

**Greater Dayton Premier Management**

Enhancing Neighborhoods • Strengthening Communities • Changing Lives

**Tenant Repayment Agreement Policy**

**Retroactive Rent Charges**

Tenants are required to reimburse GDPM if they were charged less rent than required by HUD’s rent formula due to the tenant’s underreporting or failure to report income. This is referred to as retroactive rent.

The tenant is required to reimburse GDPM for the difference between the tenant rent that should have been paid and the tenant rent that was charged. GDPM will determine the amount of retroactive rent as far back as the existence of complete file documentation that supports the retroactive rent determination. After determination of the total amount owed, the tenant will have the option to repay the retroactive rent balance as follows:

1. In a lump sum payment; or
2. Enter into a repayment agreement and pay the amount owed in monthly installments with at least a 10% down payment; or
3. In a combination of 1 and 2 above.
	* For example, a tenant may owe $1,000, make a lump sum payment of $300 and enter into a repayment agreement for the remaining balance of $700.

After determination of the total amount owed, the tenant will have 30 days to enter into a retroactive rent repayment agreement. If the tenant refuses to enter into a repayment agreement, GDPM may terminate the family’s tenancy. HUD does-not authorize any GDPM sponsored amnesty or debt forgiveness.

All repayment agreements will be in writing, dated, and signed by both the tenant and GDPM, and include the following provisions:

* The total retroactive rent amount owed;
* Amount of lump sum/down payment amount provided at the time of execution;
* The monthly amount owed along with the calculation of the monthly payment;
* Reference to the provisions in the lease agreement that demonstrates that the tenant is in non-compliance and may be subject to lease termination;
* A statement that the monthly retroactive rent repayment amount is in addition to the family’s regular rent payment and is payable to GDPM on or before the first of each month;
* A statement that the terms of the agreement may be renegotiated if there is a decrease or increase in the family’s income;
* A statement that late and/or missed payments constitute default of the repayment agreement and may result in termination of tenancy.

A tenant may not have more than one active retroactive repayment agreement at any given time. If a tenant is under a repayment agreement for charges other than retroactive rent, the balance owed on the current repayment agreement will be included in the new retroactive rent repayment agreement. If a tenant is under a retroactive rent repayment agreement at the time the underreported income is discovered, the tenant will be required to pay the entire balance of the current repayment agreement prior to executing a new retroactive rent repayment agreement. If the tenant fails to pay the balance owed prior to the execution deadline for the new agreement, the tenant will be unable to enter into a new agreement and the tenant’s lease may be terminated.

***Calculation of Payments***

GDPM requires a down payment in the amount of the greater of 1) 10 percent of the total amount owed at the time of the repayment agreement execution; or 2) $25. The tenant may choose to pay a higher down payment that the required minimum. The length of the repayment time period will be based on the monthly payments and original retroactive rent amount, but at no time should the time period be longer than 24 months.

Except for the limitations set forth below, the monthly retroactive rent payment amount plus the amount of monthly rent the tenant pays should equal 40 percent of the family’s adjusted income. However, depending on the amount of debt owed, GDPM may require higher monthly payments in order to keep the length of the repayment agreement under 24 months. Additionally, at no time may the monthly repayment amount be less than $25.

**Example of Calculation of Payments:**

* The family’s monthly adjusted income is $1,230.
* Family’s monthly rent payment is $369 (30% of monthly adjusted income).
* 40% of the family’s monthly adjusted income is $492.
* The family’s retroactive rent balance is $2,000.
* The required down payment is $200 (10% of retroactive rent amount)
* The amount owed under the repayment agreement is $1,800.
* The monthly repayment amount should not exceed $123 per month ($369 monthly rent + $123 monthly repayment amount = $492, 40% of family’s monthly adjusted income.
* The family will pay $492 for fourteen months and a final payment of $447 will be due in the 15th month ($123 – monthly repayment amount x 14 months = $1,722. $1,800 beginning retroactive amount due - $1,722 – amount paid = $78 – final monthly repayment amount + $369 – monthly rent amount = $447).

**Retro-Rent Repayment Agreement**

**Standard Operating Procedure**

After GDPM staff calculates the amount of retro-rent due, a copy of the repayment policy should accompany the notice of the balance due to the tenant.

If the property manager determines the tenant is eligible for a repayment agreement, the manager refers the tenant to the Tenant Accountant or Paralegal *(if Tenant is currently under eviction).*

The manager must notify the Tenant Accountant/Paralegal and inform them of the total amount due.

The Tenant Accountant or Paralegal will meet, in person, with the tenant (Tenant Meeting), and:

* review the terms of the agreement; and
* collect the down payment.

The Tenant Accountant/Paralegal will provide a receipt to the tenant and a copy of the receipt should be provided to the Legal Department (if tenant is under eviction), the Finance Department and the site manager.

The original signed agreement will remain with the Tenant Accountant/Paralegal. The original must be kept for at least three years after the later of the date of the last payment or the date of final disposition of court action.

The Tenant Accountant/Paralegal will upload a copy of the repayment agreement into Visual Homes and notate the electronic file.

The Tenant Accountant/Paralegal will update the tenant’s account so that the rent statements will accurately reflect the tenant’s monthly payment.