

Chapter 17
OWNER OR FAMILY DEBTS TO THE PHA
[24 CFR 982.552]

(Revised 11/2005)
(Revised September 2012)

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
- Credit bureaus
- State of Kansas Debt Recovery Agency

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.

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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 program fraud.
- If the PHA determines that the debt amount is larger than can be paid back by the family within one year. **
- If the amount owed to the PHA exceeds \$3,000. (At the Housing Director's discretion a higher repayment agreement amount may be established.)

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

- The maximum length of time the PHA will enter into a payment agreement with a family is one year. **
- The minimum monthly payment for any repayment agreement is \$25.00.
- The PHA will require one-half of what is owed before a repayment agreement is entered into. **
- Payment agreements will be executed between the PHA and the head of household.
- The payment agreement must be executed by the Housing Director or their designee.
- Payments may only be made in the form of a money order or cashier's check.
- A payment agreement will be considered to be in default when it is in arrears for 2 months. The family's assistance will be terminated unless the PHA receives the balance of the payment agreement in full within 15 calendar 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 Housing Director. In the absence of the Housing Director the Deputy Director may approve.

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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

****The participant may submit a written request for a reduction in down payment due to a financial hardship. Along with the request, the participant must complete and submit a household budget to the Housing Director for review. At the discretion of the Housing Director, if the requested 50% down payment amount would prove to be financially burdensome to the household, a decreased down payment amount and longer term for repayment may be approved.**

In the absence of the Housing Director, the Deputy Director may approve.

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.

Late Payments

A payment will be considered to be late 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 60 days, and the family has not contacted or made arrangements with the PHA, the PHA may exercise one of the following options:

- Require the family to pay the balance in full immediately
- Require family to pay all arrearage immediately and continue regular monthly payments
- Terminate housing assistance and forward client information for collection to the Johnson County Collection Unit or the State of Kansas Debt Recovery Agency

- Grant an extension of no more than 15 days

The decision of which option will be granted will be at the discretion of the Housing Director. In the absence of the Housing Director the Deputy Director may approve.

If the family is required or requests a move to another unit and is in arrears on a payment agreement with the PHA:

- In the case of a requested move, the family will have the option to pay the amount owed in full, be issued a voucher and permitted to move.
- In the case of a required move (due to termination of HAP by owner or PHA where the family was not a responsible party), the family will be required to pay the arrears amount due, be issued a voucher and permitted to move.

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

- In the case of a requested move, the family will have the option to pay the amount owed in full, be issued a voucher and permitted to move.

****In no case will a voucher be issued prior to receipt of payment.**

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 constitute false statements, 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 Section B of this chapter, "Guidelines for Payment Agreement".

Program Fraud

Families who owe money to the PHA due to program fraud will be required to repay in accordance with the Payment Procedures for Program Fraud, below.

If a family owes an amount which exceeds 3,000.00 as a result of program fraud, the case will be referred to HUD's Office of 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 12 months.

The family will be required to pre-pay 1/2 of the amount owed prior to or upon execution of the Payment Agreement.

The minimum monthly payment will be 1/12 of the balance remaining after initial down payment.

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 twelve 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 \$50.00 will be required to be paid in full the first month following the end of the minimum rent period.

The minimum monthly amount for a payment agreement incurred for minimum rent arrears is \$5.00.

The PHA will not enter into a payment agreement that will take more than 12 months to pay off.

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 payment agreement.

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

If the PHA determines that the owner has retained a housing assistance payment (HAP) the owner is not entitled to, the PHA may reclaim the amounts from future housing assistance payments owed the owner for any units under contract.

Once the PHA determines the owner has retained HAP that they were not entitled to the PHA will take the following course of action:

- Notify the owner in writing of the overpaid HAP and allow him 30 days to repay the amount overpaid to the PHA
- Recapture the amount of HAP that owner was not entitled to from future HAP owed the owner for any units under contract
- The PHA may restrict owner from future participation
- Pursue collections through Johnson County Collections Unit
- Pursue collections through State of Kansas Debt Recovery Agency

G. WRITING OFF DEBTS

Debts will be written off if:

- * The debtor's whereabouts are unknown and the debt is more than three years old.
- * The debtor is deceased.
- * The debtor is confined to an institution indefinitely or for more than one year.