

Repayment Agreements

North Tampa Housing Development Corporation

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Session Instructor

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Repayment Agreement

- Since EIV became mandatory, there has been an increase in Repayment Agreements due to unreported income.
- Tenants are obligated to reimburse the Owner/Agent (O/A) if they are charged less rent due to failure to report income.
- Tenants are not responsible for undercharges due to O/A error in calculation.



Repayment Agreement

- The tenant is required to reimburse the O/A for the difference in the amount of tenant rent that should have been paid and the amount of rent charged.
- The tenant may enter into a Repayment Agreement with the O/A for the amount owed if they cannot pay the full amount due.



Repayment Agreement

- The O/A must go back to the time the unreported or underreporting of income started, not to exceed the 5 year limitation that the tenant was receiving assistance discussed on forms HUD-9887 and HUD-9887-A, and calculate the difference in the amount of rent the tenant should have paid from what was actually paid. A record of this calculation must be provided to the tenant and retained in the tenant's file.



Three types of Repayment Options

- 1) Lump sum payment
- 2) Repayment Agreement
- 3) Combination of the above



Repayment Agreement

- The tenant and the O/A must agree on the terms of the Repayment Agreement.
- The Repayment Agreement must be signed by both the tenant and the O/A.
- The Repayment Agreement must be submitted to NTHDC upon initial reporting on the voucher.



Repayment Agreement

- Monthly payment must be what the tenant can afford to pay based on income.
- The monthly payments plus the TTP must not exceed 40% of tenant's income when added to monthly rental payment.
- Monthly rent payments must not be applied to the amount due on the repayment agreement.



Repayment Agreement

- The Repayment Agreement must reference the lease where tenant could be in non-compliance if agreement is not followed and may be subject to termination of tenancy.
- The Repayment Agreement must contain a clause to revisit the terms of the agreement due to fluctuation in income.



Repayment Agreement

- The O/A may retain a portion of the repayments they actually collect from the tenants to help defray the cost of pursuing these cases. The O/A may only retain an amount to cover their actual costs up to 20% of the amount collected from the tenant.
- The O/A must keep records of all costs incurred and provide them if requested by HUD/CA.
- Funds retained by the O/A must be deposited in the property funds account.



Repayment Time Period

- Example: The tenant agrees to repay \$1,000, and agrees to monthly payments of \$25.
 $\$1,000/\$25 = 40$ months (time period).



Repayment Time Period

- Effective with the issuance date of this Notice, new repayment agreements must:
- Include total retroactive rent amount owed, the amount of lump sum paid at time of execution of the agreement, if applicable, and the monthly payment amount.
- Reference the paragraphs in the lease whereby the tenant is in noncompliance and may be subject to termination of their lease.



Repayment Time Period

- Contain a clause whereby the terms of the agreement will be renegotiated if there is a decrease or increase in the family's income of \$200 or more per month.
- Include a statement that monthly retroactive rent repayment amount is in addition to the family's monthly rent payment and is payable to the O/A.



Repayment Time Period

- Late and missed payments constitute default of the repayment agreement and may result in termination of assistance and/or tenancy.
- Be signed and dated by the tenant and the O/A.



Voucher Reporting

- The O/A must process corrected 50059's and submit electronically through IMAX.
- The O/A should have a negative adjustment on the HAP for the amount owed back to HUD.
- The HAP should also have a miscellaneous adjustment for a positive amount to offset the amount taken back.



Voucher Reporting

- The miscellaneous adjustment must include the tenant's name, unit number and reason for adjustment. Ex. Reversal of adjustment due to repayment agreement.
- The negative adjustment in the retro adjustment section of the HAP should match the positive adjustment created in the miscellaneous section unless there is a notation explaining the difference.



Voucher Reporting

Example:

Site submits corrected certifications and the total adjustment based on those certifications submitted is (\$750). The positive adjustment should also be for \$750 unless another explanation is provided.



Voucher Reporting

Common reasons the positive and negative adjustments do not match:

- 1) There is a certification missing that needs to be submitted.
- 2) The adjustment period may be different and may not include all the certifications submitted.
- 3) The Tenant may have a credit on their account and so the positive adjustment may be less than the negative.



Voucher Reporting

- As the tenant makes monthly payments per the Repayment Agreement, the O/A must enter them as a negative (OARQ) miscellaneous accounting adjustment on the HAP to pay back the money to HUD.
- If the O/A is deducting his/her costs from the payment received from the tenant, the OARQ Miscellaneous Account Request will be for the amount collected from the tenant less the O/A's costs. Include a comment indicating amount retained by the O/A.



Guidance on Repayment Agreements

For information on Repayment Agreements, please refer to the following:

- MAT User Guide (TRACS Monthly Activity Transmission), Chapter 4.
- HUD Housing Notice H 10-10
- Chapter 8, Paragraph 20 of Handbook 4350.3 REV-1.
- EIV Webcast - <http://portal.hud.gov/portal/page/portal/HUD/webcasts/archives/multifamily>

Please also visit our website at www.NTHDC.org



Repayment Agreement

Questions

