



Newsletter

U.S. Department of Housing and Urban Development

Office of Multifamily Housing Programs

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HUD Removed from GAO's High-Risk List

For the first time since 1994, HUD does not have any programs on the Government Accountability Office's (GAO's) "high-risk" list.

Both the Single Family Housing Mortgage Insurance and the Rental Housing Assistance programs were removed from the "high-risk" list in January 2007.

The reduction of the \$3.2 billion in gross annual improper payments due to improved program guidance, training and automated systems support and the development and implementation of the Enterprise Income Verification (EIV) system led to a 60 percent decline in gross improper payments between 2001 and 2005.

The EIV system received significant recognition for its innovation in government, including helping HUD gain a "green" score under the President's Management Agenda scorecard in 2005 and winning the Government Computer News Gala Award in 2006.

As stated by Secretary Jackson, "The success of being removed from GAO's 'high-risk' list was truly a HUD-team accomplishment, involving the efforts of HUD Headquarters and field office staff in the Offices of Housing/FHA, Public and Indian Housing (PIH), Chief Financial Officer (CFO), Policy Development and Research (PD&R) Chief Information Officer (CIO), General Counsel (GC), and others." Secretary Jackson thanks everybody for their efforts, professionalism and commitment to HUD's mission.

THE EIV SYSTEM AND YOU



Just what is the Enterprise Income Verification (EIV) system?

The EIV is a web-based system whereby users may obtain income data on their tenants for use at the time of recertification. The EIV system currently displays benefit information from the Social Security Administration SSA for use by owners and management agents

(O/A)s administering Multifamily Housing's rental assistance programs. In the future, information from Health and Human Services (HHS) National Directory of New Hires (NDNH) will also be available. The NDNH includes employment and income information such as new hires (W-4), wages and unemployment compensation. Another unique feature of EIV is the availability for an O/A to verify whether a tenant is receiving subsidy through one of Public and Indian Housing's programs or through another Multifamily Housing program.

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Where can I obtain more information on the EIV System?

The following information about EIV can be found on the multifamily EIV website at: "<http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/sysupdates.cfm>"

- EIV Systems User Administration Manual for Multifamily Housing Programs
- EIV System User Manual for Multifamily Housing Program Users
- Instructions for Accessing EIV
- Coordinator and User Access Authorization Forms
- System Security Measures
- EIV System Updates for Multifamily Housing Program Users

How do I get access to EIV?

In July 2006, HUD began providing O/As and their staff the opportunity to request access to the EIV system. Individuals needing access to EIV should follow the instructions posted on the Multifamily EIV website at:

"<http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/sysupdates.cfm>"

For further information on the EIV system, please contact:
the Multifamily EIV Helpdesk at: (800) 767-7588.

Where can I get EIV training?

On June 27 and 28, 2007, HUD's Office of Housing Assistance and Grant Administration presented an informational course via webcast on the 7.0 EIV system. The course was targeted for HUD staff, property owners, management agents, and contract administrators. Topics that were addressed included:

- Background of RHIIP
- Role of EIV in the Overall RHIIP Initiative
- Getting Access to EIV
- EIV Security Measures
- Using the EIV System

The website location of this course can be found at: www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm. The archived version can be found on www.hud.gov under the weblink.

Additional training on EIV will be conducted during FY 2008

TEST YOUR KNOWLEDGE ON THE STUDENT RULE

Test your knowledge on the eligibility of students to receive Section 8 assistance by completing the crossword puzzle in this issue of the RHIIP Newsletter. To assist you in expanding your knowledge prior to completing the crossword puzzle, you may want to read the following publications and questions and answers.

On December 30, 2005, the Final Rule on Eligibility of Students for Assisted Housing under Section 8 of the U.S. Housing Act of 1937 was published in the Federal Register. The rule implemented the requirements of Section 327 of Public Law 109-115 which placed restrictions on the eligibility of college students for Section 8 assistance. This law was amended on July 27, 2006, to exempt a student with disabilities who was receiving Section 8 assistance on November 30, 2005.

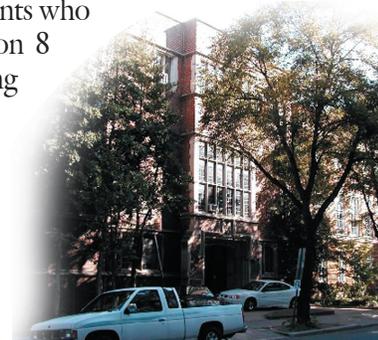
There are two parts to this law:

- 1) No Section 8 assistance shall be provided to a student who: is under the age of 24; is not a veteran of the U.S. military; is unmarried; does not have a dependent child; is not a person with disabilities, as such term is defined in section 3(b)(3)(E) of the United States Housing Act of 1937, and was not receiving Section 8 as of November 30, 2005; and is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income to receive section 8 assistance unless he/she can demonstrate independence from parents.
- 2) Any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education is considered income for that individual, except for persons over the age of 23 with dependent children.

Neither part of the law applies to a student who is living with his/her parents who are applying to receive Section 8 assistance or who are receiving Section 8 assistance.

On April 10, 2006, Supplementary Guidance was published in the Federal Register to assist with the

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implementation of the new eligibility restrictions. In addition to these publications, Student Eligibility Restriction Questions and Answers providing additional guidance are posted on the Multifamily RHIP website at:

“<http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>”

DID YOU EVER WONDER?????

Did you ever wonder how many HUD multifamily subsidy contracts there are or how many households are assisted through the Multifamily Housing's rental assistance programs or how much money was paid to owners based on TRACS data? With the wonderful world of computers, we are able to provide you with some interesting statistics.



Subsidy Contracts in TRACS

- The total number of active subsidy contracts for FY 2006 was approximately 21,818.
- TRACS automatically created FY 2004 PAS Budget Authority Reservations totaling 4,884,770,333.

Tenant Certifications in TRACS

- The total number of active households in TRACS for FY 2006 was 1,409,452.
- The total number of active household members is approximately 4,127,256.
- Certification and re-certification transactions numbered 3,206,988.
- During FY 2006, TRACS verified reported incomes for over 4 million individual tenants by matching over 8,053,776 data records from the Social Security Administration.
- During FY 2006, TRACS captured 357,801 new tenant and unit address records.

Vouchers Paid Electronically Through LOCCS

- The total amount of vouchers paid during fiscal year 2006 was \$5,610,768,198.47.
- The total number of vouchers processed by the TRACS Voucher/Payment System was 264,220 or approximately 22,018 per month.

Updates for FY 2007 will be provided in the next edition of the RHIP Newsletter.

PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA) SHARES THEIR LIST OF MOST COMMON REVIEW FINDINGS

One of the most critical tasks related to the Rental Housing Integrity Improvement Project (RHIP) that a Performance-Based Contract Administrator (PBCA) has under their Annual Contributions Contract (ACC) with HUD is to conduct Management and Occupancy Reviews (MORs) of multifamily housing projects. Findings pertaining to the Leasing and Occupancy portion of the MOR are proactively being detected during these reviews.

The Pennsylvania Housing Finance Agency (PHFA), the PBCA for the State of Pennsylvania, shares some of the most common MOR findings they have encountered thus far during their reviews. Shown below is a listing by “finding” category:

Forms

- Using outdated Race and Ethnic Data Reporting forms, HUD 27061-H
- Missing Race and Ethnic Data Reporting forms, HUD 27061-H
- Incomplete or unsigned Notice and Consent for the Release of Information, forms HUD-9887 and HUD-9887-A
- Not Updating Citizenship or Family Summary Form for family members added after move-in
- Verification forms do not ask appropriate questions and do not have Privacy Act Notice
- Initial notice and/or reminder notices have incorrect or missing cutoff dates

Verification

- Date of birth not documented
- Household relationship not verified
- Unsigned verification forms, HUD-50059s, leases, etc.
- Not attempting third party verifications
- Missing documentation for third party verifications and no explanation for use of alternate verifications
- No third party verification for tenants receiving Supplementary Security Income (SSI)
- Missing the “disposed of assets” question
- Actual value of asset used instead of cash value
- Current balance of checking accounts used instead of six-month average balance of six consecutive bank statements.

HUD-50059 and Leases

- HUD-50059 forms signed late with no explanation.
- HUD-50059 citizenship code is an incorrect code.
- HUD-50059 for gross rent change missing from tenant

file

- HUD-50059 next recertification date wrong
- Current HUD-50059 data not matched against prior HUD-50059
- Lease terms less than one year
- Lease changes, including the use of addendums, not HUD-approved

Move-out Issues

- Security deposits not returned within 30-days of move-out
- No disposition of security deposit letter
- Move-out inspections forms not in tenant file
- Move-out dates in the file do not match the move-out adjustment on the HAP voucher

Miscellaneous

- Files incomplete – missing HUD-50059s and backup documentation
- TRACS software not updated to reflect current income limits
- Tenant screening criteria not consistently applied for all applicants

Almost all of the findings listed relate to the review of the tenant files. It is important that PBCAs, as well as Traditional Contract Administrators and HUD staff who also conduct MORs, thoroughly review the tenant files and the owner's/management agent's (O/A's) management practices, address any deficiencies in the MOR report and make sure the O/A corrects any deficiencies in order to ensure that the "right benefits go to the right persons".

OIG'S RENTAL ASSISTANCE FRAUD INITIATIVE

The Office of Inspector General's (OIG's) Rental Assistance Fraud Initiative supports the Rental Housing Integrity Improvement Project (RHIP) effort. So far this fiscal year, OIG has opened 96 investigations involving HUD's Multifamily Housing programs. OIG has also closed 129 cases, resulting in 81 indictments, 76 convictions, pleas and pretrial diversions, 108 administrative actions, 2 personnel actions, 7 civil actions and 111 arrests. Some of the investigations were conducted with Federal, State and local law enforcement agencies.

The following is a summary of some of the significant investigation case results:

In Boston, Massachusetts, a former property manager of a HUD-subsidized multifamily complex, was sentenced in U.S. District Court to 2 years incarceration; 3 years supervised release, and ordered to pay \$82,571 for an earlier guilty plea to bribery. The manager solicited and received more than \$34,000 from Section 8 applicants and caused HUD losses in excess of \$151,478 when 10 unqualified tenants obtained subsidized housing units.



In Grand Rapids, Michigan, the former site manager of a HUD subsidized multifamily housing development was sentenced to 6 months incarceration, 2 years probation, and ordered to pay HUD \$119,233 restitution for her earlier guilty plea to embezzlement. The former site manager embezzled \$119,000 from the senior citizens complex by writing, endorsing, cashing, and using the funds for gambling.

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RHIP PLACES THE SPOTLIGHT ON:

Michael Torreyson



Michael Torreyson is a Supervisory Project Manager at HUD's Charleston, West Virginia Multifamily Program Center. In 2006, Michael was nominated for an Excellence in Government Award for his work with the Rental Housing Integrity Improvement Project (RHIP) initiative. The Pittsburgh Federal Executive Board awarded Michael a Bronze Award in the Chairman's Award category and a Silver Award in the Outstanding Administrative Employee category.

The RHIP initiative aims to reduce rental subsidy calculation errors for the low-income tenants of the various HUD subsidized multifamily properties. During Fiscal Year 2005, Michael created and implemented several RHIP related programs that made a substantial impact in reducing the subsidy calculation errors at both the State and National level.

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Michael created a weekly RHIP Tip email list that consisted of calculation tips and the latest news and information for the industry partners in West Virginia. This was a substantial change in business practice for HUD, as in the past, the agency expected owners and agents to regularly visit www.hud.gov for the latest news. The West Virginia RHIP Tips took a more proactive and customer friendly approach by sending the latest news directly to the recipient's inbox. A customer satisfaction survey of the office's industry partners revealed that the West Virginia RHIP Tips were one of the highest rated functions that the office provided. The service was so popular that within the first six months of operation, people from other states began to request to receive the weekly emails. With the overwhelming support of this initiative, Michael convinced HUD Headquarters to implement the program nationwide via a listserv. A national RHIP listserv has been created and a goal of 10,000 recipients has been set for this new service. This listserv will benefit the industry by creating a more informed clientele and benefit HUD by saving thousands of dollars in printing and postage costs and saving HUD employees many hours by eliminating the need for mass mailings.

Through greater education, oversight and the work of dedicated individuals like Michael, HUD has reduced the gross improper rental assistance payments by 60 percent. HUD was the first Agency to receive a status score of Green on the Eliminate Improper Payments initiative, which has contributed to the elimination of \$1.9 billion in improper rental housing assistance payments since FY 2000.

NEW GUIDANCE ISSUED FOR PROCESSING SPECIAL CLAIMS

In June 2006, the Special Claims Processing Guide (the Guide) was issued to assist in the reduction of errors in the administration of HUD's rental assistance programs. The Guide provides detailed guidance for owners and management agents on preparing and submitting special claims requests and for HUD staff and contract administrators in reviewing, approving and paying the special claims.

HUD recognizes the financial risks owners undertake in their efforts to provide affordable housing. The special claims process is one tool that owners can use to be compensated or reimbursed for their financial loss. HUD encourages owners to submit special claims to HUD or their contract administrator.

There are four types of special claims that owners can submit:

Special claims for Vacancies During Rent-up – compensation to owners for rental loss attributed to vacant units during the initial rent-up period of a property.

Special Claims for Regular Vacancies – compensation to owners for the loss of rental income of a unit that was previously occupied by an assisted tenant but has been vacant for circumstances beyond the owner's control.

Special Claims for Unpaid Rent/Damages – reimbursement to owners for a former tenant's failure to pay the monthly rent, other charges due under the lease, or for damages caused by the negligence or abuse of the former tenant.

Special Claims for Debt Service – compensation to owners for units that have been vacant beyond the 60-calendar day limit for regular vacancy (either during or after initial rent-up) in order to avoid mortgage default.

The Special Claims Processing Guide is posted on **HUDCLIPS** under **Library; Guidebooks; HSG-06-01**.
["http://www.hudclips.org"](http://www.hudclips.org)

A listing of Special Claims Processing Guide Frequently Asked Questions is posted on the Multifamily Rental Housing Integrity Improvement Project (RHIP) website under Occupancy Handbook 4350.3 Rev-1 and Related Materials.

["http://www.hud.gov/offices/hsg/mfh/rhip/mfhrhip.cfm"](http://www.hud.gov/offices/hsg/mfh/rhip/mfhrhip.cfm)

APPLYING FOR HUD HOUSING ASSISTANCE?



The Office of Inspector General (OIG) has issued a new brochure titled "Applying for HUD Housing Assistance?" Form HUD-1141, for owners to make available for persons applying for housing assistance. This brochure is available in both English and Spanish versions and replaces the "Things You Should Know" brochure.

This brochure is posted under "Forms" at:

["http://www.hudclips.org"](http://www.hudclips.org)

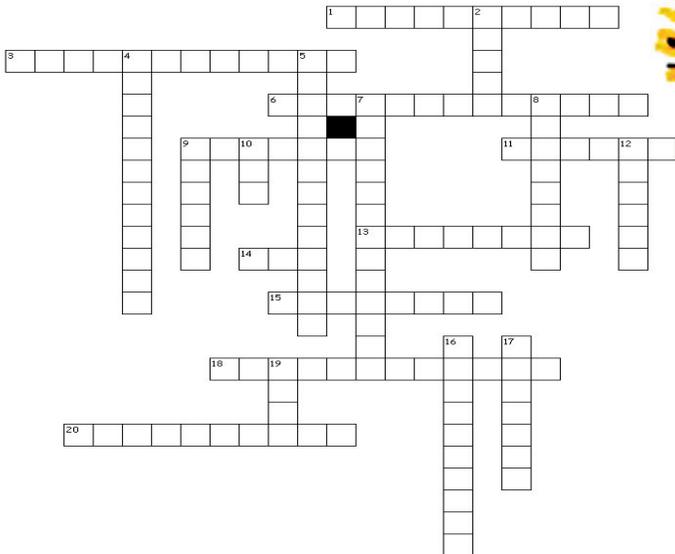
STUDENT RULE CROSSWORD PUZZLE

ACROSS

1. Owners have the _____ to use the definition for veteran or to adopt their own definition.
3. A student can be solely eligible for Section 8 once he or she can demonstrate _____ from his or her parents.
6. Students currently living in assisted housing and receiving Section 8 assistance will not be _____ in.
9. The amount of financial assistance in excess of _____ is included in annual income.
11. Be an _____ or ward of the court through the age of 18.
13. Assistance will not be _____.
14. The law does _____ apply to a student living with his or her parents in assisted housing and who are receiving section 8 assistance.
15. The income limit used for determining the parents income eligibility depends on the family size for the _____ where the parents live.
18. The _____ Guidance Notice was posted in the April 10, 2006 Federal Register.
20. The assistance will remain _____ as long as the ineligible student remains in the household.

DOWN

2. The law only applies to the Section _____ program.
4. Be a graduate or _____ student.
5. To verify income information provided by the students' parents a written declaration and _____ is required.
7. If the student does not pay his or her rent they are considered to be in _____ with the lease and may face eviction.
8. The individual must be _____ as a student in an institution of higher education.
9. Owners must update the project's _____ Selection Plan to include the requirements of the law.
10. The individual must not be claimed as a dependent by parents or legal guardians pursuant to _____ regulations.
12. Students must meet the requirements of the law at each _____ certification.
16. Owners cannot evict the _____ student nor can the owner require the student to move out as long as the student is in compliance with the lease.
17. Biological, adoptive and legal guardians are legally known as _____.
19. The law applies to both _____ time and full time students.



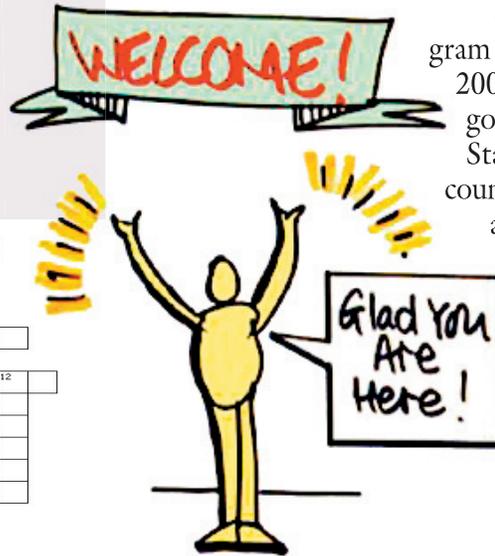
WELCOME NEW ADDITIONS TO THE OFFICE OF HOUSING ASSISTANCE AND GRANT ADMINISTRATION



Pictured from left to right are: Stanley Houle, Katina Washington, Kevin Garner and Edith Lyons. Not pictured: LaDonna Reed-Morton.

Edith Lyons, Housing Program Manager, came in August 2007, from the Los Angeles HUD Office, Multifamily Hub.

Mrs. Lyons served as the Asset Management Branch Chief of the Section 8 Performance Based Contract Administrator Oversight Team, managing a combined team in both the Los Angeles and San Diego Offices. Edith managed 1,700 troubled and non-troubled Section 8 projects throughout Southern California. Edith has over 30 years of federal government service.



Stanley Houle, Housing Program Manager, joined HUD in July 2006, after spending 25 years in state government and the private sector. Stan worked for several housing counseling firms in the Washington area and previously managed housing development programs for the Tennessee Housing Development Agency.

Kevin Garner, Housing Program Manager, came in September 2006. Kevin has worked in the housing industry off and on for 10 years, including a few years with the Prince Georges County Housing Authority. Most recently he worked with HUD's Lead Abatement Division as a contractor through the National Safety Council.

LaDonna Reed-Morton, Housing Program Manager, came in

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May 2006, from the Office of Public and Indian Housing (PIH). Prior to coming to work at HUD, she was the Program Manager of the HUD RHIIP initiative. LaDonna is supporting Housing in furthering the Enterprise Income Verification (EIV) system effort, a critical component in the RHIIP initiative. She has a B.A in Political Science from East Tennessee State University and a Master's Degree in English with a concentration in Professional Writing and Editing from George Mason University.

Katina Washington came on board in July 2006 as a Federal Career Intern. Before coming to HUD, Katina worked for the Prince Georges County Health Department in Maryland (PGCHD) as a program assistant. She has a B.S. in Business Administration with a concentration in Marketing from Bowie State University and is currently pursuing her Masters Degree in Public Administration.

CONSENT FOR THE RELEASE OF INFORMATION FORMS REVISED

The Consent for the Release of Information forms HUD-9887 and HUD-9887-A were revised in February 2007. Owners and management agents must now use these forms when processing applicants for admission and at the time of annual recertification. The revised forms now include the Department of Health and Human Services' (HHS) National Directory of New Hires (NDNH) as a verification source. Once the NDNH data becomes available to O/As, the signature on the forms will give consent to the O/A to use NDNH data to verify the income of its applicants and tenants. The forms are posted on the web at:

“<http://www.hudclips.org>”

CHANGE TWO ISSUED

Change Two to Handbook 4350.3 REV-1, Occupancy Requirements of Subsidized Multifamily Housing Programs, was issued on June 29, 2007, and is now posted at www.hudclips.org. This is the first time since issuance of the Handbook in May 2003 that revisions have been made throughout the entire handbook. While Change Two is quite extensive, many of the changes are minor corrections and clarifications based on comments received, while other changes provide updates to existing policies and requirements. The transmittal posted with the Handbook provides a listing of where revisions were made and gives a brief description of each revision.

ANSWERS TO STUDENT RULE CROSSWORD PUZZLE

Across:

- 1. Discretion
- 3. Independence
- 6. Grandfathered
- 9. Tuition
- 11. Orphan
- 13. Prorated
- 14. Not
- 15. Locality
- 18. Supplemental
- 20. Terminated

Down:

- 2. Eight
- 4. Professional
- 5. Certification
- 7. Noncompliance
- 8. Enrolled
- 9. Tenant
- 10. IRS
- 12. Annual
- 16. Ineligible
- 17. Parents
- 19. Part



SUBSCRIBE NOW



Subscribe to the Multifamily RHIIP Tips Listserv to receive emails with the latest release of items of interest to HUD's Multifamily Housing business partners as well as occupancy tips for reducing errors in the rental assistance programs.

To subscribe

- 1. Visit “<http://www.hud.gov>” <http://www.hud.gov>
- 2. Click on the “**Mailing List**” Link on the bottom left of the page
- 3. Click on the **Multifamily RHIIP Tips Listserv** link
- 4. **Enter** your email address

After entering your email address at this page, a verification email will be sent to your account. You must confirm your subscription in order for your registration to be completed.

U.S. Department of Housing and Urban Development

Office of Housing

Office of Multifamily Housing Programs

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OIG Fraud Initiative... *continued from page 4*

<http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>

In Chicago, Illinois, a FHA mortgagor and former Section 8 tenant at a HUD-funded multifamily housing complex, was sentenced in U.S. District Court to 6 months home confinement, three years probation, and ordered to pay HUD \$47,348 restitution for her previous guilty plea to false statements. The tenant failed to report income, the purchase of an FHA-insured home and two subsequent FHA-insured refinances, or her non-residency, and the business use of the HUD-subsidized housing unit on annual certification.

In Boston, Massachusetts, a former Section 8 tenant at a HUD-subsidized multifamily housing complex, was convicted in U.S. District Court of theft of government funds, aggravated identity theft, and illegally obtaining a Social Security number.

The tenant illegally acquired and used the identity of another to obtain more than \$15,000 in housing assistance she was not entitled to receive.

OIG FRAUD INITIATIVE

In Portland, Maine, a former Section 8 tenant at a HUD-funded multifamily housing complex, was sentenced in U.S. District Court to 13 months incarceration, 3 years probation, and ordered to pay HUD \$15,000 restitution for his earlier guilty plea to false statements to HUD. The tenant falsified assets and income on annual certifications and obtained \$15,000 of housing assistance he was not entitled to receive.

In Beaumont, Texas, a former managing agent for a HUD-funded multifamily housing complex,

pleaded guilty in U.S. District Court to embezzlement from a federally funded program. From August 2000 to June 2003, the agent paid himself an unauthorized annual salary of \$60,000 and hid the salary payments by manipulating accounts under his control.

