



Resolving Income Discrepancies between Tenant-Provided and Enterprise Income Verification (EIV) System Income Data

Section I. Introduction

The EIV system is a Web-based system that contains Social Security (SS)/Supplemental Security Income (SSI) benefit, wage, unemployment compensation, and new hire (W-4) data from third party income sources such as the Social Security Administration (SSA) and Health and Human Services' (HHS'), National Directory of New Hires (NDNH). These third party income sources are sources with which HUD has entered into a computer matching agreement to exchange information on tenants participating in HUD rental assistance programs. Currently, SSA and HHS are the only two third party sources that HUD has agreements with, and according to those agreements, EIV data must only be used to verify the employment and income of tenants participating in the following multifamily housing programs:

- Section 8 Project-Based Assistance
- Section 202/8 Direct Loan
- Section 202 Project Assistance Contract (PAC)
- Section 202 Project Rental Assistance Contract (PRAC)
- Section 811 Project Rental Assistance Contract (PRAC)
- Section 236
- Section 221(d)(3) Below-Market Interest Rate (BMIR)
- Section 101 Rent Supplement

Therefore, the tenant data contained in EIV CANNOT be used to verify the employment and income of tenants residing in the Low Income Housing Tax Credit (LIHTC) or Rural Housing Services (RHS) Section 515 program units since neither the Internal Revenue Service (IRS) nor RHS are a party to the computer matching agreements HUD has with SSA and HHS. The fact that there is financing through other federal agencies involved in a particular property under one of the authorized HUD programs does not permit that federal agency to use or view information from the EIV system for verification or monitoring purposes.

HUD's EIV system makes the integrated income data available from one source, via the Internet, to program administrators such as owners and agents (O/As) responsible for performing mandatory re-certification of family income. Now that income data are available in EIV to O/As, O/As may not have to go through the burden of contacting third party income sources, whether in writing or by phone, to obtain third party verification of tenant employment and income reported by the tenant family. EIV will serve as third party verification, satisfying HUD requirements at 24 Code of Federal Regulations (CFR) section 5.659 and Chapter 5, Section 3. Verification, of Handbook 4350.3, Rev-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*. See **Section III. Resolving Discrepancies** of this document for guidance on how to handle cases where the tenant disputes the third party income data contained in EIV.

Section II. EIV Reports

The **Income Report** provides a list of households who currently receive or previously received SS/SSI benefits from SSA and/or wage, unemployment compensation, and new hire (W-4) records from employers, as reported to HHS' NDNH. The income report includes all family members with verified personal identifiers—the family member's Social Security Number (SSN), Date of Birth (DOB), and Last Name have been verified by SSA—in households due for re-certification for a particular month.

The **Income Discrepancy Report** identifies families that may have *substantially* underreported SS/SSI benefits, wages, and/or unemployment compensation amounts to O/As based on the tenant income data from the HUD-50059, Owners Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures, that is transmitted to the Tenant Rental Assistance Certification System (TRACS). A difference of \$2,400 or greater annually, between what is reflected on the form HUD-50059(s) and what is reflected on the EIV **Income Report**, for a period of income (POI), is considered a *substantial* amount with respect to underreported tenant income. The POI start date is **15 months** prior to the family's annual re-certification date and the end date is **3 months** prior to the family's annual re-certification month. For example, if the family's annual re-certification is 05/01/08, the family's POI is 02/01/2007 – 01/30/08. This is the period when the income discrepancy occurred. When discrepant families appear on the **Income Discrepancy Report**, O/As are expected to resolve these income discrepancies.

Section III. Resolving Discrepancies

O/As are required to obtain written independent verification of disputed EIV data such as that provided by SSA and HHS' NDNH, in accordance with 24 CFR 5.236.

Following are steps an O/A must take to resolve income discrepancies.

NOTE: O/As must compare the SS, SSI, wage and unemployment compensation information reported on the HUD-50059s contained in the tenant file that were in effect during the POI and, if applicable, third party verifications, with the employment and income information reported in EIV to determine whether or not there is a valid discrepancy.

1. Notify and discuss any discrepancy with the tenant.
2. Request current documents from the tenant (i.e., original, most recent (four to six) consecutive pay stubs; original SSA benefit award letter dated within the last 120 days; etc.), in accordance with Chapter 5, Paragraphs 5-13 and 5-17, Determining Income and Calculating Rent, of Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*.
3. Request written third party verification of any income source that the tenant disputes.
4. Confirm effective dates of unreported income.
5. Provide the tenant the right to contest the findings.
6. Determine any retroactive rent due to the O/A in cases where the O/A confirms that the tenant failed to report income.
7. Execute a repayment agreement with the tenant, when the tenant is unable to pay the amount due in full, in accordance with Chapter 8, Paragraph 8-20.A,

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- Reimbursement to HUD for Overpayment of Assistance, of Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*.
8. Adjust the rent, as necessary, in accordance with Chapter 7, Recertifications, Unit Transfers, and Gross Rent Changes of Handbook 4350.3, REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, to reduce the occurrence of improper subsidy payments.

Social Security Administration (SSA) Form 7004 form may be used by O/As to request a tenant's Social Security Earnings Statement. The statement provides a record of the tenant's Social Security earnings history, year-by-year and provides an estimate of benefit payments that the tenant and the tenant's family may qualify for now or in the future. See <http://www.ssa.gov/mystatement> for more information.

O/As may not suspend, terminate, reduce, or make a final denial of any financial assistance or payment under a federal benefit program against an individual, or take other adverse action against such individual, as a result of information produced by the EIV system without properly verifying the information and notifying the tenant in writing of any adverse findings in the same manner as applies to other information and findings related to eligibility factors.

O/As must reevaluate their policies and practices and review applicable regulations at 24 CFR 5.236 in light of availability of quarterly wage, unemployment compensation, and new hires employment information, and the possibility of a major increase in the number of cases of unreported and underreported tenant income.

For more information on how to resolve income discrepancies between EIV system data and tenant-provided income information, check our EIV for Multifamily Housing Programs Users website at: <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm>