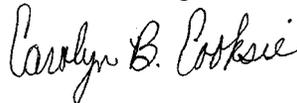


For: FSA Offices

Administrative Offset of Guaranteed Debtors

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

The Debt Collection Act, as amended by the Debt Collection Improvement Act (DCIA) of 1996, requires that all delinquent guaranteed debtors be referred for non-centralized administrative offset and to the U.S. Department of Treasury’s Treasury Offset Program (TOP) for centralized administrative offset of Federal Government payments. For loans made using FSA-1980-25 or FSA-1980-28 with the July 20, 2001, or later revision date, the delinquent debt is established when a final loss claim is paid.

The Guaranteed Loan System (GLS) debt offset capabilities include the ability to:

- record receivable information for Federal debts that are eligible for collection through offset programs
- update, change, and delete information on a debt offset receivable
- view information about a debt offset receivable
- monitor debts referred for non-centralized and centralized offset
- run GLS offset management reports.

B Purpose

This notice instructs State and County Offices to:

- immediately begin using GLS to record and monitor offset notification sent to debtors
- perform screening and referral for non-centralized and centralized offset
- use GLS offset management reports.

Disposal Date	Distribution
March 1, 2005	FSA Offices; State Offices relay to County Offices

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2 Offsetting Payments Made by FSA

A State Office Responsibility

SED will ensure that the Agency employees responsible for servicing FLP guaranteed loans notify all County Offices where the debtor receives Federal payments that payments are to be offset when a debtor is eligible for administrative offset.

District Directors will ensure that all County Offices are updated monthly about debtors whose payments are eligible to be offset.

The following management reports are available through GLS Managed Reporting Environment (MRE) for **State Office users only**. State Office users shall obtain and monitor these reports on a basis consistent with the State's guaranteed loss and offset referral activity.

- DCIA – Accounts Currently Referred for Internal Administrative Offset (non-centralized offset)
- DCIA – Accounts Currently Referred for Treasury Offset (centralized offset)
- DCIA – List of Loans Eligible for Offset
- DCIA – Offset Status

B Collections and Refunds

Amounts collected through non-centralized offset will be applied to the debtor's account according to 3-FI using the guaranteed collection codes in the following table.

Code	Description
70	Guaranteed Administrative Offset – Other
71	Guaranteed Administrative Offset – DCP
72	Guaranteed Administrative Offset – LCP
73	Guaranteed Administrative Offset – CRP
74	Guaranteed Administrative Offset – EQIP
75	Guaranteed Administrative Offset – Tobacco
76	Guaranteed Administrative Offset – Peanuts
77	Guaranteed Administrative Offset – Rice
78	Guaranteed Administrative Offset – LDP/Markt Asst Loan
79	Guaranteed Administrative Offset – DCP in Stay
80	Guaranteed Debt Collection - Voluntary Collection
81	Guaranteed Debt Collection - DOJ Collection
82	Guaranteed Debt Collection - Debt Settlement Collection
83	Guaranteed Debt Collection - Other Collection

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2 Offsetting Payments Made by FSA (Continued)

B Collections and Refunds (Continued)

Collections and refunds will be handled according to the following:

- delinquent debts due FSA will be collected before an **assignment** is honored according to 58-FI, paragraph 164
- collections will be applied to the oldest delinquent Federal debt first
- refunds of amounts offset will be made within 45 calendar days, if FSA determines that an amount should not have been offset or the debtor has prevailed in an appeal.

Note: SED shall approve and submit refund requests to KCFO, LOD St. Louis.

C Contacts

If there are questions about GLS:

- offset management reports, contact Sheila Oellrich, LSPMD at 202-720-2990
- offset functions or this notice, contact Trina Brake, LSPMD at 202-690-4008
- Finance Office offset servicing processes, contact KCFO, LOD St. Louis, at 314-539-6154 or 314-539-6638.