



The CA Quarterly Review

Summer 2013 Edition

June 21, 2013

North Tampa Housing Development Corporation

**From the Desk of Cedric Hernandez,
State Program Manager**

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Florida is a great place to be in the Summer. Whether it is a vacation, trip to the nearest beach or visit to an amusement park, we have many great choices. Unfortunately, June is also the beginning of Hurricane Season.

This is a great time to educate your tenants regarding storm preparation and safety measures. Once again we will be hoping for a light season while also planning for the worst. Please be prepared. The HUD Handbook 4350.1, Chapter 38: Multifamily Emergency/Disaster Guidance provides HUD's policies and procedures regarding disaster

recovery. You may also visit FEMA at www.ready.gov/hurricanes.

In other news, HUD released a PBCA Rebid update recently. In it, HUD stated they intend to announce selection of PBCAs on August 1, 2013 unless prohibited by the United States Court of Appeals Federal Court of Appeals. Several Plaintiffs have filed requests for a stay and are currently in the appeal process. Depending on the outcome, the announcement date released by HUD may be impacted.

Once again I would like to take the time to thank all of your contributions and continued commitment to furthering Affordable Housing. I speak for all of us here at NTHDC when I say it is a pleasure working with all of you as the PBCA for the state of Florida and the U.S Virgin Islands.

Cedric Hernandez
NTHDC State Manager, Florida & U.S. Virgin Islands

What's New on HUDClips

Posted Date

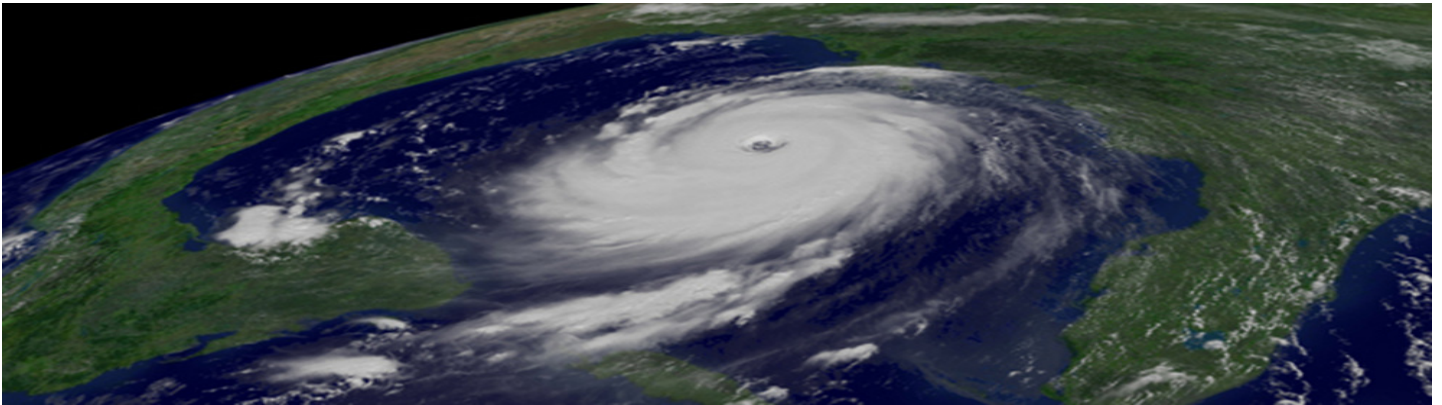
5/30/2013	<u>Housing Notice 2013-17</u>	Updated Requirements for Prepayment and Refinance of Section 202 Direct Loans
6/3/2013	<u>Housing Notice 2013-16</u>	Exemption of Annual Financial Statement Submission for HUD-Assisted Properties with Section 515 Rural Rental Housing Mortgage Financing
5/30/2013	<u>FR-5711-N-01</u>	Notice of Regulatory Waiver Requests Granted for the First Quarter of Calendar Year 2013
5/24/2013	<u>FR-5586-P-01</u>	Pet Ownership for the Elderly or Persons With Disabilities in Multifamily Rental Housing; Accumulation of Deposits for Costs Attributable to Pets
5/22/2013	<u>FR-5697-N-01</u>	Section 8 Housing Assistance Payments Program-Annual Adjustment Factors, Fiscal Year 2013
4/30/2013	<u>FR-5648-N-04</u>	Final Fair Market Rents for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program Fiscal Year 2013-Revised
4/30/2013	<u>FR-5714-N-01</u>	Notice of Intent to Change HUD-Wide the Operating Model of the Office of Multifamily Housing
3/12/2013	<u>Housing Notice 2013-06</u>	Revised Enterprise Income Verification (EIV) notice

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Hurricane Season is Here

Hurricane Season began on June 1st and will end on November 30th. Being prepared for a storm can minimize property damage and in some cases, mean the difference between life and death. Being prepared is not just a task for apartment managers along the coastlines. It is equally important that inland properties be prepared for a storm and have an evacuation plan.



How Can I Prepare for a Storm?

- ◆ Make a plan. Put the plan in writing and distribute it to all of the residents at your property. Meet with residents to review and discuss preparedness and evacuation procedures in the event of a hurricane watch or warning.
- ◆ Build a hurricane kit. Ensure that you have emergency contact information for all of your residents and that the list is located in a secondary location apart from the property. Encourage your residents to create a list of important information such as their doctor and pharmacy contact, a list of all medications. Also include insurance information such as agent contact and policy numbers. And be sure to have a plan for your pets.
- ◆ Contact your local or regional planning council. Most planning councils offer templates and tips and have training materials available to help ensure that you are prepared for hurricane season.



Hurricane Season is Here

What Should I Do During a Hurricane?

If a hurricane is likely in your area, you should:

- ◆ Listen to weather forecasts and radio and television information.
- ◆ Ensure that the property is secure by closing storm shutters, windows, outdoor furniture etc.
- ◆ Turn off utilities if instructed by emergency management agencies. Otherwise, instruct residents to turn the refrigerators to the coldest settings and keep the doors closed.
- ◆ Ensure propane tanks have been turned off.
- ◆ Try to avoid using your cell phone, unless absolutely necessary.
- ◆ Evacuate if you are instructed to do so by your local authorities.

What Do I Do After the Hurricane?

- ◆ Continue to stay informed by listening to the NOAA weather radio and news information.
- ◆ If a catastrophic situation has occurred, contact FEMA.
- ◆ Residents should be informed that if they are displaced in an emergency, they are responsible for advising the owner and/or the owner's representative of their temporary housing location and their intentions during and after the emergency/disaster.
- ◆ If the displaced residents have a new, temporary address or telephone number, they should provide it to the owner or agent of the development from which they were displaced.
- ◆ Residents should also be advised that due to potentially dangerous conditions, they may not have ready access to their possessions.
- ◆ Owners are responsible for securing the property to the best of their ability immediately after the emergency, and to protect the personal property of the residents. Residents will need to contact their insurance agent (rental insurance) for any coverage on their personal property.
- ◆ Disposal of any personal property must be done in accordance with local law. Additionally, owners may take action to terminate a lease and dispose of personal property in accordance with local law when displaced residents indicate their intention not to return or fails to respond to the owner's notice.
- ◆ In the event a property's rental office has to be vacated, the owner should publish where he or she can be contacted and should regularly inform residents as to progress making repairs and when they might re-occupy their residence.
- ◆ Owners also have a responsibility to ensure that the property is secured and that residents' possessions and valuables are secured and protected to the greatest extent possible.
- ◆ It is very important that you notify your HUD Project Manager immediately in the event your property has sustained physical damage as a result of fire, flood, wind, or any other natural disaster.
- ◆ The owner must submit a damage report to the HUD Project Manager via fax or owners can email reports to DamageAssessmentsFlorida@hud.gov or fax to (904) 232-1532 for Florida and MFDamagesAssessmentPR&VIUsers@hud.gov or fax to (787) 766-5522 for the Virgin Islands.

Hurricane Season is Here

Residents' Right to Return

- ◆ Residents displaced by a hurricane have the right to return to the unit with which they were displaced; however, if a tenant signs a lease at an alternative location during the displacement he or she is no longer considered displaced and is no longer eligible to return. The owner has no further obligation to the resident and may therefore proceed to re-rent the unit. Owners and agents are encouraged to allow residents to return, even in cases where the owner has no obligation to allow the resident to return.
- ◆ Once a disaster-displaced resident has chosen alternative means of permanent housing, the resident is required to give the landlord notice of termination as outlined by their lease. The resident may need additional time to arrange for their belongings to be moved, and owners are encouraged to be flexible.
- ◆ When disaster-displaced residents have been placed in mass shelters, hotels and other non-permanent housing, owners should make every effort feasible in order to locate the disaster-displaced residents as soon as possible. Owners should also encourage the residents to keep them informed regarding their whereabouts.
- ◆ Owners are required to inform residents in writing at least 60 days prior to the expected date their unit will be ready for re-occupancy. Residents must respond within 30 days to inform the owner of their intention to return or not. In the event the tenant wishes to return to the unit upon readiness, the owner must give the resident a minimum of 60 days from the date the unit was ready for re-occupancy to re-occupy the unit.

Providing Temporary Housing to Disaster-Displaced Residents

- ◆ Owners are required to give a waiting list priority to applicants who are victims of presidentially declared disasters for either temporary or permanent multifamily housing financed under 221(d)(3), 221(d)(3) BMIR, 221(d)(4) and 236 programs.
- ◆ Owners are encouraged to lease units to people displaced by a disaster. HUD recommends a 30-day renewable lease.
- ◆ Disaster-displaced residents must pay market rent for a unit being leased as temporary housing. Since the resident is to pay market rent, there is no need to process income certifications.
- ◆ If a disaster-displaced resident leases a project-based unit permanently, FEMA and other disaster related assistance is excluded from income. The only exception to this rule is in the case where funds are deposited into an account or investment.

Links:

<http://www.fldisasterhousing.org/>

<http://www.vitema.gov/>

<http://www.ready.gov/hurricanes>

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/dri

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/disasterguide

EIV Document Retention

As you know, the usage of EIV became mandatory on January 31, 2010. HUD Notice 2008-03 which has now been replaced by HUD Notice 2013-06 provides guidance on the retention and destruction of EIV data.

Retention of EIV Reports

As a general rule, any EIV report pertaining to a specific tenant must be kept in the tenant file for as long as the tenant resides at your property plus an additional three years. More specifically, the Income Report, Summary Report showing the Identity Verification as “Verified” and the Income Discrepancy Reports and any supporting documentation must be kept in the tenant file for the term of tenancy plus three years. Any tenant provided documentation such as pay stubs or certifications as well as any other third party verification of income must also be maintained in the tenant file for the same timeframe, the term of tenancy plus an additional three years.

Retention Requirements of the Existing Tenant Search

There are two retention scenarios for the Existing Tenant Search Report. First, If the applicant was not admitted, the application and search results must be retained for three years. You must retain the report in the same location as the application. Second, if the applicant is subsequently admitted tenancy, the application and search results must be retained in the tenant file for the remainder of their tenancy plus three additional years.

Retention of Documents in the Master File

Reports retained within the Master File must be retained for three years. These reports include:

- ◆ The New Hires Report
- ◆ Identity Verification Reports
- ◆ Multiple Subsidy Reports
- ◆ Deceased Tenants Report

It is important to note the retention requirements for the reports listed above are not the same as the reports retained within the specified tenant file. If, for instance, you run the Deceased Tenants Report and you get a hit for a current tenant, then you must maintain the report both in the Master File and in the correlating tenant file. You must ensure that the retention requirements are met for both the Tenant File and the Master File, which will not necessarily be the same.

Disposal of EIV Information

As the use of EIV became effective more than three years ago, it is possible that you may have EIV information that qualifies for disposal. Before you dispose of the EIV information, you are encouraged to double check the dates to ensure that you are in compliance with the retention requirements.

EIV reports, particularly the earlier reports, contain sensitive tenant information such as social security numbers, tenant names, and income related information. The proper disposal of this information should be handled with great care, ensuring the prevention of any unauthorized access to EIV data. Owners and Agents must adhere to the disposal methods prescribed in their respective policies and procedures, whether it be shredding, burning or pulverizing the data. For more information, please review [HUD Notice 2013-06](#)

Proposed Rule on Pet Deposits in Housing for the Elderly and Disabled

HUD regulations governing multifamily rental housing for the elderly or persons with disabilities allow for the residents of such housing to own common household pets, subject to the residents' paying a refundable pet deposit. Currently, the regulations require that owners of HUD-assisted multifamily rental housing for the elderly or persons with disabilities collect the deposit and any increases in the deposit from the pet owner only through gradual accumulation; that is, via an initial payment not to exceed \$50 followed by subsequent monthly payments not to exceed \$10 until the maximum deposit of \$300 is received.

Conversely there is no such requirement for public housing authorities. HUD regulations provide PHAs and owners of other HUD-assisted multifamily rental housing discretion to determine whether to gradually accumulate a pet deposit and any increases to the pet deposit or to require the entire deposit in one lump sum

This proposed rule would provide owners of HUD-assisted multifamily rental housing for the elderly or persons with disabilities, now subject to the gradual-accumulation pet deposit requirement, with the same flexibility, thereby bringing consistency to the pet deposit requirements for HUD programs and better enabling owners of such housing to handle the costs associated with pet ownership by tenants. This proposed rule only applies to policies for pets and not to service or assistance animals for persons with disabilities.

The potential benefits of the rule include a reduced burden on owners who have to cover costs associated with repairs, replacements, fumigation, and animal facilities when such costs result from pets on the premises and accrue before the entire pet deposit is accumulated and decrease the time and money spent to manage the gradual accumulation of the required pet deposit. There are also administrative costs associated with the management of pet-deposit accounts. Under current HUD regulations, there is a need to manage the gradual accumulation of the required pet deposit and the proposed rule will eliminate such a need. The implementation of this proposed rule will result in some savings, however small, for the owners if they do not have to manage the monthly payments of pet deposits.

The proposed rule is open for comments with the comments due by July 23, 2013. Interested parties may send their comments to 451 7th Street SW,. Room 10276, Washington D.C. 20410 or electronically at www.regulations.gov or contact Marie D. Head (202) 708-2495

What is the ADA's Definition of a Service Animal?

The Department of Justice's (DOJ) amendments to its regulations' for Titles II and III of the ADA limit the definition of "service animal" under the ADA to include only dogs, and further define "service animal" to exclude emotional support animals.

When using the ADA definition to determine if an animal is a service animal, a covered entity shall not ask about the nature or extent of a person's disability, but may make two inquiries to determine whether an animal qualifies as a service animal. A covered entity may ask:

- (1) Is this a service animal that is required because of a disability? and
- (2) What work or tasks has the animal been trained to perform?

A covered entity shall not require documentation, such as proof that the animal has been certified, trained, or licensed as a service animal.

These are the only two inquiries that an ADA-covered facility may make even when an individual's disability and the work or tasks performed by the service animal are not readily apparent (*e.g.*, individual with a seizure disability using a seizure alert service animal, individual with a psychiatric disability using psychiatric service animal, individual with an autism-related disability using an autism service animal).

A covered entity may not make the two permissible inquiries set out above when it is readily apparent that the animal is trained to do work or perform tasks for an individual with a disability (*e.g.*, the dog is observed guiding an individual who is blind or has low vision, pulling a person's wheelchair, or providing assistance with stability or balance to an individual with an observable mobility disability).

The animal may not be denied access to the ADA-covered facility unless:

- ♦ The animal is out of control and its handler does not take effective action to control it;
- ♦ The animal is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination); or
- ♦ The animal poses a direct threat to the health or safety of others that cannot be eliminated or reduced to an acceptable level by a reasonable modification to other policies, practices and procedures.

A determination that a service animal poses a direct threat must be based on an individualized assessment of the specific service animal's actual conduct - not on fears, stereotypes, or generalizations. The service animal must be permitted to accompany the individual with a disability to all areas of the facility where members of the public are normally allowed to go."

Is The ADA Definition the Only Definition to Consider for Section 8 Housing?

No, The ADA definition does not take into consideration the housing providers' obligations to make reasonable accommodations for assistance animals under the FHAct or Section 504. Persons with disabilities may request a reasonable accommodation for any assistance animal, including an emotional support animal, under both the FHAct and Section 504. In situations where the ADA and the FHAct/Section 504 apply simul-

What is the ADA's Definition of a Service Animal?

taneously (*e.g.*, a public housing agency, sales or leasing offices, or housing associated with a university or other place of education), housing providers must meet their obligations under both the reasonable accommodation standard of the FHAct/Section 504 and the service animal provisions of the ADA.

The FHAct and the U.S. Department of Housing and Urban Development's (HUD) implementing regulations prohibit discrimination because of disability and apply regardless of the presence of Federal financial assistance. Section 504 and HUD's Section 504 regulations apply a similar prohibition on disability discrimination to all recipients of financial assistance from HUD. The reasonable accommodation provisions of both laws must be considered in situations where persons with disabilities use (or seek to use) assistance animals in housing where the provider forbids residents from having pets or otherwise imposes restrictions or conditions relating to pets and other animals.

Is an Assistance Animal a Pet?

An assistance animal is not a pet. It is an animal that works, provides assistance, or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. Assistance animals perform many disability-related functions, including but not limited to, guiding individuals who are blind or have low vision, alerting individuals who are deaf or hard of hearing to sounds, providing protection or rescue assistance, pulling a wheelchair, fetching items, alerting persons to impending seizures, or providing emotional support to persons with disabilities who have a disability-related need for such support.

Must Assistance Animals be Trained?

For purposes of reasonable accommodation requests, neither the FHAct nor Section 504 requires an assistance animal to be individually trained or certified. While dogs are the most common type of assistance animal, other animals can also be assistance animals.

Do I Have to Approve All Requests? Are There Criteria to Deny a Request?

Housing providers are to evaluate a request for a reasonable accommodation to possess an assistance animal in a dwelling using the general principles applicable to all reasonable accommodation requests. After receiving such a request, the housing provider must consider the following:

- ◆ Does the person seeking to use and live with the animal have a disability — *i.e.*, a physical or mental impairment that substantially limits one or more major life activities?
- ◆ Does the person making the request have a disability-related need for an assistance animal? In other words, does the animal work, provide assistance, perform tasks or services for the benefit of a person with a disability, or provide emotional support that alleviates one or more of the identified symptoms or effects of a person's existing disability?

If the answer to question (1) **or** (2) is "no," then the FHAct and Section 504 do not require a modification to a provider's "no pets" policy, and the reasonable accommodation request may be denied. Where the answers to questions (1) **and** (2) are "yes," the FHAct and Section 504 require the housing provider to modify or provide an exception to a "no pets" rule or policy to permit a person with a disability to live with and use an assistance animal(s) in all areas of the premises where persons are normally allowed to go, unless doing

What is the ADA's Definition of a Service Animal?

so would impose an undue financial and administrative burden or would fundamentally alter the nature of the housing provider's services.

The request may be denied if:

- ♦ The specific assistance animal in question poses a direct threat to the health or safety of others that cannot be reduced or eliminated by another reasonable accommodation, or
- ♦ The specific assistance animal in question would cause substantial physical damage to the property of others that cannot be reduced or eliminated by another reasonable accommodation. Breed, size, and weight limitations may not be applied to an assistance animal.

Conditions and restrictions that housing providers apply to pets may not be applied to assistance animals. For example, while housing providers may require applicants or residents to pay a pet deposit, they may not require applicants and residents to pay a deposit for an assistance animal.

Can I reject the request if the dog is a 'fighting breed'?

A determination that an assistance animal poses a direct threat of harm to others or would cause substantial physical damage to the property of others must be based on an individualized assessment that relies on objective evidence about the specific animal's actual conduct — not on mere speculation or fear about the types of harm or damage an animal may cause and not on evidence about harm or damage that other animals have caused.

What if the person making the request doesn't look like he or she needs a service animal?

A housing provider may not deny a reasonable accommodation request because he or she is uncertain whether or not the person seeking the accommodation has a disability or a disability related need for an assistance animal. Housing providers may ask individuals who have disabilities that are not readily apparent or known to the provider to submit reliable documentation of a disability and their disability-related need for an assistance animal. If the disability is readily apparent or known but the disability-related need for the assistance animal is not, the housing provider may ask the individual to provide documentation of the disability related need for an assistance animal.

For example, the housing provider may ask persons who are seeking a reasonable accommodation for an assistance animal that provides emotional support to provide documentation from a physician, psychiatrist, social worker, or other mental health professional that the animal provides emotional support that alleviates one or more of the identified symptoms or effects of an existing disability. Such documentation is sufficient if it establishes that an individual has a disability and that the animal in question will provide some type of disability-related assistance or emotional support. However, a housing provider may not ask a tenant or applicant to provide documentation showing the disability or disability-related need for an assistance animal if the disability or disability-related need is readily apparent or already known to the provider. For example, persons who are blind or have low vision may not be asked to provide documentation of their disability or their disability-related need for a guide dog. A housing provider also may not ask an applicant or tenant to provide access to medical records or medical providers or provide detailed or extensive information or documentation of a person's physical or mental impairments.

What is the ADA's Definition of a Service Animal?

Like all reasonable accommodation requests, the determination of whether a person has a disability-related need for an assistance animal involves an individualized assessment. A request for a reasonable accommodation may not be unreasonably denied, or conditioned on payment of a fee or deposit or other terms and conditions applied to applicants or residents with pets, and a response may not be unreasonably delayed.

What Happens if I Fall under Multiple Laws? How Do I Apply Them?

Certain entities will be subject to both the service animal requirements of the ADA and the reasonable accommodation provisions of the FHAct and/or Section 504. These entities include, but are not limited to, public housing agencies and some places of public accommodation, such as rental offices, shelters, residential homes, some types of multifamily housing, assisted living facilities, and housing at places of education. Covered entities must ensure compliance with all relevant civil rights laws.

The revised ADA regulations also do not change the reasonable accommodation analysis under the FHAct or Section 504. The preambles to the 2010 ADA regulations specifically note that under the FHAct, "an individual with a disability may have the right to have an animal other than a dog in his or her home if the animal qualifies as a 'reasonable accommodation' that is necessary to afford the individual equal opportunity to use and enjoy a dwelling, assuming that the use of the animal does not pose a direct threat."

In cases where all three statutes apply, to avoid possible ADA violations the housing provider should apply the ADA service animal test first. This is because the covered entity may ask only whether the animal is a service animal that is required because of a disability, and if so, what work or tasks the animal has been trained to perform. If the animal meets the test for "service animal," the animal must be permitted to accompany the individual with a disability to all areas of the facility where persons are normally allowed to go, unless (1) the animal is out of control and its handler does not take effective action to control it; (2) the animal is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination); or (3) the animal poses a direct threat to the health or safety of others that cannot be eliminated or reduced to an acceptable level by a reasonable modification to other policies, practices and procedures.

If the animal does not meet the ADA service animal test, then the housing provider must evaluate the request in accordance with the guidance provided for reasonable accommodations. It is the housing provider's responsibility to know the applicable laws and comply with each of them.

Conclusion

The definition of "service animal" contained in ADA regulations does not limit housing providers' obligations to grant reasonable accommodation requests for assistance animals in housing under either the FHAct or Section 504. Under these laws, rules, policies, or practices must be modified to permit the use of an assistance animal as a reasonable accommodation in housing when its use may be necessary to afford a person with a disability an equal opportunity to use and enjoy a dwelling and/or the common areas of a dwelling, or may be necessary to allow a qualified individual with a disability to participate in, or benefit from, any housing program or activity receiving financial assistance from HUD.

Vouchering Tips—Repayment Agreements

When vouchering you want to make sure you can maximize your dollars requested each month. Here are some Repayment Agreement tips that can help you achieve this goal.

HUD Notice 2013-06

HUD release a new EIV Notice effective March 12, 2013 which outlined all Repayment Agreement language requirements. The Notice is posted on HUDCLIPS at <http://portal.hud.gov/huddoc/13-06hsgn.pdf>. As of this notice all agreements **must** :

- ◆ Include the total retroactive rent amount owed, the amount of lump sum paid at the time of execution of the agreement, if applicable, and the monthly payment amount.
- ◆ Reference the paragraph in the lease whereby the tenant is in non-compliance 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 the monthly retroactive rent repayment amount is in addition to the family's monthly rent payment and is payable to the O/A.
- ◆ 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. HUD recommends that the O/A have the head of household and, if applicable, the family member who had the unreported or underreported income sign the repayment agreement.
- ◆ O/A must not apply the tenant's monthly rent payment towards the repayment amount owed that would result in an accumulation of late rent payments. The monthly payment due on the repayment agreement is in addition to the tenant's monthly rent payment.

Tenant Meeting

When meeting with the tenant to discuss the unreported/underreported income it's best to have both the certification(s) and the repayment agreement documents there at the same time. If the form is blank you can write or type in all pertinent information regarding the amount owed, any amount paid at the time of the meeting and the agreed upon installment payments. Most importantly, you can obtain the required signature for the repayment agreement at the same time that signature is obtained on the 59's. This helps to prevent the gap between the certifications being signed and processed on a voucher in advance of the repayment agreement being signed. If the repayment agreement is software generated contact your vendor to obtain a template, or you may need to create one from the database.

Payment Options

The tenant can repay amounts due:

- ◆ In a lump sum payment
- ◆ By entering into a repayment agreement with the O/A (no money paid at the time)
- ◆ A combination of (1) and (2) above (down payment with agreed upon installments)

Tenants are obligated to reimburse the O/A if they are charged less rent than required by HUD's rent formula due to underreporting or failure to report income. See Notice for specific lease and handbook violations.

Vouchering Tips—Repayment Agreements

Certification, Adjustments and the Voucher

It is imperative that repayment agreements and certifications are processed timely and together on the same monthly voucher. This provides a consistent audit trail for all parties involved (HUD, PBCA and O/A). As the PBCA we are tasked to ensure that the proper certifications have been completed that correlate to the repayment agreement we have received. Once the certifications are processed they should make a negative adjustment on the O/A voucher which will return all overpaid subsidy in error based on the unreported/underreported income. Once the PBCA receives the certifications and they are processed the same negative adjustment will be made. Prior to honoring the positive offset for these agreements we are looking for the following with every submission:

- 1) Does the repayment agreement contain all required language as noted in HUD Notice 2013-06?
- 2) Is the repayment agreement signed by both the tenant and O/A?
- 3) Does the adjustment for this tenant (located in the Adjustment section of the voucher) match the amount owed on the agreement? Are all certifications received?
- 4) Is the total amount owed, lump sum paid at the time of the execution of the repayment agreement (if applicable) and time period for the repayment plan (i.e., \$100 for the next 6 months) valid and/or not submitted? These amounts should equal the total balance owed for the Repayment Agreement.
- 5) Does the 52670 paper copy state “zero costs retained” or the actual O/A incurred costs being withheld at the time payment is collected from the tenant?

If any of the above criteria are not met, the O/A will receive a Draft Reconciliation Report or Repayment Agreement Denial Letter confirming what error has occurred and our recommended solution. The goal is always ensure the repayment agreement is accurately completed with the proper 50059 support.

Gross Rents/Repayment Agreements

The change in contract rent (up or down) is money owed to the property or back to HUD and should not be used to offset the tenant repayment agreement. By processing the two together on the same voucher the adjustments may not work out the proper way. To avoid confusion and more calculation errors there are two approaches to implementing a Gross Rent change and tenant repayment agreement on the same voucher.

Process Them One Month Apart

If the Gross Rent is effective 6/1/2013 the earliest voucher it can be implemented on is July 2013. If you have already met with the tenant and he or she has signed the repayment agreement and all 59s, you may want to submit the repayment agreement and certs on the June 2013 voucher. This is a month prior to when the GR change can actually post to a voucher, so there will be no impact to the July adjustments.

Process Them Together but Back out the Change in Contract rents/UA

This approach is acceptable and using the same scenario above you can apply both the Gross Rent change to the property and also correct your 50059s. However, you will have to manually calculate what the change in subsidy would have been if the contract rent or utility allowance had ***not*** changed. Repayment agreements only consider the change in tenant income that went unreported not the change in rent at the property. The voucher adjustments are not pure in these cases as the GR change and corrected certs are blended in the adjustments. Excel spreadsheets are helpful when using this blended method.

Vouchering Tips—Repayment Agreements

Tenant Moves Out or Unit Transfers

If the tenant moves out while on a repayment agreement he or she is still obligated to repay the debt through the terms of the signed agreement. This should be reiterated during the moving out if possible. The O/A has the ability to submit an OARQ on the voucher and refund any payment returned by the tenant. If the tenant has transferred units the O/A can still return the subsidy via the same method of the OARQ and associate the payment with the original unit in which the tenant misreported. You do not need to transfer the balance from unit to unit as the tenant moves around.

Owner and Agents Obligation

O/As are obligated to return all payments made by the tenants to HUD as the tenants make the payments. See page 44 (3) (e) of the HUD EIV Notice below. O/As may only retain an amount to cover their actual costs, which is the **lesser of**:

- 1) Their actual costs, or
- 2) 20% of the amount received from the tenant.

Communication

When discrepancies occur between the PBCA and O/A amounts for any tenant a Draft Reconciliation Report (RR) must be transmitted to the site. The Draft version of the RR is the time to facilitate communication between the PCBA and O/A to resolve all issues that exist. Emails and phone calls can also assist in this process. The goal is to maximize the HAP voucher each month.



Don't Forget to sign up for RSS Feeds, so that you can stay up to date on all the latest HUD and NTHDC announcements.