

1951.103  
1951.110

For: State and County Offices

**Administrative Offsets for Farm Loan Programs (FLP) Borrowers**

Approved by: Deputy Administrator, Farm Loan Programs

*Carolyn B. Cooksey*

*administrative offset removed from the form FmHA reqs. and the USDA offset reqs were adopted as published in 7 CFR part 3*

**1 Overview**

**A Background**

Previously offset regulations required that FLP borrowers' loan accounts must be accelerated before an administrative offset was taken. New regulations allow offsets to be taken when a borrower becomes 90 days past due (60 days delinquent).

7 CFR Part 1951 was published in the Federal Register on August 1, 1997. Changes to RD Instruction 1951-C were issued in FSA PN Issue No. 11.

**B Purpose**

This notice informs offices about using the following RD Instruction 1951-C, RD Form Letters that were issued in FSA PN Issue No. 12:

- 1951-C-1, "Notice of Intent to Collect by Administrative Offset," dated 08-08-97
- 1951-C-2, "Notice of Debtor That Administrative Offset Has Been Exercised and Intent to Collect by Administrative Offset", dated 08-08-97.

**C Contacts**

If questions concerning this notice:

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

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 1998	State Offices; State Offices relay to County Offices

**2 Notifying Borrowers**

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**A  
Using RD Form  
Letters**

When an account is to be collected by offset, a borrower must be notified about the offset using:

- RD Form Letter 1951-C-1, which notifies borrowers who are 90 days past due (60 days delinquent)
  - RD Form Letter 1951-C-2, according to RD Instruction 1951-C, section 1951.103(b).
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**B  
County Office  
Action**

County Offices shall send RD Form Letters 1951-C-1 and 1951-C-2:

- to FLP borrowers, according to subparagraph A
  - by certified mail
  - independently of any other mailings.
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**C  
Program  
Payments To Be  
Offset**

All commodity loans and program payments, including the Livestock Indemnity Program shall be offset, unless there is a statutory restriction that does not allow the payment to be offset, such as CAT.

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**3 Reporting Requirements**

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**A  
County Office  
Action**

County Offices shall:

- by October 10, 1997, notify the State Office of how many borrowers were sent RD Form Letters 1951-C-1 and 1951-C-2 as of September 30, 1997
  - thereafter, by the 10th of each month, notify the State Office of the following information, as of the end of the previous month:
    - of the number of borrowers notified
    - the total dollar amount collected by program source
  - discontinue reporting after the January 10, 1998, report.
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**3 Reporting Requirements (Continued)**

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**B**

**SED Action**

SED's shall:

- by October 15, 1997, notify DAFLP of how many borrowers were notified of the offset as of September 30, 1997
  - thereafter, by the 15th of each month, provide DAFLP with a Statewide total of the:
    - number of borrowers sent RD Form Letters 1951-C-1 and 1951-C-2
    - dollar amount collected by program source
  - discontinue reporting after the January 15, 1998, report.
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