions should they elect to do so once discrepancies for all household members have been resolved.

<b>Head of Household Name:</b> _____	<b>H of H SSN:</b> _____
<b>Tenant Name:</b> _____	<b>Tenant SSN:</b> _____

### 2.4.1 Processing if a Tenant is Paying Ceiling or Market Rent

The POA should indicate if a tenant paid ceiling or market rent for the full match year. In the case of tenants paying ceiling or market rents, POAs should not pursue tenant disclosure of HUD's letter. If a tenant does disclose the letter, however, the POA should thank the tenant for bringing the letter in and inform the tenant that their rent is unaffected.

<b>1. Did ceiling or market rent apply for the household for the full match year?</b> _____ Yes _____ No (If yes, identify as false positive and do not continue with worksheet.)
--

### 2.4.2 Determining If a Tenant Reported Income Affecting Rental Assistance

In all instances, the POAs should determine:

- When income identified in HUD's tenant letter began by asking the tenant to provide documentation of employment dates or by obtaining third party employer verification of employment dates;
- If tenants correctly reported income for all (re)certifications affecting the match year rental assistance including earlier (re)certifications which carried forward into the match year. (Note: This is accomplished by reviewing prior year and match year (re)certification data once dates of employment are known); and
- If tenants accurately reported income based on program requirements by reviewing interim recertification and other program-related policies. (See Appendix E for

details on interim recertification policies and examples of how the policies impact computer matching income verification.)

Once the POA has determined a tenant's effective employment dates and their impact on rental assistance, the POA can identify whether the tenant accurately reported income affecting the match year rental assistance. If the tenant did not accurately report income the POA should continue processing the case to identify the amount of unreported income.

**2. Did the tenant report all income affecting match year according to program guidelines?**  
(If yes, identify as false positive and do not continue with worksheet. If no, go to 3.) \_\_\_\_ Yes \_\_\_\_ No

### 2.4.3 Entering Federal Tax data

The POA should enter each Federal tax data source identified in the tenant income discrepancy letter.

**3. Match Year Federal Tax Data:**

Earned Income 1 (E1):	Federal Tax Source:	_____	Excluded Income:	Y or N
Earned Income 2 (E2):	Federal Tax Source:	_____	Excluded Income:	Y or N
Unearned Income 1 (U1):	Federal Tax Source:	_____	Excluded Income:	Y or N
Unearned Income 2 (U2):	Federal Tax Source:	_____	Excluded Income:	Y or N

### 2.4.4 Identifying Unreported Income

The POA should reconcile unreported income for all earned and unearned income sources identified by Federal tax data with tenant reported income data affecting match year rental assistance. Section 4 of the Income Comparison Worksheet provides the steps for identifying unreported earned income. These steps are summarized below and discussed in greater detail in the following sections.

For each earned and unearned income source, the POA should:

- 1) Enter the Federal tax data income source and amount;
- 2) Determine if the income was excluded based on program requirements and issuances;
- 3) Calculate reported tenant income; and
  - a) Determine if the income was reported by the tenant for all recertifications affecting match year rental assistance;
  - b) If reported, convert the annual projected income amount to a monthly amount;
  - c) Identify the number of months for which the income applied;
  - d) Sum the income for the projected annual amount;
  - e) Repeat the process for each recertification during the match year; and
  - f) Total all reported income for the income source;
- 4) Subtract reported income from Federal tax income to determine unreported income for the income source.

**2.4.4.1 Determining if Income is Excluded**

The POA should next determine if the income source is excluded from the computation of income for the determination of rental assistance. (See Appendix H for citations related to excluded income).

Some typical exclusions are income from employment of children under 18 years of age, lump-sum additions to assets, income received under certain types of training programs and sporadic income. If the income source is excluded based on program requirements, the POA should not include the income as unreported income and should continue with the other sources of income listed in HUD’s discrepancy letter.

**2.4.4.2 Determining Tenant Reported and Unreported Income**

The POA should next review the tenant file to determine if the income source was identified by the tenant. If the income source was reported by the tenant, the POA should determine if the tenant was receiving income from the source prior to the match year. If so, the POA should identify the last prior year (re)certification to calculate monthly income from the source. To do this, the POA should divide the projected annual income from the prior year (re)certification by 12. Then, the POA should determine the number of months for which the income applied. (This is the number of months from January of the match year until the first recertification following the match year.) The POA should continue this process of identifying monthly income from the income source until December of the match year. The POA should then sum the amounts to determine the annual amount of income from the income source. (For a discussion of interim recertification policies, see Appendix E.)

If, in the course of its income verification activities, the POA should identify income that continued beyond 1998, the POA should compute unreported income for all periods during which the income was unreported.

<b>4. Match Year Earned Income by Source:</b>				
<u>Federal Tax Amount</u>	<u>Annual Amount</u>	Tenant Reported	Tenant Reported	<u>Total</u>
		<u>Monthly Amount</u>	<u># Months</u>	
E1.\$ _____		\$ _____	\$ _____	\$ _____ (a)
		\$ _____	\$ _____	\$ _____
		Reported Earned Income for Source		\$ _____ (b)
		Unreported Earned Income (a – b)		\$ _____
E2.\$ _____		\$ _____	\$ _____	\$ _____ (c)
		\$ _____	\$ _____	\$ _____
		Reported Earned Income for Source		\$ _____ (d)
		Unreported Earned Income (c – d)		\$ _____
<b>Total Unreported Earned Income for all Sources</b>				<b>\$ _____</b>

**Consider the following example:**

Jane Doe reported \$6,000 in annual income (monthly income  $\$6,000/12 = \$500$ ) from XYZ, Corporation in an annual recertification in October in the year prior to the match year. Jane received a raise in March of the match year equal to \$1,200 annually resulting in an annual income of \$7,200 (monthly income  $\$7,200/12 = \$600$ ). Jane reported the income when she received the increase. At her October annual recertification, Jane reported another increase of \$1,200 making her annual income \$8,400 (monthly income  $\$8,400/12 = \$700$ ). The IRS reported that Jane received \$10,500 from XYZ, Corporation. The following calculation would apply to Jane's income from XYZ Corporation. Jane Doe's monthly income for January and February of the match year was \$500. Her monthly income for March through September of the match year was \$600. Her monthly income for October through December of the match year was \$700.

<b>3. Match Year Federal Tax Data:</b>				
Earned Income 1 (E1):	Federal Tax Source: XYZ, Corp.	Excluded Income: Y or <b>N</b>		
Earned Income 2 (E2):	Federal Tax Source: ABC, Corp.	Excluded Income: Y or <b>N</b>		
Unearned Income 1 (U1):	Federal Tax Source: M and N Bank	Excluded Income: Y or <b>N</b>		
Unearned Income 2 (U2):	Federal Tax Source: Bank of Boise	Excluded Income: Y or <b>N</b>		
<b>4. Match Year Earned Income by Source:</b>				
	Tenant Reported	Tenant Reported		
<u>Federal Tax Amount</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
E1. \$ 10,500				\$ 10,500 (a)
	\$ 6,000	\$ 500	2	\$ 1,000
	\$ 7,200	\$ 600	7	\$ 4,200
	\$ 8,400	\$ 700	3	\$ 2,100
		Reported Earned Income for Source		\$ 7,300 (b)
		<b>Unreported Earned Income (a – b)</b>		<b>\$ 3,200</b>

The POA should repeat this process for all income sources and calculate the total unreported earned income from all sources by summing unreported income for each source.

For example, if Jane Doe also had income from ABC, Corporation of \$ 6,000 per year and reported no changes in income since June of the year prior to the match year.

<b>3. Match Year Federal Tax Data:</b>				
Earned Income 1: Federal Tax Source:	XYZ, Corp.	Excluded Income:	Y or	<u>N</u>
Earned Income 2: Federal Tax Source:	ABC, Corp.	Excluded Income:	Y or	<u>N</u>
Unearned Income 1: Federal Tax Source:	M and N Bank	Excluded Income:	Y or	<u>N</u>
Unearned Income 2: Federal Tax Source:	Bank of Boise	Excluded Income:	Y or	<u>N</u>
<b>4. 1998 Earned Income by Source:</b>				
	Tenant	Tenant		
	Reported	Reported		
<u>Federal Tax Amount</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
E1. \$ 10,500				\$ 10,500 (a)
	\$ 6,000	\$ 500	2	\$ 1,000
	\$ 7,200	\$ 600	7	\$ 4,200
	\$ 8,400	\$ 700	3	\$ 2,100
		Reported Earned Income for Source		\$ 7,300 (b)
		<b>Unreported Earned Income (a – b)</b>		<b>\$ 3,200</b>
E2. \$6,000				\$ 6,000 (c)
	\$ 6,000	\$ 500	12	\$ 6,000
		Reported Earned Income for Source		\$ 6,000 (d)
		<b>Unreported Earned Income (c – d)</b>		<b>\$ 0</b>
		<b>Total Unreported Earned Income for all Sources</b>		<b>\$ 3,200</b>

The POA should apply the same process described above to unearned income.

<b>5. Match Year Unearned Income by Source:</b>				
	Tenant	Tenant		
	Reported	Reported		
<u>Federal Tax Amount</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
U1. \$ _____				\$ _____ (e)
	\$ _____	\$ _____	_____	\$ _____
	\$ _____	\$ _____	_____	\$ _____
		Reported Unearned Income for Source		\$ _____ (f)
		Unreported Unearned Income for Source (e – f)		\$ _____
U2. \$ _____				\$ _____ (g)
	\$ _____	\$ _____	_____	\$ _____
	\$ _____	\$ _____	_____	\$ _____
		Reported Unearned Income for Source		\$ _____ (h)
		Unreported Unearned Income for Source (g – h)		\$ _____
		<b>Total Unreported Unearned Income for all Sources</b>		<b>\$ _____</b>

**Consider the following, continued example:**

If Jane Doe reported interest income from M and N Bank of \$600 annually, but did not report interest from Bank of Boise of \$300, the following would appear on the POA worksheet.

<b>5. Match Year Unearned Income by Source:</b>				
<u>Federal Tax Amount</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>
U1. \$ 600	\$ 600	\$ 50	12	\$ 600 (e)
		Reported Unearned Income for Source		\$ 600 (f)
		Unreported Unearned Income for Source (e –f)		\$ 0
U2. \$ 300	\$ 0	\$ 0	0	\$ 300 (g)
		Reported Unearned Income for Source		\$ 0 (h)

**2.4.4.3 Calculating Total Unreported Income**

The POA should add **Total Unreported Earned Income for all Sources** with **Total Unreported Unearned Income for all Sources** to calculate **Total Unreported Income for all Sources** for the tenant.

In the previous example, the Total Unreported Income for all sources for Jane Doe would be \$3,500 which includes \$3,200 earned income plus \$300 unearned income. This amount would be entered on line 6 of the worksheet.

The entire Income Comparison Worksheets is presented in Appendix D.

<b>6. Total Match Year Unreported Income (Earned plus Unearned):</b>	<b>\$3,500</b>
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## 2.5 Calculating Excess Rental Assistance

Once all discrepancy cases for a household are resolved, the POA should calculate excess rental assistance if one or more tenants have valid income discrepancies, that is, income discrepancies of at least \$1,000.

Note: In calculating rental assistance, the POA should adhere to program policies, procedures, and guidelines including the identification and application of exclusions and deductions (See Appendix H and rent restrictions (e.g., ceiling rent and market rent))

To calculate excess rental assistance, the POA can use one of two approaches:

Approach 1 - Total all unreported income, as described in Section 2.4, for a household, apply appropriate deductions and multiply the unreported amount by 30%.

Approach 2 - Subtract the actual monthly assistance received by the household from the monthly rental assistance the household should have received based on total household reported and unreported income. The POA can use its 1998 procedures and/or software to calculate the new level of rental assistance for the match year based on unreported income identified as a result of CMIV discrepancy resolution activities. This involves recalculating rental assistance based on all recertifications affecting match year rental assistance including the last recertification in the year prior to the match year, if applicable. The Excess Rental Assistance Worksheet shown in Table 1 can assist the POA in comparing actual rental assistance with the new level of rental assistance to determine total excess (or underpaid) rental assistance received by the household.

Table 1, Excess Rental Assistance Worksheet – Approach 2

**Calculation of Excess Rental Assistance**

	<b>Total Rental Assistance Provided to Household</b> (a)	<b>Total Rental Assistance that Should have been Provided to Household</b> (b)	<b>Excess (or Underpaid) Household Rental Assistance</b> (a minus b)
<b>January</b>			
<b>February</b>			
<b>March</b>			
<b>April</b>			
<b>May</b>			
<b>June</b>			
<b>July</b>			
<b>August</b>			
<b>September</b>			
<b>October</b>			
<b>November</b>			
<b>December</b>			
	<b>Total Difference</b> (If positive – Excess Rental Assistance) (If negative – Underpaid Rental Assistance)		

**For POAs electing to recover excess rental assistance, Appendix I presents a discussion of Administrative and Legal Actions related to recovery.**