

For: State and County Offices

**Issuing Revised Demand Letters for 2003 Counter-Cyclical (CC) Program Overpayments**

Approved by: Deputy Administrator, Management



**1 Overview**

**A Background**

Notice DCP-129 provided an extension until October 31, 2005, for unearned 2003 counter-cyclical (CC) overpayment amounts to be automatically reduced from subsequent DCP payments. Producers were given until October 31, 2005, to repay the amount or have it reduced from their current DCP payment.

Software designed to transfer any remaining 2003 overpayments to the Common Receivable System (CRS) on October 31, 2005, was erroneously released 30 calendar days early, which caused the 2003 overpayment to be sent to CRS and demand letters to be generated prematurely. Information Bulletin 3565 instructed County Offices **not** to mail these demand letters.

**B Purpose**

This notice reminds County Offices of priority of reductions and provides instructions for:

- processing remaining 2003 CC overpayments
- issuing manually prepared demand letters
- correcting demand letter dates in CRS.

**C Contact**

State Offices with questions about procedures for handling receivables shall contact Rodney Davis, FMD by e-mail to **Rodney.Davis@wdc.usda.gov**.

<b>Disposal Date</b>  January 1, 2006	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice FI-2723

### 2 Proper Treatment of Remaining 2003 CC Overpayments

#### A 2003 CC Overpayments Not Satisfied as of October 31, 2005

The order of precedence is that 2003 CC overpayment amounts should be satisfied before 2004 CC overpayment amounts. In some instances, however, the automated offset process is allowing 2004 CC overpayments to be satisfied first since the automated offset process for 2003 CC overpayments is no longer active.

When processing current DCP payments, the AS-400 system will present the Interim Payment Process Screen if the receivable flag in Name and Address is correctly set to "Y". On the Interim Payment Process Screen, users shall enter the amount of any remaining 2003 CC overpayment on the "Enter amount due FSA/CCC Receivable" line. This will prompt the system to issue a check (CCC-184) to be used to satisfy the remaining receivable. Record CCC-184's according to 67-FI. Any 2003 CC overpayments not satisfied by November 1, 2005, are subject to normal collection procedures.

The following is an example of the Interim Payment Process Screen.

```
Session A - [24 x 80]
File Edit Transfer Appearance Communication Assist Window Help
PrintScreen Copy Paste Send Recv Display Color Map Record Stop Play Quit Clipbrd Support Index
Accounting 091 JOHNSON Deductions ABK10001
Interim Payment Process Screen Version: AA01 10-06-2004 10:14 Term U3
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Producer/Non-producer ID: [ ] S JOHN J MCCAUGHAN JR
Reference Number: 1307 Program Code: 03DCPCCPNUT
Payable amount: $9,777.00
Amount reduced for Receivable Offsets: $381.00
Amount remaining to be disbursed: $9,396.00

Enter amount due FSA/CCC Claim .....
or Enter amount due FSA/CCC Receivable .....
or Enter amount due Other Payees .....

Are there additional payments to be entered? .. (Y)es or (N)o
Enter=Continue
M a 11/062
Connected to remote server/host dev4 using port 23
```

## Notice FI-2723

### 2 Proper Treatment of Remaining 2003 CC Overpayments (Continued)

#### B Issuing Demand Letters

If a producer's current DCP payment amount is not adequate to satisfy a remaining 2003 CC overpayment, and they have no other Agency programs from which the receivable can be offset, a demand letter must be issued.

A new demand letter must be manually prepared with a due date of November 1, 2005, and immediately mailed according to 67-FI, paragraph 443. Users shall then change the system due date of the previously printed demand letters according to 67-FI, paragraph 444. Correction of the demand letter date will prevent the 2003 CC overpayment amounts from erroneously being transferred to the Automated Claims System on November 5, 2005, (30 calendar days from the date the first demand letter was erroneously printed). Changing the demand letter date in the system will also reset the interest start date calculations.

**Note:** If a producer has quit farming or is deceased, County Offices shall change the debt basis code in CRS from 10-320 (for 2003 CC overpayments) and 10-325 (for 2004 CC overpayments) to 10-428. This will stop the automated offset process for that producer and allow the receivable to be handled according to normal collection procedures, which includes issuing a demand letter to the producer or their estate.

#### C Correcting the First Demand Letter Date

To correct the first demand letter date, access the common receivables function from the Accounting Main Menu (see 67-FI, subparagraph 443 C). Receivables Menu AQR000 will be displayed.

Step	Action
1	ENTER "7", "Prepare Demand Letters", on Receivables Main Menu AQR000, and PRESS "Enter".
2	ENTER "3", "Record Manually Prepared First Demand Letter", on Prepare First Demand Letter Menu AQR600, and PRESS "Enter".
3	Select producer using Screen AQR01101.
4	ENTER "X" by receivable number on Manual First Demand Letter Screen AQR63201 and PRESS "Enter".
5	Change "Date Demand Letter Prepared" to <b>November 1, 2005</b> , on Manual First Demand Letter Screen AQR63401.