

For: State and County Offices

Approval Authority for Settlement of Nonprogram Loans

Approved by: Administrator



1 Overview

A

Background

Debt settlement of nonprogram loans are currently handled according to FmHA Instruction 1951-J, section 1951.469. FSA is working to consolidate this authority with RD Instruction 1956-B.

B

Purpose

This notice establishes new approval authorities for debt settlement of nonprogram loans.

C

Contact

If there are questions:

- County Offices shall contact the State Office
- State Offices shall contact Bruce Mair, LSPMD.

Disposal Date

January 1, 2000

Distribution

State Offices; State Offices relay to County Offices

Notice FLP-11

2 Approval Authority for Nonprogram Loans

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SED Authority

SED's are authorized to:

- approve or reject proposed debt settlements of nonprogram loans when the outstanding balance of the indebtedness involved in the settlement less the amount of any compromise or adjustment offer is less than \$1,000,000, including principal, interest, and other charges
- recommend to the National Office or reject proposed debt settlements of nonprogram loans when the outstanding balance of the indebtedness involved in the settlement less the amount of any compromise or adjustment offer is \$1,000,000 or more
- approve cancellation of nonprogram loans discharged under Chapter 7, 11, 12 or 13 bankruptcy, regardless of the amount of the outstanding debt

Note: All such settlements must comply with RD Instruction 1956-B, section 1956.70(b)(3).

- process nonprogram debt settlements negotiated and approved by the Department of Justice (DOJ), regardless of the size of the outstanding debt

Note: The case files must be documented to reflect the DOJ decision.

- approve cancellation, compromise, or adjustment of debts previously charged off by SED, provided the account is not under the jurisdiction of the Department of Treasury or DOJ.

SED's shall not redelegate these authorities.

Debtors who have received prior debt forgiveness may only receive additional debt forgiveness, including charge off, according to 31 U.S.C. 3711 and not the CONACT, according to paragraph 3 of Notice FC-190. Debts of more than \$100,000, exclusive of interest, penalties, and administrative costs, must be referred to the local OGC and in most situations be referred by OGC to DOJ.
