Chapter 14

FAMILY DEBTS TO THE PHA

INTRODUCTION

This Chapter describes HAKC'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 HAKC'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 HAKC'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.

TENANT REPAYMENT AGREEMENTS (PIH 2010-19)

Tenants are required to reimburse the HAKC if they were charged less rent than required by HUD’s rent formula due to the tenant’s underreporting or failure to report income. The tenant is required to reimburse the PHA for the difference between the tenant rent that should have been paid and the tenant rent that was charged. This rent underpayment is commonly referred to as retroactive rent. The monthly retroactive rent payment plus the amount of rent the tenant pays at the time the repayment agreement is executed should be affordable and not exceed 40 percent of the family’s monthly adjusted income. However, PHAs have the discretion to establish thresholds and policies for repayment agreements in addition to HUD required procedures. If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the HAKC must terminate the family’s tenancy or assistance, or both. HUD does not authorize any PHA-sponsored amnesty or debt forgiveness programs.

All repayment agreements must be in writing, dated, signed by both the tenant and the HAKC, include the total retroactive rent amount owed, amount of lump sum payment made at time of execution, if applicable, and the monthly repayment amount. At a minimum, repayment agreements must contain the following provisions:

- Reference to the paragraphs in the HAKC lease or HCV information packet whereby the tenant is in non-compliance and may be subject to termination of tenancy or assistance, or both.

- The monthly retroactive rent repayment amount is in addition to the family’s regular rent contribution and is payable to the HAKC.

- The terms of the agreement may be renegotiated if there is a decrease or increase in the family’s income.
Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy and/or assistance.

HAKC is required to determine retroactive rent amount as far back as the HAKC has documentation of family reported income.

When families owe money to the PHA, HAKC will make every effort to collect it. HAKC will use a variety of collection tools to recover debts including, but not limited to:

- Requests for lump sum payments
- Payment agreements
- Collection agencies
- Credit bureaus
- Court action

A. PAYMENT AGREEMENT FOR OTHER CHARGES

For payment of the charges, HAKC may:

- Request the family to attempt to pay in full.

A schedule of monthly payments may be made according to the following:

- For amounts up to $100- no more than 2 months
- For amounts up to $500- no more than 6 months
- For amounts in excess of $500- no more than 12 months

Prior to the execution of a repayment agreement, the family must pay a minimum of 10% of the balance owed to the HAKC,

With exception of extreme circumstances approved by the Director of Housing Operations, all repayment agreements must be paid within a maximum of 12 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,

HAKC will:

   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, except for an emergency transfer as determined by HAKC.

**Payment Schedule for Monies Owed to the PHA**

There are some circumstances in which the HAKC will not enter into a payment agreement.

They are:

- If the family already has a payment agreement in place.

There are some circumstances in which the HAKC will enter into a payment agreement.

They are:

- Court Ordered.

**Guidelines for Payment Agreements**

Payment agreements will be executed between HAKC 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 Director of Housing Operations. 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:

- Family size exceeds the maximum occupancy guidelines
- A natural disaster
- Housing Authority mandated

**Additional Monies Owed**

If the family has a payment agreement in place and incurs an additional debt to HAKC:

   HAKC will not enter into more than one payment agreement within a calendar year 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 HAKC 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.

Families who owe money to HAKC due to the family's failure to report increases in income will be required to repay in accordance with the payment procedures for program fraud, below.

**Program Fraud**

There is no requirement for the HAKC to enter into a repayment agreement for program fraud. Families who owe money to the HAKC due to program fraud may be required to repay it in accordance with the payment procedures for program fraud, below.

Families who owe money to HAKC due to program fraud will be required to repay the amount in full within 12 months. If the full amount is paid within this time period, and the family is still eligible, HAKC will continue assistance to the family.

If a family owes an amount, which equals or exceeds $5,000 as a result of program fraud, the case will be referred to the Inspector General. Where appropriate, HAKC will refer the case for criminal prosecution.

C. **WRITING OFF DEBTS FOR REPAYMENT AGREEMENTS**

Debts will be written off if:

- A determination is made that the debtor is judgment proof as determined by the courts.
- The debtor is deceased.
D. FORMS

NAME: ___________________________ ACCOUNT #_____________________
ADDRESS: _______________________

REASON FOR DELINQUENCY: ___________________________________________

CHARGES INCLUDED IN CURRENT ACTIVE RESIDENT REPAYMENT AGREEMENT

<table>
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AGREEMENT DATE: __________  TOTAL AGREEMENT AMT: ________________
AGREEMENT MONTHS: ______  DOWN PAYMENT: ________________
START PAYMENT MO./YR.: __  BALANCE DUE: ________________
MONTHLY PAYMENT: ________________  FINAL PAYMENT: ________________

I the head of household agree that this Active Resident Repayment Agreement, if approved, will become an addendum to my current and any future lease agreement(s) with the HAKC. I agree that I owe the amounts set forth above. I agree to pay the amount set forth above, in addition to my current rent, and any other new charges assessed to my account, in accordance with my lease agreement. I reaffirm all other conditions of my lease agreement. I agree and understand that if I fail to pay the amount set forth above, with my current rent payment, and any new charges assessed to my account, that the HAKC may proceed with terminating my lease agreement for non-payment of rent. I understand that failure to make payments in accordance with the agreement will result in the balance being due and payable in a single full payment upon demand by the HAKC.
The lease requires that a tenant in non-compliance with the repayment agreement may be subject to termination of tenancy or assistance, or both.

The retroactive rent repayment amount is in addition to the family’s regular rent contribution and is payable to the HAKC.

Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy, the lease and/or assistance.

The terms of the agreement may be renegotiated if there is a decrease or increase in the family’s income.

These payments will be received in full and on time.

Failure to abide by the established Repayment Agreement may result in termination of my lease.

I have read and understand the attached repayment agreement and I agree to the terms outlined above:

_____________________________________________  ____________________________
Signature                                      Date

_____________________________________________  ____________________________
Housing Manager/Aide                          Date