

For: State and County Offices

**Clarifying Under Debt Collection Improvement Act (DCIA) of 1996**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

DCIA provides, among other things, that a person owing a delinquent nontax debt to the Federal Government is **ineligible** for Federal financial assistance including direct loans (other than disaster loans) or loan insurance or guarantee.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 amended DCIA to exclude marketing assistance loans or loan LDP's from the restrictions on barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.

**B**

**Purpose**

This notice reminds State and County Offices that:

- producers with any delinquent Federal nontax debt are eligible for marketing assistance loans and LDP's
- a producer may be an individual, entity, or a member of an entity
- special provision for marketing assistance loans and LDP proceeds must be offset against outstanding FSA debts **only**.

<p><b>Disposal Date</b></p> <p>May 1, 2003</p>	<p><b>Distribution</b></p> <p>State Offices; State Offices relay to County Offices</p>
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## Notice LP-1856

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### 2 Action

#### A County Office Action

County Offices shall:

- notify all producers immediately of the contents of this notice
- advise producers that proceeds received from marketing assistance loans and LDP's will be offset against any delinquent debt owed by the producer to FSA
- ensure that producers met all other eligibility requirements
- maintain open communication between County Offices with multi-county producers and Farm Loan Servicing Offices
- ensure that all delinquent borrowers are flagged in the name and address file.

**Note:** Some producers have established corporations, partnerships, and other entities to avoid offsets and to circumvent other FSA regulations. Offset will be taken against the producer's pro rata share of entity payments, according to 7 CFR 792.7(1) and 1403.7 (q), after notification of the intent to offset has been provided to the nonborrower entities.

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