

For: State and County Offices

Canceling Debt Discharged in Bankruptcy

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

FSA procedures currently provide 2 methods for canceling debt discharged in bankruptcy:

- RD Instruction 1962-A, section 1962.47(f)(1) and (g) states that debt will be canceled using FSA 1962-21
- RD Instruction 1956-B, section 1956.70(b)(3) states that debt will be canceled using FmHA 1956-1.

B

Purpose

This notice directs State and County Offices to comply with RD Instruction 1956-B, section 1956.70(b)(3) when canceling debt discharged under bankruptcy.

Note: FSA 1962-21 is no longer required.

C

Contact

If questions:

- County Offices shall contact the State Office
- State Offices shall contact Bruce Mair, LSPMD.

<p>Disposal Date</p> <p>July 1, 1999</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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Notice FLP-43

2 Canceling Debt Discharged in Bankruptcy

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RD Instructions Used to Cancel Debts

FSA procedures currently provide 2 methods for canceling debt discharged in bankruptcy.

- RD Instruction 1962-A, section 1962.47(f)(1) and (g) states that debt will be canceled using FSA 1962-21. This is an internal procedure which has **not** been published in CFR. To avoid duplication, FSA-1962-21 is no longer required.
- RD Instruction 1956-B, section 1956.70(b)(3) states that debt will be canceled using FmHA 1956-1. This procedure has been published in CFR. FSA is working to eliminate this procedure, but because of regulation streamlining, has not had the resources to do so.

Since RD Instruction 1956-B, section 1956.70(b)(3) is published in CFR, until it is eliminated, FSA must comply with this regulation when canceling debt discharged in bankruptcy. However, if all borrowers have received discharges, RD Instruction 1956-B, Exhibit A, Attachments 1 and 2, will no longer be completed.

FSA personnel will comply with all other requirements of RD Instruction 1962-A, section 1962.47 when servicing accounts in bankruptcy.
