

For: State and County Offices

Screening Process for FLP Treasury Offset Program (TOP) Calendar Year 2000, Phase 2

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Debt Collection Act, as amended by the Debt Collection Improvement Act of 1996 (DCIA), requires that delinquent debtors be referred to TOP for administrative offset of Federal government payments, including the following:

- income tax refunds
- Federal salary pay, including military pay
- Federal retirement, including military retirement pay
- contractor or vendor payments
- certain Federal benefit payments, issued under the Social Security Act, other than Supplemental Security Income, part B of the Black Lung Benefit Act, and any Law administered by the Railroad Retirement Board, other than tier 2 benefit payments
- other Federal payments that are not exempt from offset.

A 2-phase process is being used to screen for TOP offset eligibility. Notice FLP-149 provided phase 1 screening of delinquent debtors 90 days or more past due for eligibility to receive the 60-day due process letter. In phase 2, implemented by this notice, Field Offices will delete debtors before certification if the borrower resolves the delinquency.

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Disposal Date September 1, 2001	Distribution State Offices; State Offices relay to County Offices
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1 Overview (Continued)

B

Purpose

This notice provides:

- guidance on determining eligibility for TOP offset certification
 - instructions for deleting debtors on the TOP (formerly IRS) offset update screens.
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Contact

Address questions about this notice as follows:

- County Offices shall contact the State Office
 - State Offices shall contact the following about:
 - FLP procedures, Bruce Mair, LSPMD at 202-690-4009
 - the screening process, St. Louis Finance Office, Loan Operations Division (LOD), Program Reporting Branch (PRB) at 314-539-2494.
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2 St. Louis Finance Office Responsibilities

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Debtors Selected for TOP Offset Screen

On September 11, 2000, the St. Louis Finance Office made the TOP offset online screens available to State and County Offices. All borrower loans that were on the screens and not deleted in phase 1 will be reflected, and must be reviewed on an ongoing basis. The delinquency amounts on the due process letters were as of September 9, 2000, and will appear on the phase 2 screens. For accounts that have an acceleration (ACL), foreclosure action pending (FAP), or court action pending (CAP) flag, or are cost item loans, employee defalcations, or fully matured, the delinquent amount is the total unpaid principal and interest.

Debtors who have requested servicing under FmHA Instruction 1951-S are **eligible** for offset until a settlement or repayment plan has been approved by FSA.

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2 St. Louis Finance Office Responsibilities (Continued)

A

Debtors Selected for TOP Offset Screen (Continued)

Debtors flagged “51-S” have been included. As noted in FmHA Instruction 1951-S, Exhibit O, the “51-S” flag is used under many circumstances. Each account with this flag must be reviewed by the servicing office. Debtors flagged “51-S” whose account appears delinquent because of Transaction Code 5S or 5T problems should be deleted. Contact your Finance Office loan servicing team to verify delete eligibility because of transaction processing problems.

Note: Deleting a borrower’s loan that has been charged off will remove the loan from cross-servicing eligibility as well as TOP. Additional debtors or loans cannot be added. This capability is under development, as is capturing judgments, delinquent leases, and community program loans.

B

Letters to Debtors

During the week of September 11, 2000, the St. Louis Finance Office sent a 60-calendar-day due process notice to all debtors not deleted on the offset screens in phase 1. Debtors will have 60 calendar days from the date of receipt to provide evidence in writing to the servicing official that their debt should not be offset.

This letter did not provide new appeal rights.

3 County Office Responsibilities

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Screening Process

During the week of September 11, 2000, servicing officials were provided access to the TOP offset online screen. Servicing officials have until COB November 24, 2000, to:

- review the online screens and determine whether each debtor has a loan or loans which make the debtor eligible for TOP offset certification
- verify the accuracy of any flags on the debtor’s account and correct, if necessary
- review Exhibit 1 for delete codes which will be programmatically generated based on the status of the debtor’s account when the certification process is run

Note: No servicing office action is needed for debtors who fit the delete code criteria on Exhibit 1.

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3 County Office Responsibilities (Continued)

A Screening Process (Continued)

- enter a delete code for **each** loan that is ineligible, based on criteria shown in Exhibit 2

Note: Do not use codes that do not appear in Exhibit 2.

- notify LOD, PRB by FAX at 314-539-6266 of any CNC (charge-off) loans, which are eligible for TOP and/or cross-servicing, but do not appear on the TOP screen.

CNC (charge-off) loans, which had been excluded in prior years because of a computer calculation for the 10-year statute of limitation, have been included this year. These loans should be reviewed carefully. If any CNC (charge-off) loan is past the statute of limitation as defined by OGC, notify LOD, PRB immediately by FAX at 314-539-6266.

Note: Do not use delete code “09” on the TOP offset screens to remove CNC (charge-offs). Using the code “09” will remove the loan from cross-servicing.

For debtors whose files are being handled in another office, contact that office for determining eligibility.

If the servicing official is not able to access that office’s debtors, and the servicing official is aware that there should be debtors on the screens, contact the State Office.

Note: Each loan must be reviewed because the 10-year statute of limitations for collection by offset may have expired. Only the servicing office can determine whether the loan should be deleted. Use delete code “09” for loans on Report Code 540 only.

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3 County Office Responsibilities (Continued)

B

How to Access TOP Offset On-Line Screens

County Offices can view and/or delete debtor loans from the TOP offset online screens as follows.

- On the Online Subsystem Selection Menu, select “TOPOFFST”. The Borrowers Selection Menu will be displayed.
- On the Borrowers Selection Menu, enter 1 of the following to view all borrowers by servicing office or to view an individual borrower by case number.
- ENTER “2” in the “Enter Option” field to view borrowers by State and County. Enter the 2-digit non-FIPS State code (former FmHA code) in the “Enter State” field. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code and the 3-digit servicing office code, and PRESS “Enter”.
- ENTER “3” in the “Enter Option” field to view borrowers by case number. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code (former FmHA code) and the 3-digit servicing office code, in the “Enter State and County” field. Enter the entire 15-digit borrower case number in the “Enter Case Number” field and PRESS “Enter”. The loans for the borrower requested will be displayed if the borrower is within the requestor’s servicing jurisdiction.

ENTER “4” in the “Enter Option” field to return to the Online Subsystem Selection Menu and PRESS “Enter”.

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3 County Office Responsibilities (Continued)

C

Deleting Debtors After accessing debtors through option 2 or 3 on the Borrowers Selection Menu, the following steps will delete a loan **and any cost item related to the loan**, if ineligible for offset.

Step	Action
1	Input the applicable delete code from Exhibit 3 in the "DLT CDE" field on the line for the loan number to be deleted. If all of a debtor's loans are to be deleted, a delete code must be input for each loan.
2	Input any delete codes needed for all borrowers and their loans displayed on the screen.
3	PRESS "Enter". Note: "Enter" must be pressed for each page if a delete code has been entered. If "PF8" or "PF7" is pressed without pressing "Enter" first, the delete code will not be processed.
4	Once "Enter" has been pressed, "Borrower(s) Processed" will be displayed on the bottom left of the screen. The delete codes will be displayed in the loan line under the "Delete Code" column, which is left of the center of the screen. The current date will be displayed in the "Delete Date" column in the center of the screen.
5	Continue this process for all pages displayed for the requested servicing office or borrower.

Debtors remaining undeleted after screening should be in 1 of the following categories and not in bankruptcy:

- loans at least 90 days past due
- CNC (charge-off) loan
- employee defalcations
- no approved repayment plan.

Notes: Before COB November 24, 2000, a delete code previously entered may be changed by either of the following:

- inputting "00" if the debtor becomes eligible for offset
- entering a new delete code.

Any debtor loans that do not have an inputted delete code by COB November 24, 2000, or generated in the update process immediately following, will be certified to TOP for offset in calendar year 2001.

4 State Office Responsibilities

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Accessing the Screens

State Offices will be able to delete problem accounts serviced by their office online, if necessary.

State Offices can access the TOP offset screens as follows:

- select "TOPOFFST" from the Online Subsystem Menu
- in the "Enter Option" field, ENTER "1" to view all borrowers in the State selected
- enter the 2-digit non-FIPS State code in the "Enter State" field and PRESS "Enter".

All debtors within the State will be displayed. To delete:

- any applicable loans, follow the steps in subparagraph 3 C
 - a specific borrower, follow the steps in subparagraph 3 B and 3 C, option 3.
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Verifying Screening Process

State Offices must follow up with servicing offices to ensure that the screening process has been completed by the COB November 24, 2000, deadline. To verify that the screening has been completed, view each servicing office screen for delete codes other than "00". If this field is "00" for all borrowers in the servicing office, there may be no debtors who are ineligible or the delete codes have not been processed. Contact servicing offices that have no delete codes on the debtor loans to verify that the screening has been completed, and that no access problems exist.

TOP Offset Programmatic Delete Codes

The following delete codes will be programmatically generated based on the status of the loan.

Code	Description
02	Account has a "BAP" flag.
08	Account has a "SAA" flag.
13	A cost item reversal put a Z99 paid code on the account. Transaction code "4A" or "4D" put a Z97 paid code on the account.
17	Loan is current or paid in full by cash payment.
19	Loan is satisfied by other than those reasons in codes 13, 17, and 38.
38	Account has been written off with a class of write-off code other than "5".

TOP Offset Online Screen Delete Codes

The following delete codes are to be used by State and County Offices to remove ineligible borrowers from the offset process.

Code	Description
01	Account has been referred to OGC or Department of Justice for foreclosure and collection by offset would jeopardize the litigation under State law. Note: Existence of a foreclosure action pending flag is not a determining factor. Remove any erroneous flag.
02	Loan has been discharged in bankruptcy and debtor is no longer liable, or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Note: Existence of a bankruptcy action pending flag is used as a determining factor in the programmatic screening. Remove any erroneous flag.
07	Borrower was indebted to FSA before entering full-time active duty military service and is serviced according to RD Instruction 1950-C.
08	Loan is current under a Subject to Approved Adjustment (SAA). Note: SAA is a bankruptcy reorganization plan or debt settlement adjustment. Borrowers who are delinquent in a reorganization plan will be ineligible for offset if still under court jurisdiction.
09	Loan is past the 10-year statute of limitations to collect by offset (for loans on Report Code 540 only).
16	Repayment plan has been approved by FSA.
