

## **Exhibit 3-4**

### **Enterprise Income Verification (EIV) System**

#### **1. Mandated Use of EIV System**

##### **HUD Regulation 24 CFR 5.233**

##### **Mandated use of HUD's Enterprise Income Verification (EIV) System.**

(a) Programs subject to this section and requirements.

(1) The requirements of this section apply to entities administering assistance under the:

- (i) Public Housing program under 24 CFR part 960;
- (ii) Section 8 Housing Choice Voucher (HCV) program under 24 CFR part 982;
- (iii) Moderate Rehabilitation program under 24 CFR part 882;
- (iv) Project-based Voucher program under 24 CFR part 983;
- (v) Project-based Section 8 programs under 24 CFR parts 880, 881, 883, 884, 886, and 891;
- (vii) Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013);

(2) Processing entities must use HUD's EIV system in its entirety:

- (i) As a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with §5.236, and administrative guidance issued by HUD; and
- (ii) To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

(b) Penalties for noncompliance. Failure to use the EIV system in its entirety may result in the imposition of sanctions and/or the assessment of disallowed costs associated with any resulting incorrect subsidy or tenant rent calculations, or both.

##### **HUD 4350-3 Handbook, Chapter 9, Section 9-5 A<sup>1</sup>**

Owners must use the EIV system in its entirety:

- As a third party source to verify tenant employment and income information during mandatory recertifications of family composition and

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<sup>1</sup> Handbook 4350-3 REV-1, Change 4 "Occupancy Requirements of Subsidized Multifamily Housing Programs" issued August 7, 2013.

-Housing Notice H 2013-06 issued March 8, 2013; effective until amended, revoked, or superseded. "Enterprise Income Verification (EIV) System." Supersedes Notice H 2008-03, H 2009-20, H 2010-10, and H 2011-21.

income, in accordance with 24 CFR 5.236, and administrative guidance issued by HUD, and

- To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

#### **AHFC Policy**

1. See the Social Security Number Requirement exhibit for the policy on the disclosure and verification of social security numbers.
2. See the Meet Screening Criteria exhibit for the requirement to sign consent forms.

### **1.A EIV Review Requirement**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-8 A**

Owners must use the EIV system in its entirety. To do this, the owner must use:

1. EIV Income Report as a third party source to verify a tenant's employment and income during mandatory recertifications (annual and interim) of family composition and income, and
2. Other EIV Income Reports (Income Discrepancy Report, New Hires Report, No Income Reported on 50059, and No Income Reported by HHS or SSA) to identify issues or discrepancies which may impact a family's assistance; and
3. EIV Verification Reports (Existing Tenant Search, Multiple Subsidy Report, Identity Verification Reports, and Deceased Tenants Report) that further assists in reducing subsidy payment errors.

### **1.B File Documentation**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-9**

The following documentation is required to be in the tenant file to demonstrate the owner's compliance with mandated use of EIV as the third party source to verify tenant employment and income information.

A. No Dispute of EIV Information: EIV Income Report, current acceptable tenant-provided documentation and, if necessary (as determined by the owner), third party verification from the source.

B. Disputed EIV Information: EIV Income Report and third party verification from the source for disputed information.

C. Tenant-reported Income Not Verified through the EIV System: EIV Income Report, current acceptable tenant-provided documents or third party verification from the source.

**HUD 4350-3 Handbook, Chapter 9, Section 9-11**

When selecting the Income Report for an individual tenant, either from the list of tenants for a particular project and/or contract or by querying by the head of household's SSN, there are three reports that the owner must use at the time of recertification.

**A. Summary Report**

Owners must retain in the tenant file: a. The Summary Report(s) as verification of the SSN for all household members whose Identity Verification Status is "Verified".

**B. Income Report**

Owners must use the Income Report at the time of recertification (annual and interim) of family composition and income and at other times as indicated in their policies and procedures.

**C. Income Discrepancy Report**

3. Owners must: c. Retain the Income Discrepancy Report along with detailed information on the resolution of the reported discrepancy in the tenant file.

**1.B.1. New Admission**

**HUD 4350-3 Handbook, Chapter 9, Section 9-11 B5**

For all new admissions, including Initial Certifications (IC), the owner must:

- a. Review the Income Report within 90 days after transmission of the move-in certification to TRACS to confirm/validate the income reported by the household.
- b. Resolve any income discrepancies with the household within 30 days of the Income Report date.
- c. Print and retain the Income Report in the tenant file along with any documentation received to resolve income discrepancies, if applicable.

**1.B.2. Applicants**

**HUD 4350-3 Handbook, Chapter 9, Section 9-8 B**

Owners must:

1. Use the Existing Tenant Search in EIV as part of their screening criteria for new tenants and must include written policies for using the search in their Tenant Selection Plan.

### **1.C Owner Master File**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-11 D**

The EIV system contains the following stand-alone income reports. Owners must use these reports as discussed below and at times as established in their policies and procedures. Owners must retain a “Master” file that contains a copy of the report and documentation and/or notations as indicated in the report discussions below.

1. No Income Reported on 50059
2. No Income Reported by HHS or SSA
3. New Hires Report
4. Existing Tenant Search
5. Multiple Subsidy Report
6. Identity Verification Report
7. Deceased Tenant Report

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-14 A4**

The master files for the New Hires Report, Identity Verification Reports, Multiple Subsidy Report and Deceased Tenants Report must be retained for three years.

### **1.D EIV & You Brochure**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-5 A**

O/As using the EIV system must provide each tenant household with the EIV & You brochure at the time of annual recertification along with a copy of the HUD Fact Sheet “How Your Rent is Determined”. O/As must also provide applicant households who have been selected from the waiting list for screening and final application processing with a copy of the EIV & You brochure.

### **1.E EIV Retention**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-14**

A. Owners must retain:

1. The Income Report, the Summary Report(s) showing Identity Verification Status as “Verified” and the Income Discrepancy Report(s) and supporting documentation must be retained in the tenant file for the term of tenancy plus three years.

B. Once the retention period has expired, owners must dispose of the data in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

## 2. Income Information from SWICAs<sup>2</sup> and Federal Agencies

### **HUD Regulation 24 CFR 5.234**

Requests for information from SWICAs and Federal agencies; restrictions on use.

(a) Information available from SWICAs and Federal agencies – to whom and what. Income information will generally be obtained through computer matching agreements between HUD and a SWICA or Federal agency, or between a PHA and a SWICA, as described in paragraph (c) of this section. Certification that the applicable assistance applicants and participants have signed appropriate consent forms and have received the necessary Privacy Act notice is required, as follows:

(1) When HUD requests the computer match, the processing entity shall certify to HUD; and

(2) When the PHA requests the computer match, the PHA shall certify to the SWICA.

(b) Restrictions on use of information. The restrictions of 42 U.S.C. 3544(c)(2)(A) apply to the use by HUD or a PHA of income information obtained from a SWICA. The restrictions of 42 U.S.C. 3544(c)(2)(A) and of 26 U.S.C. 6103(l)(7) apply to the use by HUD or a PHA of income information obtained from the IRS or SSA.

(c) Computer matching agreements. Computer matching agreements shall specify the purpose and the legal authority for the match, and shall include a description of the records to be matched, a statement regarding disposition of information generated through the match, a description of the administrative and technical safeguards to be used in protecting the information obtained through the match, a description of the use of records, the restrictions on duplication and redisclosure, a certification, and the amount that will be charged for processing a request.

### **AHFC Policy**

AHFC complies with all confidentiality requirements regarding the use of information obtained from computer matching agreements and the HUD Enterprise Income Verification system.

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<sup>2</sup> SWICA – State Wage Information Collection Agency

## 2.A Disclosure of EIV Data

### HUD 4350-3 Handbook, Chapter 9, Section 9-17

A. Disclosure of an Individual's EIV Information to Another Person or Entity  
The Federal Privacy Act (5 USC 552a, as amended) prohibits the disclosure of an individual's information to another person without the written consent of such individual.

B. Disclosure to Persons Assisting Tenants with the Recertification Process  
With the written consent of the tenant, EIV data may be shared with persons assisting the tenant with the recertification process. Tenants who require assistance during the recertification process may have a representative present to assist them in their ability to participate in the recertification process; this includes review and explanation of the written third party income verifications. Disclosure of EIV information to these parties must be employment or income information pertaining only to the tenant who has provided his/her consent. These parties must not have access to EIV information for any other household members.

## 2.B Disclosure for Official Purpose

### HUD 4350-3 Handbook, Chapter 9, Section 9-17 C

The data in the EIV system contains personal information on individual tenants that is covered by the Privacy Act. The information in the EIV system may only be used for limited official purposes:

1. Official Purpose Includes:

a. Owners, in connection with the administration of Multifamily Housing programs, for verifying the employment and income at the time of recertification and for reducing administrative and subsidy payment errors.

b. CAs (PBCAs and TCAs) and HUD staff for monitoring and oversight of the access and mandatory use of the EIV system.

c. IPAs, when hired by an owner to perform the financial audit of the project, for use in determining the owner's compliance with verifying income and determining the accuracy of the rent and subsidy calculations.

#### **Restrictions on disclosure requirements for IPAs:**

(1) Can only access EIV income information within hard copy files and only within the offices of the owner or management agent;

(2) Cannot transmit or transport EIV income information in any form;

(3) Cannot enter EIV income information on any portable media;

(4) Must sign non-disclosure oaths (Rules of Behavior for Non-system Users) that the EIV income information will be used only for the purpose of the audit;

and

(5) Cannot duplicate EIV income information or re-disclose EIV income information to any user not authorized by Section 435(j)(7) of the Social Security Act to have access to the EIV income data.

d. OIG investigators for auditing purposes.

e. Disclosure of EIV information to individuals who are assisting in the recertification process and who are present during the recertification interview and process.

## 2.C EIV Official Purposes Limitations

### HUD 4350-3 Handbook, Chapter 9, Section 9-17 C

Official Purposes Do NOT Include:

a. Sharing the information with governmental entities not involved in the recertification process used for HUD's assisted housing programs.

b. Disclosure of the EIV information to Service Coordinators even though the tenant signs a release of information consent form authorizing the Service Coordinator to have access to their file is not allowed unless the Service Coordinator is present during the interview and assisting the tenant with the recertification process.

The computer matching agreements are governed by the Privacy Act and the Social Security Act. For example, Sections 453(j)(7)(E)(ii) and (iv) of the Social Security Act limit disclosure of the data matched between HUD and HHS' NDNH to public housing agencies, the IG, the Attorney General, private owners, management agents and CAs.

## 3. Terminations Based on EIV or SWICA Data

### HUD Regulation 24 CFR 5.236

Procedures for termination, denial, suspension, or reduction of assistance based on information obtained from a SWICA or Federal agency.

(a) Termination, denial, suspension, or reduction of assistance. The provisions of 42 U.S.C. 3544(c)(2)(B) and (C)<sup>3</sup> shall govern the termination, denial, suspension,

<sup>3</sup> 42 U.S. Code 3544(c) Access to records; (2) Applicant and participant protections

(B) No Federal, State, or local agency, or public housing agency, or owner responsible for determining eligibility for or level of benefits receiving such information may terminate, deny, suspend, or reduce any benefits of an applicant or participant until such agency or owner has taken appropriate steps to independently verify information relating to –

(i) the amount of the wages, other earnings or income, or unemployment compensation involved,

(ii) whether such applicant or participant actually has (or had) access to such wages, other earnings or income, or benefits for his or her own use, and

or reduction of benefits for an assistance applicant or participant based on income information obtained from a SWICA or a Federal agency. Procedures necessary to comply with these provisions are provided in paragraph (b) of this section.

(b) Procedures for independent verification.

(1) Any determination or redetermination of family income verified in accordance with this paragraph must be carried out in accordance with the requirements and procedures applicable to the individual covered program. Independent verification of information obtained from a SWICA or a Federal agency may be:

(i) By HUD;

(ii) In the case of the public housing program, by a PHA; or

(iii) In the case of any Section 8 program, by a PHA acting as contract administrator under an ACC.

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

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

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

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

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

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

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

(iii) the period or periods when, or with respect to which, the applicant or participant actually received such wages, other earnings or income, or benefits.

(C) Such applicant or participant shall be informed by the agency or owner of the findings made by the agency or owner on the basis of such verified information, and shall be given an opportunity to contest such findings, in the same manner as applies to other information and findings relating to eligibility factors under the program.



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

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

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

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

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

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

**HUD 4350-3 Handbook, Chapter 9, Section 9-8 C**

Owners may not suspend, terminate, reduce, make a final denial of rental assistance, or take any other adverse action against an individual based solely on the data in EIV.

### **AHFC Policy**

1. AHFC shall review any income information received from the HUD EIV system and compare it to information submitted by the family.
2. Discrepancies that total \$2,400 or more per year will be discussed with the family member and independently verified.
3. A family is entitled to dispute an income determination in accordance with Applicant and Participant Grievances in this policy prior to a termination action.

### **3.A Failure to Report or Under Reporting of Income**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-13 A**

If the owner determines the tenant unreported or underreported his/her income, the owner must go back to the time the unreported or underreporting of income started, not to exceed the 5-year limitation that the tenant was receiving assistance described on forms HUD-9887 and HUD-9887-A.

### **3.B Over Reported Income**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-13 B**

If, at the time of recertification, there is an Income Discrepancy Report in the EIV system that reflects a decrease of \$2,400 or more in wages, unemployment and/or Social Security income reported in the EIV system and the wage, unemployment and/or Social Security income in TRACS for the POI used for the discrepancy analysis, the owner must investigate the discrepancy. If, after investigating the discrepancy, the owner determines that an error was made in calculating the tenant's income, the owner must ... reimburse the tenant for any overpayment in rent.

### **3.C Tenant Repayment Agreement**

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-13 A**

The owner must ... meet with the tenant to discuss reimbursement of funds due the owner and repayment agreement requirements.

## **4. Improper Use of EIV Information**

#### **HUD Regulation 24 CFR 5.238**

Criminal and civil penalties. Persons who violate the provisions of 42 U.S.C. 3544 or 26 U.S.C. 6103(l)(7) with respect to the use and disclosure of income information may be subject to civil or criminal penalties under 42 U.S.C. 3544(c)(3), 26 U.S.C. 7213(a), or 18 U.S.C. 1905.

**HUD 4350-3 Handbook, Chapter 9, Section 9-17 D**

Penalties for Willful Disclosure or Inspection of EIV Data.

1. Unauthorized Disclosure – felony conviction and fine up to \$5,000 or imprisonment up to five (5) years, as well as civil damages.
2. Unauthorized Inspection – misdemeanor penalty of up to \$1,000 and/or one (1) year imprisonment, as well as civil damages.

**5. Family Disclosure of Income Information**

**HUD Regulation 24 CFR 5.240**

**Family disclosure of income information to the responsible entity and verification.**

(a) This section applies to families that reside in dwelling units with assistance under the public housing program, the Section 8 tenant-based assistance programs, or for which project-based assistance is provided under the Section 8, Section 202, or Section 811 program.

(b) The family must promptly furnish to the responsible entity any letter or other notice by HUD to a member of the family that provides information concerning the amount or verification of family income.

(c) The responsible entity must verify the accuracy of the income information received from the family, and change the amount of the total tenant payment, tenant rent or Section 8 housing assistance payment, or terminate assistance, as appropriate, based on such information.

**AHFC Policy**

AHFC will process any notifications from HUD concerning a family's income source or verification in accordance with the regulations and policies stated under 24 CFR 5.236 above.

**6. Discrepancies**

**AHFC Policy**

1. AHFC will always attempt to resolve any discrepancies due to family composition or individual family member identity.
2. AHFC will address any discrepancies in income of \$2,400 or more per year.

## 7. EIV Training

### **HUD 4350-3 Handbook, Chapter 9, Section 9-20**

EIV users are required to complete online security training annually. To meet this requirement, EIV users must complete the online Cyber-Awareness Challenge (for DoD and Federal Personnel) training program. At the end of the training, EIV users must print and maintain the Certificate of Completion provided.

## 8. Report Deadlines

AHFC will pull EIV reports and resolve discrepancies within the following deadlines for each examination type.

### 8.A New Admission

#### **HUD 4350-3 Handbook, Chapter 9, Section 9-11 B5**

For all new admissions, including Initial Certifications (IC), the owner must:

- a. Review the Income Report within 90 days after transmission of the move-in certification to TRACS to confirm/validate the income reported by the household.
- b. Resolve any income discrepancies with the household within 30 days of the Income Report date.

### 8.B Regular Examination

#### **AHFC Policy**

For each regular examination:

1. AHFC will pull the EIV Report prior to the regular examination effective date.
2. Discrepancies must be resolved prior to the examination effective date.

### 8.C Interim or Special Examination

#### **AHFC Policy**

For each interim examination:

1. AHFC will pull the EIV Report prior to the interim examination effective date.
2. Discrepancies must be resolved within 60 days of the EIV Report date.

### 8.D Family Composition Change

#### **AHFC Policy**

When AHFC processes a change to the family composition, regardless if it is processed as an interim examination or part of the annual/regular examination

process, AHFC will pull the EIV Report after the 50058 submission date to confirm that new additions are verified and former family members are removed.

1. Review the EIV Income Report to confirm/validate family members within 120 days of the 50058 submission date; and
2. Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.

## **9. Retention**

See the Records Retention exhibit for guidance on retention of EIV reports.

### **Numbered Memo**

22-21 Exhibit 3-4 Enterprise Income Verification (EIV) System