

Chapter 18

OWNER OR FAMILY DEBTS TO THE PHA

[24 CFR 982.552]

INTRODUCTION

This Chapter describes the PHA's policies for the recovery of monies that have been overpaid for families, and to owners. It describes the methods that will be utilized for collection of monies and the guidelines for different types of debts. It is the PHA's policy to meet the informational needs of owners and families, and to communicate the program rules in order to avoid owner and family debts. Before a debt is assessed against a family or owner, the file must contain documentation to support the PHA's claim that the debt is owed. The file must further contain written documentation of the method of calculation, in a clear format for review by the owner, the family or other interested parties.

When families or owners owe money to the PHA, the PHA will make every effort to collect it. The PHA will use a variety of collection tools to recover debts including, but not limited to:

- Requests for lump sum payments
- Civil suits
- Payment agreements
- Abatements
- Reductions in HAP to owner
- Collection agencies
- Credit bureaus
- Income tax set-off programs

A. PAYMENT AGREEMENT FOR FAMILIES [24 CFR 982.552 (b)(6-8)]

A Payment Agreement as used in this Plan is a document entered into between the PHA and a person who owes a debt to the PHA. It is similar to a promissory note, but contains more details regarding the nature of the debt, the terms of payment, any special provisions of the agreement, and the remedies available to the PHA upon default of the agreement.

The PHA will prescribe the terms of the payment agreement, including determining whether to enter into a payment agreement with the family based on the circumstances surrounding the debt to the PHA.

At HOC's discretion, the PHA will not enter into a Payment Agreement in the following circumstances:

- If the family already has a Payment Agreement in place.
- If the PHA determines that the family deliberately committed program fraud.
- If the PHA determines that the debt amount is larger than can be paid back by the family in a reasonable amount of time.

The maximum amount for which the PHA will enter into a payment agreement with a family is an amount less than the HUD Office of Inspector General (OIG) minimum dollar referral amount which is updated by the OIG from time to time. Staff has the discretion to limit the amount of the Repayment Agreement. The maximum length of time the PHA will enter into a payment agreement with a family is 3 years.

B. DEBTS OWED FOR CLAIMS [24 CFR 792.103, 982.552 (b)(6-8)]

If a family owes money to the PHA for claims paid to an owner:

The PHA will review the circumstances resulting in the overpayment and decide whether the family must pay the full amount.

Late Payments

A payment will be considered to be in arrears if:

The payment is not received by the close of the business day 10 days after the due date.

If the family's payment agreement is in arrears, and the family has not contacted or made arrangements with the PHA, the PHA may:

- Require the family to pay the balance in full
- Pursue civil collection of the balance due
- Terminate the housing assistance

If the family requests a move to another unit and has a payment agreement in place for the payment of an owner claim, and the payment agreement is not in arrears:

The family will be permitted to move.

If the family requests a move to another unit and is in arrears on a payment agreement for the payment of an owner claim:

If the family pays the past due amount, they will be permitted to move.

Requests to port the voucher to another jurisdiction will be denied until the balance is paid in full.

C. DEBTS DUE TO MISREPRESENTATIONS/NON-REPORTING OF INFORMATION [24 CFR 982.163]

HUD's definition of program fraud and abuse is a single act or pattern of actions that:

Constitutes false statement, omission, or concealment of a substantive fact, made with intent to deceive or mislead, and that results in payment of Section 8 program funds in violation of Section 8 program requirements.

Family Error/Late Reporting

Families who owe money to the PHA due to the family's failure to report increases in income will be required to repay in accordance with the guidelines in the Payment Agreement Section of this Chapter, for first offenses only. Subsequent offenses will be handled as noted under program fraud and repayment.

Program Fraud

Families who owe money to the PHA due to program fraud will be required to pay in accordance with the payment procedures for program fraud, below.

If a family owes an amount equal to or in excess of the HUD Office of Inspector General (OIG) current minimum referral dollar amount which is updated by the OIG from time to time is a result of program fraud, the case will be referred to the Inspector General. Where appropriate, the PHA will refer the case for criminal prosecution.

Payment Procedures for Program Fraud

Families who commit program fraud or untimely reporting of increases in income will be subject to the following procedures:

The maximum time period for a Payment Agreement will be 36 months.

The amount of the monthly payment will be determined and adjusted in accordance with the family's current income, and subsequent increases during the 36 month period.

D. DEBTS DUE TO MINIMUM RENT TEMPORARY HARDSHIP

If the family owes the PHA money for rent arrears incurred during the minimum rent period, the PHA will calculate the total amount owed and divide it by 12 to arrive at a reasonable payback amount that the family will be required to pay to the PHA monthly in addition to the family's regular monthly rent payment to the owner. The family will be required to pay the increased amount until the arrears are paid in full to the PHA.

Minimum rent arrears that are less than \$100 will be required to be paid in full the first month following the end of the minimum rent period.

If the family goes into default on the repayment agreement for back rent incurred during a minimum rent period, the PHA will reevaluate the family's financial situation and determine whether the family has the ability to pay the increased rent amount and if not, restructure the existing repayment agreement.

E. GUIDELINES FOR PAYMENT AGREEMENTS [24 CFR 982.552(b)(8)]

Payment Agreements will be executed between the PHA and the head of household. The Repayment Agreement must be executed by the Director of Housing Resources or other designated official.

The resident can make a down payment of no less than ten percent (10%) of the total amount owed. At the agency's discretion, the down payment may be paid over the first six (6) months of the agreement.

HOC will not offer Payment Agreements to residents who owe in excess of the HUD Office of Inspector General (OIG) minimum dollar referral amount which is updated by the OIG from time to time and currently \$7,000.

Payments may only be made by money order or cashier's check.

The agreement will be in default when a payment is delinquent by the tenth of the month.

The family's assistance will be terminated unless the PHA receives the balance of the Repayment Agreement in full within 30 calendar days of the termination notice.

A Payment Agreement will be considered to be in default when it is in arrears for 60 days.

Monthly payments may be changed with approval from the Director of Housing Resources or designate in cases of income change and if requested with reasonable notice from the family, so that they do not exceed 40 percent of the family's monthly adjusted income.

No move will be approved until the debt is current, unless the move is the result of the following causes, and the Payment Agreement is current:

- Family size exceeds the HQS maximum occupancy standards
- The HAP contract is terminated due to owner non-compliance or opt-out
- A natural disaster
- Due to issues regarding VAWA

Additional Monies Owed: If the family already has a Payment Agreement in place and incurs an additional debt to the PHA:

The PHA will not enter into more than one Payment Agreement with the family.

If a Payment Agreement is in arrears more than 30 days, any new debts must be paid in full.

F. OWNER DEBTS TO THE PHA [24 CFR 982.453(b)]

If the PHA determines that the owner has retained Housing Assistance or Claim Payments the owner is not entitled to, the PHA may reclaim the amounts from future Housing Assistance or Claim Payments owed the owner for any units under contract.

If future Housing Assistance or Claim Payments are insufficient to reclaim the amounts owed, the PHA will:

- Require the owner to pay the amount in full within 30 days.
- Pursue collections through the local court system.
- Restrict the owner from future participation.

G. WRITING OFF DEBTS

Debts will be written off if:

- A debtor's whereabouts are unknown and the debt is more than one year old.
- A determination is made that the debtor is judgment proof.
- The debtor is deceased.
- The debtor is confined to an institution indefinitely or for more than three years.
- The amount is less than \$500 and the debtor cannot be located.

Reserved