

Chapter 14

FAMILY DEBTS TO THE PHA

INTRODUCTION

This Chapter describes RCRHA'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 RCRHA'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 RCRHA'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.

When families owe money to the RCRHA, we will make every effort to collect it. RCRHA 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, RCRHA 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,

- If the full amount is over \$300, a repayment agreement for payment in the amount of one-sixth (1/6) of the full amount per month, or
- 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 six (6) 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, RCRHA 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.

Payment 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 payment agreement in place.
- If RCRHA determines that the family has committed program fraud.

Guidelines for Payment Agreements

Payment agreements will be executed between RCRHA 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 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

Additional Monies Owed

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

RCRHA 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 RCRHA 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 RCRHA 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 RCRHA 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, RCRHA will continue assistance to the family.

If a family owes an amount which equals or exceeds \$4,000 as a result of program fraud, the case will be referred to the Inspector General. Where appropriate, RCRHA 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

Debts will be written off if:

- A determination is made that the debtor is judgment proof.
- The debtor is deceased.