

**For:** State and County Offices

**Quarterly Screening Process for Direct FLP Treasury Offset Program (TOP)**

**Approved by:** Acting Deputy Administrator, Management

*Dennis J. Taitano*

**1 Overview**

**A Background**

The Debt Collection Act, as amended by the Debt Collection Improvement Act (DCIA) of 1996, requires that delinquent debtors be referred to TOP for administrative offset of Federal Government payments.

DCIA requires that agencies refer delinquent debt to Treasury for collection once it becomes 180 calendar days delinquent. This notice covers the 2-step process required to certify FSA **direct** FLP delinquent borrower/co-borrower debts to Treasury for offset on an ongoing, quarterly basis.

KCFO and State Offices will have ongoing delete capability; local servicing offices will have view only capability. Beginning in the March selection, and from then on, delete codes can no longer be removed or changed once they are entered.

**B Purpose**

This notice:

- provides guidance on changes to the TOP offset process and screens necessitated by quarterly referrals
- provides guidance on determining eligibility for referring debts for borrowers/co-borrowers to Treasury for TOP offset
- provides instructions for deleting borrowers/co-borrowers on the TOP offset update screens
- obsoletes Notices FI-2533 and FI-2535.

<b>Disposal Date</b>	<b>Distribution</b>
April 1, 2004	State Offices; State Offices relay to County Offices

## Notice FI-2579

### 1 Overview (Continued)

#### C Contacts

Address questions about this notice as follows:

- County Offices shall contact the State Office
- State Offices shall contact:
  - LSPMD at 202-720-1653 for questions about FLP procedures
  - KCFO, St. Louis, Loan Operations Division (LOD), Program Reporting Branch (PRB), LOD, PRB at 314-539-2494 for questions about the screening process.

### 2 Revisions to the TOP Process

#### A Borrowers Select Screen Modifications/Changes/Updates

The TOP Offset Borrowers Select Menu has been modified. See Exhibit 1. Option 4 has been renamed "View Borrowers/Co-Borrowers by Tax-ID". This change will allow users to request a borrower/co-borrower loan(s) by selecting option 4 and inputting the 9-digit tax identification number (TIN, either a Social Security number or employer identification number) in the new "Enter Tax-ID" field. For co-borrower inquiries, only delinquent loans for which the co-borrower signed the promissory notes will be displayed. For borrower inquiries, all delinquent loans for the account will be displayed.

Option 5 will return the user to the Online Subsystem Selection Menu.

A new field, named "View Certified Borrowers (Y/N):" is displayed beneath the new "Enter Tax-ID" field. **This is a mandatory field for any selected option.**

- Inputting "Y" in this field will select the list of borrowers/co-borrowers who have been **certified** to TOP for offset.
- Inputting "N" in this field will select the list of borrowers/co-borrowers who are being screened before the 60-calendar-day due process notice being mailed or, after the notice has been mailed, but before certification to TOP offset.

**Note:** A borrower/co-borrower could have loans on both screens, depending on the status of each loan on ADPS. However, a loan can only be on 1 of the screens.

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### 2 Revisions to the TOP Process (Continued)

#### B Revised Format for TOP Screen

In December 2002, KCFO referred the first group of co-borrowers to TOP for offset. To accommodate screening and monitoring of borrower and co-borrower loans throughout the TOP process, the Borrowers Eligible for TOP Offset Screen, Exhibit 2, and the Borrowers Eligible for TOP Offset Certified Screen, Exhibit 3, have been modified/added.

The following changes have been made to the Borrowers Eligible for TOP Offset Screen and the Borrowers Eligible for TOP Offset Certified Screen to accommodate co-borrower information. See Exhibits 2 and 3, respectively.

- The field "Case Number" has been changed to "ST CTY TIN". This change allows the State, county, and TIN for either borrowers or co-borrowers to be displayed. For co-borrowers, this is **not** a case number.
- A new field named "CO-B" will be reflected to the right of the "ST CTY TIN" field.
- If the TIN in "ST CTY TIN" field belongs to a co-borrower, an alphabet letter or a number 1 through 9 will be reflected in this column. Each co-borrower will have a separate, permanent alphabet letter (A-Z) or number 1 through 9 assigned as a unique identifier. Co-borrower information is being picked up from MAC/SCIMS. **It is critical that all co-borrower names, addresses, and TIN's be updated to MAC/SCIMS as soon as possible.**
- A new field named "PRIM TIN" will be reflected on the screens. This field will always reflect the primary borrower's TIN.

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### 2 Revisions to the TOP Process (Continued)

#### C Debtors Selected for TOP Offset Screens

The weekly RC 540 and its parts will be used on an ongoing basis to select and update delinquent loans for offset. The Borrowers Eligible for TOP Offset Screen will be made available to State and County Offices according to the tentative schedule shown in Exhibit 4.

The screens will reflect all delinquent loans for borrowers/co-borrowers who are not certified and fall into 1 or more of the following categories:

- 90 calendar days past due
- at least \$25 delinquent
- currently not collectable (CNC)
- not flagged BAP
- employee defalcations
- judgments
- flagged SAA
- delinquent equity receivable or loan suspension, when available
- delinquent leases, when available.

**Note:** Accounts flagged “SAA”, Subject to Approved Adjustment, will be selected for TOP offset review beginning with the late June selection. If the loan(s) is not eligible for TOP offset because of a bankruptcy stay, State Offices should remove the loan(s) from offset using delete code 02. Delete code 08 is no longer available.

Loans will be selected each quarter, even if manually deleted in a prior process, if the loan continues to appear delinquent on ADPS and no circumstance would generate a programmatic delete. See Exhibits 5 and 6 for a description of the programmatic delete codes and the manual delete codes available for State Office use.

Debtors who have requested servicing under FmHA Instruction 1951-S are **eligible** for offset until a settlement or repayment plan has been approved by FSA.

## 2 Revisions to the TOP Process (Continued)

### D TOP Certification

At the end of each quarter, the TOP screens will be taken out of service and all debts not deleted in the screening process will be certified to Treasury for offset. The Borrowers Certified for Treasury Offset Report will be mailed to the State and County Offices within the first 2 weeks after certification. See Exhibit 4 for a tentative timeframe for the quarterly referral process. If the changes to the timeframe are needed, a message will be displayed on the ADPS message screen. **Borrowers/co-borrowers reflected on this report will be moved to the Borrowers Eligible for TOP Offset Certified Screen for weekly update capability.**

### E TOP Weekly Updates

All certified loans will be made available for review and deletion on a weekly basis. The weekly RC 540 and its parts will be used to programmatically update/delete certified borrower loan information at TOP. The appropriate screens will be made available to KCFO and State Offices for manual deletion on an ongoing basis. The screens will be taken down at 2 p.m. c.s.t. on Fridays and made available on Mondays by noon c.s.t.

## 3 County Office Responsibility

### A Screening

On an ongoing basis, local servicing offices will be provided view-only access to the TOP offset online screens. Servicing offices must:

- review the Borrowers Eligible for TOP Offset online screens and determine whether each debtor has a loan or loans that make the debtor eligible to receive a 60-calendar-day due process notification, Exhibit 7, or eligible for certification for TOP
- review the Borrowers Eligible for TOP Offset Certified online screens on an ongoing basis to determine whether any loans need to be removed from TOP

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

### 3 County Office Responsibility (Continued)

#### A Screening (Continued)

- review Exhibit 5 for delete codes that will be programmatically generated based on the ADPS status of the debtor's account
- provide the State Offices with FSA-1956-22 and related documentation for any loan that is ineligible based on criteria in Exhibit 5 or Exhibit 6.

For debtors whose files are being handled in another office, contact that office for a determination of eligibility.

If the servicing office is unable to access any borrowers/co-borrowers and the servicing official is aware that there should be debtors on the screens, contact the State Office.

#### B How to Access Screens

County Offices can view borrower/co-borrower loans on the TOP offset online screens as follows.

- On the Online Subsystem Selection Menu, select "TOPOFFST", and the Borrowers Selection Menu will be displayed.
- On the Borrowers Selection Menu, enter 1 of the following in the "Enter Option" field:
  - "2", to view borrowers/co-borrowers by State and county
  - "3", to view borrowers by case number
  - "4", to view borrowers/co-borrowers by TIN.

If "2" is entered in the "Enter Option" field, then:

- 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
- in the "View Certified Borrowers" field, enter "Y" if the Borrowers Eligible for TOP Offset Certified Screen is needed, or enter "N" if the Borrowers Eligible for TOP Offset Screen is needed.

**Note: This field is mandatory.**

- PRESS "Enter". All borrowers/co-borrowers in the specified county will be displayed.

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### 3 County Office Responsibility (Continued)

#### A How to Access Screens (Continued)

If “3” is entered in the “Enter Option” field, then:

- 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 debtor case number in the “Enter Case Number” field
- in the “View Certified Borrowers” field, enter “Y” if the Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed.

**Note: This field is mandatory.**

- PRESS “Enter”. All loans for the requested borrower will be displayed.

If “4” is entered in the “Enter Option” field, then:

- enter the 9-digit TIN for the borrower/co-borrower
- in the "View Certified Borrowers" field, enter "Y" if the Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed.

**Note: This field is mandatory.**

- PRESS “Enter”. All loans for the requested borrower **or** co-borrower will be displayed.

**Note:** The loans for the debtor will be displayed if the debtor is within the requestor’s servicing jurisdiction.

If “5” is entered in the “Enter Option” field, then:

- PRESS “Enter”
- the Online Subsystem Selection Menu will be displayed.

## 4 State Office Responsibility

### A Screening

On an ongoing basis, State Offices will be provided access to both of the TOP offset online screens. The responsibility for deleting loans rests with the State Office; however, the screening process is the responsibility of both the State Office and the local servicing office.

Local servicing offices will FAX all FSA-1956-22's and supporting documentation to the State Office if a loan needs to be deleted, recalled from cross-servicing, or a refund is needed. State Offices shall FAX FSA-1956-22's to LOD, PRB at 314-539-6266, **only** if a refund is needed or a loan needs to be recalled from cross-servicing.

Delete codes can no longer be changed or removed at any time. Loans deleted in error will be picked up for screening in the next selection process. Tentative deadlines for entering delete codes are available on Exhibit 4.

State Offices will provide instruction to their servicing offices to notify the State Office when a borrower/co-borrower's loan should be deleted.

**Note:** No servicing office action is needed for debtors who meet the delete code criteria in Exhibit 5.

State Offices will enter a delete code for **each** loan that is ineligible, based on criteria in Exhibit 6. Do **not** use codes that are not included in Exhibit 5 or 6. Delete code information is tracked and used for the Congressional reporting.

CNC and judgment loans must be carefully reviewed before determining TOP eligibility. Refer to Notice FLP-266 for further information on CNC loans. **If any nonjudgment CNC loan is past the 10-year statute of limitations, as defined by OGC, or becomes ineligible for other reasons, input the proper delete code and notify LOD, PRB immediately by FAXing FSA-1956-22 to 314-539-6266.**

CAP and FAP flagged loans are included on the screens. SAA flagged loans will be included on the screens in June 2003. The presence of one of these flags on the account is irrelevant to whether a debtor should be deleted. Review the debtor file to determine eligibility, as follows.

- CAP flagged accounts should be deleted with code "03" **only** if legal action other than bankruptcy or foreclosure prohibits offset.

**Note:** Loans involved in a discrimination lawsuit remain eligible for offset pending the outcome of the lawsuit, but are not eligible for cross-servicing.

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### 4 State Office Responsibility (Continued)

#### A Screening (Continued)

- FAP flagged accounts should be deleted with code “01” **only** if administrative offset would jeopardize litigation under the State law.
- SAA flagged accounts should be deleted with code “02” **only** if the account is under a bankruptcy stay. Accounts set up under an adjustment offer that are now delinquent are eligible for offset.

When completing FSA-1956-22 for a borrower/co-borrower who has a monthly offset occurring, and the offset needs to be refunded, note in item 17, “Refund all offsets after xx/xx/xx.” The date specified should be the date the loan was no longer eligible for offset, that is, bankruptcy filing date, date SED signed the settlement agreement, etc.

#### B How to Access Screens

State Offices will have online capability to delete loans serviced by their local servicing offices.

State Offices can access the TOP offset screens as follows:

- select "TOPOFFST" from the Online Subsystem Selection Menu
- on the Borrowers Selection Menu, enter 1 of the following in the "Enter Option" field:
  - “1”, to view all borrowers/co-borrowers in the State
  - “2” to view borrowers/co-borrowers by State and county
  - “3”, to view borrowers by case number
  - “4”, to view borrowers/co-borrowers by TIN.

#### 4 State Office Responsibility (Continued)

##### B How to Access Screens (Continued)

If “1” is entered in the “Enter Option” field, then:

- enter the 2-digit non-FIPS State code (former FmHA code) in the “Enter State” field
- in the “View Certified Borrowers” field, enter “Y” if the Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed

**Note: This field is mandatory.**

- PRESS “Enter”. All borrowers/co-borrowers within the requested State will be displayed.

If “2” is entered in the “Enter Option” field, then:

- 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, in the “Enter State and County” field
- in the “View Certified Borrowers” field, enter “Y” if the Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed

**Note: This field is mandatory.**

- PRESS “Enter”. All borrowers/co-borrowers in the specified county will be displayed.

If “3” is entered in the “Enter Option” field, then:

- enter the entire 15-digit debtor case number in the “Enter Case Number” field
- in the “View Certified Borrowers” field, enter “Y” if Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed

**Note: This field is mandatory.**

- PRESS “Enter”. All loans for the requested borrower will be displayed.

**4 State Office Responsibility (Continued)**

**B How to Access Screens (Continued)**

If “4” is entered in the “Enter Option” field, then:

- enter the 9-digit TIN for the borrower/co-borrower
- in the “View Certified Borrowers” field, enter “Y” if Borrowers Eligible for TOP Offset Certified Screen is needed, or enter “N” if the Borrowers Eligible for TOP Offset Screen is needed

**Note: This field is mandatory.**

- PRESS “Enter”. All loans for the requested borrower or co-borrower will be displayed.

**Note:** The loans for the debtor will be displayed if the debtor is within the requestor’s servicing jurisdiction.

If “5” is entered in the “Enter Option” field, then:

- PRESS “Enter”
- the Online Subsystem Selection Menu will be displayed.

4 State Office Responsibility (Continued)

C Deleting Debtors

After accessing debtors through 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 6 in the "DLT CDE" field on the line for the loan number to be deleted. If all of a borrower/co-borrower's loans are to be deleted, a delete code <b>must</b> be input for each loan.
2	<p>Input any delete codes needed for all borrower/co-borrower loans displayed on the page of the screen.</p> <p><b>Note: Borrowers and co-borrowers are not necessarily eligible for deletion for the same reason or at the same time. Discretion is advised. If the account status on ADPS generates a delete code, both the borrower and co-borrower loans will be deleted using the same delete code.</b></p>
3	<p>PRESS "Enter".</p> <p><b>Notes:</b> "Enter" <b>must</b> be pressed for each <b>page</b> if a delete code has been entered. If "PF8" or "PF7" is pressed without pressing "Enter" first, the delete code will not be processed.</p> <p>Once "Enter" has been pressed, "Borrower(s) Processed" will be displayed on the bottom left of the screen. The current date will be displayed in the "Delete Date" column in the center of the screen. To verify the delete codes have processed, ENTER "5" to return to online Subsystem Selection Menu, and PRESS "Enter" again. The delete codes will be displayed in the loan line under the "Delete Code" column, which is left of the center on the screen.</p>
4	Continue this process for all pages displayed for the requested State or servicing office for debtor.

**4 State Office Responsibility (Continued)**

**C Deleting Debtors (Continued)**

Delinquent debtors remaining undeleted after screening should be in 1 of the following categories and **not** in bankruptcy:

- loans at least 90 calendar days past due with no approved repayment plan or settlement agreement
- eligible CNC loans
- employee defalcations
- eligible judgment loans
- eligible SAA loans.

Revised Borrowers Select Menu

Following is an example of the revised TOP Offset Borrowers Select Menu.

OAMGOA01		01/27/03
TOPOFFST	<b>BORROWERS SELECT MENU</b>	06:25:26
OPR ID F90XXX		

-----**USER OPTIONS**-----

1. VIEW BORROWERS BY STATE
2. VIEW BORROWERS BY STATE AND COUNTY
3. VIEW BORROWERS BY CASE NUMBER
4. VIEW BORROWERS/CO-BORROWERS BY TAX-ID
5. RETURN TO ONLINE SUBSYSTEM SELECTION MENU

ENTER OPTION:  
 ENTER STATE:  
 ENTER STATE AND COUNTY:  
 ENTER CASE NUMBER:  
 ENTER TAX-ID:  
 VIEW CERTIFIED BORROWERS (Y/N):

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**Borrowers Eligible for TOP Offset Screen**

Following are examples of the Borrowers Eligible for TOP Offset Screens.

OAMMOA02								11/04/02
TOPOFFST								09:24:58
OPR ID F90XXX								PAGE 1
<b>BORROWERS ELIGIBLE FOR TOP OFFSET</b>								
DLT	NAME		ST CITY TIN	CO-B				
CDE:	PRIM-TIN	LOAN	DELETE	DELETE	DELQ	DELINQUENT	MONTHS	
		NBR	CODE	DATE	DATE	AMOUNT	DELQ	
	SMITH, BILL		01 001 0100000000					
0	100000000	16			01/01/98	349.00		
0		17			01/01/98	4,710.00		
PRESS CLEAR TO EXIT				PRESS PF8 TO PAGE FORWARD				
PRESS ENTER TO UPDATE				PRESS PF7 TO PAGE BACK				

OAMMOA02								11/04/02
TOPOFFST								09:24:58
OPR ID F90XXX								PAGE 1
<b>BORROWERS ELIGIBLE FOR TOP OFFSET</b>								
DLT	NAME		ST CITY TIN	CO-B				
CDE:	PRIM-TIN	LOAN	DELETE	DELETE	DELQ	DELINQUENT	MONTHS	
		NBR	CODE	DATE	DATE	AMOUNT	DELQ	
	SMITH, MARY		01 001 0200000000 A					
0	100000000	16			01/01/98	349.00		
0		17			01/01/98	4,710.00		
PRESS CLEAR TO EXIT				PRESS PF8 TO PAGE FORWARD				
PRESS ENTER TO UPDATE				PRESS PF7 TO PAGE BACK				

**Borrowers Eligible for TOP Offset Screen Certified**

Following are examples of the Borrowers Eligible for TOP Offset Certified Screens.

OAMMOA02							11/04/02	
TOPOFFST							09:24:58	
OPR ID F90XXX							PAGE 1	
<b>BORROWERS ELIGIBLE FOR TOP OFFSET CERTIFIED</b>								
DLT	NAME		ST CITY TIN	CO-B				
CDE:	PRIM-TIN	LOAN	DELETE	DELETE	DELQ	DELINQUENT	MONTHS	
		NBR	CODE	DATE	DATE	AMOUNT	DELQ	
	SMITH, BILL		01 001 0100000000					
0	100000000	16			01/01/98	349.00		
0		17			01/01/98	4,710.00		
PRESS CLEAR TO EXIT				PRESS PF8 TO PAGE FORWARD				
PRESS ENTER TO UPDATE				PRESS PF7 TO PAGE BACK				

OAMMOA02							11/04/02	
TOPOFFST							09:24:58	
OPR ID F90XXX							PAGE 1	
<b>BORROWERS ELIGIBLE FOR TOP OFFSET CERTIFIED</b>								
DLT	NAME		ST CITY TIN	CO-B				
CDE:	PRIM-TIN	LOAN	DELETE	DELETE	DELQ	DELINQUENT	MONTHS	
		NBR	CODE	DATE	DATE	AMOUNT	DELQ	
	SMITH, MARY		01 001 0200000000 A					
0	100000000	16			01/01/98	349.00		
0		17			01/01/98	4,710.00		
PRESS CLEAR TO EXIT				PRESS PF8 TO PAGE FORWARD				
PRESS ENTER TO UPDATE				PRESS PF7 TO PAGE BACK				

**Timeframe for Quarterly Referrals to TOP**

The Borrower Eligible for TOP Offset Screen will be made available to State and County Offices according to the following schedule.

<b>Date(s)</b>	<b>Day</b>	<b>No. of Calendar Days for Process</b>	<b>Process</b>
		<b>FY 2003 3<sup>rd</sup> Quarter TOP Referral</b>	
03/31/03 to 04/11/03	Mon Fri	10 workdays	TOP screens available for 1st screening process.
04/15/03	Tues	1	FO mails 60-calendar-day due process notices.
04/14/03 to 06/20/03	Mon Fri	62	TOP screens available for 2 <sup>nd</sup> screening process.
<b>06/24/03</b>	<b>Tues</b>	<b>1</b>	<b>3<sup>rd</sup> Quarter for TOP Referral for FY 2003</b>
		<b>FY 2003 4<sup>th</sup> Quarter TOP Referral</b>	
06/30/03 to 07/11/03	Mon Fri	10 workdays	TOP screens available for 1 <sup>st</sup> screening process.
07/15/02	Tues	1	FO mails 60-calendar-day due process notices.
07/14/03 to 09/26/03	Mon Fri	73	TOP screens available for 2nd screening process.
<b>09/30/03</b>	<b>Tues</b>	<b>1</b>	<b>4<sup>th</sup> Quarter TOP Referral for FY 2003</b>
		<b>FY 2004 1<sup>st</sup> Quarter TOP Referral</b>	
09/29/03 to 10/10/03	Mon Fri	10 workdays	TOP screens available for 1 <sup>st</sup> screening process.
10/14/03	Tues	1	FO mails 60-calendar-day due process notices.
10/13/03 to 12/19/03	Mon Fri	68	TOP screens available for 2 <sup>nd</sup> screening process.
<b>12/23/03</b>	<b>Tues</b>	<b>1</b>	<b>1<sup>st</sup> Quarter TOP Referral for FY 2004</b>
		<b>FY 2004 2<sup>nd</sup> Quarter TOP Referral</b>	
12/22/03 to 01/02/04	Mon Fri	10 workdays	TOP screens available for 1 <sup>st</sup> screening process.
01/06/04	Tues	1	FO mails 60-calendar-day due process notices.
01/05/04 to 03/19/04	Mon Fri	73	TOP screens available for 2 <sup>nd</sup> screening process.
<b>03/23/04</b>	<b>Tues</b>	<b>1</b>	<b>2<sup>nd</sup> Quarter TOP Referral for FY 2004</b>

**TOP Offset Programmatic Delete Codes**

Following are descriptions of programmatic delete codes.

Code	Description
02	Account has a “BAP” flag or Collection Only Code = 8 (nonjudgment loans only).
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 CWC other than “5”.

**Note:** Delete code 17 may be used only if the timing of cash applications on ADPS would not generate a delete code in time and the debtor is eligible for deletion.

**TOP Offset Online Screen Delete Codes**

Following are descriptions of the manual delete codes available for State Office use.

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><b>Note:</b> 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><b>Note:</b> Existence of a bankruptcy action pending flag and Collection Only Code = 8 (for nonjudgment loans) are used as determining factors in the programmatic screening. Remove any erroneous flag or code.</p>
03	<p>Legal action, other than bankruptcy or foreclosure, prohibits offset.</p> <p><b>Note:</b> Loans involved in a discrimination lawsuit remain eligible for offset pending the outcome of the suit.</p>
04	<p>Judgment loan ineligible for TOP and cross servicing.</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>

**TOP 60-Calendar-Day Due Process Letter**

Following is the 60-calendar-day due process notification. **Since this letter only provides debtors with actions they can take and is not a letter of adverse action based on factual matter, it does not provide new appeal rights.**

(Insert Date)

Dear Debtor:

Our records indicate that you are more than 90 days past due on debt owed to the United States Department of Agriculture, Farm Service Agency (FSA). Under Federal law we are required to offset any eligible Government payments due you to resolve the delinquent debt.

Enclosed is a list of the delinquent loan(s) and the amount(s) due as of **(Insert Date)**. You have 60 days to resolve this delinquent debt unless you have been otherwise notified by your local servicing office.

The following options are available to you for settling this debt:

- Pay the delinquent debt outstanding on your loans at your local servicing office on or before **(Insert Date)**. The amount could be different because of protective advances, other servicing actions, interest accrual, or previous offsets. Call your local servicing office for the correct amount.
- Make settlement arrangements with your local servicing office. A signed agreement must be in place in order to avoid offset for your delinquent debts. If immediate payment would create a serious financial hardship, you may request consideration of a written repayment agreement with FSA. This request must be submitted in writing before **(Insert Date)**, and must state the specific repayment terms desired. To verify that immediate repayment of the delinquency would cause serious financial hardship, signed financial statements must be provided with any settlement or installment request. They must list all income and expenses and include a balance sheet listing all assets and liabilities.
- Inform your local servicing office of any bankruptcy proceedings. Debtors who have filed for bankruptcy and for whom an automatic stay is in effect may not be subject to collection actions. If this provision applies, please submit a copy of the bankruptcy petition to your local servicing office by **(Insert Date)**.

If the delinquent debt is not involved in a bankruptcy proceeding or is not paid in full or settled by **(Insert Date)**, the United States Treasury Department will be notified to collect by offset from the following Federal government payments due you, if applicable:

- Income tax refunds;
- Federal salary, including military pay;
- Federal retirement, including military retirement pay;
- Contract or vendor payments;
- Certain Federal benefits payments, such as Social Security (other than Supplemental Security Income), Railroad Retirement (other than tier 2), and Black Lung (part B) benefits;
- Other Federal payments, including certain loans to you that are not exempt from offset.

All debt is referred to commercial credit bureaus on a quarterly basis.

**TOP 60-Calendar-Day Due Process Letter (Continued)**

If, after all security has been liquidated, debt remains which has not been settled, that debt may also be referred to Treasury or a Treasury-designated collection agency for potential referral to private collection agencies, and possible administrative wage garnishment. The amount referred for collection will include the delinquent principal, any accrued interest, protective advances and collection costs. The debt may also be referred to the United States Department of Justice for litigation.

You have the right to obtain a copy of the records for the listed delinquent debt. To do so, send a written request to your local servicing office. Please provide your Social Security Number or Employer Identification Number and your complete mailing address with the request.

You have the right to a review of the validity of the delinquent debt amount. Any request for review must be made in writing to your local servicing office by **(Insert Date)**. Please explain the reason for any challenge and include any written evidence available to support your position. You will be notified in writing of a determination.

Additional interest is accruing daily on this debt. The amount due will continue to increase until the delinquency is paid or the account is settled. Any discharged debt will be reported to IRS on Form 1099-C, Cancellation of Debt. If a recent payment has been made on the delinquency, that payment may not be reflected in the amount shown due.

If a joint Federal income tax return is filed, and your spouse is not responsible for this debt, please contact your local Internal Revenue Service office before filing your return to learn how to protect your spouse's share of the refund.

For further information, please call your local servicing office or our toll-free number, 800-428-9643.