UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FI-2634

For: State and County Offices

Quarterly Screening Process for FLP Treasury Offset Program (TOP)

Approved by: Deputy Administrator, Management

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. 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.

B Purpose

This notice provides:

- guidance on changes to the TOP offset process and screens necessitated by quarterly referrals regarding:
  - selection of the third party judgments
  - TOP screen format
  - SAA and FAP flag indicators on the screen
  - the change for using option 4 on TOP screen
- guidance on determining eligibility for referring debts for borrowers/co-borrowers to Treasury for TOP offset
- instructions for deleting borrower/co-borrowers on the TOP offset update screens and co-borrowers in MAC
- guidance for refunding co-borrower offsets.

Disposal Date	Distribution
July 1, 2004	State Offices; State Offices relay to County Offices

1 Overview (Continued)

C Contacts

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact:
  - LSPMD at 202-720-1653 for FLP procedures
  - LOD/PRB at 314-539-2494 for TOP quarterly process.

2 Revisions to the TOP Screens and Process

A Revised Format for TOP Screen

The following changes have been made to the "Borrowers Eligible for TOP Offset" screen and "Borrowers Eligible for TOP Offset/Certified" screen to accommodate co-borrower information.

- "ST CTY TIN" field is the **primary** borrower's case number.
- "TIN" field will reflect the TIN for the primary borrower or co-borrower.
- "CO" field will reflect a co-borrower's permanent alphabet letter (A-Z) or number (1-9) as a unique identifier. Co-borrower information is being picked up from MAC/SCIMS. **It is critical that all co-borrowers names, addresses, and TIN's be updated in MAC/SCIMS on an ongoing basis.**
- In the case number line, under the "NAME" column:
  - borrower's name will be displayed if there are no co-borrowers selected or if both borrower and co-borrower are selected
  - the co-borrower's name will be displayed if only the co-borrower is selected.
- For each co-borrower loan selected, the co-borrower's name will be displayed between the TIN and the loan number.
- A field titled "FLG" is on both screens located above "DELETE CODE":
  - "S" will appear in this column if the account has an SAA flag
  - "F" will appear if the account has an FAP flag.

2 Revisions to the TOP Screens and Process (Continued)

B Debtors Reflected on Borrowers Eligible for Top Offset Screens

The weekly RC 540 and its parts will be used on an ongoing basis to select and update delinquent loans eligible for offset. The screens will be made available to State and County Offices according to the tentative schedule shown in Exhibit 1.

The screens will reflect:

- all delinquent loans for borrowers/co-borrowers who are not at TOP and fall into 1 or more of the following categories:

  - 90 calendar days past due
  - at least $25 delinquent
  - not flagged BAP

  Note: Loans listed will include apple loans, Bureau of Reclamation loans, debts classified currently not collectible (CNC), and accounts flagged subject to approved adjustment (SAA).

- all delinquent debts for debtors/co-debtors who have:

  - employee defalcations
  - judgments not currently certified
  - delinquent equity receivables or loan suspensions, when available
  - delinquent leases, when available
  - third party judgments (TPJ's), both borrower and third parties.

Note: Accounts flagged SAA will be selected for TOP offset review. If the loan is not eligible for TOP offset because of a bankruptcy plan, State Offices must delete the loan and can then process a **BAP** flag on an account with an SAA flag to prevent future TOP selection.

When a co-borrower is no longer eligible for TOP (that is individual bankruptcy, release from liability, deceased, etc.) delete the loan on the TOP screens with the appropriate code and delete the co-borrower loan in MAC from the eligible borrower. This will prevent selection for TOP without removing the legitimate co-borrowers from MAC. If the co-borrower later becomes eligible for TOP (that is bankruptcy is dismissed), add the co-borrower back to the loan. Refer to Notice FLP-316. Deleting the co-borrower from the borrower loan is only temporary. MAC is being changed to provide a field to indicate if the co-borrower is in bankruptcy, deceased, or released from liability.

2 Revisions to the TOP Screens and Process (Continued)

B Debtors Reflected on Borrowers Eligible for Top Offset Screens (Continued)

Loans will be selected each quarter, **even if manually deleted in a prior quarter,** if the loan continues to appear delinquent on ADPS and no circumstance would generate a programmatic delete. Specific examples are ineligible judgment loans, SAA loans, loans involved in bankruptcy with no BAP flag on the account, and loans related to a settlement agreement or a problem case being worked by the Finance Office where ADPS transactions have not been processed. See Exhibits 2 and 3 for a description of the programmatic delete codes and the manual delete codes available for State Office use.

To accommodate selection of third party judgment loans, the third party's name, address, and TIN must be entered as a co-borrower in MAC for the judgment loan. The TOP selection process will bring in all loans and the loans for the primary borrower and any original co-borrowers should be deleted, if appropriate. This will leave only the third party's debt in TOP.

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.

C TOP Certification

At the end of each quarter, the TOP screens will be taken out of service and all debts not deleted on the "Borrowers Eligible for TOP Offset" screen 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. **Borrowers/co-borrowers displayed on this report will be moved to the "Borrowers Eligible for TOP Offset/Certified" screen for weekly update capability**. See Exhibit 1 for a tentative timeframe for the quarterly referral process. If changes to the timeframe are needed a message will be displayed on the ADPS message screen.

D TOP Weekly Update

All loans on the "Borrowers Eligible for TOP Offset/Certified" screen will be available for review and manual deletion on an ongoing weekly basis. The LOD/PRB and State Offices have delete capability, local County Offices and LOD loan servicing branches have view capability. The weekly RC 540 and its parts will be used to programmatically update/delete certified borrower loan information at TOP each weekend. The screens will be taken down by 2:30 p.m. c.s.t. on Fridays and made available on Mondays by noon c.s.t.

2 Revisions to the TOP Screens and Process (Continued)

E TOP Refund Changes

Since the advent of co-borrower referrals to TOP and subsequent offsets affecting borrowers, co-borrowers, and related parties, the requirements for completing FSA-1956-22 have been modified.

A refund must now be made to the exact person who was offset. LOD/PRB will determine whether the refund will be manual or programmatic.

Note: If the account has a co-borrower displayed on ADPS and a programmatic refund is processed, both the borrower and co-borrower's names will be reflected on the check.

The following information must be provided on a separate sheet:

- name of the person or persons to whom the check should be made payable
- mailing address of the local County Office

Note: The manual co-borrower refund can be sent directly to the co-borrower's address; however, this is discouraged because the County Office then has no confirmation the refund was received. It is critical to specify where the check must be sent.

- effective date the borrower/co-borrower was no longer eligible for offset (that is the date of bankruptcy filing, date paid current, repayment agreement date, etc.). Specify which person was involved.

All FSA-1956-22 refund requests must be faxed to LOD/PRB only at 314-539-6266.

3 County Office Responsibility

A Screening

On an ongoing basis, local County Offices will be provided view-only access to the TOP Offset online screens. County Offices must:

- review the "Borrowers Eligible for TOP Offset" 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, or be referred to TOP for offset

  Note: It is imperative that borrowers/co-borrowers on this screen are reviewed for TOP offset letter eligibility during the last week of each quarter and the first week of the following quarter. See timeline in Exhibit 1.

3 County Office Responsibility (Continued)

A Screening (Continued)

- review the "Borrowers Eligible For TOP Offset/Certified" screens on an ongoing basis to determine whether any loans need to be removed from TOP

- review Exhibit 2 for delete codes that will be programmatically generated based on the ADPS status of the debtor's account

  Note: No County Office action is needed for debtors who meet the delete code criteria in Exhibit 2.

- 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, based on criteria in Exhibit 2 or Exhibit 3

- verify the accuracy of any flags on the debtor's account and correct, if necessary.

B Accessing Debtor/Co-debtor Accounts

County Offices can view borrower/co-borrower loans on the TOP offset screens in accordance with Exhibit 4.

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

If County 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.

4 State Office Responsibility

A Screening

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

FAX FSA-1956-22 to LOD/PRB at 314-539-6266, **only** if a refund is needed or a loan needs to be recalled from cross servicing. If a refund is for a co-borrower, include all co-borrower information specified in subparagraph 2 E.

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 in Exhibit 1.

4 State Office Responsibility (Continued)

A Screening (Continued)

State Offices will enter a delete code for **each** loan that is ineligible, based on criteria in Exhibit 3. Do **not** use codes that are not included in Exhibit 2 or 3. Delete code information is tracked and used for congressional reporting.

Note: No State Office action is needed for debtors who meet the delete code criteria in Exhibit 2.

State Offices that transfer loans to a spouse must correct the borrower/co-borrower in MAC and BBI as appropriate. Refer to Notice FLP-316.

Judgment loans must be carefully reviewed before determining TOP eligibility. State Offices must verify with Department of Justice (DOJ) whether FSA or DOJ will refer the debt to TOP when DOJ has jurisdiction. Judgments are eligible for TOP referral based on DOJ approval and applicable state laws.

CNC loans must be carefully reviewed before determining TOP eligibility. **If any non-judgment CNC loan is past the 10-year statue of limitations, as defined by OGC, or becomes ineligible for other reasons, input the proper delete code and notify LOD/PRB immediately by faxing a Form FSA-1956-22 to 314-539-6266.**

CAP, FAP, and SAA flagged loans are included on the screens. The presence of one of these flags on the account is not a determining factor 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.

- FAP flagged accounts should be deleted with code “01” **only** if administrative offset could jeopardize litigation under the State law

- SAA flagged accounts should be deleted with code 02, **only** if the account is under bankruptcy protection. 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, notate 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 the bankruptcy filing date, date SED signed the settlement agreement, etc.

4 State Office Responsibility (Continued)

B Accessing Debtor/Co-debtor Accounts

State Offices:

- will have online capability to delete loans serviced by their local County Offices
- can access the TOP offset screens as described in Exhibit 4.

C Deleting Debtors/Co-debtors

After accessing debtors through option 1, 2, 3, or 4 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	For options 1 and 2, input all delete codes needed for all borrower/co-borrower loans displayed on that page of the screen before pressing "Enter". **Note: Borrowers and co-borrowers are not necessarily eligible for deletion for the same reason or at the same time. Discretion is advised.** For options 3 and 4, input the applicable delete code from Exhibit 3 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 **must** be input for each loan.
2	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. 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, type "5" to return to Subsystem Selection Menu, 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.
3	Continue this process for all pages displayed for the requested State or County Office or for the requested debtor.

Timeframe for Quarterly Referrals to TOP

Process	Dates
FY 2004 3rd Quarter TOP Referral	
New Selection *	March 27, 2004
Critical pre-letter screening.	**March 30, 2004 to April 9, 2004**
Finance Office (FO) mails 60-day due process letters.	April 13, 2004
Pre-certification screening.	April 13, 2004 to June 18, 2004
Certification **	June 19, 2004
FY 2004 4th Quarter TOP Referral	
New Selection *	June 26, 2004
Critical pre-letter screening.	**June 29, 2004 to July 9, 2004**
FO mails 60-day due process letters.	July 13, 2004
Pre-certification screening.	July 13, 2004 to September 17, 2004
Certification **	September 18, 2004
FY 2005 1st Quarter TOP Referral	
New Selection *	September 25, 2004
Critical pre-letter screening.	**September 28, 2004 to October 8, 2004**
FO mails 60-day due process letters.	October 11, 2004 (1 day earlier than usual)
Pre-certification screening.	October 12, 2004 to December 10, 2004
Certification **	December 11, 2004
FY 2005 2nd Quarter TOP Referral	
New Selection *	December 18, 2004
Critical pre-letter screening.	**December 21, 2004 to December 31, 2004**
FO mails 60-day due process letters.	January 4, 2005
Pre-certification screening.	January 4, 2005 to March 18, 2005
Certification **	March 19, 2005

* This includes all debts that appear eligible on ADPS, even if deleted in prior quarterly process.

** Loans with no delete code are moved from the "Borrower Eligible for TOP Offset" (N) screen to the "Borrowers Eligible For TOP Offset/Certified" (Y) screen.

TOP Offset Programmatic Delete Codes

Code	Description
02	Account has a “BAP” flag or Collection Only Code = 8 (non-judgment 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: If the account status on ADPS generates a delete code, both the borrower and co-borrower loans will be programmatically deleted using the same delete code.

TOP Offset Manual Online Screen Delete Codes

Code	Description
01	Account has been referred to OGC or DOJ for foreclosure and collection by offset would jeopardize the litigation under State law. **Note:** Existence of a foreclosure action pending flag is not a determining factor. Remove any erroneous flag.
02	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. **Note:** Existence of a bankruptcy action pending flag and Collection Only Code = 8 (for non-judgment loans) are used as determining factors in the programmatic screening. Remove any erroneous flag or code.
03	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.
04	Judgment loan ineligible for TOP and cross servicing.
07	Soldiers and Sailors exemption.
09	Loan is past the 10-year statute of limitations to collect by offset.
16	Repayment plan has been approved by FSA.

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.

Accessing TOP Offset Screens

County Offices can view and State Offices can modify borrower/co-borrower loans by selecting TOPOFFST on the Online Submenu Selection Menu. A borrower/co-borrower could have loans on both the Y and N screen, depending on the status of each loan on ADPS. However, an individual loan for either a borrower or co-borrower can only be on 1 of the screens.

From the Borrower Select Menu, use the applicable option.

Option	Authorized Users	Action
1	State Office	• Enter the 2-digit non-FIPS State Code (former FmHA State Code) in the ENTER STATE field. • In the VIEW CERTIFIED BORROWERS field, enter Y if the "Borrower Eligible for TOP Offset/Certified" screen is needed, or N if the "Borrowers Eligible for TOP Offset" screen is needed. • PRESS "Enter". All borrower/co-borrower loans on that screen for the State will be displayed.

2	State Office
	County Office
		• Enter the 2-digit non-FIPS State Code (former FmHA State Code) in the ENTER STATE field.
		• Enter all 5 digits of the FSA servicing office mail code in the ENTER STATE AND COUNTY field.
		• In the VIEW CERTIFIED BORROWERS field, enter
		  • Y if the "Borrower Eligible for TOP Offset/Certified" screen is needed
		  • N if the "Borrowers Eligible for TOP Offset" screen is needed.
		• PRESS "Enter". All borrower/co-borrower loans on that screen for the specified county will be displayed.

Accessing TOP Offset Screens (Continued)

Option	Authorized Users	Action

3	State Office
	County Office
		• Enter the entire 15-digit case number in the ENTER CASE NUMBER field.
		• In the VIEW CERTIFIED BORROWERS field, enter
		  • Y if the "Borrower Eligible for TOP Offset/Certified" screen is needed
		  • N if the "Borrowers Eligible for TOP Offset" screen is needed.
		• PRESS "Enter". All loans on that screen associated with the requested case number (borrower and/or co-borrower) will be displayed.

4	State Office
	County Office
		• Enter the 9-digit TIN for the **primary** borrower.
		• In the VIEW CERTIFIED BORROWERS field, enter
		  • Y if the "Borrower Eligible for TOP Offset/Certified" screen is needed
		  • N if the "Borrowers Eligible for TOP Offset" screen is needed.
		• PRESS "Enter". All borrower/co-borrower loans on that screen for the specified borrower TIN will be displayed.
		Note: Do not enter a co-borrower TIN because this will display a "Borrower Not Found" message. Entering borrower TIN will display any co-borrowers entered in MAC.

5	State Office County Office	PRESS "Enter" to be returned to the Online Submenu Selection Menu.
6-12	Finance Office	Enter applicable code to enable/disable the TOP screens as needed.