

Exhibit M-5 Collection Activities

AHFC will use a variety of collection tools to recover debts, including but not limited to: requests for lump sum payments, civil and small claims suits, payment agreements, assignment of or execution on the Permanent Fund Dividend, and collection agents.

- For payment plans between AHFC and participant families, see the Payment Agreements exhibit.
- For AHFC investigative activities related to unreported or underreported income, see the Allegations, Family Errors, and Misrepresentation exhibit.
- For payment methods accepted by AHFC, see the Payment Management exhibit.

NeighborWorks Alaska (NWA) will send family files with debt due to underreported or unreported income to AHFC to collect. AHFC retains all debts with their documentation. These debts will remain on the books of AHFC, and AHFC will follow appropriate state statutes for debt collection.

NWA will be responsible for collecting any past participant debts due to occupancy-related charges. NWA will develop its own procedures for these actions.

1. Small Claims and Superior Court Judgments

For those families with balances due AHFC that are not subject to a court-awarded judgment, AHFC will pursue a small claims action. The minimum balance that AHFC will pursue is \$250.

Alaska Statute 34.03.270

Remedy after termination. If the rental agreement is terminated, the landlord may have a claim for possession and for rent and a separate claim for actual damages for breach of the rental agreement.

Alaska Statute 34.03.335

Proof of certain property damage claims. In an action initiated by a party to recover damages or to obtain other relief to which a party may be entitled under this chapter, a premises condition statement and contents inventory prepared under AS 34.03.020(e) is presumptive evidence of the condition of the premises and its contents at the commencement of the term of the period of occupancy covered by the rental agreement between the parties. Unless its authenticity is rebutted by clear and convincing evidence by the party against whom the statement and contents inventory is offered, the statement and contents inventory may be offered by a party, without additional supporting evidence, as

the basis on which to compute the recovery of damages to which the party may be entitled under this chapter.

AHFC Policy

AHFC has established a small claims procedure for family debts. AHFC will file these actions in the appropriate judicial venue.

1.A Judgment and Legal Fees

Alaska Statute 34.03.350

Attorney fees. Attorney fees shall be allowed to the prevailing party in any proceeding arising out of this chapter or a rental agreement.

1.B Annual PFD Filing Fees

AHFC Policy

1. When AHFC receives a court judgment, AHFC will file against the named defendant's Permanent Fund Dividend.
2. AHFC will add postage fees each year to process the Writ of Execution.

1.C Satisfaction

AHFC will file a Satisfaction of Judgment with the appropriate Alaska court whenever a family has satisfied their judgment.

2. Collection Agency

Alaska Statute 09.10.120(a)

An action brought in the name of or for the benefit of the state, any political subdivision, or public corporation may be commenced only within six years of the date of accrual of the cause of action. However, if the action is for relief on the ground of fraud, the limitation commences from the time of discovery by the aggrieved party of the facts constituting the fraud.

AHFC Policy

If AHFC is unable to pursue a small claims action, AHFC will forward accounts of \$250 and over to its collection agent for recovery.

1. AHFC will determine the frequency and number of accounts sent to a collection agent. As part of the package, AHFC will include:
 - a. All documents sent to a family advising them of a debt and any supporting information.
 - b. Information regarding the family's last known address.
2. AHFC will consult regularly with its collection agent on account activity.

2.A Agency Selection

PHD will follow AHFC procurement regulations when advertising for collection services. PHD Central Office will be responsible for the collection agency selection process.

2.B Deceased Participant Accounts at Collection

AHFC will consult with its collection agent to determine if any sole adult household members have died while at collection.

- If the file retention period has not yet expired, AHFC will recall those accounts. The debt will be liquidated and the file destroyed at the end of the retention period.
- If the file retention period has expired, AHFC will consult with the collection agent to determine if any further collection activity is feasible. If not, AHFC will recall those accounts and liquidate the debt.

2.C Expired Accounts

Once a year, AHFC will consult with its collection agent to determine if any accounts are no longer being pursued by the agent. These accounts will be recalled by AHFC.

- If the end of assistance date is older than ten (10) years, then AHFC will submit the account for liquidation.
- If the end of assistance date is under ten (10) years, AHFC will recall those accounts. AHFC will hold those accounts active until they have aged past 10 years. At that time, they will be submitted for liquidation.

3. Past Participant Accounts Receivable Inactivation

The U.S. Department of Housing and Urban Development retains information on families that owe money to a public housing agency for ten (10) years. AHFC will retain its debts for that period as well, subject to specific exemptions cited in the Debt Liquidation section.

3.A HUD Reporting

HUD Regulation 24 CFR 5.233(a)

Programs subject to this section and requirements.

(1) The requirements of this section apply to entities administering assistance under the:

- (i) Public Housing program under 24 CFR part 960;
- (ii) Section 8 Housing Choice Voucher (HCV) program under 24 CFR part 982;
- (iii) Moderate Rehabilitation program under 24 CFR part 882;
- (iv) Project-based Voucher program under 24 CFR part 983;

- (v) Project-based Section 8 programs under 24 CFR parts 880, 881, 883, 884, 886, and 891;
 - (vi) Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);
 - (vii) Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013);
 - (viii) Sections 221(d)(3) and 236 of the National Housing Act (12 U.S.C. 1715l(d)(3) and 1715z-1); and
 - (ix) Rent Supplement program under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s).
- (2) Processing entities must use HUD's EIV system in its entirety:
- (i) As a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with §5.236, and administrative guidance issued by HUD; and
 - (ii) To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

AHFC Policy

Each month, AHFC will report families with outstanding balances greater than \$250 to the U.S. Department of Housing and Urban Development (HUD) debt module.

1. AHFC will update information regarding debts that are paid-in-full.
2. Debts for sole adult household members who are deceased will not be reported.

3.B AHFC Board of Directors Reporting

Once per year, PHD submits a report of all vacated tenants and past participants with money owed to the AHFC Board of Directors to remove them from the active accounting ledgers. These accounts continue to be collected.

4. Debt Liquidation

The Public Housing Division Director or designee must approve any debt liquidation or inactivation.

4.A Bankruptcy Action

If a debtor has filed for bankruptcy in an appropriate judicial venue, these debts will be liquidated at the direction of the bankruptcy court.

4.B Deceased While Receiving Assistance

If a sole adult household member dies while receiving housing assistance, AHFC will provide a written notice to the person named as the executor or to the participant's last known address.

- For households with minor children, see the Last Remaining Family Member section in the Qualify as a Family exhibit.
- If a household owes money as a result of his/her participation, AHFC will retain the file in accordance with its Records Retention exhibit. The debt will be liquidated and the file destroyed at the end of that retention period.

4.C Minimal Balance Accounts

Families with outstanding balances under \$250 will be retained in accordance with their individual program record retention requirements (see the Records Retention exhibit). Once that period has been exhausted, AHFC will proceed as specified below.

- Those with outstanding balances will be sent to the PHD Director for liquidation. These files will then be destroyed.
- Families with minimal balances that return to AHFC before the end of the retention period must pay these balances before being eligible for any new AHFC programs or services.

Numbered Memo

21-30 Chapter 13 Charges, Payments, and Collection