

HUD Responds to NAHMA Member Questions Raised at Summer Meeting in Vail

During the NAHMA Summer Meeting in Vail, Colorado, a number of questions were directed at HUD officials Marcie LaPorte, Linda Cluck and Mary Ellen McFarlane, which could not be immediately answered. HUD has now responded to those questions which follow:

"Thanks once again for the opportunity to participate in the NAHMA Summer Meeting. Linda, Mary Ellen and I enjoyed seeing our clients, meeting new owners/agents, and discussing their concerns.

1. A question came up during the panel presentation from Carol Glodney of G&K Management regarding if a Title II Preservation property is eligible for a mark-up to market rent increase after the loan matures. Linda called Carol back to discuss her case individually, but generally, the owner should review the language in the Plan of Action and the Use Agreement. It is our understanding that most properties are eligible to renew their contract using the Operating Cost Adjustment Factor, but are not eligible to mark their rents up to market.

2. During our panel discussion an audience member made a statement to the HUD representatives and the audience regarding information provided by the Enterprise Income Verification (EIV). It was stated that the information in EIV could not be used for third party verification. This is not a completely accurate statement; if the information in EIV is the same as what the tenant reports, or when the tenant does not dispute the EIV data, the owners/agents (O/As) may use the EIV data and tenant-provided documents for third party verification and for income calculation.

Using EIV is a new way of doing business. The process of accepting tenant-provided documents to complement the data in EIV replaces the more time-consuming, costly and less accurate third party verification process.

O/As must obtain independent third party verification when the tenant disputes the EIV data, the tenant is unable to provide acceptable and current income documentation, the EIV data is incomplete or there is no EIV data.

3. Another member asked a question regarding tenant fraud - what do you do if you discover fraud when using the EIV system? O/As may not suspend, terminate, reduce, make a final denial of rental assistance or take any other adverse action against an individual based on the data in EIV without further investigation taking place. O/As must follow the guidance provided in HUD Handbook 4350.3 REV-1, Chapter 8, Paragraph 8-17 for investigating discrepancies. If it is determined that a tenant had unreported or underreported income through an omission, they must reimburse the owner the full calculated amount. If the tenant cannot pay the full amount owed in one payment, the O/A should enter into a repayment agreement with the tenant. If the O/A determines that the tenant is in non-compliance with their lease because they knowingly provided incomplete or inaccurate information, the O/A must follow the guidance in Chapter 8, Section 3 of HUD Handbook 4350.3 REV-1 for terminating assistance or tenancy.

4. We'll share the other comments by the audience with Headquarters regarding 1) will NAHMA will be able to comment on the Section 8 guidebook changes; and 2) how will auditors be able to certify the information in EIV if they are not registered in the system.

Please let me know if there are any questions. Thanks again.

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