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## Chapter 14

### FAMILY DEBTS TO THE PHA

#### INTRODUCTION

This Chapter describes IHA's policies for the recovery of monies that 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 IHA'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 IHA'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 IHA 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. If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the IHA **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 IHA, 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:

- a. Reference to the paragraphs in the IHA lease or Section 8 information packet whereby the tenant is in non-compliance and may be subject to termination of tenancy or assistance, or both.
- b. The monthly retroactive rent repayment amount is in addition to the family's regular rent contribution and is payable to the IHA.
- c. The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income.
- d. Late and missed payments constitute default of the repayment agreement and may result in termination of tenancy and/or assistance.

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

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

- Requests for lump sum payments
- Repayment agreements
- Collection agencies
- Credit bureaus

**A. REPAYMENT AGREEMENT FOR FAMILIES**

For payment of the charges, IHA may:

- Request the family to attempt to pay in full by seeking a loan for the full amount.
- Request the family to pay one-half (1/4) of the full amount in one payment and then enter into a repayment agreement for the remaining balance, or
- If the family is unable to comply with payment under (a) or (b), a repayment agreement may be considered as follows, with a minimum payment of at least \$50 per month:

<b>Total Amount of Repayment Agreement</b>	<b>Maximum Term</b>
\$1 - \$100	1 month
\$101 - \$500	6 months
\$501 - \$1000	12 months
\$1,001 - \$2,399	24 months
\$2,400 and over	No Repayment Agreement (Automatic Termination of Assistance) (Fraud – Potential Prosecution)

**Late Payments**

A payment will be considered to be in arrears if:

The repayment 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 two (2) payments are missed on the agreement, the repayment

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agreement will be null and void and the full amount will be due and payable to IHA. If not paid within 30 days, termination of assistance will begin on the amount owed from prior Fraudulent actions.

If the family's payment agreement is in arrears, IHA 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.

### **Repayment Schedule for Monies Owed 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 repayment agreement in place.
- If IHA determines that the family has committed program fraud.

### **Guidelines for Repayment Agreements**

Repayment agreements will be executed between IHA and the head of household and spouse/cohead. If the tenant had a prior repayment agreement and failed to follow through and complete it, IHA will not enter into a new repayment agreement and any balance owed will be due and payable in full.

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 Executive Director.

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 Mandate

VAWA

### **Additional Monies Owed**

If the family has a repayment agreement in place and incurs an additional debt to IHA:

IHA 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 IHA 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 IHA 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**

Families who owe money to any PHA due to program fraud will be required to repay it in accordance with the payment procedures for program fraud, below.

Families who owe money to IHA due to program fraud will be required to repay the amount in full within 6 months. If the full amount is paid within this time period, and the family is still eligible, IHA will continue assistance to the family.

If a family owes an amount of \$2,400 or more as a result of program fraud caused by failure to report family income properly, no repayment agreement will be approved and the family's termination of assistance will proceed.

If a family owes an amount which equals or exceeds \$10,000 as a result of program fraud, the case will be referred to the Inspector General, or other appropriate agency. Where appropriate, IHA 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 family will be required to pre-pay ½ of the amount owed prior to or upon execution of the repayment agreement.
- The amount of the monthly payment will be determined in accordance with the family's current income but a minimum of \$50 per month has to be calculated.
- Repeated fraud or untimely reporting increases in income will result in a lease termination.

**C. WRITING OFF DEBTS**

All debts will be written off after 90 days of inactivity on IHA's TAR balances, as long as the balances owed are from former tenants. Current tenant balances cannot be written off until a court judgment has been obtained, the tenant has moved and 90 days of inactivity has passed with no payments to IHA. Balances owed will be reported on EIV Debts Owed.

**D. FORMS**

**Independence Housing Authority**

NAME: \_\_\_\_\_ ACCOUNT # \_\_\_\_\_  
ADDRESS: \_\_\_\_\_

REASON FOR DELINQUENCY: \_\_\_\_\_

**CHARGES INCLUDED IN CURRENT ACTIVE RESIDENT REPAYMENT AGREEMENT**

<u>Date</u>	<u>Description</u>	<u>Amt.</u> <u>Trns</u>	<u>Amt. Due</u>

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 IHA. I agree that I owe the amounts set forth above. I agree to pay the monthly 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 monthly amount set forth above, with my current rent payment, and any new charges assessed to my account, that the IHA may proceed with terminating my lease agreement for non-payment of rent. I understand and agree that only one Active Promissory Agreement will be allowed per a 12-month period. 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 IHA.

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 monthly retroactive rent repayment amount is in addition to the family's regular rent contribution and is payable to the IHA.

The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income. This will be subject to verification of the decrease or increase in income.

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

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Signature

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Date

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IHA Representative

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Date