

For rental housing assistance, unresolved private judgments, liens, or garnishments **do not automatically disqualify you** from receiving federal subsidies. However, local housing authorities maintain individual criteria regarding background checks, and public debts can impact your eligibility.  HUD Exchange +2

If you are using housing assistance to transition into **homeownership** (such as utilizing a Section 8 Homeownership Voucher or securing an FHA loan), unresolved liens or judgments exceeding specific program thresholds will generally result in an automatic denial until they are paid or placed on a verified payment plan.  U.S. Department of Housin...

The rules for unresolved legal debts vary depending on the type of housing assistance program you are pursuing:

1. Rental Assistance (Section 8 / Public Housing)

- **Private Legal Debt:** Local Public Housing Agencies (PHAs) look primarily at criminal background, eviction history, and income. Unresolved credit card judgments or medical liens usually **will not bar you** from getting a rental voucher.  HUD Archives (.gov) +2
- **Prior Housing Debt:** If you owe money to a previous PHA or Section 8 landlord for back rent or damages, it will be flagged in HUD's Enterprise Income Verification (EIV) system. PHAs routinely deny new applications if you have an outstanding, unresolved debt from a previous federal housing program.  HUD Exchange +2
- **Bankruptcy Exception:** If a previous housing debt or judgment was legally discharged in a bankruptcy proceeding, the PHA [cannot deny you assistance](#) solely based on that debt.  HUD Exchange

2. Homeownership Assistance (FHA Loans & Voucher Buying Programs)

- **CAIVRS Flag:** If you owe a delinquent debt to the federal government (like a defaulted student loan or a previous HUD foreclosure), you will be flagged in the federal [CAIVRS database](#). This blocks any government-backed mortgage or home buying assistance until it is cleared.  U.S. Department of Housin...
- **The Threshold Rules:** For government-backed home purchase assistance, any judgment or tax lien must either be paid in full or have an established payment history (usually a minimum of 3 consecutive months of on-time payments) to be considered resolved by underwriters.
- **Asset Limits:** Under modern HUD rules (HOTMA regulations), families applying for federal rental assistance are subject to a strict **net household asset limit of \$100,000** (adjusted annually, currently at **\$103,200**). Equity tied up in property with an active legal lien can complicate how your net assets are calculated.  National Center for Hou... +1

How to Address Legal Debts for Housing Program Clearance

1. **Request Your HUD File:** If you suspect an old housing debt is blocking you, contact your local PHA to review your EIV data.
2. **Establish a Repayment Agreement:** Most housing authorities will restore your eligibility if you enter into a formal, written repayment agreement and remain current on payments.
3. **Seek Free Legal Aid:** If a housing authority is denying you vouchers based on an old or incorrect judgment, programs like the [Georgia Legal Services Program](#) or local [Legal Aid Societies](#) can help dispute the denial.  Georgia Housing Search +4