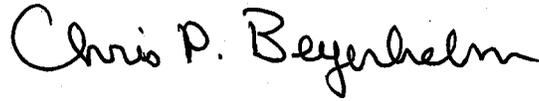


For: State and County Offices

Settlement of Judgment Debts

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

RD Instruction 1956-B does not address canceling, compromising, or adjusting judgment debts.

B Purpose

This notice:

- provides guidance to State and County Offices about debt settlement for judgment debts
- continues the policy established in previous notices, except for servicing and monitoring judgment debt, which has been incorporated into 5-FLP
- does **not** apply to foreclosure judgments.

C Contact

Direct any questions about this notice to Mary Durkin, LSPMD at 202-720-1658.

Disposal Date

October 1, 2010

Distribution

State Offices; State Offices relay to County Offices

Notice FLP-549

2 Debt Settlement

A RD Instruction 1956-B

Currently, RD Instruction 1956-B does **not** address canceling, compromising, or adjusting judgment debts. New regulations are being developed to provide guidance on debt settling judgment debts. Before the publication of the regulation, judgment debts shall be canceled, compromised, or adjusted similarly to RD Instruction 1956-B, Sections 1956.66, 1956.67, 1956.68, 1956.70, or Exhibit B that authorizes canceling, compromising, and adjusting nonjudgment debts.

B RD 1956-1 Documentation

Insert any of the following that apply in RD 1956-1, Part VIII.

- The U.S. Attorney's file is closed.
- The judgment has expired (20 years after the judgment date, and the judgment is not renewed. If the U.S. Attorney states that the judgment expired after 10 years, consult the regional OGC to determine if the judgment can be revived).
- The debt was returned from cross-servicing as uncollectible.
- The debt settlement amount offered by the debtor is acceptable based on the verified assets, debts, income, and expenses.
- The debtor is unable to pay any part of the debt and has no reasonable prospect of being able to pay any part of the debt.

C Releasing Judgment Lien by the Department of Justice

The State Office shall send notice to the U.S. Attorney's Office that it has canceled the debt that is the subject of a judgment lien. The notice should request that this judgment lien be released.