

Exhibit 13-4

Payment Agreements

Participant families that owe money to AHFC may request a payment plan to pay outstanding balances. This policy sets forth the terms and conditions for various types of payment agreements.

HUD Regulation 24 CFR 982.163

Fraud recoveries. Under 24 CFR part 792, the PHA may retain a portion of program fraud losses that the PHA recovers from a family or owner by litigation, court order or a repayment agreement.

1. Family Requests

Families with outstanding balances are not in good standing. Families may cure this by:

- Paying the balance due in full
- Securing funds from family or other agencies
- Assigning a Permanent Fund Dividend
- Requesting a Payment Agreement

1.A Qualification

Families must request a payment agreement. Once a request is made, AHFC will examine the family's income situation carefully. An approved payment plan will be within the family's ability to pay.

1.A.1. Minimum Rent Exemptions

HUD Regulation 24 CFR 5.630(b)(2)(i)

Public Housing.

(D) If the PHA determines that a qualifying financial hardship is temporary, the PHA must reinstate the minimum rent from the beginning of the suspension of the minimum rent. The PHA must offer the family a reasonable repayment agreement, on terms and conditions established by the PHA, for the amount of back minimum rent owed by the family.

HUD Regulation 24 CFR 5.630(b)(2)(ii)

All section 8 programs.

(C) At the end of the 90-day suspension period, the responsible entity must reinstate the minimum rent from the beginning of the suspension. The family must be offered a reasonable repayment agreement, on terms and conditions established by the responsible entity, for the amount of back rent owed by the family.

HUD Regulation 24 CFR 5.630(b)(2)(iii)

All programs.

(A) If the responsible entity determines there is no qualifying financial hardship exemption, the responsible entity must reinstate the minimum rent, including back rent owed from the beginning of the suspension. The family must pay the back rent on terms and conditions established by the responsible entity.

1.A.2. Others

Families may request a payment agreement for:

- In AHFC-owned housing: unpaid tenant rent, money owed due to unpaid tenant-paid utilities, or unintentional damages to a unit in excess of \$400
- Repayment of overpaid subsidy
- Other good cause as determined by AHFC

1.B Family Ineligibility

A family is not eligible for a payment agreement in the following circumstances.

1. A family is not a current participant family.
2. A family's debt is with an AHFC collection agent.
3. A family has a pending termination or eviction action.
4. A family has a current or unpaid payment agreement.

2. Terms and Conditions

- All adult family members must execute a payment agreement.
- A payment agreement may not begin without receiving the down payment at or before the time of signing.
- AHFC representatives will not execute a payment agreement until all adult family members have signed and the down payment has been tendered.
- Families may not assign a Permanent Fund Dividend in lieu of monthly payments or a down payment.
- See the Pledge section in the Payment Management exhibit for pledged amounts.

2.A Approval Levels

1. Payment Agreements for \$1,200 or less with a term of 12 months or less can be approved by local AHFC staff.
2. Payment Agreements for more than \$1,200 or longer than 12 months require the approval of the regional manager or designee.
3. Housing Operations Director or designee approval:
 - a. Payment Agreements for more than \$2,400 or 24 months or more.
 - b. Exclusion of an adult family member from a payment agreement.

2.B Payment Due Dates

Payments are due on the first day of each month. See the Payment Management exhibit for grace periods.

2.C Modifications Due to Family Hardship

In cases of hardship, a family may request that monthly payments be decreased or the payment agreement term be extended. To qualify for a modification due to hardship:

1. The family must provide written notice to AHFC within ten (10) business days of the hardship occurrence.
2. The family must submit documentation verifying the hardship.
3. The hardship must be for a period in excess of 30 calendar days.

AHFC will respond to all family requests in writing.

3. Agreement Types

Payment agreement terms and payment requirements may vary based on the type of payment agreement. AHFC may approve the following types of agreements.

1. For AHFC-owned housing only
 - A security deposit
 - A pet deposit for an animal in a senior/disabled building
2. Other charges.

3.A Security Deposit

These payment agreements are for families moving into an AHFC-owned housing unit.

HUD Regulation 24 CFR 880.608(a)

The owner may collect the security deposit on an installment basis.

HUD Regulation 24 CFR 966.4(b)

(5) Security deposits. At the option of the PHA, the lease may provide for security deposits which shall not exceed one month's rent or such reasonable fixed amount as may be required by the PHA. Provision may be made for gradual accumulation of the security deposit by the tenant.

AHFC Policy

1. The full amount of the security deposit is due on the date the family takes possession of the unit or moves in, whichever is first.
2. Security Deposit Payment Agreement Terms:
 - a. Down Payment: a minimum of one-third (1/3) of the security deposit amount.
 - b. Maximum Term: four months.
 - c. Monthly Payment: ¼ of the balance remaining (security deposit amount minus down payment) **OR** \$25, whichever is greater.

3.B Pet Deposit for Elderly/Disabled Housing

HUD Regulation 24 CFR 5.318(d)

- (2) Housing programs: Maximum pet deposit.
- (i) Pet deposits for the following tenants shall not exceed an amount periodically fixed by HUD through notice.
- (A) Tenants whose rents are subsidized (including tenants of a HUD-owned project, whose rents were subsidized before HUD acquired it) under one of the programs identified by HUD through notice.
- (iii) For pet deposits subject to paragraph (d)(2)(i)(A) of this section, the pet rules shall provide for gradual accumulation of the deposit by the pet owner through an initial payment not to exceed \$50 when the pet is brought onto the premises, and subsequent monthly payments not to exceed \$10 per month until the amount of the deposit is reached.
- (3) Public Housing programs: Maximum pet deposit. The maximum amount of pet deposit that may be charged by the PHA, on a per dwelling unit basis, shall not exceed the higher of the Total Tenant Payment (as defined in 24 CFR 913.102) or such reasonable fixed amount as the PHA may require. The pet rules may permit gradual accumulation of the pet deposit by the pet owner.

AHFC Policy

1. The full amount of the pet deposit is due on the pet move-in date.
2. Elder Housing Pet Deposit Payment Agreement Terms:
 - a. Down Payment: minimum of \$50.
 - b. Monthly Payment: minimum of \$10.
 - c. Maximum Term: the number of months necessary to pay the remaining balance.

3.C Overpaid Subsidy

Public and Indian Housing Notice 2018-18¹

16. Tenant Repayment Agreement, Page 14. Tenants are required to reimburse the PHA if they were charged less rent than required by HUD's rent formula due to the tenant's underreporting or failure to report income. The tenant is required to reimburse the PHA for the difference between the tenant rent that should have been paid and the tenant rent that was charged. This rent underpayment is commonly referred to as retroactive rent. If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the PHA **must** terminate the family's tenancy or assistance, or both. HUD does **not** authorize any PHA-sponsored amnesty or debt forgiveness programs.

AHFC Policy

1. Families that fail to arrange repayment of overpaid subsidy are subject to termination of their rental assistance.
2. Families that default on a payment agreement for overpaid subsidy are subject to termination of their rental assistance.
3. Families that default will receive two default notices referenced in section Agreement Defaults prior to a termination notice.

3.D Other Charges

AHFC Policy

1. Down Payment: a minimum of one-tenth (1/10th) of the total amount due **OR** \$25, whichever is greater.
2. Monthly Payment: one-twelfth (1/12th) of the balance due (payment agreement amount minus down payment) **OR** \$25; payments are rounded up to the nearest dollar.
3. Maximum Term: twelve (12) months; alternate terms may be negotiated with the family.

¹ Public and Indian Housing Notice 2018-18, "Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System," issued October 26, 2018; expires "This notice remains in effect until amended, superseded or rescinded."

4. Agreement Defaults

HUD Regulation 24 CFR 982.553(c)

Authority to deny admission or terminate assistance.

(1) Grounds for denial or termination of assistance. The PHA may at any time deny program assistance for an applicant, or terminate program assistance for a participant, for any of the following grounds:

(vii) If the family breaches an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA. (The PHA, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a PHA or amounts paid to an owner by a PHA. The PHA may prescribe the terms of the agreement.)

AHFC Policy

1. AHFC will notify a family in writing whenever a required payment is not received by the end of the grace period.
2. AHFC may terminate assistance for families that fail to make required payments.

4.A Missed Monthly Payment

AHFC's written notice will give the family ten (10) calendar days to bring their payment agreement current. If the family pays the amount due by the date it is due, the family is in good standing.

4.B Payment Agreement Final Notice

AHFC's written notice will give the family thirty (30) calendar days to bring their payment agreement current **or** pay the balance due in full. If the family pays the amount due by the date it is due, the family is in good standing.

4.C Nonpayment of Final Notice

If the family does not make their payment by the date specified on the Payment Agreement Final Notice, the family is not in good standing and may be subject to termination. AHFC will not provide the family with any additional written notices regarding the outstanding payment agreement.

5. Satisfaction

AHFC will close all payment agreements that are paid in full.

Numbered Memo

20-38 Exhibits 13-2, 13-3, and 13-4