

Repayment Agreement Guidance

Remedies to Keep Families Stably Housed After the Moratorium Expires



HUD strongly encourages Public Housing Agencies (PHAs) and owners to enter into **repayment agreements** so families may continue to be housed after the eviction moratorium expires. For any unpaid rent after the moratorium has ended, the household has the option to repay unpaid rent in a lump sum to avoid eviction. If the household is unable to pay a lump sum, the PHA or owner is strongly encouraged to set up a repayment agreement with reasonable payments spread out over time. Below is helpful guidance regarding repayment agreements.

In addition, **Attachment 5, 6, and 7** are repayment agreements that are provided as samples. Attachment 5 and 6 are sample repayment agreements for public housing participants. Attachment 7 is from an HCV-Only Agency. An owner may review their PHA's template for repayment agreements and/or view the sample repayment agreements in this toolkit.

Disclaimer: HUD does not endorse the organizations that provided the sample repayment agreements in Attachment 5, 6, and 7. The sample repayment agreements have been provided by the organization that developed them. They are provided for informational purposes only. The sample repayment agreements have not been reviewed by HUD for applicability, legality, or compliance with federal statutory and regulatory guidelines. The sharing of these documents is not intended as an endorsement by HUD. These documents were created by organizations based on their specific needs and objectives, and they may reflect local laws and policies. PHAs are reminded that they must abide by and incorporate any state and local laws into their repayment agreements.

Repayment Agreements for Public Housing and HCV programs

Section 16 of [PIH Notice 2018-18](#) and **Question OC26** and **OC27** of this [FAQ](#) provides guidance on repayment agreements for public housing and PHA-owned HCV units.

For HCV:

HUD has not issued guidance on repayment agreements for non-PHA owners. However, an owner may consult with the PHA to establish reasonable terms in the repayment agreement. PHAs are encouraged to develop a sample repayment agreement that meets state and local laws. The owner may also view the sample repayment agreement in this toolkit that is from an HCV Only Agency (Attachment 7).

- ✓ **Reminder!** HUD strongly encourages that owners enter into repayment agreements so families may continue to be housed after the eviction moratorium expires, and the family can come back into compliance with the terms of their tenancy.



Repayment
Agreements

For Public Housing:

Per Section 16 of [Notice 2018-18](#), all repayment agreements must be in writing, dated, signed by both the tenant and the PHA, include the total retroactive rent amount owed, amount of lump sum payment made at time of execution, if applicable, and the monthly repayment amount.

At a minimum, repayment agreements must contain the following provisions:

- a. Reference to the paragraphs in the Public Housing lease or Section 8 information packet whereby the tenant is in non-compliance and may be subject to termination of tenancy or assistance, or both.
- b. The monthly retroactive rent repayment amount is in addition to the family's regular rent contribution and is payable to the PHA.
- c. The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income.
- d. Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy and/or assistance.



PHAs are required to determine retroactive rent amount as far back as the PHA has documentation of family unreported income.

- o *For example*, if the PHA determines that the family has not reported income for a period of five years and only has documentation for the last three years, the PHA is only able to determine retroactive rent for the three years for which documentation is available.

Suggested threshold in EIV Notice 2018-18: The monthly retroactive rent payment plus the amount of rent the tenant pays at the time the repayment agreement is executed should be affordable and not exceed 40 percent of the family's monthly adjusted income. However, PHAs have the discretion to establish thresholds and policies for repayment agreements in addition to HUD required procedures.

Suggested: Retroactive Monthly Rent + Current Rent ≤ 40% of Monthly Adjusted Income

Example 1

- Family's monthly adjusted income is \$1,230.
- Family's monthly rent payment is \$369 (30% of the family's monthly adjusted income).
- 40% of the family's monthly adjusted income is \$492.
- The monthly payment for the repayment agreement should not exceed \$123 per month (\$369 monthly rent + \$123 repayment = \$492, 40% of the family's monthly adjusted income.)

Repayment Time Period. The period in which the retroactive rent balance will be repaid is based on the monthly payments and original retroactive balance.

Example 2

- The tenant agrees to repay \$1,000, by making a monthly payment of \$25 for 40 months.

Repayment Options. Tenants have the option to repay the retroactive rent balance as follows:

1. In a lump sum payment; or
2. Monthly installment; or
3. A combination of 1 and 2, above.

Example 3

- 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.