

Chapter 14

FAMILY DEBTS TO THE PHA

INTRODUCTION

This Chapter describes the PHA's policies for the recovery of monies which have been underpaid by families. 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 families, and to communicate the program rules in order to avoid family debts. Before a debt is assessed against a family, 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 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
- Collection agencies
- Credit bureaus
- Income tax set-off programs

A. PAYMENT AGREEMENT FOR FAMILIES

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 maximum length of time the PHA will enter into a payment agreement with a family is six (6) months.

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, the PHA will:

- Require the family to pay the balance in full
- Pursue civil collection of the balance due
- Terminate tenancy

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

- The family will be required to pay the balance in full prior to the unit transfer.

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 has committed program fraud.
- If the PHA determines that the debt, due to fraud or failure to report income, is so large that it would take more than six (6) months to repay.

Guidelines for Payment Agreements

Payment agreements will be executed between the PHA and the head of household only.

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

No transfer will be approved until the debt is paid in full unless the transfer is the result of the following causes, and the payment agreement is current:

- A natural disaster

Additional Monies Owed

If the family 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 at a time with the same family.

B. DEBTS DUE TO FRAUD/NON-REPORTING OF INFORMATION

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.

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 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 Section A of this Chapter.

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 duration of the agreement will not exceed the duration of the violation.
- The amount of the monthly payment will be determined in accordance with the family's current income.

C. WRITING OFF DEBTS

Debts will be written off per State Procedures.