

For: State and County Offices

New FLP Collection Codes for PFC Administrative Offsets

Approved by: Deputy Administrator, Management



1 Overview

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Background

The Debt Collection Improvement Act of 1996 requires that all FSA and CCC payments issued to a delinquent FLP borrower be offset to pay the delinquent debt. RD Instruction 1951-C, sections 1951.103(d)(2) and 1951.103(g), provide that borrowers who submit a proposal for a repayment agreement or request a review of FSA’s determination to offset payments be placed in “stay status” until final action is taken on the request. Administrative offset may occur while the borrower is in “stay status”; however, the offset may not be applied to the borrower’s account.

When PFC payments are issued at the end of a fiscal year and the borrower is in “stay status”, the funds should be administratively offset but not applied to the delinquency. To distinguish PFC administrative offsets for a borrower in “stay status” from one **not** in “stay status”, a unique miscellaneous collection code (MCC) has been established. The new MCC is 59 and is included in County Release No. 446.

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Purpose

This notice provides instructions for using the new collection code for PFC administrative offsets for borrowers who are in “stay status”.

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Contacts

If there are any questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Lenior Simmons, FMD at 703-305-1313.

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| <p>Disposal Date</p> <p>June 1, 2001</p> | <p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p> |
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Notice FI-2458

2 PFC Administrative Offsets

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County Office Action

County Offices shall use MCC 59, "Payments on Loans from FSA Administrative Offset - Production Flexibility Borrower in a Stay", to record the administrative offset made for a borrower in "stay status". See 3-FI, Part 5 for complete instructions on entering administrative offset data for FLP collections.

When the new MCC 59 is used, the funds from the offset will not be automatically applied to the borrower's loan. The offset will be held in suspense until the State or County Office advises the St. Louis Loan Operations Division (STL, LOD) to either apply the offset to the borrower's loan or refund it.

After entering a "59" collection code, the County Office shall:

- ensure that the actions required in RD Instruction 1951-C, section 1951.103(d)(2) or 1951.103(e) are completed, as appropriate, to determine whether the PFC administrative offset should be applied or refunded
- contact the appropriate Servicing Technician in STL, LOD and instruct the Servicing Technician to apply or refund the PFC administrative offset.

Note: County Offices shall continue to use MCC 51 for PFC administrative offsets when a borrower is **not** in "stay status". MCC 59 shall only be used during the end of the fiscal year.

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STL, LOD Action

STL, LOD shall:

- wait until contacted by the State or County Office to either apply the offset against the borrower's loan or to refund it
 - apply the offset funds to the borrower's account or issue a refund when contacted by Field Office personnel
 - contact County Offices to inquire about resolution if the funds remain suspended longer than 45 days and no guidance has been provided for resolution.
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