

Refresher on Tenant Repayment Agreements



California Affordable
Housing Initiatives, Inc.

Purpose

- Review Requirements for Repayment Agreements
 - Calculating the Amount Owed
 - Establishing Monthly payment Amounts
 - Drafting the Repayment Agreement
- Report Repayment Agreements on Vouchers
 - Avoiding Common Errors
 - Best Practices
- Preview of Repayment Agreement Requirements in 203A



Repayment Agreement Overview

- OAs must investigate and confirm possible issues reported in EIV – or discovered via other means – that may result in over or underpayment of HUD subsidy.
- All EIV discrepancies must either be confirmed by the tenant or verified per usual recertification requirements.



Repayment Agreement Calculations

Once the OA determines the tenant unreported or underreported their income, the OA must:

- Recalculate the subsidy and complete new HUD 50059(s).
- Calculate the difference between the amount of rent the tenant should have paid and the amount of rent the tenant was charged.



Repayment Agreement Calculations: Example – Amount Owed

The OA must notify the tenant of any amount due and their obligation to reimburse the OA. A record of this calculation must be provided to the tenant and also retained in the tenant's file.

Month	Original TTP	Corrected TTP	Additional TTP Due	Notes
Jan2018	\$200	\$700	\$500	AR* effective 1/1/2018
Feb2018	\$200	\$700	\$500	
Mar2018	\$200	\$700	\$500	
Apr2018	\$200	\$600	\$400	IR effective 4/1/2018
May2018	\$200	\$600	\$400	
Jun2018	\$200	\$600	\$400	
Repayment Agreement Amount			\$2700	



Repayment Agreement Calculations: Example - Tenant Payment Amount

Tenants may repay:

- In a lump sum payment
- By entering into a repayment agreement
- Through a combination of both

Monthly Payments should not exceed 40% of Adjusted Monthly Income (AMI) unless tenant requests it.

- AMI per IR effective 04/01/2018 = \$2000
- 40% of AMI = \$800
- Current TTP (30% of AMI) = \$600
- Monthly Payment per Repayment Agreement = \$200
(10% of AMI)



Drafting the Repayment Agreement

- The tenant and OA must both agree on the terms of the repayment agreement.
- The Repayment Agreement must include the following amounts:
 - total retroactive rent owed,
 - lump sum paid at time of execution of the agreement (if any), and
 - monthly payment.

Total Retro Rent Owed	\$2700
Lump Sum Payment	\$100
Remaining Balance	\$2600
Monthly Payment	\$200



Drafting the Repayment Agreement: Required Language

HUD Handbook 4350.3, REV 1, Change 4, Chapter 9, Paragraph 8-23 B

The repayment agreement 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 can 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 owner.
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 owner.



Reporting the Repayment Agreement on a Monthly Voucher (202D)

- Submit the certifications.
- Allow your vouchering software to make the Retroactive Adjustments on the voucher.
- Reverse the amount of the Repayment Agreement in the Repayment Agreement portion of the voucher.
- As the tenant makes payments, return the money to HUD in the Repayment Agreement portion of the voucher.



Reporting the Repayment Agreement on a Monthly Voucher (202D)

Sample Reversal and Monthly Payment Adjustments

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
2018Murray	09/18/2018	T	2700	2700	100	2600	0	2600
2018Murray	09/18/2018	T	2700	2700	100	2600	OR 20	2620
2018Murray	09/18/2018	T	2700	0	200	2400	0	-200
2018Murray	09/18/2018	T	2700	0	200	2400	OR 40	-160



Reporting the Repayment Agreement on a Monthly Voucher (202D)

Scenarios

Scenario	Certifications	Repayment Agreement	Retroactive Adjustments	RA Reversal Adjustment
Tenant does not cooperate, and moves out.	None	None	No	No
Tenant does not cooperate, stays in the unit. Verifications are completed.	Not signed	None	No	No
Tenant partially cooperates, stays in the unit. Verifications are completed.	Signed	Drafted, Not signed	Yes	Yes, with RA type N (None)
Tenant cooperates. Verifications are completed.	Signed	Signed	Yes	Yes, with RA type T (Tenant)



Repayment Agreements: Common Errors (202D)

- Applying the HUD notice 2013-06 to other amounts owed:
- Calculation errors
- Incorrect Voucher Entries
 - Repayment Agreement Dates
 - Remaining Balances

Total Retro Rent Owed	\$2700
Lump Sum Payment	\$100
Remaining Retro Rent Balance	\$2600
<i>Late Fees, Unpaid Rent, Damages</i>	\$325
<i>Total Repayment Agreement Amount</i>	\$2925
Retroactive Adjustment	(\$2700)
Reversal Adjustment	\$2600
<i>(includes Lump Sum Payment, no OA fee)</i>	



Repayment Agreements: Best Practices (202D)

- Send a copy of the signed Repayment Agreement via email to signeddocs@cgifederal.com when the voucher is transmitted to TRACS.
 - Do not send copies of the 50059's
 - Do not include any SSN, DOB, or other PII in any submissions to CAHI
- Provide CAHI with the calculations and period of overpayment.
- Submit all the Certifications and the Repayment Agreement Adjustment on the same voucher **OR** let CAHI know which month's voucher has the related Certifications.



Repayment Agreements: Preparing for 203A

203A enables OAs and CAs to submit data to TRACS that facilitates HUD reporting, and helps demonstrate compliance to changes and updates to the

- HUD Guidebooks,
- OMB mandates, and
- Federal Legislation.



Repayment Agreements: Preparing for 203A



What should I expect with my first 203A voucher submission?



On the first 203A voucher that is submitted for a contract or project, **baseline** records are to be submitted for

- **ALL** Repayment Agreements that have a **balance** for current residents, and
- Any residents who have moved out but are still making payments.



Repayment Agreements: Preparing for 203A



How will Repayment Agreement reporting differ with 203A?



On every 203A voucher, all active Repayment Agreements that have outstanding balances must be listed in Repayment Agreement portion of your voucher.



Repayment Agreements: MAT30, Section 7 fields for 203A

- **Record Type**
 - Head Last Name
 - Head First Name
 - Unit Number
 - Agreement ID
 - Agreement Date
 - **Agreement End Date**
 - **Transaction Type** (formerly Agreement Type)
 - **Status**
 - **Beginning Agreement Amount**
 - Agreement Change Amount
- **Ending Agreement Amount** (formerly Agreement Amount)
- **Beginning Balance**
 - Total Payment
 - Ending Balance
 - Amount Retained
 - Amount Requested
- **HOH ID (SSN)**

Items in **Bold** text are new 203A fields.
Items Highlighted in **Green** apply to Repayment Agreements.



Repayment Agreements: New MAT30, Section 7 fields for 203A

Record Type

- R = Repayment Agreement
- RB = Repayment Agreement Baseline Record

Transaction Type (formerly Agreement Type, no change in codes for RA)

- T = Tenant
- O = Owner / Agent
- N = None



Repayment Agreements: New MAT30, Section 7 fields for 203A

Status (Codes Highlighted in green must appear on the voucher each month)

- **AV** = Active.
 - Current resident is in repayment and is making periodic payments.
- **CO** = Completed.
 - Repayment Agreement fulfilled.
- **SU** = Suspended.
 - Current resident is in repayment but income has been reduced and resident is unable to make regular periodic payments.



Repayment Agreements: New MAT30, Section 7 fields for 203A

Status (continued)

- TE = Terminated.
 - OA is unable to enforce repayment agreement terms due to outside decisions such as a court orders.
- RV = Reversed.
 - Resident (current or former) should not have been subject to repayment and was not responsible for returning any housing assistance to HUD.



Repayment Agreements: New MAT30, Section 7 fields for 203A

Status (continued)

- **IA** = Inactive.
 - Current resident has missed three consecutive payments.
- **MA** = Moved out Active.
 - Former resident is still making periodic payments.
- **MO** = Moved out Inactive.
 - Former resident misses three or more consecutive missed payments under MA status code.



Repayment Agreements: New MAT30, Section 7 fields for 203A

Beginning Balance

- Ending Balance from the transaction immediately prior to the current transaction.
- Will be 0 for the base transaction establishing the record type and Agreement ID.

Head of Household ID Code

- The SSN/TRACS ID of the Head of Household. Do not enter all 9's.
- Required for Repayment Agreement transactions of types T and N. Blank for Repayment Agreement transactions of type O.



Repayment Agreements: New MAT30, Section 7 fields for 203A

Beginning Agreement Amount

- The Ending Agreement Amount from the transaction just prior to this one.
- If this is the first transaction for this Agreement ID, the value is 0.

Ending Agreement Amount (formerly Agreement Amount)

- Beginning Agreement Amount + Agreement Change Amount
- Agreement Change Amount will usually be zero.



Repayment Agreements: Preparing for 203A



How can I prepare my property for the 203A transition?



Ensure your staff and software vendor have a solid understanding of the new field requirements.

We recommend you **maintain a current list of Repayment Agreements** with outstanding balances for current and moved-out residents who are still making payments.



OA resources: www.cahi-oakland.org

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HUD Housing Handbooks

[Section 8 Renewal Guide and Page Changes](#)

[HUD Handbook 4350.1: Multifamily Asset Management](#)

[HUD Handbook 4350.3: Occupancy Requirements of Section 8](#)

[HUD Handbook 4381.5: The Management Agent Handbook](#)

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The CA Quarterly Review

California Affordable Housing Institute, Inc.

FAST Act Means Final Rule Effective March 15, 2018

Essential Rule! 81 FR 28356


On December 15, 2017, HUD published an interim final rule in the Federal Register regarding the implementation of the FAST Act. The rule is effective on March 15, 2018. The rule is titled "Essential Rule! 81 FR 28356". The rule is titled "Essential Rule! 81 FR 28356".

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Questions?

HUD Notice H 2013-06

HUD Handbook 4350.3, REV 1, Change 4

MAT User Guides (202D & 203A)

www.cahi-oakland.org

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