

Cottonwood, Incorporated

SECTION: Administrative
SUBJECT: EIV – Use and Safeguards
EFFECTIVE DATE: November, 2010

POLICY NO: 04-015
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Policy:

It is the policy of Cottonwood, Inc. to utilize the Enterprise Income Verification (EIV) system in determining the income and eligibility of persons who will, and are currently, residing in Cottonwood Housing and Cottonwood Trail projects. It is the policy of Cottonwood, Inc. to provide instruction and information to involved staff, auditors, consultants, contractors, and tenants on the acceptable use, disposition, and storage of data obtained through the EIV system. It is the policy of Cottonwood, Inc. to follow the guidelines set forth by the U.S. Department of HUD. Using the data in EIV will assist HUD in meeting the goal of the Rental Housing Integrity Improvement Project of ensuring that the right benefits go to the right persons, and supports Executive Order 13520, Reducing Improper Payments, signed by President Barack Obama on November 20, 2009. The use of EIV became mandatory effective January 31, 2010.

This policy covers the following areas:

1. Disclosure
2. Access
3. Tenant rights
4. Use authorization
5. Technical, administrative, and physical safeguards

DISCLOSURE

The Federal Privacy Act prohibits the disclosure of EIV data to another person without the written consent of the individual. EIV data may only be disclosed to owners, management agents, independent auditors, HUD staff, Office of Inspector General investigators, and the individual to whom the record pertains.

EIV data must not be disclosed to any unauthorized entities. Unauthorized disclosure incidents and suspected incidents involving a breach of EIV data shall be reported to the HUD National Help Desk at 1(888)297-8689.

Unauthorized disclosure can result in a felony conviction and a fine of up to \$5000 and/or imprisonment up to five years as well as civil penalties. Unauthorized inspection can result in a misdemeanor penalty of up to \$1000 and/or one year imprisonment, as well as civil damages.

ACCESS

Before accessing EIV the Finance Manager and Residential Director of Cottonwood, Inc. acknowledges that each time he/she signs on he/she must understand:

- The conditions of the Privacy Act.
- May have access to EIV for official purposes only.
- Are subject to civil and/or criminal penalties under the Privacy Act of misuse of information.
- There must be a signed consent form (HUD 9887/A) on file before viewing income data from the individual and every family member 18 or older, whether they have income or not must sign these forms.
- The signed HUD 9887/A must not be older than 15 months from the date of tenant's signature.

TENANT'S RIGHT'S

- Tenants have the right to be notified of the findings.
- Cottonwood, Inc. cannot suspend, terminate, reduce or make a final denial of assistance or tenancy until tenant has an opportunity to dispute and discuss the information.
- If the tenant disputes the employment, wage or unemployment information in the EIV system or when the tenant reports he/she is employed or receiving unemployment but there is no information in EIV, the owner must obtain third party verification from the employer or SWA.
- Cottonwood, Inc. cannot suspend, terminate, reduce or make a final denial of assistance or tenancy until tenant has an opportunity to dispute and discuss the information.

USE AUTHORIZATION

By signing the CAAF (Coordinator Access Authorization Form) or the UAAF (User Access Authorization Form), the Finance Manager or Residential Director agrees to:

- The Rules of Behavior.
- The responsibilities of, and expectations for, individuals with access to the information of tenants.
- Understanding of other HUD policies pertaining to EIV and the Right to Privacy Act.

SAFEGUARDS

Technical

- Current and valid WASS User ID and password. IDs and passwords must not be shared and never use another's ID or password for access.
- Will utilize computer screen timed automatic "lockout" with password.
- Will not leave active EIV screen up when leaving desk nor EIV printed material/information on desk.
- EIV coordinator status will be certified annually.
- EIV user status will be certified semi-annually.

Administrative

- These standard operating procedures are for the use of data from EIV by the Finance Manager and the Residential Director.
- Use employment and income data for processing HUD-50059s only.
- Will not share data with others who do not have a need to know.
- Utilize reports to see if applicant/tenant is receiving assistance under another program in a different location.
- CEO permission letter on file for the use of EIV.
- Ensure tenant consent forms are on file.
- Ensure EIV information no longer needed is destroyed by shredding. Social Security reports are to be kept 3 years after termination of tenancy.
- Ensure users of EIV information who do not have access to the EIV system have signed the Rules of Behavior for use of EIV Information form. Forms must be available upon request for HUD and KHRC.
- Detect, deter, and report improper disclosures, unauthorized access, or security breaches.

Physical

- All EIV information will be viewed and printed in the secured office of the Finance Manager or Residential Director.
- All tenant files will be stored in the secured office of the Residential Director in a locked file cabinet.
- No EIV information will be removed from Cottonwood, Inc. property except by the tenant to whom the information belongs.
- Close out of the EIV system will be immediate by using the X button in the upper right hand corner of the screen.

Retention and Destruction of files

Master files will be retained for three years. Tenant files will be retained for three years after move out. All files will be destroyed in house through shredding by Residential Director. A destruction log will be retained in the Master File of the appropriate year.

Household Member turning 18.

The owner/agent will ensure that a copy of Form 9887/A has been signed by each member of the household age 18 years or older. Form 9887/A will be presented at move-in and/or initial certification. If a household member turns 18 in the middle of a certification cycle, that household member should sign Form 9887/A within 7 days of turning 18. See HUD 9887/A Fact Sheet for exceptions due to extenuating circumstances. All HUD 9887/As will be placed in a resident file and will be updated on an annual basis for each adult household member.

The HUD 9887/A Fact Sheet will be provided to all adult household members required to sign the form. By signing this HUD Form 9887/A, the applicant/resident authorizes HUD and/or the owner/agent to obtain and verify income and unemployment compensation information from various sources including, but not limited to, the IRS, the Department of Health and Human Services and the Social Security Administration, current and former employers, and state agencies.

EIV Reports

Income Reports: When selecting the Income Report for an individual tenant, there are three reports that must be used at the time of re-certification (annual and interim): Summary Report, Income Report, and Income Discrepancy Report.

Summary Report

This report provides a summary of information taken from the current, active certifications contained in the TRACS file at the time of the income match. The Summary Report is required to be printed and a copy must be retained in the tenant file. The O/A must also document the tenant file for any household members not required to disclose and provide verification of a SSN as per Notice 10-10, Section VII.A.1.c(3).

The O/A must use this report:

- At the time of re-certification to review and resolve the status of any household member(s) with a “failed” or “deceased” status. O/As do not have to do anything at the time of re-certification when the status is “Not Verified.” However, the O/A must check the Failed SSA Identity Test report monthly as changes in the Identity Verification Status may occur. If the status is “failed” or “deceased” O/A must take all necessary actions to resolve this discrepancy and correspondence or documentation received will be maintained in the tenant file.
- As verification that a tenant’s SSN has been “Verified” by SSA as being a valid SSN. If the Summary Report shows an Identity Verification Status of “Verified” for all household members required to have an SSN, the report does not have to be printed at subsequent re-certifications unless there is a change in the household or identity verification status.

The Summary Report and supporting documentation must be retained in the tenant file for term of tenancy plus three years. This could include any correspondence or documentation received to resolve the failed or deceased status and documentation for household members not required to disclose and provide SSN verification.

Income Report

This report is used at Annual and Interim recertification and within 90 days after transmission of move-in certification to TRACS to confirm/validate income reported by the household.

The report contains Social Security benefits, Supplemental Security Income benefits, Dual Entitlement benefits, Medicare premium information, and Disability status from Social Security Administration (SSA) and new hires (W-4), quarterly wages, and quarterly unemployment compensation benefits from the National Directory of New Hires (NDNH).

Data will not be accessed until after execution of form HUD-9887 and HUD-9887a by the O/A and each household member age 18 and over.

- For Social Security benefits: A copy of the printed report will be placed in the tenant file as third-party verification of gross benefit and if applicable, the Medicare premium paid by the tenant will be included in the medical expense deduction. The income report will

be used to calculate the tenants Social Security, SSI and SSA income and Medicare expense. O/A will request that the tenant provide the benefit letter as third-party verification:

- If the tenant disputes the amount of benefits, or
 - The benefits data does not agree with what the tenant reported, or
 - The data is not included in EIV.
- For New Hire, Wage and Unemployment Compensation: The employment and unemployment income information will be used ONLY as third-party verification of employment and will not be used to calculate income.

If the EIV information agrees with the information provided by the tenant (four current consecutive pay stubs to annualize employment income or an official benefit letter from the unemployment office):

- It will be used for third-party verification of employment and a copy placed in the tenant file; and
- O/A will request that the tenant provide documentation to support their current income amount. Third-party verification will be requested directly from the employer:
 - If the EIV data does not agree with what the tenant reports, or
 - The tenant disputes the data, or
 - The information is incomplete (such as no start date), or
 - No employment or income information is available in EIV but the tenant reports they are working.

If it is determined that the EIV data does not belong to the tenant, or the tenant believes they are the victim of identity theft, the O/A will advise the tenant:

- Attempt third-party verification from the employer.
- Have the tenant certify that the data is invalid and has been wrongly attributed to them.
- Advise the tenant to contact the third-party who provided the information and if unsuccessful, the State Workforce Agency to have that employer or agency remove the invalid income information from the records.

Tenant files will include the EIV income report, supporting documents to verify current income received, and the efforts to verify disputed income information, the signed tenant certification when income is disputed, and tenant notification to contact third parties and State Workforce Agency. Report and supporting documentation must be retained in the tenant file along with the applicable HUD-50059 for term of tenancy plus three years.

Income Discrepancy Report

This report shows differences between EIV and reported income when that amount exceeds \$2,400 (or \$200/month cumulative).

O/A will run this report at the same time as the Income report at the time of annual or interim recertification to resolve any discrepancies. O/A will follow-up on every reported income discrepancy included in this report at the time of recertification or within 30 days

of printing the Income Report date. This report must be printed monthly and used at recertification (annual and interim).

The tenant file will be documented with the EIV report and verification documentation along with detailed information on the resolution of the reported discrepancy, regardless of whether the discrepancy was found to be valid or invalid.

O/A will determine whether the income appearing on the EIV Income Discrepancy Report should be included as income and does not meet one of the income exclusions represented in Exhibit 5-1 of HUD Handbook 4350.3 REV-1, Change 4. While O/A investigates and confirms possible discrepancies and errors, no adverse action will be taken based solely on the data in EIV. If it is determined that the information in TRACS differs from the information found on the tenant's current HUD-50059, the O/A will retransmit the current HUD-50059 to correct the TRACS database.

When the data in EIV is disputed by the tenant or does not match the information provided by the tenant, information will be obtained independently directly from the third-party source. O/A will provide the tenant with results and request a meeting within 10 days of notification to discuss. If it is determined that the tenant is in non-compliance with the lease for knowingly providing incomplete or inaccurate information, the guidance in Chapter 8, Section 3 of the Occupancy Handbook HUD-4350.3 REV-1 will be followed to begin actions to terminate tenancy.

Where fraud is suspected, the owner may report this to the HUD Office of Investigation (OIG). If the tenant has unreported or underreported income, O/A will go back to the time the unreported or underreporting of income started not to exceed 5 years. A calculation of rent/subsidy adjustment will be made comparing the actual third-party verified information against the executed 50059s in the tenant file. O/A will not collect for unreported or underreported income without historical information (50059s). A record of the calculation of what the tenant should have paid and the amount of rent the tenant was charged will be provided to the tenant and retained in the tenant's file. Tenants may also be required to repay funds to the O/A due to a civil action taken by the O/A, or Court action as a result of an OIG audit.

Report and supporting documentation must be retained in the tenant file along with applicable HUD-50059s for term of tenancy plus three years.

No Income Report

- Identifies tenants who passed SSA identity test but no income was reported by HHS or SSA.
- Must be printed at recertification (annual and interim) and at least quarterly for those tenants reporting zero income.
- Tenants will be interviewed and given the opportunity to disclose income. If necessary, third party verification from the income source will be sought.
- Report and supporting documentation must be retained in the tenant file with applicable HUD-50059 for term of tenancy plus three years.

New Hires Report

- Identifies tenants who have new employment within the last six months.
- Must be printed monthly.

- Third party verification may include the EIV report, current, acceptable tenant-provided documents, and independent verification from the income source if necessary.
- New Hires Summary Report must be retained in the master file for three years. Detail reports along with supporting documentation must be retained in the tenant file with applicable HUD-50059 for term of tenancy plus three years.

Identity Verification Reports

Failed EIV Pre-Screening Report / Failed Verification Report (Failed SSA Identity Test)

- Identifies tenants who fail the EIV pre-screening test because of missing or invalid personal identifiers. Identifies tenants whose personal identifiers do not match the SSA database.
- Must be printed monthly and used at recertification (annual and interim).
- Report must be retained in the master file for three years. Supporting documentation to verify discrepant personal identifiers must be retained in the tenant file with applicable HUD-50059 for term of tenancy plus three years.

Deceased Tenant Report

- Identifies tenants reported by SSA as being deceased.
- Must be printed monthly.
- Third party verification may include a copy of the obituary, or confirmation in writing from the next of kin or contact person or entity.
- Report must be retained in the master file for three years. Supporting documentation must be retained in the tenant file with applicable HUD-50059 for term of tenancy plus three years.

Existing Tenant Report

- Identifies applicants who may be receiving assistance at another Multifamily or Public or Indian Housing location.
- Must be used at time of processing an application for admission.
- Discuss with applicant, giving them an opportunity to explain any relative circumstances. Follow up with the respective Public Housing Agency or owner to confirm the individual's program participation status and coordinate move-in/move-out dates. Must be resolved prior to occupancy.
- Must retain search results and documentation obtained with the application and tenant file (if admitted) for term of tenancy plus three years.

Multiple Subsidy Report

- Identifies tenants who may be receiving rental assistance at more than one location.
- Must be printed monthly.
- Discuss with tenant, giving them an opportunity to explain any relative circumstances. Follow up with the respective Public Housing Agency or owner to confirm tenant is being assisted at the other location. May need to terminate assistance or tenancy depending upon the results.
- Multiple Subsidy Summary Report and supporting documentation must be retained in master file for three years. Detail report and documentation of action taken must be retained in tenant file for term of tenancy plus three years.