

CHAPTER 18

OWNER OR FAMILY DEBTS TO THE HA

[24 CFR 982.552]

INTRODUCTION

This Chapter describes the HA'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 HA'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 HA'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 HA, the HA will make every effort to collect it. The HA will use a variety of collection tools to recover debts including, but not limited to:

- Requests for lump sum payments
- Payment agreements
- Abatements
- Reductions in HAP to owner

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 HA and a person who owes a debt to the HA. 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 HA upon default of the agreement.

The HA 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 HA.

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

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

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

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

- ➔ The HA will review the circumstances resulting in the overpayment and decide whether the family must pay the full amount or whether it may 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 HA, the HA will:

- ➔ Require the family to pay the balance in full
- ➔ 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 required to pay the balance in full prior to the issuance of a certificate or voucher.**

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

- ➔ **The family will be required to pay the balance in full, or be terminated from the program.**

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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 HA 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 HA due to program fraud will be required to pay in accordance with the payment procedures for program fraud, below.

Families who owe money to the HA due to program fraud will be required to pay the amount in full within 30 calendar days. If the full amount is paid within this time period, and the family is still eligible, the HA may continue assistance to the family.

Depending upon the amount involved the case may also be referred to the Inspector General, and/or referred for criminal prosecution.

Payment Procedures for Program Fraud

Families who commit program fraud will be subject to the following procedures:

The amount of the monthly payment will be determined in accordance with the family's current income.

D. DEBTS DUE TO MINIMUM RENT TEMPORARY HARDSHIP

If the family owes the HA money for rent arrears incurred during the minimum rent period, the HA will calculate the total amount owed and divide it by applicable number of months to arrive at a reasonable payback amount that the family will be required to pay to the HA 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 HA.

The HA will typically not enter into a repayment agreement that will take more than 12 months to pay off.

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

Payment Agreements will be executed between the HA and the head of household/co-head.

The Repayment Agreement will be executed by the Comprehensive Housing Counselor.

The agreement will be in default when a payment is delinquent in excess of one month.

- The family's assistance will be terminated unless the HA receives the balance of the Repayment Agreement in full within 10 business days of the termination notice.

Monthly payments may be decreased in cases of family hardship and if requested with reasonable notice from the family, verification of the hardship, and the approval of the Comprehensive Housing Counselor.

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 HA:

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The HA will not enter into more than one Payment Agreement with the family.
Additional amounts owed by the family will be added to the existing payment agreement.
If a Payment Agreement is in arrears more than 60 days, any new debts must be paid in full.

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

If the HA determines that the owner has retained Housing Assistance or Claim Payments the owner is not entitled to, the HA 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 HA may:

- Require the owner to pay the amount in full.
- Enter into a Payment Agreement with the owner for the amount owed.
- 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 two years old.
- The debtor is deceased.