

ACOP

19.0 REPAYMENT AGREEMENTS

The term *repayment agreement* refers to a formal written document signed by a tenant and provided to the PHA in which a tenant acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.

General Repayment Agreement Guidelines for Families

Down Payment Requirement

Before executing a repayment agreement with a family, the CHA will generally require a down payment of 10 percent of the total amount owed. If the family can provide evidence satisfactory to the CHA that a down payment of 10 percent would impose an undue hardship, the CHA may, in its sole discretion, require a lesser percentage or waive the requirement.

Payment Thresholds

Notice PIH 2017-12 recommends that the total amount that a family must pay each month—the family’s monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family’s monthly adjusted income. However, a family may already be paying 40 percent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2017-12 acknowledges that PHAs have the discretion to establish “thresholds and policies” for repayment agreements with families [24 CFR 982.552(c)(1)(vii)].

The CHA has established the following thresholds for repayment of debts:

- Amounts \$3,000 and above must be repaid within 36 months.
- Amounts between \$2,000 and \$2,999 must be repaid within 30 months.
- Amounts between \$1,000 and \$1,999 must be repaid within 24 months.
- Amounts under \$1,000 must be repaid within 12 months.

If a family can provide evidence satisfactory to the CHA that the threshold applicable to the family’s debt would impose an undue hardship, the CHA may, in its sole discretion, determine that a lower monthly payment amount is reasonable. In making its determination, the CHA will consider all relevant information, including the following:

- The amount owed by the family to the CHA
- The reason for the debt, including whether the debt was the result of family action/inaction or circumstances beyond the family’s control
- The family’s current and potential income and expenses
- The family’s current family share, as calculated under 24 CFR 982.515
- The family’s history of meeting its financial responsibilities

Execution of the Agreement

Any repayment agreement between the CHA and a family must be signed and dated by the CHA and by the head of household and any other adults 18 or older (if applicable).

Due Dates

All payments are due by the close of business on the 15th day of the month. If the 15th does not fall on a business day, the due date is the close of business on the first business day after the 15th.

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Late or Missed Payments

If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the CHA, the CHA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the CHA will terminate assistance.

If a family receives three delinquency notices for unexcused late payments in a 12-month period, the repayment agreement will be considered in default, and the CHA will terminate assistance.

No Offer of Repayment Agreement

The CHA generally will not enter into a repayment agreement with a family under any of the following conditions:

The family is already under an existing repayment agreement with the CHA.

The CHA determines that the family's debt is a result of program abuse or fraud.

Repayment Agreements Involving Improper Payments

Repayment agreement involving amounts owed by a family because it underreported or failed to report income shall include:

- A reference to the items in the family briefing packet that state the family's obligation to provide true and complete information at every reexamination and the grounds on which the PHA may terminate assistance because of a family's action or failure to act
- A statement clarifying that each month the family must pay to the PHA the monthly payment amount specified in the agreement
- A statement that the terms of the repayment agreement may be renegotiated if the family's income decreases or increases
- A statement that late or missed payments constitute default of the repayment agreement and may result in termination of assistance