

## **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**

**Payment agreements**

**Abatements**

**Reductions in HAP to owner**

**Collection agencies**

**Income tax set-off programs**

**Refer to Chapter XXVII (Processing Tenant Repayment Agreements) and XXVIII (Fraud) of PHA Policy/Procedure Manual for additional information.**

**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.**

**The maximum length of time the PHA will enter into a payment agreement with a family is generally twenty four months unless this repayment term will result in a payment that causes financial hardship. If a 24-month term creates a financial hardship, a reasonable payment using a maximum term of 60 months will be made unless a longer repayment period is approved by a Resource Specialist/Regional Manager/Fraud Specialist.**

**The minimum amount of monthly payment for any payment agreement is \$25.00.**

**If amount of debt is \$50 or less, the repayment must be made in one lump sum payment.**

**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 Repayment Agreement and require the family to pay the amount in full.**

**Late Payments**

A payment will be considered to be in arrears if:

**A payment is not received for 31 consecutive calendar 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:

**Renegotiate the repayment agreement terms or terminate the housing assistance. If terminated, forwarded to collections (Michigan Department of Treasury).**

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 immediately 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.**

**Payment Procedures for Program Fraud**

**The maximum length of time the PHA will enter into a payment agreement with a family is two years. If a 24-month term creates a financial hardship, a reasonable payment using a maximum term of 60 months will be made.**

**The minimum monthly amount of monthly payment for any payment agreement is \$25.00.**

**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 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.**

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

**Repayment agreements will be executed between the PHA and the head of household.**

**Payments may be made by money order, cashier's check, or personal check.**

**A repayment agreement will be considered to be in default when it is in arrears for 31 consecutive calendar days.**

**Monthly payments may be decreased in cases of family hardship and if requested with reasonable notice from the family, verification of the hardship, and with the approval of the Regional Manager or Division Director.**

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

**Additional amounts owed by the family will be added to the existing payment agreement. A repayment agreement may be renegotiated once.**

**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 45 calendar days.**

**If owner is active, the HAP will be pulled.**

**If owner is not active, a final overpayment notice is forwarded. If not paid within 60 calendar days, director sends a notice. If not paid within 30 calendar days, the account is forwarded to Collection's Division.**

**G. WRITING OFF DEBTS**

Debts will be written off if:

**The debtor is deceased and collection attempts from their estate have failed.**

**The amount is less than \$10.00.**

Debts are over six years old (regardless of debt amount) due to Statute of Limitations.