

PROCEDURE REFERENCE: RD Instruction 1951-C

PURPOSE: Used to notify delinquent borrowers of potential referral by Kansas City Finance Office/Saint Louis (KCFO/STL) to Treasury Offset Program (TOP) for offset by Treasury for Cross-Servicing and referral to commercial credit bureaus.

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**NOTIFICATION OF INTENT TO REFER ACCOUNT TO TREASURY OFFSET PROGRAM (TOP)**

[Use Agency Letterhead]

Mailing Date (MM, DD, YYYY)

Dear Debtor/Co-debtor:

Our records indicate that you have a judgment, delinquent lease, equity receivable or are more than 90 days past due on a loan owed to the United States Department of Agriculture, Farm Service Agency (FSA). Under Federal law, we are required to offset any eligible Government payments due you to resolve the delinquent debt.

Enclosed is a list of the delinquent debt(s) and the amount(s) due as of MM/DD/YYYY. You have 60 days to resolve this delinquent debt before an offset of payments will be made.

The following options are available, if applicable, for settling this debt:

- Fully pay the delinquent debt outstanding at your local servicing office on or before MM/DD/YYYY. The amount could change because of protective advances, other servicing actions, interest accrual, previous offsets, or other collections. Contact your local office for the correct amount.
- Make settlement arrangements with your local servicing office. If immediate payment would create a serious financial hardship, you may request consideration of a written repayment/settlement agreement with FSA. This request must be submitted in writing before MM/DD/YYYY, and must state your repayment proposal, including the specific terms desired. To verify that immediate repayment of the delinquency would cause serious financial hardship, a signed financial statement must be provided with any settlement proposal or installment repayment request. The financial statement must list all income and expenses, and contain a balance sheet listing all assets and liabilities. An approved repayment/settlement agreement must be in place to avoid offset.

- Inform your local servicing office of any bankruptcy proceedings. Debtors who have filed for bankruptcy, and for whom an automatic stay is in effect, may not be subject to collection actions. If this provision applies, please submit a copy of the bankruptcy petition to your local servicing office by MM/DD/YYYY.

If you have a judgment debt, a delinquent lease, or the debt has been classified as currently not collectible, farm loan servicing rights are no longer applicable.

If the delinquent debt is not involved in a bankruptcy proceeding, or is not paid in full or settled by MM/DD/YYYY, the United States Treasury Department will be notified to collect by offset from the following Federal government payments due you, if applicable:

- Income tax refunds
- Federal salary, including military pay
- Federal retirement pay, including military retirement pay
- Contract or vendor payments
- Certain Federal benefits payments, such as Social Security (other than Supplemental Security Income), Railroad Retirement (other than tier 2), and Black Lung (part B) benefits
- Other Federal payments, including certain loans to you, that are not exempt from offset

All delinquent debt is referred to commercial credit bureaus on a quarterly basis.

If, after all security has been liquidated and debt remains which has not been settled, that debt may also be referred to Treasury for potential referral to private collection agencies and possible administrative wage garnishment. The amount referred for collection will include the delinquent principal, any accrued interest, protective advances and collection costs. The debt may also be referred to the United States Department of Justice for litigation.

You have the right to obtain a copy of the records for the listed delinquent debt. To do so, send a written request to your local servicing office. Please provide your Social Security Number or Employer Identification Number and your complete mailing address with the request.

You have the right to a review of the validity of the delinquent debt amount. Any request for review must be made in writing to your local servicing office by MM/DD/YYYY. If you disagree with the delinquent debt amount and wish to dispute the record, please explain the reason for any challenge and include any written evidence available to support your position. You will be notified in writing of a determination.

Additional interest is accruing daily on this debt. The amount due will continue to increase until the delinquency is paid or the account is settled. Any discharged debt will be reported to Internal Revenue Service (IRS) on Form 1099-C, Cancellation of Debt.

If a joint Federal income tax return is filed, and your spouse is not responsible for this debt, please contact your local IRS office before filing your return to learn how to protect your spouse's share of the refund.

For further information, please call your local servicing office or our toll-free number, 800-428-9643.