

21.0 Debts and Repayment Agreements

This chapter describes Pensacola Housing's policies for the recovery of funds that have been overpaid.

21.1 File Documentation

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

21.2 Methods of Debt Collection

Every effort shall be made to collect all debts owed to Pensacola Housing. Collection methods may include:

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

21.3 Repayment Agreements for Participants [24 CFR 982.552 (c, v-vii)]

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

21.3.1 Pensacola Housing May Decline to Enter Into a Repayment Agreement

Pensacola Housing, at its sole discretion, may enter into repayment agreements with participants or owners. Pensacola Housing will generally not enter into repayment agreements when:

1. The participant has already entered into a previous repayment agreement and still has an outstanding debt balance with Pensacola Housing;
2. Pensacola Housing determines that the participant has committed or has attempted to commit program fraud; or
3. Pensacola Housing determines that the amount owed is more than the participant can repay in a reasonable period of time while still remaining in compliance with HUD's affordability guidelines concerning repayment agreements.

21.4 Terms and Conditions of Repayment Agreements

Pensacola Housing shall prescribe the terms and conditions of any repayment agreement.

21.4.1 Term

The repayment agreement term will typically range from 6 to 48 months, but shall in any event be the minimum time period in which the participant can be reasonably expected to repay the debt owed.

21.4.2 Monthly Payments

The monthly payment will typically be the greater of \$25 or the total amount due divided by the number of months in the term of the payment agreement. Pensacola Housing will ensure that the combined actual family share and monthly repayment amount do not exceed 40% of the household's adjusted monthly income.

Pensacola Housing may approve a decrease or temporary (up to 6 months) deferral of the monthly repayment for participants who experience a hardship (such as loss of income or a medical situation), provided that the participant requests the hardship in a reasonable time, provides verification of the hardship, and has been in compliance with the terms of the repayment agreement until the hardship occurred. The change in monthly payment shall be documented as an attachment to the repayment agreement and shall be signed by the housing specialist and the participant. The term of the repayment agreement shall be lengthened accordingly.

21.4.3 Execution

Repayment agreements shall be executed by the head of household and, for Pensacola Housing, by the housing specialist.

21.4.4 Cashier Check or Money Order Only

Pensacola Housing will accept cashier's checks or money orders as payments toward participant debt.

21.4.5 Late Payments/Default/Termination of Assistance

Payments shall be delinquent if not received by Pensacola Housing during the calendar month due. Failure to make any payment before it is delinquent shall constitute a default under the repayment agreement.

Participants with delinquent payments will not be able to recertify for continued assistance unless they become current on their repayment agreement.

Failure to comply may result in termination of the participant's assistance. Pensacola Housing may pursue any available remedy, including filing a civil action, to collect the remaining balance owed at termination.

21.5 Requests to Move or Port from Participants with Debts

No move will be approved unless the family is current on their repayment agreement or the debt is paid in full, unless the request to move is a 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 request approved by Pensacola Housing;
5. The family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking, and the move is needed to protect the health or safety of the family or family member; OR
6. Other exceptional circumstances, to be reviewed by Pensacola Housing.

Pensacola Housing may still require that a repayment agreement be current before issuing a voucher to move in these cases.

Pensacola Housing will not grant portability requests made by families with outstanding debt balances, unless the family or a member of the family is or has been the victim of domestic violence, dating violence, sexual assault, or stalking, and moving out of the jurisdiction is needed to protect the health or safety of the family or family member.

21.6 Owner Debts to Pensacola Housing [24 CFR 982.453(b)]

If an owner has received HAP to which the owner is not entitled, Pensacola Housing may recover such amounts from future HAP payments owed to the owner.

If future HAP payments are insufficient to recover the amounts owed in a reasonable time, Pensacola Housing may:

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

21.6.1 Owner Fraud

If an owner has been overpaid as a result of fraud, misrepresentation, or violation of a HAP contract, Pensacola Housing may terminate the contract, seek restitution and/or refer the case for criminal prosecution.

21.7 Referrals in the Case of Fraud

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

21.8 Maintaining Debt Records

Pensacola Housing will keep a record of all debts owed for reference in reviewing applications to the HCV program and other housing programs it administers.

21.8.1 Debts Owed to PHAs and Termination Module

HUD has established a national database to serve as a repository for debt and termination information on former participants of Section 8 housing assistance programs. It is mandatory that each local PHA and housing provider designate at least one staff person to enter information into this Debt Termination Data Base (DTDB).

Pensacola Housing will adhere to the following practices when entering debt/termination information into DTDB:

1. Debt/Termination information is not entered into DTDB until an End Of Participation (EOP) action has been entered in the Public and Indian Housing Information Center (PIC) for the former participant;
2. Debt/termination information is entered within 90 days from the EOP date;
3. Debt/termination information is maintained in DTDB for a period of up to 10 years;
4. Families who have never, or who no longer, warrant being in the database are removed following HUD guidelines;
5. Pensacola Housing can only modify a participant record up to 3 times, so debt records will not be modified as payments are being made; and
6. The debt record will be removed from the DTDB when it has been paid in full.