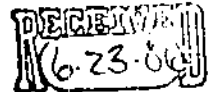




U.S. Department of Housing and Urban Development

Richmond Office, Region III  
701 East Franklin Street  
Richmond, Virginia 23219-2591



JUN 20 1986

Ms. Barbara Mason  
Staff Attorney  
Virginia Legal Aid Society, Inc.  
Emporia Regional Office  
412 South Main Street  
Emporia, VA 23847

Dear Ms. Mason:

Your letter of January 28, 1986, concerning Mrs. \_\_\_\_\_ recently was referred to this Office by Mr. Berry Wright, District Director, Farmers Home Administration (FmHA).

For your information, construction of Northwoods Village Apartments was financed through Section 515 of the Rural Rental Housing Loan Program administered by FmHA. The Department of Housing and Urban Development (HUD), through the execution of a document known as the Housing Assistance Payments Contract (HAP) with the owner of Northwoods Village Apartments, has agreed to make HAP payments on behalf of eligible families as determined by the owner in accordance with criteria established by HUD. Since the situation described in your letter directly involves the amount of the payment subsidies provided by HUD, this Office is responding to your letter.

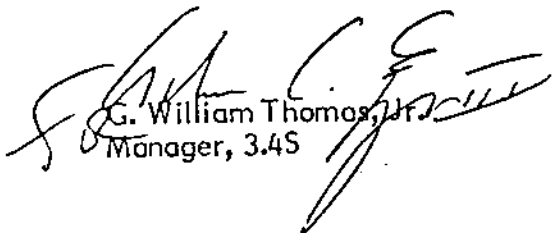
We have reviewed the documents that accompanied your letter; and, according to our analysis, it does not appear that Mrs. \_\_\_\_\_ deliberately misrepresented her family's income. The point is substantiated by the signed statement provided by the former project manager, Willie House. However, the information strongly indicates an administrative error/omission (failure to follow established HUD procedures) that resulted in an overpayment of HAP payments by HUD. It is HUD's policy to require the immediate correction of any administrative errors that are discovered. In the case of errors that affect the tenant's share of rent, the correct payment must be determined and be implemented by an amendment to the lease. Also, since the tenant's share of the rent has incorrectly been established too low as the result of an owner error, the owner must reimburse HUD for all overpayments of assistance where the overpayments were due to the owner's error or the owner's failure to follow HUD's procedures. Authorization for this action can be found at Section 1.9(f) of the HAP Contract.

Our review of the situation limits the owner's liability to the period from Mrs. \_\_\_\_\_ move in, which was some time in 1980, to May 1, 1985. May 1, 1985, is significant as it represents a reasonable date for Mrs. \_\_\_\_\_ to pay rent based on

the inclusion of the Social Security payments in question as a result of the actual commencement of actions taken by the owner to correct the initial error. Consequently, Mrs. \_\_\_\_\_ is expected to reimburse HUD through the owner for the rent subsidy overpayment that occurred from May 1, 1985, through the earlier of (1) the date of repayment or (2) the date when the rent was adjusted to include the Social Security income.

By copy of this letter, this Office is directing the owner to determine the respective amounts of subsidy payments owed HUD and to provide HUD a plan for repayment. We trust that you will inform Mrs. \_\_\_\_\_ of this, and that you will cooperate with the owner in respect to the development of a payment plan for Mrs. \_\_\_\_\_.

Sincerely,

  
G. William Thomas, Jr.  
Manager, 3.45

cc:  
Mr. Berry Wright  
District Director  
United States Department of  
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Farmers Home Administration  
510 Bluefied Drive  
Emporia, VA 23847

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