

Repayment Agreements

Repayment Agreement and Promissory Note are synonymous terms. Repayment Agreements are executed with families who owe the HA money.

Families may owe the HA money for special claims (unpaid rent, damages, or vacancy loss) paid on their behalf by the HA to owners or for unreported information which resulted in the HA paying a larger subsidy on their behalf to owners.

Eligibility for Repayment Agreement

The HA has no obligation to enter into a repayment agreement. Whether a family will be offered an opportunity to enter into a Repayment Agreement with the HA depends on whether the HA considered the family in violation of a family obligation and whether the HA considered the violation fraud or whether the family owes the HA money for another reason (either with or without an executed Repayment Agreement).

If the HA determined that the family committed willful and intentional fraud, the HA may require the family to repay the entire amount in full or have assistance terminated. If the family's assistance is terminated and repayment has not been made, the money will still be considered to be owed and the HA may still take action to collect the amounts owed.

If the HA feels there was no willful intent to defraud or the family supplied the information regarding the prior violation willingly, the HA will enter into a Repayment Agreement with the family while the family is in its current dwelling unit.

If the family has defaulted on a previous Repayment Agreement, the HA may

- execute another Repayment Agreement combining all amounts owed
- require payment in full of all other outstanding debts prior to executing another Repayment Agreement
- require payment in full of all debts, including the one in question at the time
- process termination in addition to collecting amounts owed

Determination regarding whether to execute additional Repayment Agreements will be based on the tenant's history of repayment and willingness to rectify the debt and the actions requiring repeated Repayment Agreement consideration.

Repayment Agreement Guidelines

If the HA enters into a repayment agreement, the Repayment Agreement will be established as follows:

- The payment amount is to be determined by calculating 10% of the family's most recent monthly adjusted household income. Any request for exception to that calculation will require approval from the Housing Program Supervisor and the Chief of Housing & Community Development.
- The term of repayment for all agreements not related to security deposit loans is not to exceed 24 months unless approval is granted from the Chief of Housing & Community Development. This may result in a repayment agreement amount above the 10% of adjusted income. Each case will be decided on a case-by-case basis.
- The term of repayment for all security deposit loans is not to exceed the length of the initial term of the lease, usually one year. All security deposit loans must be paid in full prior before a family will be issued a Voucher to relocate, if requested and allowable, prior to the end of the initial term of the lease.
- All Repayment Agreements exceeding \$5,000 will be forwarded to the HUD Inspector General and the County Attorney, regardless of the family's payment history or willingness to clear the debt.
- The first payment will be due within 30-45 days and the client should decide which day of the month for payment.
- The Repayment Agreement will not require a down payment at the time of execution.
- Repayment Agreements will be monitored monthly. After two delinquent payments, the account will be in default and be due and payable in full. If the defaulted amount is not paid in full, the HA will process termination of the family's assistance and will forward the matter to the County Attorney for collection.
- No tenant is permitted to have more than two repayment agreements (or one Repayment Agreement that is a combined agreement) at any given time and no client will be issued a Voucher to move as long as there are two Repayment agreements outstanding.
- Payments are to be made payable to **County Commissioners of Charles County, Maryland**. Payments are to be submitted in person or by mail to the Treasurer's Office in the Charles County Government Building.

Legal Considerations

If the family refuses to sign a repayment agreement for changes it was required to report and did not, the HA will terminate assistance for fraud, as long as the amount was verified.

If the amount of the required repayment exceeds \$5,000, the HA will consider local prosecution and will forward the case to both the HUD Inspector General and the County Attorney for investigation and processing.

If a family defaults on a Repayment Agreement, the matter will be referred to the County Attorney for collection.

Owner Repayments

If the HA determines that the owner has retained Housing Assistance Payments the owner was not entitled to receive, the HA will not execute Repayment Agreements, but will either reclaim the overpaid HAP amounts from future Housing Assistance Payments owed the owner or, at the owner's option, by having the owner issue a refund.

If the future Housing Assistance Payments owed are insufficient to reclaim the amounts owed, the owner must issue a refund to the HA. If the owner fails to do so, the HA will refer the matter to the County Attorney for collection.