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## Chapter 14

### FAMILY DEBTS TO THE PHA

#### **INTRODUCTION**

This Chapter describes LSHA 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 LSHA 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 LSHA 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 LSHA 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 LSHA **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 LSHA, 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 LSHA 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 LSHA.
- 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.

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

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When families owe money to the PHA, LSHA will make every effort to collect it. LSHA 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

#### **A. PAYMENT AGREEMENT FOR FAMILIES**

For payment of the charges, LSHA 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 (1/2) of the full amount and enter into a repayment agreement for the balance, or
- If the family is unable to comply with payment under (a) or (b), a repayment agreement may be considered as follows:
  - o If the full amount is under \$300, a repayment agreement for payments of not less than \$25 per month,
  - o If the full amount is over \$300, a repayment agreement for payment in the amount of one-twelfth (1/12) of the full amount per month, or
  - o Repayment agreements for large retroactive charges shall be at the discretion of the Executive Director or authorized designee.

With exception of extreme circumstances, all repayment agreements must be paid within a maximum of twelve (12) months.

#### **Late Payments**

A payment will be considered 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 two payments are missed the full amount is due and payable, and LSHA shall initiate full termination proceedings.

If the family's payment agreement is in arrears, LSHA will:

Terminate tenancy

If the family requests a transfer to another unit and has a repayment 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.

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

There are some circumstances in which the PHA will not enter into a repayment agreement.

They are:

- If the family already has a repayment agreement in place.
- If LSHA determines that the family has committed program fraud.
- If the family has previously had a repayment agreement in place that they failed to make payments on, LSHA shall not enter into a new repayment agreement and the balance owed from the previous repayment agreement shall be due in full.

**Guidelines for Repayment Agreements**

repayment agreements will be executed between LSHA and the head of household and spouse/co-head.

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 repayment agreement is current:

Family size exceeds the maximum occupancy guidelines

A natural disaster

Housing Authority Mandate

**Additional Monies Owed**

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

LSHA will not enter into more than one repayment agreement at a time with the same family.

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**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 LSHA 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 LSHA 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 LSHA 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, LSHA will continue assistance to the family.

If a family owes an amount equal to or greater than \$2,400, LSHA shall terminate assistance.

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, LSHA 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 payment agreement.
- The amount of the monthly payment will be determined in accordance with the family's current income.
- Repeated fraud or untimely reporting increases in income will result in a lease termination.

**C. WRITING OFF DEBTS**

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- All debts shall be written off after 90 days of inactivity to clear up TAR balances. Outstanding balances owed will be reported in EIV and collection shall be sought.

D. FORMS

Lee's Summit 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 LSHA. 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 LSHA may proceed with terminating my lease agreement for non-payment of rent. I understand and agree that only one Active Resident Repayment 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 LSHA.

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 LSHA.

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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Housing Manager/Aide

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Date