



FmHA AN No. 2915 (1951-C)  
November 17, 1993

SUBJECT: IRS Offset - Tax Year 1993  
Borrower Referral List

TO: State Directors, District Directors  
and County Supervisors

**PURPOSE/INTENDED OUTCOME:** The purpose of this AN is to remind field offices to regularly review the list of borrowers referred for IRS offset. Borrowers referred in error or who become ineligible for offset must be removed.

**COMPARISON WITH PREVIOUS AN:** FmHA AN No. 2868 (1951), dated September 22, 1993, gave instructions for the second IRS Offset screening process.

**IMPLEMENTATION RESPONSIBILITIES:** Attached for servicing counties only is RC 865, "Borrower Accounts Submitted to IRS for Offset Report." This listing shows those borrowers who have been referred to IRS for offset. A master list will be sent shortly to each State Office.

Servicing County Offices shall:

1. Review this list within one week of receipt to verify that only those borrowers who are eligible for IRS offset have been referred. Weekly review thereafter will be required to ensure borrowers are deleted as needed.
2. Make sure that the borrowers you intended to delete from the first and second screening processes do not show up on RC 865.
3. To remove a borrower from IRS offset or decrease the amount referred for offset, fill out Form FmHA 1951-43, "Adjustment of Accounts Referred for IRS Offset." If any borrowers have been referred to IRS by mistake or they become ineligible for offset for any reason stated in Attachment 1, prepare Form FmHA 1951-43 and immediately send it to the Finance Office. Delete borrowers from offset as soon as they become ineligible to avoid the time and expense of processing refunds.
4. If a borrower becomes ineligible for offset after December 7, 1993, because the account is paid current or in full, the borrower files bankruptcy, etc. (see Attachment 1 for a complete list of ineligibility reasons), the County Supervisor is responsible for removing the borrower from offset. Follow the instructions in #3 above to remove a borrower from offset.

EXPIRATION DATE: November 30, 1994

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1951-C



State Offices shall:

1. Retain the master list for your information.
2. It is suggested that the State Offices periodically review with the County Offices the status of each account on this list, making sure that ineligible accounts are removed per #3 above.

If you have any questions concerning any aspect of the IRS offset process, please call Jeanne Hudec at 202-720-4356.

  
SHARRON S. LONGINO  
Acting Administrator

**Attachments**

## DELETION/DECREASE CODES

General Deletion Codes

- 01 Account has been referred to OGC for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 03 Account has a suspend code.
- 04 Account has been assigned to a collection agency.
- 05 Account is past due by less than \$25, or if the borrower has multiple loans, the net amount past due is less than \$25.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).
- 17 Account is current or paid in full.
- 18 Account has been referred to the Department of Justice for litigation.
- 19 Account has been otherwise satisfied or the borrower is ineligible for a reason not listed in this attachment. (PLEASE PROVIDE AN EXPLANATION IN THE REMARKS SECTION OF FORM FmHA 1951-43.)

Single Family Housing Borrower Deletion Codes:

Fund Codes: 36, 37, 46 and 47

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of less than 3 monthly payments for annual payment borrowers).
- 11 Account is under a moratorium.
- 12 Account has a delinquency workout agreement in effect and payments under the agreement are current.

Farmer Program Borrower Deletion Codes:

Fund Codes: All fund codes less than 50 except 36, 37, 46, and 47

- 13 Borrower is a partnership or corporation and/or is identified in the accounting system by an Employer Identification Number (EIN) rather than a Social Security Number (SSN).
- 14 Account is less than 180 days past due.
- 15 Borrower has not completed all primary servicing options available (including appeals) at the time of final offset screening by the field and the borrower's account has not been accelerated.
- 16 If the account was accelerated prior to instituting FmHA Instruction 1951-S servicing in 1987, the borrower's loans are being serviced under FmHA Instruction 1951-S, the borrower requested a 1951-S appeal and the appeal has not been concluded.

Decrease Codes:

- 20 Decrease the amount submitted for offset by the amount of adjustment reported on Form FmHA 1951-43. Use this code when a payment is made that reduces the original delinquency reported to IRS, but the payment does not reduce the delinquency to less than 3 monthly payments (or the equivalent of three monthly payments).