

## 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 (c) (v-vii)]

The use of payment agreements for PHAs is optional.

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.

The minimum monthly amount of monthly payment for any payment agreement will be established by the PHA in each specific case.

**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 enter into a Payment Agreement.

**Late Payments**

A payment will be considered to be in arrears if:

The payment has not been received by the close of the business day on which the payment was due. If the due date is on a weekend or holiday, the due date will be at the close of the next business day.

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

Grant an extension.

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 repay in accordance with the guidelines in the Payment Agreement Section of this Chapter.

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

Monthly payments may be decreased in cases of family hardship with the prior notice of the family and verification of the hardship.

Additional Monies Owed: If the family already has a Payment Agreement in place and incurs an additional debt to the PHA and the existing agreement is not in arrears:

The PHA will enter into more than one Payment Agreement with the family.

**E. 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.

Enter into a Payment Agreement with the owner for the amount owed.

Pursue collections through the local court system.

Restrict the owner from future participation.

**F. WRITING OFF DEBTS**

Debts will be written off if:

The debtor's whereabouts are unknown.

A determination is made that the debtor is judgment proof.

The debtor is deceased.

The debtor is confined to an institution indefinitely.

Reserved