

**HOUSING AUTHORITY OF THE CITY OF SEATTLE**  
**MANUAL OF OPERATIONS**

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**SUBJECT:** Verification Standards

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**SCOPE:** This Section shall apply to all applicants of assisted housing programs administered by the Seattle Housing Authority, unless specifically noted.

**POLICY:**

The verification process during the time of application is a critical task in the administration of the Department of Housing and Urban Development (HUD) assisted housing programs. This task requires the Seattle Housing Authority (SHA) to verify factors that affect the determination of an applicant's income. The verification process also requires the applicant to provide and disclose information that is true and complete, which is necessary in SHA's administration of HUD's assisted housing programs.

In accordance with the verification guidance issued with Notice PIH 2004-01 which comes from the regulations found at 24 CFR Parts 5, 903, 960 and 982, applicable to the Public Housing and Housing Choice Voucher Programs, SHA has established written policies that provide for third party verification of income for applicants. HUD regulations, 24 CFR Parts 960.259(c) and 982.516(a), require SHA to obtain and document in the applicant files, independent third party verification (or document the reason why third party verification was not available) of reported applicant income, the value of assets, expenses related to deductions from income and other factors affecting adjusted income. 24 CFR §960.259(c) (1) and §982.516(a) (2)

HUD regulations specify the types and amounts of income and deductions to be included in the calculation of annual income. SHA's verification requirements are designed to maintain program integrity.

To prevent fraud and abuse in HUD programs, the United States Code (USC) and Code of Federal Regulations (CFR) allow HUD and SHA to obtain information about applicants to determine their eligibility or level of housing assistance. Most importantly, the USC authorizes computer-matching agreements of income information. Below is a summary of laws and regulations that govern the use of "upfront" or computer matching income verification.

24 CFR §5.234 (Requests for Information from SWICAs and Federal Agencies; Restrictions on Use) indicates that 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.

42 USC 3544(c) (2) (A) (Preventing Fraud and Abuse in Housing and Urban Development Programs) provides the legal basis for preventing fraud and abuse in HUD programs. The law allows HUD to require that applicants sign a consent form to request the following: current or previous wages and salaries from employers, wage information and unemployment compensation from the State agency charged with the administration of the State unemployment law, and income information from the Commissioner of Social Security and the Secretary of the Treasury.

Where there are partnership agreements, regulatory agreements and/or financial agreements, that have been incorporated into a management plan approved by HUD and / or SHA, the criteria for determining income set forth in those documents shall take precedence over this Section.

**IMPLEMENTING POLICY:**

**A. Housing Choice Voucher Program**

Staff shall refer to the Section 8 Administrative Plan for details of Housing Choice Voucher Program policy and procedures.

**B. Impact Property Management**

Staff shall refer to the property's Management Plan for details of its policy and procedures. If the Management Plan does not address income, staff shall default to this Manual Section.

**C. Methods of Verification and Time Allowed**

SHA will verify information through the five methods of verification acceptable to HUD in the following order:

1. Up-Front
2. Third-Party Written
3. Third-Party Oral
4. SHA in-person review of Documents
5. Written Certification/Self-Declaration of the applicant

SHA will allow 10 business days (two (2) weeks) for return of third-party verifications before going to applicant-provided verification. SHA will document the file as to why third-party written verification was not used.

Verifications may not be more than 60 days old from the date of SHA's request deadline.

*1. Third-Party Upfront Income Verification:*

The verification of income through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals.

Types of Income That May be Verified Using Upfront Income Verification (UIV).

- (1) Gross Wages and Salaries (including overtime pay, commission, fees, tips, bonuses, and other compensation for personal services.)
- (2) Unemployment Compensation
- (3) Welfare Benefits
- (4) Social Security Benefits (including Federal and State benefits, Black Lung benefits, dual benefits)
  - (a) Social Security (SS)
  - (b) Supplemental Security Income (SSI)

## 2. *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 applicant will be required to sign an authorization for the information source to release the specified information.

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

SHA will not give third party verification forms directly to household members, but will mail or fax forms directly to the source. Verification forms returned to SHA by the applicant will be orally third party confirmed by SHA staff.

SHA will accept verifications in the form of computerized printouts delivered by the applicant from the following agencies:

1. Social Security Administration
2. Veterans Administration
3. Banks - Monthly bank statements (originals)
4. Welfare Assistance
5. Unemployment Compensation Board
6. City or County Courts

## 3. *Third-Party Oral Verification*

Oral third-party verification will be used when written third-party verification:

1. Is delayed or not possible;
2. Is submitted in fax or photocopy format; or,
3. Is submitted to SHA by the applicant, rather than the source.

When third-party oral verification is used, staff will be required to complete the appropriate SHA form noting with whom they spoke, the date of the conversation, and the facts provided. If oral third-party verification is not available, SHA will compare the information to any documents provided by the applicant. If provided by telephone, SHA must originate the call.

## 4. *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 10 business days (two (2) weeks), SHA will annotate the file accordingly and utilize documents provided by the applicant as the primary source of verification, if the documents provide complete information.

All such documents, excluding any documents that prohibit the viewer from copying them, 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.

SHA will accept the following documents from the applicant provided that the document is such that tampering would be easily noted:

1. Printed wage stubs
2. Computer print-outs from the employer
3. Signed letters (provided that the information is confirmed by phone)
4. Other documents noted in this Section as acceptable verification

SHA will accept legible faxed documents with phone confirmation by SHA staff.

SHA will accept legible photocopies with phone confirmation by SHA staff or comparison to historical documents in the applicant's file.

SHA will reject tenant provided documents if the document is not an original when an original is required; or when the original document has been altered, mutilated, or is not legible; or if the document appears to be forged.

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

SHA will not delay the processing of an application or review beyond 10 business days (2 weeks) because a third-party information provider does not return the verification in a timely manner.

#### 5. *Self-Certification/Self-Declaration*

As a last resort, when verification cannot be made by third-party verification or review of documents, families will be required to submit a written, signed and dated self-certification. Self-certification means a certification/statement under penalty of perjury.

#### **D. Release of Information [24 CFR 5.230]**

Adult family members will be required to sign the HUD Form 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.

1. Currently, all adults in the applicant household (persons 18 years of age and older) are required to sign SHA's *General Release of Information* form in addition to signing the HUD Form 9886.

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

Applicant refusal to cooperate with the HUD prescribed verification system will result in denial of admission.

#### **E. Items to be Verified**

The following items shall be verified:

1. All income not specifically excluded by HUD regulations (see Exhibit L10x2).

2. Current assets, regardless of amount, including assets disposed of for less than fair market value in the two years preceding the eligibility interview.
  - a. If the market value of assets disposed totals less than \$5000.00, SHA will not count such assets.
  - b. If the applicant claims on SHA forms that they have no bank accounts/assets at all, SHA will not require the applicant to submit a bank/financial statement.
3. Disability for determination of accommodations or deductions.
4. Full-time student status, if needed to determine whether or not a family member's income is counted for the purpose of determining waitlist preference or housing eligibility.
5. Social Security numbers for all family members.
6. "Local preference" status.
7. Familial/marital status when needed for head or spouse definition.
8. Suitability factors including housing history and non-residential references.
9. Criminal history/credit history from a third-party private screening contractor.

Other items may be verified if SHA determines that they are necessary to make a determination of a applicant's eligibility or suitability for SHA housing.

#### **F. Verification of Income**

##### *1. Employment Income*

Verification forms will request the employer to specify the:

1. Dates of employment
2. Amount and frequency of pay
3. Date of the last pay increase
4. Likelihood of change of employment status, and effective date of any known salary increase during the next 12 months
5. Year to date earnings
6. 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. Oral confirmation of above information by SHA staff via phone with employer.
3. Consecutive check stubs or earning statements, which indicate the employee's gross pay; frequency of pay or year to date earnings; and employee's name and Social Security number.
4. Income tax return forms for the most current year.
5. Self-certifications (accompanied by income tax returns where possible) signed by the applicant may be used for verifying self-employment income, or income from tips and other gratuities.

If the applicant does not provide documented proof, SHA will obtain proof to verify the Federal tax data using third-party verification.

Where doubt regarding income exists, a referral to IRS for confirmation will be made on a case-by-case basis.

## 2. *Social Security, Pensions, Supplementary Security Income (SSI), Disability Income*

Acceptable methods of verification include:

1. Benefit verification form completed by agency providing the benefits
2. Award or benefit notification letters prepared and signed by the providing agency
3. Computer report electronically obtained or in hard copy
4. Copy of a bank statement showing the automatic US Treasury deposit of SS or SSI benefits into the family member's account

Seattle's local Social Security Administration office discontinued their formal third-party confirmation relationship with SHA in late 1998. Additionally, the SSA website created to provide third-party confirmation of benefit information can only be used once families have successfully leased up in a housing program. Therefore, at time of application for housing, SHA will consider all above verification forms of equal weight.

As a last resort, if all above methods of SS/SSI verification have been pursued and have not produced results, SHA will use the SHA-165, *Housing Application*, as the applicant's self-certification of any SS or SSI benefits received.

## 3. *Unemployment Compensation*

Acceptable methods of verification include, in this order:

1. Empl Security fax form generated by SHA staff and completed by ES in Olympia.
2. Computer report electronically obtained or in hard copy, from unemployment office stating payment dates and amounts.

## 4. *Welfare Payments or General Assistance*

Acceptable methods of verification include, in this order:

1. DSHS phone verification form completed by SHA staff.
2. Computer-generated notice from Department of Social and Health Services.
3. Computer-generated Notice of Action.
4. 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.

## 5. *Alimony or Child Support Payments*

Acceptable methods of verification include, in this order:

1. Computerized printout of support payment history from Office of Support Enforcement;
2. Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules; or,
3. A letter from the person paying the support, if support agreement has not been filed with the courts.

If payments are irregular, the applicant must provide one of the following forms of verification depending on circumstances:

1. A computerized printout of support payment history from the OSE showing amounts received for child support.

2. A written statement from an attorney certifying that a collection or enforcement action has been filed (only if support agreement was not filed through the courts).

#### 6. *Net Income from a Business*

In order to verify the net income from a business, SHA 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, in this order:

1. IRS Form 1040, including:
  - a. Schedule C (Small Business)
  - b. Schedule E (Rental Property Income)
  - c. Schedule F (Farm Income)
  - d. 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 or unaudited financial statement(s) of the business;
3. Credit report or loan application;
4. Documents such as manifests, appointment books, cash books, 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.
  - a. The applicant will be advised to maintain these documents in the future if they are not available;
5. Applicant's self-certification as to net income realized from the business during previous years.

#### 7. *Childcare Business*

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

If the applicant has filed a tax return, the applicant will be required to provide it. The applicant will be required to complete a Certification of Self-Employment Income form if tax documentation is unavailable.

If childcare services were terminated, a third-party verification will be sent to the parent whose child was cared for, or SHA will accept a letter from the parent, accompanied by oral confirmation of the letter's contents by SHA staff.

#### 8. *Recurring Cash or In-Kind Gifts*

The applicant must furnish a self-certification - written, signed and dated by the person/entity providing the regular gift - which contains the following information:

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

### 9. *Zero Income Status*

Applicant household members age 18 and older who claim to have no income will be required to sign a *Zero Income Affidavit* (completed by head of household and zero income family member).

The applicant must provide proof of the absence of benefits from Employment Security, Department of Social and Health Services, Office of Support Enforcement and Social Security (optional).

SHA will pursue verification through all income sources at its disposal if information is received that indicates the applicant has an unreported income source. SHA may also require a credit check to evaluate the applicant's description of its income compared to its credit relationships and recurring financial obligations.

If the applicant reports that no one in their household receives any income of any kind, the head-of-household will be required to complete a Budget Explanation form at the time of the eligibility interview. The purpose of this form is to assist SHA in determining the veracity of the applicant's claim by asking the applicant to explain how their bills and expenses are taken care of in the absence of any household income.

### 10. *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 applicant income.

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

Verification of full time student status includes written verification from the registrar's office or other school official that the student is enrolled during the semester/quarter the applicant's eligibility interview is taking place. School verification must include confirmation of full-time status according to the standards of the institution.

### 11. *Income From Assets*

Savings Account Interest Income and Dividends. Acceptable methods of verification include, in this order:

1. Account statements, passbooks, certificates of deposit, or SHA verification forms completed by the financial institution.
2. Broker's statements showing value of stocks or bonds and the earnings credited the applicant (earnings can be obtained from current newspaper quotations or oral broker's verification.).
3. IRS Form 1099 from the financial institution, provided that SHA 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 applicant 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 Applicant. Acceptable methods of verification include, in this order:

1. IRS Form 1040, with Schedule E (Rental Income).
2. Copies 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.
4. Lessee's written statement verifying rent payments to the applicant and applicant's self-certification as to net income realized.

### **G. Verification of Assets**

SHA will require the information necessary to determine the current cash value of the applicant's assets (the net amount the applicant 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 applicant 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
8. Applicant's self-certification describing assets or cash held at the applicant's home or in safe deposit boxes.

#### *Assets Disposed of for Less than Fair Market Value (FMV) During Two Years Preceding Effective Date of Interview*

SHA will obtain the applicant's certification as to whether any member has disposed of assets worth at least \$5,000.00 for less than fair market value during the two years preceding the effective date of the eligibility interview.

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

## **H. Verifying Non-Financial Factors [24 CFR 5.617(b)(2)]**

### *1. Verification of Legal Identity*

In order to prevent program abuse, SHA 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 an applicant is illegible or otherwise questionable, more than one of these documents may be required.

1. Naturalization papers
2. Current, valid Driver's license
3. U.S. military identification
4. U.S. passport or other INS document
5. Company/agency or State Identification Card
6. Department of Motor Vehicles Identification Card

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

1. Certificate of Birth or hospital verification of birth
2. Adoption papers
3. Custody agreement
4. School records
5. U.S. passport or other INS document

### *2. Verification of Marital Status*

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.

### *3. Familial Relationships*

Certification will normally be considered sufficient verification of family relationships. In cases where reasonable doubt exists, the applicant may be asked to provide verification. The following verifications may be required if applicable:

1. Verification of relationship:
  - a. Official identification showing names
  - b. Birth Certificates
  - c. Baptismal Certificates where the names of the parent(s) and the birth date are noted
2. Verification of guardianship:
  - a. Court-ordered assignment
  - b. Affidavit of parent
  - c. Verification from social services agency
  - d. School records

#### 4. *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 applicant, SHA 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, drivers 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.
7. As a last resort: If no other proof can be provided, SHA will accept a self-certification from the head of household, or the spouse or co-head if the head is the absent member.

#### 5. *Verification of Change in Household Composition*

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

#### 6. *Verification of Disability*

Verification of disability for the purpose of qualifying for an accommodation or deduction from income 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 verification provided by appropriate diagnostician such as physician, psychiatrist, psychologist, therapist, rehab specialist, or licensed social worker, using the HUD language as the verification format.

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

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. See SHA Manual Section L12.8-2 for further details.

#### 8. *Verification of Social Security Numbers* [24 CFR 5.216]

Social Security numbers must be provided as a condition of eligibility for all family members. 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 (original documents only; copies are not acceptable) listed below showing his or her Social Security number may be used for verification:

1. Identification card issued by a Federal, State or local agency (including Medicare and Medicaid)
2. Benefit award letters from government agencies
3. Retirement benefit letter from Federal, State, or local agencies.
4. Court records such as real estate, tax notices, marriage and divorce, judgment or bankruptcy records
5. Verification of benefits or social security number from Social Security Administration

New family members will be required to produce their social security card or provide the substitute documentation described above. This information is to be provided at the time the change in household composition is reported to SHA.

If an applicant is able to disclose the Social Security number but cannot meet the documentation requirements, the applicant must sign a certification to that effect provided by SHA. The applicant household will have an additional 60 days to provide proof of the Social Security number. If they fail to provide this documentation, the applicant's application for housing will be denied.

In the case of an individual at least 62 years of age, SHA 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 applicant's application for housing will be denied.

#### **I. Verification of Waiting List Preferences**

##### *1. Extremely Low Income Families*

The applicant's gross annual income (i.e. all forms of income received by the applicant prior to any deductions and annualized over a 12 month period) will be obtained by using the income verification methods described earlier in this Section. The gross annual income will then be compared to HUD's Extremely Low Income Limits for the Seattle-Everett metropolitan statistical area and adjusted for household size.

Methods of calculating household income are described in detail in L10.3-1.

##### *2. Homeless Families*

1. Written certification by a public or private facility providing shelter, the police, or a case management/transitional housing/housing search or counseling-providing social services agency.
2. Prior to processing the application, SHA requires certification from the same source that the applicant is not yet permanently housed and has been continuously homeless or temporarily housed since claiming the preference.
3. If a applicant is in transitional housing and wishes SHA to hold the applicant's place on the waiting list, a statement is required from the agency providing the transitional housing.