

For: State and County Offices

Administrative Offsets-RD Instruction 1962-A

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Purpose

This notice:

- clarifies the relationship between RD Instruction 1962-A and administrative offset RD Instruction 1951-C
- addresses administrative offset and normal income security.

B Contacts

If questions concerning this notice:

- County Offices shall contact the State Office
- State Offices shall contact LSPMD through the Area Office.

<p>Disposal Date</p> <p>September 1, 1998</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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Notice FC-140

2 Offset Information

**A
Delinquent
Borrower with
FSA Lien**

The following applies to delinquent borrowers with an FSA lien:

- offset collection is limited to the amount owed to FSA in default
- monies collected under RD Instruction 1951-C offset regulation are not considered normal income from security
- monies collected, over the amount in default, will be considered normal income security, if FSA has a lien on the payments or if an assignment to FSA is in effect.

Example: A borrower is eligible for \$10,000 of farm program payments and is in default on an FSA loan in the amount of \$6,000.

FSA is entitled to offset the farm program payment in the amount of \$6,000. The remaining \$4,000 is normal income security.

**B
Delinquent
Borrower
Without FSA
Lien**

For a delinquent borrower without an FSA lien, offset will be requested in the amount necessary to cure the default. The balance will be paid according to normal payment requirements.

**C
Accelerated
Borrowers**

Offsets will continue until the account is paid in full, unless advised otherwise by OGC.

**D
Prior Liens**

Offset in favor of FSA:

- has priority notwithstanding other creditors' lien position
 - shall be according to 7 CFR 792.9.
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