

Special Attention of:

Regional Directors
Multifamily Hub Directors
Multifamily Program Center Directors
Supervisory Project Managers
Project Managers
Contract Administrators, and
Owners and Management Agents of projects
covered by this Handbook

Revised Transmittal for Handbook No: 4350.3
REV-1,CHG-4
Issued: November 27, 2013

1. This Transmits

Change 4 to Handbook 4350.3 REV-1 "Occupancy Requirements of Subsidized Multifamily Housing Programs" is updated to include information on use of the Enterprise Income Verification (EIV) system; Violence Against Women Act (VAWA) requirements; Supplemental Information to Application for Federally Assisted Housing; and Rent Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs; Final Rule and requirements relating to admission of individuals subject to State lifetime sex offender registration requirements.

In addition to the revised implementation below, this revised transmittal removes all appendices associated with Chapter 9 of HUD Handbook 4350.3 REV-1, Change 3. Specifically the following appendices found in Change 3 have been removed: Appendix 7-A, Appendix 7-B, Appendix 9, Appendix 10 A, Appendix 10 B, Appendix 10 C, Appendix 10 D, Appendix 11, Appendix 12, and Appendix 13. Finally, a small clarification to verification techniques was made in paragraphs 5-13.B.2 and 9-10.A.

2. Implementation:

The changes are effective August 7, 2013. In response to Multifamily Housing's business partner requests, owners/management agents have until December 15, 2013, to implement the changes found in this publication. Additionally, owners/management agents have until March 1, 2014, to implement those changes requiring modifications to their TRACS software. If requested, HUD may permit an exception to the March 1, 2014, date if there are modifications that cannot be made by this date due to incompatibility with HUD's TRACS software.

3. Explanation of materials transmitted:

A. Changes are designated by an asterisk (*) at the beginning and ending of the change and the date 8/13 is reflected at the bottom of the affected page.

B. Chapter 1. Introduction

Additional clarification on existing text:

Paragraph 1-2.D – Added HUD-Veterans Affairs Supportive Housing and Mainstream Vouchers

Paragraph 1-3.B – Removed the time reference to the Section 202 program

Paragraph 1-7.B.1-14 – Added relevant links for HUD Websites

Paragraph 1-7.B – Removed paragraph referencing TRACS Information Packet (Yellow Book)

Paragraph 1-7.B.4 – Clarified paragraph

Paragraph 1-7.B.6 – Indicated the Resident's Rights and Responsibilities Brochure is available in English and several other languages

Paragraph 1-7.B.11 – Clarified the EIV system is to be used to verify a tenant's employment and income and to assist in the reduction of administrative and subsidy errors

Paragraph 1-7.B.12 – Added new paragraph for EIV& You brochure and description
Paragraph 1-7.B.13 – Revised paragraph
Paragraph 1-7.B.14 – Revised paragraph
Paragraph 1-7.C – Provided instructions for ordering publications online
Figure 1-2 – Added “Authorities” to title
Figure 1-2 – Added 1) Nondiscrimination and Equal Opportunity in Housing, 2) Collection of Data, 3) Economic Opportunities for Low and Very Low Income Persons, and 4) Section 202/811 Mixed Finance

C. Chapter 3. Eligibility for Assistance and Occupancy

Corrected erroneous references or typos:

3-6.B.2, 3-12.H.2, 3-12.L.1.b,

Additional clarification on existing text:

Figure 3-1 – Added Enterprise Income Verification (EIV)
Paragraph 3-3.F – Added 24 CFR 5.233 Mandated Use of HUD’s Enterprise Income Verification (EIV) System
Paragraph 3-4 – Added example for determining eligibility at initial certification
Paragraph 3-5.B – Clarified Social Security Number disclosure requirements
Paragraph 3-5.C – Clarified that a consent for the release of information is to be signed
Paragraph 3-6.B.2 – updated link
Paragraph 3-6.E.3.a.(2)(e) – Added SSN must be disclosed and verification provided
Paragraph 3-6.E.3 – Removed foster children and foster adults
Paragraph 3-9 and Subparagraphs – Revised Social Security Number disclosure requirements to conform with 24 CFR 5.216 published in the Federal Register on December 29, 2009 and Housing Notice 10-08
Paragraph 3-10.B – Added new paragraph for use of the EIV Existing Tenant Search
Paragraph 3-10.C – Added the prohibition extends to any PIH rental assistance programs
Paragraph 3-10.C – Added new paragraph for EIV Multiple Subsidy Report
Paragraph 3-11.A.1 – Added co-head must sign and all must date the form at initial certification and each recertification
Paragraph 3-11.A.2 – Clarified how form HUD-9887 correlates with EIV
Paragraph 3-11.B – Added note for form HUD-9887 for individuals turning 18 between recertifications
Paragraph 3-11.C.2 – Changed tenant to family
Paragraph 3-12.H.2 – Added link and EIV System
Paragraph 3-12.I.2 – Clarified the statement is in addition to declaring citizenship status on the Citizenship Declaration form
Figure 3-4 – Updated the Figure to represent currently accepted DHS documents
Paragraph 3-12.L.1.b – Added link and EIV System
Paragraph 3-13.A.2 – Added “and” after each condition
Paragraph 3-13.A.2.h – Changed “and” to “or” to match regulation and added Note to supplement the paragraph
Paragraph 3-21 – Added paragraph about use of Existing Tenant Search and Multiple Subsidy Search
Paragraph 3-21.B and C – Included reference to the Housing Choice Voucher regulations
Paragraph 3-24 – Added 24 CFR 5.233 Mandated Use of HUD’s Enterprise Income Verification (EIV) System
Paragraph 3-26.B – Revised the order of priority for acceptable verification methods and added reference to Paragraph 5-13
Paragraph 3-26.C – Included income verification
Paragraph 3-28.B.1 – revised third party verification sources for verification of disability
Paragraph 3-28.B.2 – Clarified in the Note that the varying accuracy of Disability Status in EIV and how to verify
Paragraph 3-30 – Added the EIV System for up front verification of employment and income information
Paragraph 3-31 – Changed name to Verification of Social Security Numbers
Paragraph 3-31 A-C – Revised Social Security Number verification requirements to conform with 24 CFR 5.216 published in the Federal Register on December 29, 2010 and Housing Notice 10-08
Exhibit 3-5 – Revised exhibit to update currently accepted DHS documents

D. Chapter 4. Waiting List and Tenant Selection Plan

Additional clarification on existing text:

- Figure 4-1 – Added Enterprise Income Verification (EIV) and Violence Against Women Act (VAWA)
- Paragraph 4-3 – Added Social Security Number (SSN) Requirements and penalties; 24 CFR 5.216 and 24 CFR 5.218 and Mandatory Use of Enterprise Income Verification (EIV) 24 CFR 5.233
- Figure 4-2 – Added State lifetime sex offender registration check, EIV Existing Tenant Search, and VAWA
- Paragraph 4-4.C.1.c – Removed language for when an individual has no SSN
- Paragraph 4-4.C.3.d – Added use of EIV Existing Tenant Search
- Paragraph 4-4.C – Added paragraph on VAWA
- Paragraph 4-6.C.1.b – Updated requirements for residency preference to be in accordance with 24 CFR 5.105(a)
- Paragraph 4-6.C.4 – Extended paragraph to include dating violence and stalking
- Paragraph 4-7.B – Added paragraph establishing procedures for using EIV Existing Tenant Search
- Paragraph 4-7.B.6 – Added State lifetime registration as a sex offender
- Paragraph 4-7.D – Added new paragraph on screening using the EIV Existing Tenant Search
- Paragraph 4-7.E – Added sex offender screening criteria
- Paragraph 4-9.A – Added paragraph on prohibition of denying assistance to victims protected under VAWA
- Paragraph 4-9.B – Revised SSN requirements to conform with 24 CFR 5.216 published in the Federal Register on December 29, 2010
- Paragraph 4-10 – Updated Affirmative Fair Housing citations
- Paragraph 4-13 – Added Social Security Number (SSN) Requirements and penalties; 24 CFR 5.216 and 24 CFR 5.218
- Paragraph 4-14 – Added paragraph for Supplement to Application for Federally Assisted Housing
- Paragraph 4-14.A.4 – Changed “should” to “may”
- Paragraph 4-14.B – Added two paragraphs requesting information regarding sex offender registration, SSNs, and Supplement to Application for Federally Assisted Housing
- Paragraph 4-14.D – Added paragraph and subparagraphs describing the Supplement to Application for Federally Assisted Housing
- Paragraph 4-16.C – Added paragraph regarding SSN disclosure and verification requirements
- Paragraph 4-20 – Added provision for applicant failing to provide SSNs for all household members
- Paragraph 4-22.B and C – Added form HUD-92006 completed by the applicant
- Paragraph 4-22.E – Added statement indicating additional disclosure requirements are in place for EIV Income data in tenant files
- Paragraph 4-23.B – Added disclosure and verification of SSN(s)
- Paragraph 4-24.B.2 – Added use of information contained in the EIV system
- Paragraph 4-24.B.7 – Added use of the Existing Tenant Search in EIV
- Paragraph 4-24.B.9 – Revised the SSN disclosure and verification requirements
- Paragraph 4-24.B.10 – Clarified employment and income information from SSA’s and HHS’ NDNH database are included
- Paragraph 4-24.B.12 – Changed “tenant” to “applicant”
- Paragraph 2-24.13 – Added EIV & You and Resident Rights and Responsibilities brochures
- Paragraph 4-27.E.4.a – Added State lifetime sex offender registration
- Paragraph 4-27.E.5 and 4-27.E.5.a-g – Added State sex offender registration record(s)
- Paragraph 4-27.E.6 – Added State lifetime sex offender registration
- Paragraph 4-27.E.7.b – Added State lifetime sex offender registration
- Exhibit 4-1 – Removed Note at the beginning for Exhibit, added SSA Benefit Letter and Proof of Income Letter

E. Chapter 5. Determining Income and Calculating Tenant Rent

Additional clarification on existing text:

- Figure 5-1 – Added Enterprise Income Verification (EIV)
- Paragraph 5-3 – Added 24 CFR 5.233 Mandated Use of HUD’s Enterprise Income Verification (EIV) System
- Paragraph 5-5.A – Removed “two”
- Paragraph 5-5.A.2 – Removed example text

Paragraph 5-5.A.3 – Added new paragraph and subparagraphs on Using EIV

Paragraph 5-6.A.3.d – Clarified the paragraph to relate to earned income and this income exceeding \$480 annually

Paragraph 5-6.I – Provided reference to Sections J and O along with an Example

Paragraph 5-6.Q.3 – Added paragraph excluding deferred Department of Veterans Affairs disability payments received in a lump sum or in prospective monthly payments for Section 8 tenants

Paragraph 5-7.G.4.b – clarified IRA, Keogh, and similar retirement savings accounts are counted as assets, even though withdrawal would result in a penalty, unless benefits are being received through periodic payments.

Paragraph 5-7.G.4.d – revised to read “Include in annual income any retirement benefits received through periodic payments. Do not count any remaining amounts in the account as an asset.

Paragraph 5-10.A.1 – Clarified the deduction does not apply to foster children and foster adults; added statement for not needing legal custody of dependent to receive deduction

Paragraph 5-10.A.2 – included foster adult

Paragraph 5-11 – Added 24 CFR 5.233 Mandated use of HUD’s Enterprise Income Verification (EIV) System

Paragraph 5-12.A.2 – Added paragraph for use of EIV system for third party verification of a tenant’s employment and income at time of recertification and to assist in reducing administrative and subsidy payment errors

Paragraph 5-12.A.4 – Updated paragraph to conform with SSN requirements found in 24 CFR 5.216

Figure 5-4 – Updated figure to conform with SSN requirements found in 24 CFR 5.216

Paragraph 5-13.A – Updated the order of acceptable methods of verification

Paragraph 5-13.B – Added detail for the types of third party verification in the order of their acceptability

Paragraph 5-13 – Removed two paragraphs titled Review of Documents and Family Certification

Paragraph 5-15.A – Removed medical professionals and the reference to the HUD Fact Sheet and the Resident Rights and Responsibilities brochure

Paragraph 5-15.B.1 – Added IRS, SSA, and SWICAs abbreviations and the Department of Health and Human Services National Directory of New Hires

Paragraph 5-15.B.2 – Clarified the 9887 must be signed by head of household, spouse, co-head regardless of age

Paragraph 5-15.C – Added the EIV & You brochure

Paragraph 5-15.C.1 – Clarified HUD-9887-A form and Fact Sheet

Paragraph 5-15.C.2 – Removed reference to HUD National Multifamily Clearinghouse and provided reference to Chapter 1

Paragraph 5-15.C.3 – Added new paragraph for EIV & You brochure

Paragraph 5-16 – Removed paragraph

Paragraph 5-16 (new) – Removed repetitive language to clarify paragraph

Paragraph 5-16.A – Added HUD-9887-A

Paragraph 5-16.A.3 – Added new paragraph for NDNH

Paragraph 5-16.A.3.c – Added NDNH reference

Paragraph 5-16.B.1 and 2 – Clarified valid verification dates

Paragraph 5-16.B.4 – Removed paragraph

Paragraph 5-17 – Rearranged wording to make the paragraph read clearly

Paragraph 5-18.B – Revised to include EIV and EIV documentation

Paragraph 5-18.D – Added original tenant provided documents must be returned to tenant and removed the Note

Paragraph 5-20 – New paragraph Added explaining Security of EIV data

Paragraph 5-21.A – Added HUD-9887-A

Paragraph 5-21.B – added any member of the tenant’s family, indicated the household’s assistance is terminated

Paragraph 5-21.C Example – Added HUD-9887-A

Paragraph 5-23.A.3 – Added paragraph for EIV Income Report

Paragraph 5-23.A.4 – Clarified third party verifications received from third-party sources

Paragraph 5-23.C – Added Note on the Federal Privacy Act

Paragraph 5-23.D – Added HUD-9887-A

Paragraph 5-25.B.1 – Clarified operating rent by inserting “gross rent”

Exhibit 5-3 – Added language to clarify transportation to/from treatment and lodging

Exhibit 5-3 – Removed language allowing certain maintenance or personal care services provided for qualified long-term care as medical expenses

F. Chapter 6. Lease Requirements and Leasing Activities

Additional clarification on existing text:

Updated references throughout Chapter.

Paragraph 6-1.B – Section 1: added lease addendums as a required attachment to the lease, when applicable.

Section 4: added the “EIV & You” brochure as a required handout that must be provided to tenants

Figure 6-1 – Added Violence Against Women Act (VAWA) as a key term

Paragraph 6-3 – Added Subsection E: Violence Against Women Act (VAWA) Protection, and cites the governing authority

Paragraph 6-4, 6-4.A, 6-4.C, 6-4.D – Added lease amendments to the heading; identifies lease addendums as a regulatory requirement, and clarified the availability of model leases in English and other languages; added subparagraph C on VAWA Lease Addendum; clarified in 6-4D that changes to model lease by owners may only be for documented state and local law, and, lease changes are made using a lease addendum

Figure 6-2 – Clarified required leases for Section 202/8 or Section 202 PACs, and the programs that use the lease.

Figure 6-3 – New Figure for HUD Issued Lease Addendum; includes VAWA addendum

Paragraph 6-5.A, B, C, D and E – added owner’s, VAWA lease addendum and clarified the requirements of HUD issued lease addenda

Paragraph 6-5.G – Added paragraph for Requirements of HUD issued lease addendums

Paragraph 6-12. B, C and D – Clarified that lease changes must be incorporated into the lease as a lease addendum, and no HUD/CA approval required; clarified that owner modification must be in form of lease addendum and requires HUD/CA approval

Paragraph 6-24.C – Updated definition of Assistance Animals

Paragraph 6-27. B – Updated list to include VAWA addenda and EIV & You as topics to be covered in tenant briefing

Paragraph 6-27.C.2 – Added language to ensure owners have appropriate means to communicate with hearing and/or speech impaired individuals and HUD’s LEP website link

Figure 6-9 – Included Police/Security Addendum, VAWA Addendum, EIV & You Brochure, and How Your Rent is Determined Fact Sheet

Exhibit 6-6 – Added EIV and VAWA

G. Chapter 7. Recertification, Unit Transfers, and Gross Rent Changes

Additional clarification on existing text:

Figure 7-1 – added Enterprise Income Verification (EIV) as a key term.

Paragraph 7-3 – added 24. CFR 5.233 Mandated Use of HUD’s EIV System

Paragraph 7-4 – clarified when owners must use EIV Income Report as third-party verification; that owners must provide tenant with copy of EIV & You brochure, and that owner’s policy on criminal background checks may include lifetime sex offender registration checks

Paragraph 7-6 – clarified that HUD will terminate a certification if a new recertification is not submitted within 15 months from the anniversary date

Figure 7-3 – clarified the owner’s responsibility for obtaining and reviewing EIV reports and for documenting social security numbers for all household members in the recertification steps

Paragraph 7-8.C – clarified that owners must use EIV Income Report as third party verification unless tenant disputes the EIV information or the owner cannot provide acceptable documentation to use for rent calculation

Paragraph 7-8.D.3 – added and clarified tenant eviction as a condition for non-recertification

Paragraph 7-10.A and C – clarified State sex offender registration check as a required screening criteria and requires tenant to disclose and provide verification of SSN; clarified Subparagraph C that an owner must not use the EIV report for a tenant that turned 18 unless the tenant signs the consent form HUD-9887

Paragraph 7-11.A.3 – added Note

Paragraph 7-11.C - clarified State sex offender registration check as a required screening criteria and requires tenant to disclose and provide verification of SSN
Paragraph 7-12.A – clarified EIV’s usage when tenant reports a change in employment or income
Paragraph 7-12.B.1 added use of the EIV New Hires Report
Paragraph 7-13.C.2 – added example
Paragraph 7-18.C – Removed 75 day implementation of utility allowance and clarified effective dates
Paragraph 7-18.D – Removed Note at the end of paragraph
Exhibit 7-3 – Added “at least” to the date requirement in the notice
Exhibit 7-5 – Added verifications not available in the EIV System

H. Chapter 8. Termination

Corrected erroneous references or typos:

8-4

Additional clarification on existing text:

Figure 8-1 – Added Enterprise Income Verification (EIV)
Paragraph 8-5.A – Changed “family” to “household” members
Paragraph 8-5.B – Separated to two paragraphs and added Department of Health and Human Services (HHS’) National Directory of New Hires (NDNH)
Paragraph 8-5.D Note – Added wording to clarify rent paid when a tenant with more than one form of subsidy has their subsidy terminated
Paragraph 8-11.A – Added 24 CFR 5.218 Penalties for failing to disclose and verify Social Security and Employer Identification Numbers
Figure 8-2 – Added failure to disclose and provide verification of SSN(s) and failure to sign and submit consent forms
Paragraph 8-13.A.6 – Added new paragraph and subparagraphs for failure to disclose and provide verification of SSNs
Paragraph 8-14.A.5 – Added sex offender language to match Housing Notice 2012-11
Paragraph 8-14.C.1, 3, 4, 5, 7, 9, 11, 13, and 14 – Added State lifetime sex offender registration records
Paragraph 8-14.C.3 – Added members of the applicant’s household
Paragraph 8-14.C.5.a and b – Removed Section 8 reference
Paragraph 8-14.C.7 – Added Note for lifetime sex offender registration
Paragraph 8-14.C.9 – Added Note on Dru Sjodin National Sex Offender Database
Paragraph 8-14.C.13 – Added language requiring owners to maintain criminal records and sex offender registration check
Paragraph 8-17 – Added 24 CFR 5.233 Mandated Use of HUD’s Enterprise Income Verification (EIV) System
Paragraph 8-18.A – Added use of EIV system
Paragraph 8-18.C.1.c – Added Note indicating for when owners may not suspend, terminate, reduce or make a final denial of any benefits of a tenant
Paragraph 8-18.E.2 – Added a reference to paragraph 8-23
Paragraph 8-20 – Added paragraph and subparagraphs dealing with Discrepancies Reported in EIV
Paragraph 8-21.A.1.c – Added fails to report income received
Paragraph 8-21.A.3 – Reworded repayment plan to repayment agreement
Paragraph 8-21.A.5 – Revised paragraph to expound on five year limitation for overpayments
Paragraph 8-21.A.6 – Revised paragraph for having 50059 on hand for overpayment of assistance
Paragraph 8-21.B.2 – Added paragraph regarding owner retaining portion of repayments actually collected from the tenant
Paragraph 8-22 – Added a revision paragraph on tenant repayment options
Paragraph 8-23 – Added a revision paragraph on repayment agreements
Paragraph 8-24 – Added paragraph regarding Income Discrepancy Report
Paragraph 8-24.B – Removed wording on finding errors through Management and Occupancy Reviews and added language on how to handle income discrepancies
Paragraph 8-25 – Added paragraph for Reimbursement for Errors Discovered During a Monitoring Review

I. Existing Chapter 9 from Change 3

This chapter has been removed due to the information already existing in the MAT Guide.

J. New Chapter 9. Enterprise Income Verification (EIV)

Entire chapter has been created providing guidance for HUD's Enterprise Income Verification System

Exhibit 9-1 – Failed EIV Pre-screening Report Error Messages

Exhibit 9-2 – Failed Verification Report (Failed the SSA Identity Test) Error Messages

Exhibit 9-3 – EIV Income Report Information

Exhibit 9-4 – Sample Tenant Consent to Disclose EIV Income Information

Exhibit 9-5 – Use of EIV Reports

Exhibit 9-6 – National Directory of New Hires (NDNH) Data Elements

Exhibit 9-7 – How EIV Calculates Income Discrepancies

K. Appendices

Additional clarification on existing text:

Appendix 3 – Included new column “Provided by Applicant” under Third Party Verification

Appendix 3 – Included Note “e” referencing the examples and requirements found in paragraph 5-13.B.1

Appendix 3 – Updated Appendix to align with new verification techniques found in paragraph 5-13 including self-declaration of income related items

Appendix 3 – Added chapter references to all factors to be verified

Appendix 3 – Assets disposed of for less than fair market value – clarified self-declaration certification can be signed by applicant and/or tenant; reworded verification tips for clarification

Appendix 3 – Employment income including tips, gratuities, overtime – Added EIV Income Report under verification tips; changed most recent pay stubs to 4-6

Appendix 3 – Added new factor and acceptable sources – Immigration Status (SSN) Individuals who do not contend eligible immigration status under the Section 221(d)(30) BMIR, Section 202 PAC, Section 202 PRAC, Section 811 PRAC programs

Appendix 3 – Income maintenance payments, benefits, income other than wages – Added EIV for written third party and verification tips

Appendix 3 – Social Security number – Revised documents to be provided by applicant and removed self-declaration

Appendix 3 – Added new factor and acceptable sources – Student Status (Section 8 only)

Appendix 3 – Added new factor and acceptable sources – Student Status (Section 221(d)(3) BMIR, Section 202 PAC, Section 202 PRAC and Section 811 PRAC)

Appendix 3 – Unemployment compensation – Added EIV for written third party and verification tips

Appendix 3 – Notes – Added HUD9887-A, EIV, and reworded for third party source

Appendix 6-C – Updated C.1 for EIV, Social Security and SSI income; added Proof of Income Letter

Appendix 6-C – Updated C.2 for EIV

Appendix 7-A: Removed

Appendix 7-B – Removed

Appendix 9: Removed

Appendix 10-A: Removed

Appendix 10-B: Removed

Appendix 10-C: Removed

Appendix 10-D: Removed

Appendix 11: Removed

Appendix 12: Removed

Appendix 13: Removed

Appendix 14 A-F: Now Appendix 7 A-F

L. Glossary

Defined or revised the definition of the following terms:

Accessible (FH Act)
Accessible Route (FH Act)
As-Paid Locality
Assistance Animals
Bifurcate
Dating Violence
Domestic Violence
Enterprise Income Verification (EIV)
Immediate Family Member
Improper Payment
Independent Public Auditor
Operating Rent (PRAC)
Security Personnel
Stalking
VAWA

I approve the above changes to HUD Handbook 4350.3, REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*.

Carol J. Galante, Assistant Secretary for Housing –
Federal Housing Commissioner