

CHAPTER 7

VERIFICATION PROCEDURES

[24 CFR Part 5, Subparts B, D, E and F; 982.108]

INTRODUCTION

HUD regulations require that the factors of eligibility and Total Tenant Payment/Family Share be verified by the HA. HA staff will obtain written verification from independent sources whenever possible and will document tenant files in the rare situation that third party verifications are unobtainable.

Applicants and program participants must provide true and complete information to the HA whenever information is requested. The HA's verification requirements are designed to maintain program integrity. This Chapter explains the HA's procedures and standards for verification of preferences, income, assets, allowable deductions, family status, and changes in family composition. The HA will obtain proper authorization from the family before requesting information from independent sources.

A. METHODS OF VERIFICATION AND TIME ALLOWED [24 CFR 982.516]

The HA will verify information through the four methods of verification acceptable to HUD in the following order:

1. Third-Party Written (primary and preferred means)
2. Third-Party Oral
3. Review of Documents
4. Certification/Self-Declaration (in rare instances, and then only with supervisor's approval)

The HA will allow **14 business days** for return of third-party verifications before going to the next method. The HA will document the file as to why third party written verification was not used.

For applicants as well as participants (admitted family under the Section 8 Voucher Program, with an executed HAP contract), verifications may not be more than 60 days old at the time of Voucher issuance.

Third-Party Written Verification

Third-party verification is used to verify information directly with the source. Third-party written verification forms will be sent and returned via first class mail. The family will be required to sign an authorization for the information source to release the specified information.

Verifications received electronically by the HA directly from the source **are** considered third party written verifications.

The HA will accept verifications in the form of computerized, dated, original printouts delivered by the family from the following agencies, including but not limited to:

- City or County Courts
- Credit Reporting Agencies (*tri-bureau reports only*)
- Social Security Administration
- Tenant Assessment Subsystem (TASS)
- Veterans Administration
- Virginia Employment Commission
- Welfare Assistance, including Support Enforcement, from

Third-Party Oral Verification

Oral third-party verification will be used only when written third party verification is delayed or not possible. When third-party oral verification is used, staff will be required to complete a Certification of Document Viewed or Person Contacted form, noting with whom they spoke, the date of the conversation, and the facts provided. If oral third party verification is not available, the HA will compare the information to any documents provided by the Family; however, it remains the **family's obligation** to ensure that all HA requested information is either provided or obtainable. If provided by telephone, the HA must originate the call.

Review of Documents

In the event that third-party written or oral verification is unavailable, or the information has not been verified by the third party within **14 business days**, the HA may utilize documents provided by the family as the primary source if the documents provide complete information, and annotate the file accordingly.

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All such documents, excluding government checks, will be photocopied and retained in the applicant file. In cases where documents are viewed which cannot be photocopied, staff viewing the document(s) will complete a Certification of Document Viewed or Person Contacted form or document.

The HA may accept the following documents from the family provided that the document is such that tampering would be easily noted and that information is confirmed by phone:

- ➔ Computer print-outs from the employer
- ➔ Signed letters

Note: Printed wage stubs are not acceptable as they may not reflect overtime, nor are wages from other employment earned.

- ➔ The HA will accept faxed documents.
- ➔ The HA will not accept photocopies.

If third-party verification is received after documents have been accepted as provisional verification, and there is a discrepancy, the HA will utilize the third party verification.

The HA will not delay the processing of an application beyond 14 business days because a third party information provider does not return the verification in a timely manner.

Self-Certification/Self-Declaration

When verification cannot be made by third-party verification or review of documents, families will be required to submit a self-certification.

Self-certification means a **notarized statement** and requires a supervisor's approval.

B. RELEASE OF INFORMATION [24 CFR 5.230]

Adult family members will be required to sign the HUD 9886 Release of Information/Privacy Act form.

In addition, family members will be required to sign specific authorization forms when information is needed that is not covered by the HUD form 9886, Authorization for Release of Information/Privacy Act Notice. The HA shall utilize the third-party verifications in order to request information in the event the family is unable or unwilling to provide required documentation. Additionally, the HA shall use the third-party verification in the event there is a discrepancy in income and expenses reported during certification and recertification.

Each member requested to consent to the release of specific information will be provided with a copy of the appropriate forms for their review and signature.

Family refusal to cooperate with the HUD prescribed verification system will result in denial of admission or termination of assistance because it is a family obligation to supply any information and to sign consent forms requested by the HA or HUD.

C. COMPUTER MATCHING

Note: The 1988 McKinney Act legislation authorized State wage record keepers to release to both HUD and HAs information pertaining to wages and unemployment compensation. How HAs access this information varies. Most HAs that do computer matching have signed an agreement with the appropriate State agency so that they can compare the name and social security number of applicants and participants with the records of the State agency.

The HA may utilize the HUD established computer-based Tenant Assessment Subsystem (TASS) tool for obtaining Social Security benefits, Supplemental Security Income, benefit history and tenant income discrepancy reports from the Social Security Administration; online access to The Virginia Employment Commission (VEC) for verification of wages and unemployment income; and online access to the Virginia Department of Motor Vehicles (DMV) for verification of residence/vehicle ownership.

When computer matching results in a discrepancy with information in the HA records, the HA will follow up with the family and verification sources to resolve this discrepancy. If the family has unreported or underreported income, the HA will follow the procedures in the Program Integrity Addendum of the Administrative Plan.

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D. ITEMS TO BE VERIFIED [24 CFR 982.516]

1. All income not specifically excluded by the regulations.
2. Full-time student status including High School students who are 18 or over.
3. Current assets including assets disposed of for less than fair market value in preceding two years.
4. Childcare expenses where it allows an **adult** family member to be employed or to further his/her education.
5. Total medical expenses of all family members in households whose head or spouse is elderly or disabled.
6. Disability assistance expenses to include only those costs associated with attendant care or auxiliary apparatus for a disabled member of the family, which allow an **adult** family member to be employed.
7. Disability for determination of preferences, allowances or deductions.
8. U.S. citizenship/eligible immigrant status
9. Social Security Numbers for all family members over 6 years of age or older who have been issued a social security number.
10. "Preference" status
11. Familial/marital status when needed for head or spouse definition.
12. Verification of Reduction in Benefits for Noncompliance:
 - ① *The HA will obtain written verification from the welfare agency stating that the family's benefits have been reduced for fraud or noncompliance before denying the family's request for rent reduction.*

E. VERIFICATION OF INCOME [24 CFR 982.516]

This section defines the methods the HA will use to verify various types of income.

Employment Income

Verification forms request the employer to specify the:

- ✓ Dates of employment
- ✓ Amount and frequency of pay
- ✓ Date of the last pay increase
- ✓ Likelihood of change of employment status and effective date of any known salary increase during the next 12 months
- ✓ **Year to date earnings**
- ✓ **Estimated income from overtime, tips, bonus pay expected during next 12 months**

Acceptable methods of verification include, in this order:

1. Employment verification form completed by the employer.
2. Check stubs or earning statements, which indicate the employee's gross pay, frequency of pay, year to date, and if applicable, segregated overtime earnings.
3. W-2 forms plus income tax return forms.
4. Income tax returns signed by the family may be used for verifying self-employment income, or income from tips and other gratuities.

Note: For some self-employment types, where there is the potential for substantial income, self-certification is unacceptable]

Applicants and program participants may be requested to sign IRS Form 4506 Request for Copy or Transcript of Tax Form for release of information from the Internal Revenue Service for further verification of income.

Social Security, Pensions, Supplementary Security Income (SSI), Disability Income

Acceptable methods of verification include, in this order:

1. Original benefit verification form completed by agency providing the benefits.
2. Original award or benefit notification letters prepared and signed by the providing agency.
3. Computer report electronically obtained or in hard copy.

Unemployment Compensation

Acceptable methods of verification include, in this order:

1. Verification form completed by the unemployment compensation agency.
2. Computer report electronically obtained or in hard copy, from unemployment office stating payment dates and amounts.

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Welfare Payments or General Assistance

Acceptable methods of verification include, in this order:

1. HA verification form completed by payment provider.
2. Written statement from payment provider indicating the amount of grant/payment, start date of payments, and anticipated changes in payment in the next 12 months.
3. Computer-generated Notice of Action.

Alimony or Child Support Payments

Acceptable methods of verification include:

1. Copies of a separation or settlement agreement or a divorce decree stating amounts and type of support and payment schedules.
2. Statement of child support received through Support Enforcement office.

If child support is not received or if payments are irregular, the family must provide:

- ✓ A statement from the agency responsible for enforcing payments to show that the family has filed for enforcement.
- ✓ A notice of action showing amounts received by the Support Enforcement office.
- ✓ A written statement from an attorney or the Support Enforcement office certifying that a collection or enforcement action has been filed.

Net Income from a Business

In order to verify the net income from a business, the HA will view IRS and financial documents from prior years and use this information to anticipate the income for the next 12 months.

Acceptable methods of verification include:

1. IRS Form 1040, including:
 - Schedule C (Small Business)
 - Schedule E (Rental Property Income)
 - Schedule F (Farm Income) *Note: If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.*
2. Audited financial statement(s) of the business.
3. Credit report or loan application received from lender.
4. Documents such as manifests, appointment books, cashbooks, bank statements, and receipts will be used as a guide for the prior six months (or lesser period if not in business for six months) to project income for the next 12 months.

Child Care Business

If an applicant/participant is operating a licensed day care business, income will be verified as with any other business.

If the applicant/participant is operating a "cash and carry" operation (which may or may not be licensed), the HA will require that the applicant/participant complete a form for each customer which indicates: name of person(s) whose child (children) is/are being cared for, phone number, number of hours child is being cared for, method of payment (check/cash), amount paid, and signature of person.

If the family has filed a tax return, the family will be required to provide it.

The HA will conduct interim reevaluations every 120 calendar days and require the participant to provide a log with the information about customers and income.

If childcare services were terminated, a third-party verification will be sent to the parent(s) whose child was cared for.

Recurring Gifts

The family must furnish a self-certification, which contains the following information:

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1. The person who provides the gifts
2. The value of the gifts
3. The regularity (dates) of the gifts
4. The purpose of the gifts

Zero Income Status

Families claiming to have no income will be required monthly to execute verification forms to determine that forms of income such as unemployment benefits, TANF, SSI, etc. are not being received by the household.

The HA will request information from the Virginia Employment Commission (VEC).

The HA will require the family to furnish a current credit report if information is received that indicates the family has an unreported income source.

Full-time Student Status

Only the first \$480 of the earned income of full time students, other than head, co-head, or spouse, will be counted towards family income. *See Chapter 6-A, page 1.*

Financial aid, scholarships and grants received by full time students is not counted towards family income.

Verification of full time student status includes:

- ✓ Written verification from the registrar's office or other school official.
- ✓ School records or paid fee statements indicating enrollment for sufficient number of credits to be considered a full-time student by the educational institution.

F. INCOME FROM ASSETS [24 CFR 982.516]

Savings Account Interest Income and Dividends

Acceptable methods of verification include, in this order:

1. Account statements, passbooks, certificates of deposit, or HA verification forms completed by the financial institution.
2. Broker's statements showing value of stocks or bonds and the earnings credited the family. Earnings can be obtained from current newspaper quotations or oral broker's verification.
3. IRS Form 1099 from the financial institution, provided that the HA must adjust the information to project earnings expected for the next 12 months.

Interest Income from Mortgages or Similar Arrangements

Acceptable methods of verification include, in this order:

1. A letter from an accountant, attorney, real estate broker, the buyer, or a financial institution stating interest due for next 12 months. (A copy of the check paid by the buyer to the family is not sufficient unless a breakdown of interest and principal is shown.)
2. Amortization schedule showing interest for the 12 months following the effective date of the certification or recertification.

Net Rental Income from Property Owned by Family

Acceptable methods of verification include, in this order:

1. IRS Form 1040 with Schedule E (Rental Income).
2. A copy of latest rent receipts, leases, or other documentation of rent amounts.
3. Documentation of allowable operating expenses of the property: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

G. VERIFICATION OF ASSETS

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Family Assets

The HA will require the information necessary to determine the current cash value of the family's assets, (the net amount the family would receive if the asset were converted to cash).

Acceptable verification may include any of the following:

1. Verification forms, letters, or documents from a financial institution or broker.
2. Passbooks, checking account statements, certificates of deposit, bonds, or financial statements completed by a financial institution or broker.
3. Quotes from a stock broker or realty agent as to net amount family would receive if they liquidated securities or real estate.
4. Real estate tax statements if the approximate current market value can be deduced from assessment.
5. Financial statements for business assets.
6. Copies of closing documents showing the selling price and the distribution of the sales proceeds.
7. Appraisals of personal property held as an investment.

Assets Disposed of for Less than Fair Market Value (FMV) During Two Years Preceding Effective Date of Certification or Recertification

For all Certifications and Recertifications, the HA will obtain the Family's certification as to whether any member has disposed of assets for less than fair market value during the two years preceding the effective date of the certification or recertification.

If the family certifies that they have disposed of assets for less than fair market value, verification is required that shows: (a) all assets disposed of for less than FMV, (b) the date they were disposed of, (c) the amount the family received, and (d) the market value of the assets at the time of disposition. Third party verification will be obtained wherever possible.

H. VERIFICATION OF ALLOWABLE DEDUCTIONS FROM INCOME [24 CFR 982.516]

Child Care Expenses

Written verification from the person who receives the payments is required. If the child care provider is an individual, s/he must provide a statement of the amount they are charging the family for their services.

Verifications must specify the child care provider's name, address, telephone number, **Social Security Number**, the names of the children cared for, the number of hours the child care occurs, the rate of pay, and the typical yearly amount paid, including school and vacation periods.

Family's certification as to whether any of those payments have been or will be paid or reimbursed by outside sources.

Medical Expenses

Families who claim medical expenses will be required to submit a certification as to whether or not any expense payments have been, or will be, reimbursed by an outside source. All expense claims will be verified by one or more of the methods listed below:

- Third-party verification by a doctor, hospital or clinic personnel, dentist, pharmacist, of (a) the anticipated medical costs to be incurred by the family and regular payments due on medical bills; and (b) extent to which those expenses will be reimbursed by insurance or a government agency.
- Third-party confirmation by the insurance company or employer of health insurance premiums to be paid by the family.
- Third-party confirmation from the Social Security Administration of Medicare premiums to be paid by the family over the next 12 months. A computer printout will be accepted.

For attendant care:

- A reliable, knowledgeable professional's certification that the assistance of an attendant is necessary as a medical expense and a projection of the number of hours the care is needed for calculation purposes.
- Attendant's written confirmation of hours of care provided and amount and frequency of payments received from the family or agency (or copies of canceled checks the family used to make those payments) or stubs from the agency providing the services.

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- ◆ Receipts, canceled check, or pay stubs that verify medical costs and insurance expenses likely to be incurred in the next 12 months.
- ◆ Copies of payment agreements or most recent invoice that verify payments made on outstanding medical bills that will continue over all or part of the next 12 months.
- ◆ Receipts or other record of medical expenses incurred during the past 12 months that can be used to anticipate future medical expenses. HA may use this approach for "general medical expenses" such as non-prescription drugs and regular visits to doctors or dentists, but not for one time, nonrecurring expenses from the previous year.

The HA will use mileage at the **IRS** rate, or cab, bus fare, or other public transportation cost for verification of the cost of transportation directly related to medical treatment.

Assistance to Persons with Disabilities [24 CFR 5.611(c)]

In All Cases:

- Written certification from a reliable, knowledgeable professional that the person with disabilities requires the services of an attendant and/or the use of auxiliary apparatus to permit him/her to be employed or to function sufficiently independently to enable another family member to be employed.
- Family's certification as to whether they receive reimbursement for any of the expenses of disability assistance and the amount of any reimbursement received.

Attendant Care:

- Attendant's written certification of amount received from the family, frequency of receipt, and hours of care provided.
- Certification of family and attendant and/or copies of canceled check family used to make payments.

Auxiliary Apparatus:

- Receipts for purchases or proof of monthly payments and maintenance expenses for auxiliary apparatus.
- In the case where the person with disabilities is employed, a statement from the employer that the auxiliary apparatus is necessary for employment.

H. VERIFYING NON-FINANCIAL FACTORS [24 CFR 982.153(b)(15)]

Verification of Legal Identity

In order to prevent program abuse, the HA will require applicants to furnish verification of legal identity for all family members.

The documents listed below will be considered acceptable verification of legal identity for adults. If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required.

- Certificate of Birth, naturalization papers
- Church issued baptismal certificate
- Company/agency Identification Card
- Credit Reports
- Current, valid Driver's license
- Department of Motor Vehicles Identification Card
- Hospital records
- U.S. military discharge (DD 214)
- U.S. passport
- Voter's registration

Documents considered acceptable for the verification of legal identity for minors may be one or more of the following:

- Adoption papers

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- ❑ Certificate of Birth
- ❑ Custody agreement
- ❑ Health and Human Services ID
- ❑ School records

Verification of Marital Status

Note: This would be used to determine spouse for income and deduction and noncitizen purposes

- ➔ Verification of divorce status will be a certified copy of the divorce decree, signed by a Court Officer.
- ➔ Verification of a separation may be a copy of court-ordered maintenance or other records.
- ➔ Verification of marriage status is a marriage certificate.

Familial Relationships

Note: The AOH's definition of family will determine what facts have to be verified.

Certification will normally be considered sufficient verification of family relationships. In cases where reasonable doubt exists, the family may be asked to provide verification.

The following verifications of relationship will always be required if applicable:

1. Verification of relationship:
 - a) Official identification showing names
 - b) Birth Certificates
 - c) Baptismal certificates
2. Verification of guardianship is:
 - a) Court-ordered assignment
 - b) Affidavit of parent
 - c) Verification from social services agency
 - d) School records

Verification of Permanent Absence of Family Member

If an adult member who was formerly a member of the household is reported permanently absent by the family, the HA will consider any of the following as verification:

1. Husband or wife institutes divorce action.
2. Husband or wife institutes legal separation.
3. Order of protection/restraining order obtained by one family member against another.
4. Proof of another home address, such as utility bills, canceled checks for rent, driver's license, or lease or rental agreement, if available.
5. Statements from other agencies such as social services or a written statement from the landlord or manager that the adult family member is no longer living at that location.
6. If the adult family member is incarcerated, a document from the Court or correctional facility should be obtained stating how long they will be incarcerated.

Verification of Change in Family Composition

The HA may verify changes in family composition (either reported or unreported) through letters, telephone calls, utility records, inspections, landlords, neighbors, credit data, school or DMV records, and other sources.

Verification of Disability

Verification of disability must be receipt of SSI or SSA disability payments under Section 223 of the Social Security Act or 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7) or verified by appropriate medical diagnostician such as a physician or psychiatrist using the HUD language as the verification format.

Verification of Citizenship/Eligible Immigrant Status [24 CFR 5.508, 5.510, 5.512, 5.514]

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To be eligible for assistance, individuals must be U.S. citizens or eligible immigrants. Individuals who are neither may elect not to contend their status.

Eligible immigrants must fall into one of the categories specified by the regulations and must have their status verified by Immigration and Naturalization Service (INS).

Each family member must declare his or her status once. Assistance cannot be delayed, denied, or terminated while verification of status is pending except that assistance to applicants may be delayed while the HA hearing is pending.

Citizens or Nationals of the United States are required to sign a declaration under penalty of perjury. The HA will require citizens to provide documentation of citizenship.

Acceptable documentation will include at least one of the following original documents:

1. United States birth certificate
2. United States passport
3. Resident alien/registration card
4. Social Security card

Eligible Immigrants who were Participants and 62 or over on June 19, 1995, are required to sign a declaration of eligible immigration status and provide proof of age.

Non-citizens with eligible immigration status must sign a declaration of status and verification consent form and provide their original immigration documents which are copied front and back and returned to the family. The HA verifies the status through the INS SAVE system. If this primary verification fails to verify status, the HA must request within ten days that the INS conduct a manual search.

Ineligible family members who do not claim to be citizens or eligible immigrants must be listed on a statement of ineligible family members signed by the head of household or spouse.

Non-citizen students on student visas are ineligible members even though they are in the country lawfully. They must provide their student visa but their status will not be verified and they do not sign a declaration but are listed on the statement of ineligible members.

Failure to Provide: If an applicant or participant family member fails to sign required declarations and consent forms or provide documents, as required, they must be listed as an ineligible member. If the entire family fails to provide and sign as required, the family may be denied or terminated for failure to provide required information.

Time of Verification

For applicants, verification of U.S. citizenship/eligible immigrant status occurs at the same time as verification of other factors of eligibility for final eligibility determination/at the time of initial application.

The HA will verify the U.S. citizenship/eligible immigration status of all participants no later than the date of the family's first annual reexamination following the enactment of the Quality Housing and Work Responsibility Act of 1998.

For family members added after other members have been verified, the verification occurs at the first recertification after the new member moves in.

Once verification has been completed for any covered program, it need not be repeated except that, in the case of port-in families, if the initial HA does not supply the documents, the HA must conduct the determination.

Extensions of Time to Provide Documents

The HA **will not** grant an extension for families to submit evidence of eligible immigrant status.

Acceptable Documents of Eligible Immigration

The regulations stipulate that only the following documents are acceptable unless changes are published in the Federal Register.

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- Resident Alien Card (I-551)
- Alien Registration Receipt Card (I-151)
- Arrival-Departure Record (I-94)
- Temporary Resident Card (I-688)
- Employment Authorization Card (I-688B)
- Receipt issued by the INS for issuance of replacement of any of the above documents that shows individual's entitlement has been verified

A birth certificate is not acceptable verification of status. All documents in connection with U.S. citizenship/eligible immigrant status must be kept five years.

The HA will verify the eligibility of a family member at any time such eligibility is in question, without regard to the position of the family on the waiting list.

If the HA determines that a family member has knowingly permitted another individual who is not eligible for assistance to reside permanently in the family's unit, the family's assistance will be terminated, unless the ineligible individual has already been considered in prorating the family's assistance.

Verification of Social Security Numbers [24 CFR 5.216]

Social security numbers must be provided as a condition of eligibility for all family members age six and over if they have been issued a number. Verification of Social Security numbers will be done through a Social Security Card issued by the Social Security Administration. If a family member cannot produce a Social Security Card, only the documents listed below showing his or her Social Security Number may be used for verification. The family is also required to certify in writing that the document(s) submitted in lieu of the Social Security Card information provided is/are complete and accurate:

- A driver's license
- An identification card issued by a medical insurance company
- An identification card issued by an employer or trade union
- Bank Statements
- Benefit award letters from government agencies
- Court records such as real estate, tax notices, marriage and divorce, judgment or bankruptcy records
- Earnings statements or payroll stubs
- Identification card issued by a Federal, State or local agency
- Identification card issued by a medical insurance company or provider (including Medicare and Medicaid)
- IRS Form 1099
- Life insurance policies
- Retirement benefit letter
- Verification of benefits or Social Security Number from Social Security Administration (TASS)

New family members ages six and older will be required to produce their Social Security Card or provide the substitute documentation described above together with their certification that the substitute information provided is complete and accurate. This information is to be provided at the time the change in family composition is reported to the HA.

If an applicant or participant is able to disclose the Social Security Number but cannot meet the documentation requirements, the applicant or participant must sign a certification to that effect provided by the HA. The applicant/participant or family member will have an additional **thirty calendar** days to provide proof of the Social Security Number. If they fail to provide this documentation, the family's assistance will be terminated.

In the case of an individual at least 62 years of age, the HA may grant an extension for an additional 60 days to a total of 120 days. If, at the end of this time, the elderly individual has not provided documentation, the family's assistance will be terminated.

If the family member states they have not been issued a number, the family member will be required to sign a certification to this effect.

Medical Need for Larger Unit

A written certification that a larger unit is medically necessary must be obtained from a reliable, medical professional.