

CHAPTER 17

OWNER OR FAMILY DEBTS TO THE NBHA

[24 CFR 982.552]

INTRODUCTION:

This chapter describes the NBHA's policies for the recovery of monies that have been overpaid for families and to owners. It describes the methods that will be utilized in the collection of monies and the guidelines for collection of debts. It is the NBHA'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 NBHA's claim that the debt is owned. 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 NBHA, the NBHA will make every effort to collect it. The NBHA will use a variety of collection tools to recover debts including, but not limited to:

- Requests for lump sum payment
- Civil suits
- Payment agreements
- Abatements
- Reductions in HAP to owner
- Collection agencies
- Credit bureaus
- Income tax set-off programs
- Referral to the State Attorney General of HUD
- Inspector General's Office

Withhold amounts due from Hap for other families (for amounts due from owner)

A. **PAYMENT AGREEMENTS** [24 CFR 982.552(c)(v-vii)]

A Payment Agreement as used in this plan is a document entered into between the NBHA and a person who owes a debt to the NBHA. 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 NBHA upon default of the agreement.

The NBHA will prescribe the terms of the payment agreement, including determining whether to enter into a payment agreement with the owner or family based on the circumstances surrounding the debt to the NBHA.

There may be some circumstances in which the NBHA will not enter into a payment agreement: They are:

- If the family already has a Payment Agreement in place.

- If the NBHA determines that the family committed program fraud and the NBHA determines that the actions of the family imply or indicate that the fraud was intentional or if it was repeat offense.
- If the NBHA determines that the debt, due to failure to report income, is so large that it would take more than twelve months to repay.

Any repayment agreement that would necessitate a time period beyond 12 months would have to be authorized by the Executive Director.

If the family requests to port to another jurisdiction and has a payment agreement in place, the family will be required to pay the balance in full prior to the issuance of a voucher.

General Repayment Agreement Guidelines for Families

Down Payment Requirement

NBHA Policy

Before executing a repayment agreement with a family, NBHA will generally require a down payment based upon the amount owed as reflected below:

<u>Amount Owed</u>	<u>% of Total Amount Owed</u>
20%	\$0 - \$500
15%	\$501 - \$1,000
10%	\$1001 - \$2,500
5%	\$2,501 - \$5,000

If the family can provide evidence satisfactory to NBHA that a down payment of 10% would impose an undue hardship, NBHA may, at its sole discretion, require a lesser percentage or waive the requirement.

Payment Thresholds

Notice PIH 2010-19 recommends that the total amount a family must pay each month—the family’s share of rent plus the monthly debt repayment amount, should not exceed 40% or more of its’ monthly adjusted income in rent. However, a family may already be paying 40 percent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2010-19 acknowledges that PHA’s have the discretion to establish “thresholds and policies” for repayment agreements with families [24 CFR 982.552©(1)(vii)].

NBHA Policy

NBHA has establishes the following thresholds for repayment of debts:

- Amounts from \$2,501 - \$5,000 must be repaid within 24 months
- Amounts from \$1,001 - \$2,500 must be repaid within 18 months
- Amounts from \$501 - \$1,000 must be repaid within 12 months
- Amounts under \$500 must be repaid within 6 months

Late Payments:

A payment will be considered to be in arrears if the payment is not received by the close of the day five days after the due date.

B. **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:

Constitutes false statement, omission, or concealment of 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 or **Program Fraud.**

Owners or families who owe money to the NBHA due to program fraud will be required to pay in accordance with the payment procedures for program fraud, below.

If an owner or family owes an amount, which equals or exceeds \$5000 as a result of program fraud, the case will be referred to the Inspection General. Where appropriate, the NBHA will refer the case for criminal prosecution.

Payment Procedures for Payment Fraud-Families:

Families who commit program fraud or do not report income in a timely manner will be subject to the following procedures:

- The maximum time period for a Payment Agreement will be *at the discretion of the Authority.*

The family's assistance may be terminated unless the NBHA receives the balance of the payment agreement in full within fifteen days of the termination notice, the family's assistance will be terminated. 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

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 Executive Director or Designee.

Additional Monies Owed: If the family already has a payment agreement in place and incurs an additional debt to the NBHA, the NBHA will not enter into more than one payment agreement with the family.

C: **GUIDELINES FOR REPAYMENT AGREEMENTS:**
[24 CFR 982.552(c)(v-iii)]

Repayment agreements will be executed between the NBHA and all the adults included in the household.
Payment may only be made by money order or cashier's checks.

Repayment agreements will be considered in default when two (2) payments are delinquent. When the repayment agreement is in default, no further repayment agreements will be renegotiated and all monies are due in full.

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

- Family size exceeds the HQS maximum occupancy standards.
- The HAP contract is terminated due to owner non-compliance.
- A natural disaster.

D. **PAYMENTS FOR PROGRAM FRAUD – OWNERS:**
[24 CFR 982.453(b)]

If the NBHA determines that the owner has retained housing assistance or claim payments the owner is not entitled to, the NBHA may reclaim the amounts from future housing assistance or claim payments owed the owner for any units under contract.

If future housing assistance or claim payments are insufficient to reclaim the amounts owed, the NBHA will:

- Require the owner to pay the amount in full within 30 days.
- Pursue collections through a collection agency.
- Restrict the owner from future participation.
- Seek claim payments through legal actions.

E. **WRITING OFF DEBTS:**

All debts will be referred for collection.

Debts will be written off if:

- The debtor is deceased:
- The debtor is confined to an institution indefinitely.
- The debt is less than \$100 and the debtor cannot be located.

A determination is made that the debtor is judgment proof