



REPAYMENT AGREEMENTS

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Reasons for Repayment Agreements

- Security Deposits
- Hardship for current rent
- Maintenance Work Order charges
- Repayment of Minimum Rent under a temporary hardship waiver
- To reimburse overpaid subsidy due to late reporting or failure to report
- Required under CA law or local ordinance due to Covid measures or anti eviction measures-not covered in this session

Security Deposits

- May be allowed under your company policies
- If done must be allowed on an equitable basis
- Cannot charge late fees on late payments of these amounts
- When filing damage or unpaid rent claims the Security Deposit is always counted by HUD as paid in full

Hardship for current rent

- May be allowed under company policy
- Reasons may include:
 - Death in immediate family
 - Unplanned short term reduction in income that does not qualify for an IR
 - Unplanned large necessary expense
- These should be spelled out in policy
- May want to require approval from above site level

Sample Policy

If a resident is unable to pay their rent to the O/A by the due date, the resident may request that the the O/A allow them to enter into a Payment Agreement. The the O/A has the sole discretion of whether to accept such an agreement. All Payment Agreements must assure that the full payment is made within a period not to exceed three (3) months. All Payment Agreements must be in writing and signed by both parties. Failure to comply with the Payment Agreement terms may subject the resident to eviction procedures

Payment Agreements are allowed for rent payments based on the following conditions:

- A. Serious injury to the wage earner;
- B. Death within the immediate family;
- C. Emergency and excessive medical expenses;
- D. Other extenuating circumstances subject to the approval of the Director of Housing Programs.

The above-listed conditions for rent payments must be reported within three (3) working days after the incident occurred, accompanied by written documentation from a physician, written statements from social service or counseling agencies, proof of medical billings, etc., to validate the written request.

Maintenance Work Orders

- Residents may be charged for repairs that are beyond normal wear and tear
- Company policy may allow for repayment agreements of such amounts
- Some reasons would include:
 - Damages caused by criminal damage from outside the household when there is sufficient documentation
 - Unintentional damage with a repair cost that would create a hardship for the family

Temporary hardship waiver of minimum rent

- Payments should not begin until 30 days following the end of the hardship event
- Company policy may allow repayment agreements
- Suggested term is 3 months
- IR is done removing the hardship from the beginning
- Site will be paid through the voucher
- HUD is repaid through an OARQ

Repayment of Overpaid Subsidy

- This is governed under Housing Notice 13-06
- Repayment Agreements and/or overpayment notices are required to have specific wording
- Site request the full amount of the overpayment from HUD as a Miscellaneous Adjustment on the voucher when the certifications are submitted to TRACS
- HUD is repaid through a Miscellaneous Adjustment on the voucher when the payments are received

The Guidance-Housing Notice 13-06

Section IX

Repayment Options a. Tenants can repay amounts due:

- (1) In a lump sum payment; or
- (2) By entering into a repayment agreement with the O/A; or
- (3) A combination of (1) and (2), above

The tenant and O/A **must both agree** on the terms of the repayment agreement.

The tenant may wish to consult with HUD's Housing Counseling Agency in their area to assist them in working with the O/A to reach agreeable terms for the repayment agreement. See the Housing Counseling Agency website for a listing of agencies for each state at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Monthly Payment

The tenant's monthly payment must be what the tenant can afford to pay based on the family's income. The monthly payment plus the amount of the tenant's total tenant payment (TTP) at the time the repayment agreement is executed **should** not exceed 40 percent of the family's monthly adjusted income. The monthly payment may exceed 40 percent of the family's monthly adjusted income if the family agrees to the amount stated in the repayment agreement.

Required Wording

Effective with the issuance date of this Notice, new repayment agreements must: (1) Include the 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. (2) Reference the paragraphs in the lease whereby the tenant is in noncompliance and may be subject to termination of their lease. (3) 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. (4) 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. (5) Late and missed payments constitute default of the repayment agreement and may result in termination of assistance and/or tenancy. (6) 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 un

Your policies can govern this

- It is federal law that the O/A and the Resident must both agree on the amount
- Your policies can state what you will and will not agree to
- The 10% rule is stated as a “should” (not a must).
- Again, this allows the O/A to write a policy on the matter

Sample Policy

When a resident owes back charges and is unable to pay the balance by the due date, the resident may request that the O/A allow them to enter into a Repayment Agreement. All requests for a Repayment Agreement must be submitted in writing with documentation supporting the request.

The Resident and the O/A must both agree to the terms of the repayment agreement. The O/A will not agree to any repayment agreement term longer than twelve (12) months, nor any monthly payment amount less than \$50.

All Repayment Requests must

Contain all provisions listed in Housing Notice H 2013-06

Be in writing and signed by both parties; and

Failure to comply with the Repayment Agreement terms may subject the resident to eviction procedures.

Overpayment notices

- First step in the repayment agreement process
- Must give written notice
- Written notice should be specific on the source of the information and the calculations
- Written notice must inform the Resident of their right to discuss the issue with the O/A (appeal)
- Written notice must inform the Resident of their right to request a repayment agreement

Exercises-Calculating Monthly payments based on HUD formula

- Total Overpayment \$590
- TTP \$1154.25
- $\$1154.25 \times 40\% = 461.70$
- TTP \$346
- $\$461 - \$346 = \$115$
- $590/115 = 5+$ Months
- 5 months at \$115
- 1 Month at \$15
- Potential Site Recoup \$118 ($509 \times 20\%$)

Reporting to HUD

- Miscellaneous adjustment of \$590 on voucher the month the overpayment is reported to HUD
- Miscellaneous adjustment on voucher the submission following payment:
 - Full Payment \$115
 - Amount Retained: \$23
 - Amount Requested: -\$92

Total Overpayment \$3270

- Adjusted Monthly Income \$1160
- $\$1160 \times 40\% = 464$
- TTP \$348
- $\$464 - \$348 = \$116$
- $3270/116 = 28+$ Months
- 28 months at \$116
- 1 Month at \$22
- Potential Site Recoup \$654 ($3270 \times 20\%$)

Reporting to HUD

- Miscellaneous adjustment of \$3270 on voucher the month the overpayment is reported to HUD
- Miscellaneous adjustment on voucher the submission following payment:
 - Full Payment \$116
 - Amount Retained: \$23
 - Amount Requested: -\$93

Total Overpayment \$861

- Adjusted Monthly Income \$150
- $\$150 \times 40\% = 60$
- TTP \$50
- $\$50 - \$60 = \$10$
- $861/10 = 86+$ Months
- 86 months at \$10
- 1 Month at \$1
- Potential Site Recoup \$172 (186 x 20%)

Reporting to HUD

- Miscellaneous adjustment of \$861 on voucher the month the overpayment is reported to HUD
- Miscellaneous adjustment on voucher the submission following payment:
 - Full Payment \$10
 - Amount Retained: \$2
 - Amount Requested: -\$8

Total Overpayment \$92

- Adjusted Monthly Income \$10
- $\$10 \times 40\% = \4
- TTP \$25
- $\$4 - \$25 = \$-21$
- No repayment agreement is possible

Questions?

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