

For: State and County Offices

Screening Process for FLP Treasury Offset Program (TOP) Calendar Year 1999, Phase 2

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Debt Collection Improvement Act (DCIA) of 1996 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, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits (when regulations are published)
- other Federal payments that are not exempt from offset.

A 2-phase process is being used to screen for FLP TOP offset eligibility. Phase 1 screened delinquent FLP debtors 90 calendar days or more past due for eligibility to receive the 60-day due process letter. In phase 2, Field Offices will delete FLP debtors before TOP certification if the borrower resolves the delinquency.

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Disposal Date	Distribution
October 1, 2000	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B

Purpose

This notice provides:

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

Address questions about this notice as follows:

- County Offices shall contact the State Office
 - State Offices shall contact either of the following offices:
 - for questions about FLP procedures, LSPMD
 - for questions about the screening process, Loan Operations Division, Program Reporting Branch at 314-539-2494.
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2 St. Louis Finance Office Responsibility

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Debtors Selected for TOP Offset Screen

The St. Louis Finance Office made the TOP offset online screens available to State and County Offices the week of September 13, 1999. 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 from Report Code 540, as of September 1, 1999, and will appear on the phase 2 screens. For accounts that have an ACL, FAP, or CAP flag, or are cost item loans or employee defalcations, 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 repayment plan has been approved by FSA. 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.

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2 St. Louis Finance Office Responsibility (Continued)

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Debtors Selected for TOP Offset Screen (Continued)

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 13, 1999, the St. Louis Finance Office sent a 60-day due process letter to all debtors not deleted on the offset screens in phase 1. This letter provides the 60-day due process required under DCIA. 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 does not provide new appeal rights.**

3 County Office Responsibility

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Screening Process

During the week of September 13, 1999, servicing officials were provided access to the TOP offset online screen. Servicing officials have until COB November 24, 1999, to:

- review the online screens and determine whether each debtor has a loan or loans that make the debtor eligible for TOP offset certification

Note: Verify the accuracy of any flags on the debtor's account and correct, if necessary.

- review Exhibit 1 for delete codes that 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 in Exhibit 1.

- enter a delete code for **each** loan that is ineligible based on criteria in Exhibit 2. Do not use codes that are not in Exhibit 2.
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3 County Office Responsibility (Continued)

A

Screening Process (Continued)

For debtors whose files are being handled in another location, contact that office for a determination of eligibility. If the servicing official is not able to access his or her 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 is by loan and only the servicing office can determine whether the loan should be deleted.

B

How to Access Screens

County Offices can view and 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 Responsibility (Continued)

C

Deleting Debtors

After accessing debtors through option 2 or 3 on the Borrowers Selection Menu, follow these steps to 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 2 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 page of 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:

- loans at least 90 calendar days past due
- account not in bankruptcy
- loan charged off
- employee defalcations
- no approved repayment plan.

Note: Before COB November 24, 1999, the delete code previously entered may be changed by inputting "00" if the debtor becomes eligible for offset, or by entering a new delete code. Any debtor loans that have no delete code input by COB November 24, 1999, or generated in the update process immediately following, will be certified to TOP for offset in calendar year 2000.

4 State Office Responsibility

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Accessing 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 Selection Menu
- ENTER "1" in the "Enter Option" field 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. Follow the steps in subparagraph 3 C to delete any applicable loans.

To delete a specific borrower, follow the steps in subparagraphs 3 B and C for option 3.

B

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, 1999, 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.

IRS 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 an "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	<p>Account has been referred to OGC or Department of Justice for foreclosure and collection by offset would jeopardize the litigation under State law.</p> <p>Note: Existence of a foreclosure action pending flag is not a determining factor. Remove any erroneous flag.</p>
02	<p>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.</p> <p>Note: Existence of a bankruptcy action pending flag is used as a determining factor in the programmatic screening. Remove any erroneous flag.</p>
07	<p>Borrower was indebted to FSA before entering full-time active duty military service and is serviced according to RD Instruction 1950-C.</p>
08	<p>Loan is current under a Subject to Approved Adjustment (SAA).</p> <p>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.</p>
09	<p>Loan is past the 10-year statute of limitations to collect by offset.</p>
16	<p>Repayment plan has been approved by FSA.</p>
