Repayment Agreements

North Tampa Housing Development Corporation

Jacksonville O/A Training Seminar
Jacksonville, FL
September 28, 2010
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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.
• 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.
• 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:

- HUD Housing Notice H 10-10
- Chapter 8, Paragraph 20 of Handbook 4350.3 REV-1.

Please also visit our website at www.NTHDC.org
Repayment Agreement

Questions