

Section 19.0 PARTICIPANT PAYMENTS FOR AMOUNTS OWED THE PHA

LAs assume all day-to-day responsibility for enforcing the requirements of this section and for ensuring that monies collected are promptly returned to HCR.

A participant is responsible for reporting all changes in income and household composition to the LA within two weeks of the date of such change. If a participant fails to report these changes an overpayment of Housing Assistance Payments (HAP) may occur. The participant is responsible for repaying any amount overpaid on his/her behalf to the Statewide Section 8 Voucher Program.

In such cases the LA is responsible for making every effort to recoup any overpayment of HAP, and may only proceed to termination of assistance after considering the seriousness of the case, such as:

- whether or not there was a prior similar violation;
- the participant used false names or social security numbers, or
- falsified, forged or altered documents.

The LA may also consider the extent of participation or culpability of individual family members, mitigating circumstances related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved in the action or inaction (*see Section 14.01 of this Administrative Plan*). The analysis of all these factors must be documented in writing before proceeding to termination for any first time offender.

Participant obligations of this nature may be satisfied by either paying the full amount due immediately upon request of the LA, or through a repayment agreement approved by the LA.

The length of a repayment agreement, as determined by the LA, cannot exceed 36 months. The LA must carefully evaluate each case to determine the terms of the agreement and to assure repayment of the debt within the prescribed time. If the participant is not current on a repayment agreement, the family will not be issued a voucher to move to a new unit. If the family has a repayment agreement in place and incurs an additional debt to the LA, the additional debt must be paid in full within 30 days.

An applicant owing money may apply to the program and remain on the waiting list until his/her time of selection. If it is determined, based on information in HUD's Enterprise Income Verification (EIV) System that an applicant still owes money to a PHA or a Section 8 landlord when he/she is contacted for selection, assistance may be denied subject to resolution of the reported outstanding debt. Refer to HUD's January 28, 2010 EIV Training Webcast: *Refinement of Income and Rent Rule*, and Form HUD-52675 (Debts Owed to Public Housing Agencies and Terminations) for detailed guidance. The applicant's name will remain on the waiting list in accordance with the aforementioned guidelines.

19.01 Repayment Agreements – General

A participant's obligation of this nature may be satisfied by either paying the full amount due immediately upon the LA's request or through a repayment agreement approved by the LA. A repayment agreement between the LA and a participant 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 LA upon default of the agreement.

The repayment agreement must contain the following provisions:

1. The terms of the agreement may be renegotiated if there is a decrease or increase in the family's income, or;
2. A change in income cycle (i.e.; weekly to bi-weekly or bi-monthly, and vice versa).
3. The monthly repayment amount is in addition to the family's regular rent contribution.

LAs will **not** enter into additional repayment agreements if:

- the participant already has an agreement in force;
- the LA determines that the family has committed additional program fraud during the term of the repayment agreement.

There is no maximum dollar amount for considering whether or not the LA will enter into a repayment agreement.

Although the LA is authorized to enter into a repayment agreement of up to 36 months, the maximum term should not be automatically granted. Each family should be evaluated on a case-by-case basis. The term of the agreement may range from one (1) to thirty-six (36) months depending on the family's income and the amount owed. Repayment options include lump sum payments, monthly installments, or a combination of both.

If a participant refuses to enter into a repayment agreement or defaults on an existing agreement, the participant must be terminated from the program and collection/enforcement actions should be pursued. The LA should contact their Program Representative for further guidance.

19.02 Repayment Agreements - Fraud Recovery

PHAs are required by HUD to report fraud recovery in HUD's Voucher Management System reports. A PHA is allowed to keep 50% of the recovered funds resulting from fraud repayments.

It is the LA's responsibility to distinguish between what is an error of omission and what is fraud. HUD guidance has indicated that fraud can best be categorized as intentional deception for the purpose of receiving funds that the recipient is not entitled to. This could include, but is not limited to:

- intentional misrepresentation of income, assets and allowances;
- intentional misrepresentation of family composition;
- initiation or participation in bribery;
- falsification, forging or alteration of documents;
- falsification of names or Social Security numbers;
- repeated misreporting of material information;

In order to establish fraud, LAs are responsible for ensuring that the tenant file contains documentation indicating that they were made aware of program requirements and prohibitions, and that they intentionally misstated or withheld material information.

LAs are responsible for determining, on a case-by-case basis, what is intentional misreporting. LAs are entitled to 50% of the full recovery amount only for case of documented fraud. If a family disputes that fraud was committed, the LA must conduct an informal hearing with an independent arbiter.

Once an act of fraud has been determined, the LA will initiate a Repayment Agreement with the family and set up a monthly repayment schedule following **the guidelines in Section 19.0 and 19.01 of this Plan.**

The LA will submit to the Statewide Section 8 Voucher Program, in a form or manner prescribed by HCR, a list of the names and addresses of all participants/landlords who have entered into a repayment agreement.

The full amount of funds recovered from fraud investigations and determinations must be in the form of a certified check or money order and must be made payable to the ***Housing Trust Fund Corporation***. LAs will subsequently be advised on how and when to request payment of the 50% of recovered funds allowed by HUD regulations.

LAs are responsible for recouping all overpayment of HAP following the guidelines contained in Section 19 of HCR's Administrative Plan.

19.03 Late Payments

A payment under a participant repayment agreement will be considered in arrears if payment has not been received by the LA within 5 business days of the due date.

Payment is due by the close of business on the due date. If the due date is on a weekend or holiday, the due date will be at the close of the next business day. If a participant's repayment agreement is in arrears and the participant has not contacted or made arrangements with the LA, the LA will require the participant to pay the balance in full within 30 days. If the participant subsequently fails to pay the full amount due within the 30 days, the participant will be terminated from the program.

If a family requests a move to another unit, and has an existing repayment agreement in place for the payment of an owner claim, the family will not be permitted to move with continued HCV assistance until the family pays the balance in full.

If a family who has an outstanding balance on an existing repayment agreement requests to port to another jurisdiction (another LA or PHA), the outstanding balance must be paid in full before the family will be permitted to port.

19.04 Minimum Rents

HCR has a minimum rent policy of \$50 for all participants in the Statewide Section 8 Voucher Program. Adjustments to rent shares for affected families are to be implemented immediately at the next annual review or interim recertification, whichever comes first.