Verifications

Up-Front Income Verifications

• Under the RHIIP Initiative there is a new emphasis on the use of Up-Front Income Verification (UIV) techniques
• HUD estimates that $600 to $900 million in income and rent errors are attributable to unreported income

Up-Front Income Verifications

• UIV is a key strategy in reducing these errors and has been proven to increase the accuracy and efficiency in determining family eligibility and rent calculations
Up-Front Income Verifications

- Due to the importance of UIV, this concept will be discussed in depth later in this session

Verifications Overview

- Cuts across all occupancy areas
- All information in tenant family’s file must be verified and properly documented
- PHAs need to establish verification standards and procedures in the ACOP/Admin Plan
- Documentation and verification is a joint responsibility of the PHA and family
  - Family must provide required paperwork and sign release forms
  - Family must be responsive to requests

Overview

- Verifications are key to high quality administration
- Income verification plays an intricate role in determining family eligibility and the amount of rental subsidy
Release Forms

- To obtain verifications, a PHA must obtain a release of information from the family member whose info. is being requested
  - HUD Form 9886 (required)
  - Verification request forms for specific types of information
    - PHAs should not use generic release forms

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

- All adult family members & spouse must sign
- Can be used between regular reexams to verify unreported income
- Applicant’s certification that income & other information is accurate and complete

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

- HUD-9886 may only be used for verification sources listed on the form
- Valid for 15 months from date of signature
What Must Be Verified

In this section we will be discussing what must be verified in terms of income and rent issues.

What Must 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 someone may or may not have a particular type of income
  - For example, family without children may be receiving back child support payments
Verifying Annual Income

- Requires PHA staff to conduct a thorough interview
- Initial interview sets the groundwork for future interim/annual reexam interviews
- Purpose is to obtain complete and accurate household income information

Verifying Annual Income

- Many PHAs have gone to mail-in recertifications; it is imperative that the PHA’s written materials ask the right questions

Zero Income Families

- A family budget or statement of financial responsibility may be required
- Use up-front verification, for example:
  - SWICA
  - Credit report
- PHAs must attempt to determine the source of income when the family’s regular expenditures conflict with their claim of zero income
Verifying Income Exclusions

• A PHA needs to obtain verification for an income exclusion, if, without that verification, a PHA would not be able to determine whether or not the income is to be excluded

Verifying Income Exclusions

• Depending on the circumstances any or all of the following may need to be verified
  – Source of excluded income
  – Circumstances that qualify family member’s income to be excluded
  – Amount of exclusion

Verifying Income Exclusions

• For example, payments received under Title V of the Older Americans Act of 1985
  • The PHA would have to, at minimum, verify the source of that income
  • The wages of a child under 18 would be the same situation
    – Verify age - verification of amount is not necessary for wages
Verifying Income Exclusions

- There are also situations where it would be necessary to obtain 3rd party of both the source and the amount of the income in order to calculate appropriately, for example;
  - Mandatory earned income disallowance
  - Qualifying State or Local training program income

Verifying Income Exclusions

- Even though the need or type of verification may differ, all exclusions and excluded amounts associated with family members must
  - be declared by the family, and
  - be reported by the PHA in field 7e of the 50058

Verifying Allowances and Deductions

- PHAs must also take into account all anticipated deductions from annual income to obtain accurate adjusted annual income
What Must Be Verified

- Deductions, such as:
  - Family members under 18
  - Age or disability of head or spouse
  - Disability of other family members
  - Full time student status
  - Child care costs
  - Disability assistance expense
  - Unreimbursed medical expenses

Verification and Documentation

1. UIV and/or third party written verification
   - To the maximum extent feasible, PHAs should utilize up-front verification sources
     - TASS (Tenant Assessment Sub-System)
     - SWICAs (State Wage Info. Collection Agencies)
     - The Work Number
   - Must not be hand carried by the family
   - Independent, directly from third party by mail, fax, or other reliable means

Verification and Documentation

2. Third party oral verification
   - Use where third party written is impossible to obtain or not timely (follow up with written)
   - Phone or interview by PHA staff
   - PHA records information
     - Date/time of contact
     - Name and source of information
     - PHA staff name/signature
     - Summary of information
     - Rationale for using oral verification
Verification and Documentation

3. Document review
   - Record of documents reviewed by PHA which support family’s statements
   - Original copies of documents should be reviewed, photocopied (unless prohibited by law), and placed in family’s file
   - PHA summarizes information and signs/dates
   - PHA follows-up with written verification and documents why this verification method used

Verification and Documentation

3. Document review
   - Examples of documents viewed include:
     - Pay stubs
     - Bank statements
     - Award letters or benefit checks
     - Child support payment cancelled checks and/or award letters
     - IRS tax forms, including Form 1099, Form 1040, Form 4506 and Form 8821
     - W-2 forms

Verification and Documentation

4. Family Declaration or Certification
   - Used only when other methods are impossible
   - Can use notarized statement or signed affidavit from family attesting to information
   - PHA must clearly document why other verification methods were not used
Verification and Documentation

• PHAs need to establish timeframes for receipt of third party verification before accepting documents provided by the family
  – i.e. 2 weeks and follow up, 4 weeks, 21 days, 30 days, etc.
• Must document in the case file why third party was not available

Verification and Documentation

• The PHA is the final judge of what constitutes adequate and credible verification and documentation
  – If there is doubt about reliability of information, staff should pursue additional information
  – PHA should have reasonable confidence that documentation is accurate
• PHA staff are not required to accept information, simply because it is offered

Verification and Documentation

• PHA should establish reasonable time limits on “age” of documentation sources
  – Generally, documentation that is more than 90-120 days old should be considered “not timely” (obtain new documentation)
  • Not applicable to date of birth, SSNs, citizenship
  – PHA must verify that an applicant is eligible within 60 days before the PHA issues a voucher (982.201[e])
Discussion: Verification Issues

- How should the PHAs resolve discrepancies between third-party verifications and documents (i.e. pay stubs)?
  a) Always use third-party verification
  b) Always use information from pay stubs
  c) Use the method that benefits the family
  d) Contact the source of third-party verification
Discussion: Verification Issues

- How should the PHAs resolve discrepancies between third-party verifications and documents (i.e. pay stubs)?
  a) Always use third-party verification
  b) Always use information from pay stubs
  c) Use the method that benefits the family
  d) Contact the source of third-party verification**
Up-Front Income Verifications

Definition: the verification of income through an independent source
- Before or during family reexamination
- Systematically and uniformly maintains income information in computerized form for a large number of individuals

HUD strongly encourages that PHAs to use up-front income verification during all required reexaminations of family income
Up-Front Income Verifications

- Use of up-front income verifications will:
  - Strengthen the income verification process
  - Expedite the process
  - Reduce income and rent errors
  - Promote integrity in the reporting of income
  - Reduce underreporting and unreported income
  - Decrease housing fraud

Types of UIV Techniques

- Tenant Assessment Sub-System (TASS)
  - Social Security and SSI benefit information
  - Available to all PHAs through HUD
  - PHAs may contact REAC to obtain a user ID and password
    - http://hud.gov/offices/reac/online/online_registration.cfm

- State Wage Information Collection Agencies (SWICA)
  - PHAs may enter into MOU or MOA with the SWICA to get wage and unemployment data
    - PHAs pay a fee
    - SWICAs may share data electronically or on paper
Private UIV Vendors

• Various Private UIV Vendors
  – Provides controlled access to a national database of employment records
  – Provides automated verification of employment and income
  – Data is received from employer on a “per pay period” basis

Private UIV Vendors

• The Work Number
  – 800-996-7566 or www.theworknumber.com
  – Basic service is free
• Advanced HR Solutions
  – 800-211-6645 or www.advancedhr.com
  – Free for government agencies
• Experian
  – 888-217-6064 X 1176 or www.experian.com
  – Contact company for cost

*List is not all-inclusive – other vendors are available

Types of UIV Techniques

• Federal, State and/or Local Government Agencies
  – For example, Department of Social Services, VA, local Child Support Office
  – PHAs may enter into a MOU or MOA
Types of Income Verified

- All income types may be verified using UIV
  - Wages, social security benefits, disability benefits, pensions etc
  - Income from assets may not be verifiable through UIV

UIV Process

- PHA obtains income verification using UIV prior to obtaining information from family
  - UIV information is available to the PHA during the family reexamination
  - PHA compares UIV information and family disclosed information
  - PHA should inform family of use of UIV

Tenant Consent

- PHA is always required to obtain signature of all family members 18 yrs and older on a consent form authorizing release of information
  - PHAs should review their consent forms to ensure that various methods to verify income are included