



## Verification Basics

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When juggling the busy day-to-day activities of an affordable property, it's often easy to take a few shortcuts when you need to complete a certification for a move-in or when an annual recertification date is looming for a resident. It can be helpful to stop, take a breath, and review the basic eligibility certification requirements. One of the key certification requirements is the verification of member information, income, assets, and deductions. Let's take a closer look at the verification rules.

The rules for verifying income, assets, and other information can be found in Chapter 5 of the HUD Handbook 4350.3 Rev-1, Occupancy Requirements of Subsidized Multifamily Housing Programs. A list of acceptable verifications for different types of information can be found in Appendix 3 of the 4350.3.

### The Basic Rules

Verification of applicant and resident information must be done for:

- initial move-ins,
- annual recertifications, and
- changes in incomes, allowances, or household statuses that are reported to management between annual certifications.

You should have all applicants and adult household members sign separate releases and consent forms before you start the verification process.

The standard types of verifications are (in order of importance):

- **Third party:** Verifications from disinterested persons that have no vested interest in the eligibility of the household—such as employers, banks, or credit unions—are the most reliable and trustworthy verifications. Third-party verifications can be:
  - Written – Ideally, all third-party verifications should be written. These verifications should be sent directly to the third party; the applicant or resident should not handle the verification form.
  - Oral – Information can be verified over the telephone with reliable third-party sources. Oral verifications are used when responses to written verification requests are not received in time and must be documented in the file.
  - Electronic – Written verifications can be completed by fax, e-mail, or through the Internet if the senders are valid third-party sources. Both fax and e-mail verifications should include information about



the verification source (fax number, e-mail address, company name, etc). Internet-based information can also be used if it can be viewed or printed from a reliable source.

- **Review of documents:** Documents supplied by applicants or residents such as pay stubs and checking account statements can be used if the third-party verification is not received within a reasonable amount of time or if the verification source charges a fee for the verification. These documents should be originals and be current and complete. Your company should have a standard policy on the type and number of documents accepted for review and verification. Include a copy of the documents in the file if possible.
- **Self-certification:** Applicants and residents can provide notarized statements if information cannot be verified by third-party verifications or if a review of documents is not possible.

Remember that verifications have expiration dates; they are valid for 90 days after they are received. You can extend a verification for an additional 30 days with an oral (phone) update directly with the source. Be sure to document the conversation. In addition, verifications must be kept in tenant files with certifications.

### **Verifications for Low-income Housing Tax Credits (Sec. 42) Properties**

The verification requirements for tax credit properties follow the HUD rules for the most part, but there are some differences, including:

- Interim recertifications are not required by Internal Revenue Code Section 42, but may be required by some states agencies or management company policies.
- Individual assets do not have to be verified if the total value of a household's assets is less than \$5,000 and the household provides a self-affidavit.
- Student status must be thoroughly monitored and verified.

Check with your management company and state compliance agency if you have questions on the acceptable types and timing of verifications.