

# REPAYMENT AGREEMENTS

# Repayment Agreements:

- The tenant must reimburse HUD for overpaid subsidy (the difference between the HAP the tenant should have received and the HAP he/she actually received. if it is determined the tenant:
  - Failed to provide the owner/agent with interim changes in income or other factors.
  - Provided incorrect information on any application, certification or recertification.
  - Failed to report income received, and as a result, is charged less than the amount required by HUD's rent formulas.

# Repayment Agreements:

- If the tenant does not pay in-full, the owner/agent should enter into a Repayment Agreement with the tenant to collect these funds over a specific period of time.
- The tenant is not required to reimburse the owner/agent for undercharges caused by the owner/agent's failure to follow HUD's procedures for computing rent or assistance payments.

# Repayment Agreements:

- A tenant must reimburse the owner/agent for the total overpayment back to the time overpayment of assistance started, not to exceed the 5-year limitation that the tenant was receiving assistance discussed in forms HUD-9887 and HUD-9887-A. This 5-year limitation applies for all overpayments of assistance and is not limited to errors found using the EIV system.
- The owner must have the form HUD-50059(s) on file that was/were in effect during the period(s) the overpayment of assistance occurred, along with any supporting documentation, in order to calculate the amount the tenant must reimburse to the owner/agent. The form HUD-50059(s) is the document whereby the tenant(s) certifies to the accuracy of the information recorded on the form. If the owner/agent does not have this historical information, they cannot go back to the tenant for any overpayment of assistance.

# Repayment Agreements:

## ❖ **Owner's Obligation to Repay:**

- The owner is not required to reimburse HUD immediately for overpayments of assistance where the overpayment was caused by the tenant's submission of incorrect information. Repayments are required when and as tenants repay in accordance with and agreed-upon repayment agreement.
- The owner may retain a portion of the repayments they actually collect from the tenants who have improperly reported their income at the time of certification or recertification to help defray the cost of pursuing these cases (this is not limited to cases where the owner has determined fraud).

# Repayment Agreements:

- Owners may only retain an amount to cover their actual costs, which is the lesser of:
  - Their actual cost, or
  - 20 percent of the amount received from the tenant.
- Amounts retained by the owner must be deposited into the project's operating account to offset the expenses incurred for these cases.

# Repayment Agreements:

- As with all income and expenses of the project, owners must keep records of the receipt and disbursement of all amounts collected from the tenant for audit purposes. At a minimum, the owner must record:
  - Date and amount(s) received from the tenant.
  - Expenses incurred;
    - Examples of types of expenses incurred include staff time for verifying the unreported income; meeting with tenant; drafting repayment agreements; generating and sending monthly invoices to tenant; generating manual voucher adjustments; collection agency fees, if applicable, and meeting state requirements.
  - Amounts(s) retained; and
  - Voucher date(s) and amount(s) of reimbursement made to HUD

# Repayment Agreements:

- The owner must reimburse HUD for all other overpayments of assistance where such overpayments were due to the owners error or the owner's failure to follow HUD's procedures. HUD or the Contract Administrator may permit the owner to repay such over payments in one lump sum or over a period of time through reduction of normal housing assistance requisitions if immediate repayment in full would jeopardize the financial condition of the property.



# Repayment Agreements:

- Tenants can repay amounts due:
  - In lump sum payment
  - By entering into a repayment agreement with the owner
  - A combination the above
- Tenants who do not agree to repay amounts due in accordance with one of the above options, will be in non-compliance with their lease agreement and may be subject to termination of tenancy.

# Repayment Agreements:

- Tenants may also be required to repay funds to the owner due to a:
  - Civil action taken by the owner
  - Court action as a result of an Office of Inspector General (OIG) audit.

# Repayment Agreements:

- The tenant and owner must both agree on the terms of the agreement.
  - 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 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.

# Repayment Agreements:

## ➤ **The repayment agreement must:**

- 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.
- Reference the paragraphs 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 can be renegotiated if there is a decrease or increase in the family's income of \$200 or more per month.

# Repayment Agreements:

- Include a statement that the monthly retroactive rent repayment amount is in addition to the family's monthly rent payment, and is payable to owner.
- Late and missed payments constitute default of the repayment agreement and may result in termination of assistance and/or tenancy.
- Must be signed and dated by the tenant and the owner/agent.

# Repayment Agreements:

- Owners must not apply a 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.

# Repayment Agreements:

- **Item 1-Month/Year**
- **Item 2-Project Name**
- **Item 3-FHA/EH/NON-Insured Project No**
- **Item 4-Section 8/PAC/PRAC CONTRACT NUMBER:** Mandatory for Section, Section 202 PRAC, 811 PRA Demo, and Section 811 PRAC subsidy types.
- **Item 5-TYPE OF SUBSIDY:** Enter “1: Sec 8” for Section 8, “2: Rent Sup” for Rent Supplement, “3: RAP” for Rental Assistance Payment, “6: 811 PRA Demo” for the 811 PRA Demo program, “7: 202 PRAC” for Section 202 PRAC, “: 811 PRAC” for Section 811 PRAC, or “9: 202/162 PAC” for Section 202/162 PAC subsidy types.

# Repayment Agreements:

- **Item 6-Head of Household Name:** Enter in Last name, first name order. This is the name of the current head of household as of the voucher date. It may be different than the name at the time the agreement was signed. May be blank for an owner/agent agreement type.
- **Item 7-Unit Number:** The current TRACS unit number for the household as of the voucher date. It may be different than the unit number at the time the agreement was signed. May be blank for an owner/agent agreement type.



# Repayment Agreements:

- **ITEM 8-Agreement ID:** The ID must be unique within the project/community and remains the same even if the agreement is renegotiated and a new agreement executed. An ID is associated with a single instance of misreporting. If there is a later instance of misreporting subject to a repayment agreement, a new Agreement ID must be assigned and transactions reported separately for each agreement.
  - Most, if not all software, will provide the unique ID automatically.

# Repayment Agreements:

- **ITEM 9-Agreement Date:** If the transaction is associated with a signed repayment agreement, fill with the date of the agreement or the tenant signature date if there is no agreement date. The data does not change if the agreement is subsequently modified.
  - The date the Repayment Agreement was executed.

# Repayment Agreements:

- **ITEM 10-Agreement Type:** Tenant, Owner or None.
  - T (Tenant) - “Tenant” is used for a tenant transaction for which there is a signed repayment agreement.
  - O (Owner) – “Owner” is used for an owner/agent repayment agreement.
  - N (None) – “None” applies when the Tenant has signed the retroactive certifications but declines to sign the Repayment Agreement. None is used for reversing transactions when there is no agreement with a tenant.

# Repayment Agreements:

- **ITEM 11-Agreement Amount:** The original agreement amount prior to any payments.
  - This is the total amount of the original Repayment Agreement. The total difference between the HAP amount the tenant should have received and the HAP amount the tenant actually received, during the period of misreporting.

# Repayment Agreements:

- **ITEM 12-Agreement Change Amount:** The amount by which the agreement amount is changing with this transaction. For an original reversing entry, the change amount is equal to the agreement amount. See the spreadsheet 202DCalaulationForRepayments.xls that is part of the TRAC 202D Specification documents for examples.
- For a new Repayment Agreement, the change amount is equal to the Agreement Amount (Item 11). If the Agreement Amount changes in the future, the amount of the change will appear. On most vouchers, the Agreement Change Amount will be zero because monthly activity is reported in Item 13.

# Repayment Agreements:

- **ITEMS 13-Total Payment:** The amount of the tenant (or owner) payment being reported for this transaction. Multiple payments for a single agreement in a month may be combined or reported as separate Repayment Agreement transactions. If the tenant makes a lump-sum payment at the time the agreement is executed, that amount would be shown here on the original reversing entry.
- This is where monthly activity, typically payments by the tenant, will be reported. This amount can be negative if a tenant's payment was incorrectly reported or if, for example, a check bounces.

# Repayment Agreements:

- **ITEM 14-Ending Balance:** The balance due on the repayment agreement after considering any Agreement Change Amount and Total Payment.
- The remaining balance due on the Repayment Agreement after taking into account any payments made by the tenant, or in the unusual event that there's an Agreement Change.

# Repayment Agreements:

- **ITEM 15-Amount Retained:** This is the authorized amount retained for collection expenses. The amount retained is the lesser of expenses or 20% of the Total Payment. This field does not apply to owner/agent repayment agreements.
- The amount retained by the owner/agent for expenses incurred, not to exceed 20% of the Total Payment.



# Repayment Agreements:

- **ITEM 16a-Amount Requested:** The net amount of the repayment agreement transaction.
  - Initial reporting
  - Agreement Change Amount minus Total Payment Plus Amount Retained.
  - Reporting one regular monthly payment. Total payment less amount retained (if applicable).
- The net amount of the Repayment Agreement transaction. Pay-backs to HUD are negative amounts.

# Repayment Agreements:

- **ITEM 16b-APPROVED:** Sites should leave this field blank. It is intended for HUD/CA use only.
- **ITEM 17-TOTALS FOR THIS PAGE:** Enter the totals of all item 16a entries on this page.

**Repayment Agreements for Schedule of  
Tenant Assistance Payments Due**

**U.S. Department of Housing and Urban Development**  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. xxxx-xxxx  
(xx/xx/xxxx)

Before completing this form, read and follow the instructions in the Monthly Activity Transmission (MAT) User's Guide. See the statements on the form HUD-52670 information on public burden.

1. Asst. Pymts Due For (mm/yyyy):	2. Project Name:			3. FHA / EH / Non-Insured Proj. No:			4. Section 8 / PAC / PRAC Contract No:			5. Type of Subsidy:	
03/01/2018	ABC APARTMENTS			01234567			PA280H456987			SECTION 8	
6. Head of Household Name (Last, First)	7. Unit Number	8. Agreement ID	9. Agreement Date	10. Agreement Type	11. Agreement Amount	12. Agreement Change Amount	13. Total Payment	14. Ending Balance	15. Amount Retained	16a. Amount Requested	16b. Approved (HUD/CA use only)
CLARK, BEVERLY	321	0001	02/16/2018	T	\$1,540	\$0	\$0	\$1,540	\$0	\$1,540	
SMITH, SUSAN	222	0002	06/26/2017	N	\$1,250	\$0	\$0	\$200	\$0	\$1,250	
CLARK, BEVERLY	321	0001	02/16/2018	T	\$1,740	\$200	\$0	\$1,740	\$0	\$200	
MILLER, JOHN	102	0016	9/10/2017	T	\$2,280	\$0	\$75	\$2,205	\$0	(\$75)	
CLARK, BEVERLY	321	0001	02/16/2018	T	\$1,740	\$0	\$100	\$1,640	\$20	(\$80)	
17. Totals for this page										2,835	