

For: State and County Offices

Servicing Department of Justice (DOJ) Judgment Accounts

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

This notice applies to those accounts on which FSA has obtained a judgment. It does not apply:

- if FSA has requested a judgment, but court action is still pending
- to foreclosure judgments.

On May 4, 2001, LSPMD notified State Offices that FSA intended to set up a system for monitoring judgment accounts. DOJ has recently provided additional guidance that allows FSA to improve its monitoring and eventually its collection of judgment accounts that have been referred back to FSA.

On February 12, 2002, State Offices received a memorandum providing actions to be taken to resolve judgments. In addition, applicable State Offices received a list of judgments for their State.

B

Purpose

This notice provides guidance to State and County Offices about servicing and managing judgment accounts. FSA is developing the capability to monitor these judgments to assist State and County Offices in their collection efforts.

C

Contact

Direct any questions about this notice to David Spillman, LSPMD at 202-720-0900.

Disposal Date	Distribution
July 1, 2003 7-18-02	State Offices; State Offices relay to County Offices

Notice FLP-258

2 Monitoring and Servicing

A

Compliance With Requirements Established in the February 12, 2002, Memorandum

The February 12, 2002, memorandum required that State Offices review the status of all judgments with DOJ to determine whether:

- any collections have been made on the judgment in the last 12 months (deficiency judgments and judgments on promissory notes only)
- the account has been referred to the Department of Treasury (Treasury) for Treasury Offset Program (TOP) or cross-servicing.

The memorandum further required State Offices to request that DOJ return accounts if no collections had been made in the last 12 months.

B

Servicing Accounts Retained by DOJ

No action shall be taken on accounts retained by DOJ for further collection or servicing.

C

Servicing Accounts Returned by DOJ

Service accounts returned by DOJ according to this table.

Note: DOJ refers all cases to TOP. When DOJ returns the case to FSA, it is withdrawn from TOP.

IF the judgment has...	AND...	THEN...
not expired	collection of Farm Program payments or other sources of collection may be possible	<ul style="list-style-type: none"> • pursue internal administrative offset according to RD Instruction 1951-C, if collection of Farm Program payments is possible • refer the account to Treasury for cross-servicing. State Offices shall: <ul style="list-style-type: none"> • classify the account as currently not collectible by processing transaction code 3K with a class of writeoff code of 5 • submit FSA-1956-21 to KCFO, Loan Operations Division, Program Reporting Branch by FAX at 314-539-6266. <p>Note: The capability to refer judgment accounts for TOP (which includes referral for cross-servicing) is under development. Further implementation guidance will be issued in the future.</p>

Continued on the next page

2 Monitoring and Servicing (Continued)

**C
Servicing
Accounts
Returned by
DOJ (Continued)**

IF the judgment has...	AND...	THEN...
not expired	debtor does not receive Farm Program payments or any other known sources of income	cancel the debt according to paragraph 3. Note: Insert documentation from reason 1 of subparagraph 3 B in FmHA 1956-1, Part VIII.
expired (20 years from the date of judgment, unless renewed)		cancel the debt according to paragraph 3. Note: Insert documentation from reason 2 of subparagraph 3 B in FmHA 1956-1, Part VIII.

3 Debt Settlement

**A
RD Instruction
1956-B**

Currently, RD Instruction 1956-B does not address the cancellation of judgment debts. RD Instruction 1956-B is being revised to include guidance on canceling judgment debts. Before the publication of the revised instruction, judgment debts shall be canceled according to section 1956.70(c).

Continued on the next page

Notice FLP-258

3 Debt Settlement (Continued)

B

**FmHA 1956-1
Documentation**

Insert the appropriate text from this table in FmHA 1956-1, Part VIII.

Reason for Debt Settlement	Documentation To Be Inserted in FmHA 1956-1, Part VIII
1	Address the following: <ul style="list-style-type: none">• the United States Attorney’s file is closed, therefore removing it from TOP• debtor does not receive Farm Program payments; therefore, collection through internal administrative offset is not possible• debtor has no equity in property on which the judgment:<ul style="list-style-type: none">• is a lien• can presently be made a lien.
2	Address the following: <ul style="list-style-type: none">• the United States Attorney’s file is closed• the judgment has expired (20 years after the judgment date, and the judgment is not renewed).

C

**Releasing
Judgment Lien
by DOJ**

State Offices should send notice to their U.S. Attorneys’ Offices that it has canceled the debt that is the subject of a judgment lien (from a deficiency judgment or a judgment on the promissory note). The notice should request that this type of judgment lien be released.
