

Chapter 19

OWNER OR FAMILY DEBTS TO SHA/PAYMENT AGREEMENTS

[24 CFR 982.453 (b), 982.552] [24 CFR 792.103, 982.552 (c)(v-vii)]

This chapter describes SHA's policies for the recovery of funds which have been overpaid.

File Documentation

Before a debt is assessed against a participant or owner, SHA's claim that a debt is owed must be properly documented, which shall include a clear written explanation of the method used to calculate the debt. The debt file, with all supporting documentation, shall be made available to the owner or the participant who owes the debt.

Methods of Debt Collection

Every effort shall be made to collect all debts owed, which includes, but is not limited to:

1. Demands for lump sum payments;
2. Execution of a payment agreement;
3. Partial abatements when appropriate;
4. Reductions in HAP to owner;
5. Use of collection agencies; and
6. Securing judgments.

A. Payment Agreement for Participants [24 CFR 982.552 (c)(v-vii)]

A payment agreement is a written agreement entered into between SHA and a person who is indebted to SHA. It shall contain a promise to repay the debt, details regarding the nature of the debt, the terms of payment, any special provisions, and the remedies available to SHA in the event of a default by the debtor.

SHA May Decline to Enter Into a Payment Agreement

SHA, in its sole discretion, may enter into payment agreements with owners or participants. SHA will generally not enter into payment agreements when:

1. There is an existing payment agreement between SHA and the participant;
2. SHA determines that the participant has committed or has attempted to commit program fraud; or
3. SHA determines that the amount owed is more than the participant can repay in a reasonable period of time.

Terms and Conditions of Payment Agreements

SHA shall prescribe the terms and conditions of any payment agreement.

Term

The payment agreement term shall generally be for 12 months or less, but shall in any event be the minimum time period in which the participant can be reasonably expected to repay the debt owed. The Section 8 Manager may approve terms of up to 24 months when necessary.

First Payment Required Upon Execution of Payment Agreement

The participant shall, prior to execution of the Payment Agreement, make an initial payment equal to the total amount due divided by the number of months of the term of the payment agreement (e.g. 1/12th for a 12 month payment plan, 1/18th for an 18 month payment plan, etc.).

Monthly Payments

The minimum monthly payment shall be the total amount due divided by the number of months in the term of the payment agreement (1/12th of the total amount owing for a 12 month payment plan, 1/18th for an 18 month payment plan, etc.).

The Section 8 Manager may approve a decrease in the monthly payment for participants who experience a hardship, provided that the participant requests a decrease in a reasonable time and provides verification of the hardship. The change in monthly payment shall be made an attachment to the payment agreement and shall be signed by the Section 8 Manager and the participant(s). The term of the payment agreement shall be lengthened accordingly, up to a maximum of 24 months.

Execution

Payment agreements shall be executed by the head of household and the co-head or spouse, as applicable.

The payment agreement shall be executed for SHA by the Occupancy Supervisor or designee.

Cashier Check or Money Order Only

Payments shall be made by money order or cashier's check.

Late Payments/Default/Termination of Assistance

Payments shall be delinquent if not received by SHA within five business days of the due date. Failure to make any payment before it is delinquent shall constitute a default under the payment agreement.

When a payment is delinquent the participant's assistance may be terminated and SHA may pursue any available remedy, including filing a civil action, to collect the balance owing.

Referrals

When fraud is involved, SHA may refer a participant's or owner's case to the HUD Inspector General, the U.S. Attorney, the County Prosecutor, or the City Attorney, in addition to pursuing any available civil remedy against the participant or owner.

Requests to Move

No move will be approved until the debt is paid in full, unless the move is the result of one of the following causes:

1. Family size exceeds the HQS maximum occupancy standards;
2. The HAP Contract is terminated due to owner non-compliance or opt-out;
3. A man-made or natural disaster;
4. The move is pursuant to a reasonable accommodation approved by SHA; or
5. The move is necessary as a result of domestic violence, with documentation of police reports and a court-ordered restraining order.

SHA may require that a payment agreement be current before issuing a voucher to move in these cases.

B. Owner Debts to SHA [24 CFR 982.453(b)]

If an owner has received Housing Assistance Payments or claim payments to which the owner is not entitled, SHA may recover such amounts from future Housing Assistance Payments or claim payments owed the owner.

If future housing assistance or claim payments are insufficient to recover the amounts owed in a reasonable time, SHA may:

1. Demand that the owner pay the amount in full within 30 days;
2. Enter into a payment agreement with the owner for the amount owed;
3. Refer the debt to a collection agency;
4. File a lawsuit to recover the debt; or
5. Prohibit the owner's future participation in the program.

C. Writing Off Debts

Debts that are uncollected after six years from the date the debt was due, or from the date of execution of a payment agreement, will be written off. Debts that are reduced to judgment shall be written off when the judgment can no longer be collected legally. SHA shall keep a record of all debts owing for reference in reviewing applications for participation in the Section 8 program or other housing programs administered by SHA.