

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 which 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 (c)(v-vii)] 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.**

*** There are some circumstances in which the PHA will not enter into a payment agreement. They are:**

*** If the family already has a Payment Agreement in place.**

*** If the PHA determines that the family committed 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.**

Each situation is evaluated on a case-by-case basis and a mutually acceptable agreement is arranged.

B. DEBTS OWED FOR CLAIMS [24 CFR 792.103, 982.552 (c)(v-vii)]

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

***The PHA will review the circumstances resulting in the claim and decide upon a mutually acceptable arrangement.**

Late Payments

A payment will be considered to be in arrears if:

*** The payment is not received by the close of the business day 7 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 will:

*** 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.**

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.**

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 which equals or exceeds **\$ 2,000.00** as 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 will be subject to the following procedures:**

***Require the family to pay the balance in full**

***Pursue civil collection of the balance due**

***Terminate the housing assistance**

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 evaluate each situation on a case-by-case basis and arrange a mutually acceptable payback agreement.
- * Minimum rent arrears that are less than \$25.00 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 payment agreement for back rent incurred during a minimum rent period and does not contact the PHA 7 days, will:
 - * Require the family to pay the balance in full
 - * Pursue civil collection of the balance due
 - * Terminate the housing assistance

E. GUIDELINES FOR PAYMENT AGREEMENTS [24 CFR 982.552(c)(v-vii)]

- * **Payment agreements will be executed between the PHA and the head of household**
- * **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 7th of the month.**
 - * **The family's assistance will be terminated unless the PHA receives the balance of the payment agreement in full within 5 business days of the termination notice.**
- * **A payment agreement will be considered to be in default when it is in arrears for 7 days.**
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- * **No move will be approved until the debt is paid in full 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**

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.**

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:

- * **The debtor's whereabouts are unknown and the debt is more than 1 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 1 year ***