


STANDARD OPERATING PROCEDURE

Number	Date	Organization
2400-011	02/28/2012	CF-FM-FF-AR

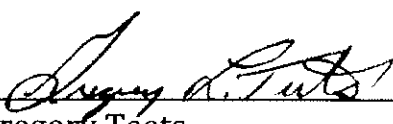
Debt Resolution Process for Individuals

Foreword

This Standard Operating Procedure (SOP) describes the procedures to be followed for the debt resolution processes performed by the Federal Emergency Management Agency (FEMA), Office of the Chief Financial Officer (OCFO), FEMA Finance Center (FFC), Accounts Receivable (AR) Section for the administrative collection of debts. This encompasses all overpayments to individuals, including but not limited to, overpayments of assistance provided to disaster recipients and salary/travel overpayments. The Debt Resolution Process involves evaluating debtor requests for payment plans and compromises. State debts are addressed in a separate SOP.



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CHAPTER 1 - GENERAL

1-1. Purpose

- I. The purpose of this Standard Operating Procedure (SOP) is to provide detailed guidance for the debt resolution process performed for the administrative collection of debt for individual debtors. These processes are performed in the Accounts Receivable (AR) Section of the FEMA Finance Center (FFC), Financial Management Division (FMD), Office of the Chief Financial Officer (OCFO).

1-2. Applicability and Scope

- I. This SOP is applicable to all FFC Accounts Receivable employees engaged in the debt resolution process.

1-3. Supersession

- I. FEMA Compromise Process SOP, dated November 2008.
- II. FEMA Hardship Process SOP, dated December 2008.

1-4. Objectives

- I. Provide policy and procedures for all FFC employees engaged in the debt resolution process and to ensure the debt resolution process is conducted in an efficient, fair and consistent manner.

1-5. Authorities/References/Policy

Debt Collection Act of 1982, as amended, Public Law 07-365, dated October 25, 1982.

Debt Collection Improvement Act of 1996, Public Law 104-134, Section 31001, dated April 26, 1996.

Improper Payments Elimination and Recovery Act of 2010, Public Law 111-204, dated July 22, 2010.

6 Code of Federal Regulations (CFR) Part 11, Domestic Security, "Claims."

31 CFR Part 901, Standards for the Administrative Collection of Claims.

31 CFR Part 902.2, Standards for the Compromise of Claims.

"Managing Federal Receivables: A Guide for Managing Loans and Administrative Debt," U.S. Department of the Treasury, dated May 2005.

FEMA Delegation of Authority for Debt Collection Actions memo, dated October 29, 2008.

DHS Delegation of Authority memo, dated February 9, 2007.

1-6. Definitions

- A. **ACCPAC.** ACCPAC is the ACCounting software PACKage used by the FFC to record detailed account information regarding debtors and also provides a record of all debtor interactions.
- B. **Bill for Collection (BFC).** The initial billing notice or invoice for an administrative debt such as an overpayment. It includes the amount of the debt, basis of the indebtedness, date on which payment is due and other items.
- C. **Compromise.** A compromise is an agreement to accept less than the full amount of the debt owed in satisfaction of the debt.
- D. **Disposable Income.** Disposable income is the income remaining after subtracting taxes and reasonable living expenses (such as rent or mortgage, utilities, insurance, medical, transportation, food and other expenses) necessary to maintain a certain standard of living.
- E. **IRS Collection Financial Standards (ICFS).** These standards are used by the Internal Revenue Service (IRS) in calculating repayment of delinquent taxes. These standards are effective as of March 1, 2011. These standards were selected by FEMA to provide for fairness, objectivity and consistency in evaluating debtors for repayment of their debt. These standards are used to determine a debtor's reasonable and necessary living expenses for the debtor and the debtor's dependents when determining ability to pay. National Standards are used for food, clothing, out-of-pocket healthcare expenses and other items. Allowances for housing, utilities and transportation, known as the Local Standards vary by location. The debtors are allowed the total ICFS amount for their family size without questioning the amount actually spent.
- F. **Letter of Intent (LOI).** This is a notification that FEMA is now taking further action to collect the debt. This letter explains that if the debt is not paid or resolved with the FFC, the debt will be forwarded to the U.S. Department of the Treasury (Treasury) for collection. In addition, the debtor may be charged penalties, and the interest will continue to accrue from the date the Notice of Debt (NOD) is sent.
- G. **NEMIS.** NEMIS is FEMA's National Emergency Management Information System. It is an agency-wide system that provides a technology base to FEMA and its partners to perform disaster related operations and it provides financial-related data to the FEMA core financial management system. This system also generates various letters to be mailed to debtors to facilitate the debt collection process.
- H. **Notice of Debt letter.** This letter is a bill and is sent by the National Processing Service Centers (NPSCs) to an individual who was overpaid for assistance received from FEMA. This letter is the first communication with the debtor, communicating that they owe money to FEMA. It lists the amount of money the debtor owes to FEMA and the reason why it is owed.

- I. **Promissory Note.** A promissory note is a contract where one party makes an unconditional promise in writing to pay a sum of money to the other, either at a fixed or determinable future time or on demand of the payee, under specific terms.
- J. **Recoup Collection Potential (RCP).** The Recoup Collection Potential is how FEMA measures the debtor's ability to pay. The RCP includes the value that can be realized from the debtor's assets such as bank accounts, real property, and other property less certain exceptions allowed for basic living expenses.
- K. **Request for Information (RFI).** If the debtor requests a compromise or payment plan, they are mailed a RFI packet. This packet is sent to the debtor to request additional information regarding their financial situation and ability to repay the debt. This information is used to determine if the debtor qualifies for a payment plan or compromise, partial or full, reduction of the debt.

1-7. Responsibilities

- I. The Evaluator keys information into the Debt Resolution spreadsheet from the debtor's supporting documentation using specific guidelines prescribed in the Debt Resolution Spreadsheet.
- II. The Debt Collection Specialist reviews the documentation keyed by the Evaluator, inputs additional financial data and recommends a disposition.
- III. The Unit Chief reviews the documentation and approves the disposition.
- IV. The Section Chief reviews and approves all compromises and high risk files (e.g., congressional inquiries).
- V. The Chief Counsel and the Chief Financial Officer (CFO) review and approve any compromise greater than \$10,000. Compromises for debts with balances greater than \$100,000 require the Department of Justice's (DOJ) approval in addition to the Chief Counsel and CFO.

1-8. Reporting Requirements

- I. 1099C, "Cancellation of Debt" Reporting.

1-9. Forms Prescribed

- I. Request for Information (RFI) Package Letter. See Appendix B.
- II. Debt Collection Financial Statement. See Appendix C.
- III. Letter of Intent. See Appendix D.
- IV. Evaluation Workbook. See P:\FFC-Shared-Recoups\FFC-East\DR Evaluation Sheet.xlsx

1-10. Questions

- I. Questions regarding this SOP should be addressed to the FFC AR Section Chief or the FFC Debt Management Unit Chief.

CHAPTER 2 - BACKGROUND AND PROCESS

2-1. General

After every disaster, FEMA is required to audit disaster assistance payments to ensure taxpayer dollars were properly spent. Those audits often show a small percentage of specific cases where disaster assistance was given to people who were not eligible for some or all of the money they received. The law requires FEMA to collect these overpayments through a process called "recoupment." Applicants, who were overpaid by FEMA, become debtors. For purposes of this SOP, applicants and debtors are used interchangeably.

The billing process is initiated when FEMA determines that a debt exists, e.g., a debtor has received an overpayment, and owes any related fines or penalties to that overpayment.

Applicants who incurred a debt with FEMA associated with disaster assistance provided erroneously may contact FEMA's Recoupment Helpline after receiving a Notice of Debt (NOD) letter. The Helpline representative will verify the applicant's critical information and gain information regarding their ability to repay the debt. The debtor may choose to pay their debt in full or request a compromise or payment plan.

Other administrative debt may include travel and salary overpayments and those debtors may contact FFC to resolve those debts. The process for evaluating requests for payment plans and compromises is the same.

2-2. Debtor Payment in Full

If the debtor is able to pay the debt in one lump sum, they are asked to complete the FEMA Debt Repayment Form and include their check or money order made payable to FEMA. If the debtor wants to pay the debt by telephone using an electronic check or credit card, a Helpline representative will complete the process within a secure government-wide collection portal called www.pay.gov. The debtor can elect to log into www.pay.gov and make a payment him/herself.

2-3. Request for Financial Information

If the debtor requests a compromise or payment plan, they are mailed a Request for Information (RFI) packet. The debtor completes the RFI, attaches supporting documentation and returns the package within thirty (30) days for evaluation by FFC.

2-4. Evaluation

If the debtor returns an RFI packet that is not signed or is missing information, a second request for the required documentation will be mailed to the debtor citing the incomplete, illegible or missing information. The debtor will have an additional fifteen (15) days to return the required documentation.

If the debtor does not return the completed, signed and dated Debt Collection Financial Statement and other required documentation necessary to conduct a review of their case or satisfy their debt through an alternate process, the case is marked "No Response to RFI" and the debtor is mailed a Letter of Intent (LOI). This letter provides an explanation of the consequences of, and process to, collect the delinquent debt.

Once the RFI packet is received, an evaluation process is conducted. The procedure considers reasonable and necessary living expenses, based on the IRS Collection Financial Standards (ICFS), for the debtor and the debtor's dependents when calculating the debtor's ability to pay the debt. If the debtor is unable to pay the debt in one lump sum, they may be eligible to enter into a payment plan – an agreement to repay their debt in regular installments; or have their account reviewed for a compromise of a portion or all of the debt.

The initial evaluation will be performed by an evaluator. The evaluator will enter the financial information provided in the RFI into an evaluation spreadsheet that calculates the debtor's net disposable income and ability to pay the debt.

The debtor's stated sources of income on the Debt Collection Financial Statement (DCFS) are used to determine the debtor's income. The published ICFS are used to determine the debtor's qualified monthly living expenses. Factors used to determine allowed expenses include the debtor's residential location, household size, age(s) of household members and restrictions or caps on certain types of expenses. The allowed expenses used in the evaluation are the ICFS regardless of the amounts actually spent in the debtor's household. The result of the evaluation is based on whether the debtor has sufficient net disposable income and/or recoup collection potential to pay in a lump sum, to pay based on a payment schedule or is unable to pay the debt in full or in part (compromise).

The spreadsheet and supporting documents are transferred to the Debt Collection Specialist for their review and additional input. The Debt Collection Specialist enters the debtor's liquid and disposable assets as stated on the DCFS; researches and inputs Fair Market Value (FMV) of other assets; considers the debtor's offer to pay on the DCFS, if present; and in cases of possible compromise, verifies applicant information by using various public record research tools. The final disposition is based on the debtor's offer to pay on the DCFS, if present and adequate to resolve the debt, net disposable income and recoup collection potential. The entire package is approved by the Unit Chief to ensure consistency and agreement with the debt resolution policies. The Section Chief reviews all approved compromises and higher risk files.

There are special factors that are considered and applied consistently among debtors, but in general if the debtor's disposable assets exceed the amount of the debt, a request for compromise will be denied and the debtor may be required to pay the debt in one lump sum.

2-5. Payment Plans

Should there be insufficient assets to pay the debt in full, debt collection specialists will evaluate assets, income and living expenses to determine whether the debtor can pay a portion of the debt with an initial payment and make payments for any remainder of the debt in regular installments. There are two payment plan determinations:

Standard Payment Plan. The debtor is offered a standard payment plan if there is sufficient net disposable income to pay the debt in 36 months or less.

Non-Standard Payment Plan. The debtor is offered a non-standard payment plan if:

- The calculated net disposable income is insufficient to repay their debt in 36 months, but a longer term (48 or 60 month) payment plan resolves the debt;
- If the recoup balance due is greater than \$5,000; or
- If the amount to be paid on a 60-month payment plan is for the adjusted balance due after a partial compromise.

After the payment plan is determined, a payment plan agreement offer letter, promissory note and the amortization schedule are mailed to the debtor. If the debtor does not return the signed and dated promissory note within 30 days or satisfy their debt through an alternate process, the debtor is mailed a LOI, which provides an explanation of the consequences and process to collect the delinquent debt.

2-6. Compromise

If the debtor has insufficient, zero or negative disposable income to make payments, the debt will be compromised in full, except for any portion of the debt the debtor can pay through disposable assets. The debtor's financial information as stated on the DCFS is subject to verification by using various public record research tools (e.g., Lexis Nexis, Clear, Equifax).

Special factors that may impact the debtor's ability to pay are considered on a case-by-case basis and may include age, health, financial hardship and other extraordinary circumstances. Different situations prescribe the use of different special factors. For example, job loss may be treated as a special factor when the economy is in a recession, but may not be considered during periods of economic growth. The determining special factors are prescribed in the detailed evaluation procedures.

To ensure consistency, all proposed compromises involving special factors other than age and permanent disability require a consensus decision by three Debt Collection Specialists and an Equifax report. Final approval by the Unit Chief and the Section Chief is required for all compromises to further ensure consistency. All compromises greater than \$10,000 require Chief Counsel and Chief Financial

Officer approval. The Department of Justice (DOJ) must approve any total debt greater than \$100,000, whether compromised in full or part.

Offer to Compromise Portion of Debt. FEMA will send the debtor a letter explaining the approval of a partial compromise when the evaluation shows an inability to pay the debt in full. The debtor will be offered a 60-month Non-Standard Payment Plan to pay the adjusted balance due – the original recoup balance less the amount of the partial compromise. If the debtor does not comply with the terms of the payment plan offer within 30 days or satisfy their debt through an alternate process, the debtor is mailed a LOI, which provides an explanation of the consequences and process to collect the delinquent debt.

Compromise of a Debt in Full. If the Debt Collection Specialist's evaluation, research and discussion with the debtor leads to the conclusion that the debtor is unable to pay any portion of the debt and it is approved according to the referral limits of the authorizing agency officials, FEMA will send the debtor the corresponding letter of determination.

Letter of Determination – Not to Compromise the Debt. If the Debt Collection Specialist's evaluation, research and discussion with the debtor leads to the conclusion that the debtor is able to pay their debt, FEMA will send the debtor the corresponding letter of determination.

1099C. All debtors are issued an IRS Form 1099C, Cancellation of Debt, in the amount of the principal portion of any debt greater than \$600, written-off in the debt resolution process.

2-7. Referral to the Department of the Treasury (Treasury)

If the debtor does not pay the debt in full or resolve the debt within the time frame specified, but no later than 180 days after the debtor received the initial NOD, FEMA will refer the debt to Treasury, as required by law. FEMA will provide Treasury written certification that the debtor owes the past due, legally enforceable delinquent debt in the amount stated, and that FEMA has fully complied with due process requirements. Treasury will continue to accrue interest and penalties on the unpaid debt. Fees charged by Treasury, DOJ, and/or private collection agencies will be added to the amount owed as an administrative charge.

Once the debt is submitted to Treasury for collection, the debtor's name and Social Security Number will be subject to computer matching with Federal and State sources of payments that may be due to the debtor. Treasury will reduce or withhold any of the debtor's eligible Federal payments by the amount of the debt.

Once referred to Treasury, the debt may be referred to:

- Treasury Offset Program (TOP);
- Administrative Wage Garnishment;

- U.S. Department of Justice for judicial enforcement;
- Private collection agency;
- IRS as potential taxable income, if the debt is discharged; and/or
- Consumer credit reporting agency.

Once delinquent debts are referred to Treasury, Treasury will have the authority to evaluate and approve all compromises on FEMA's behalf regardless of the amount.

APPENDIX A – DEBT RESOLUTION SOLUTIONS

LUMP SUM

If the debtor's assets exceed the amount of the debt, a request for a compromise will be denied and the debtor may be required to pay the debt in one lump sum. Assets, including second properties or vehicles are in general considered disposable. Barring unusual circumstances that will be addressed on a case-by-case basis, these assets will be factored into a debtor's Recoup Collection Potential.

- **Lump Sum:** The debtor is not eligible for a payment plan, but is required to pay the entire debt in one lump sum due to adequate net disposable income and/or liquid assets.
 - If Net Disposable Income (NDI) is sufficient to pay Recoup Balance Due; debtor is not eligible for a Payment Plan or Compromise and a Lump Sum of the total is due.
 - If $NDI + (\text{Liquid Assets} - \text{Exceptions})$ is sufficient to pay Recoup Balance Due; debtor is not eligible for a Payment Plan or Compromise and a Lump Sum of the total is due.

PAYMENT PLANS

Should there be insufficient assets to pay the debt in full, debt collection specialists will evaluate assets, income and living expenses to determine whether the debtor can pay a portion of the debt with an initial payment and make payments for any remaining debt.

- **Payment Plans:** The debtor is eligible for a payment plan due to inadequate net disposable income and/or liquid assets to pay the debt in one lump sum.
 - If $(\text{Liquid Assets} - \text{Exceptions}) > 0$, an Initial Payment of this calculated sum is due immediately and the Payment Plan is re-calculated on the remaining Recoup Balance Due.
 - If NDI is sufficient to make payments over 3-5 years to pay the Recoup Balance Due, then a Payment Plan will be offered.
 - A large Recoup Balance Due ($>5k$) and/or the offer from the debtor on the DCFS will be considered when determining the term length of the Payment Plan agreement.
- **Standard Payment Plan:** The debtor is offered a standard payment plan if there is sufficient net disposable income to pay the recoup in 3 years or less.
- **Non-Standard Payment Plan:** The debtor is offered a non-standard payment plan if the calculated net disposable income is insufficient to repay their debt in 36 months, but a longer term (48 or 60 month) payment plan resolves the debt.

COMPROMISE

If the debtor has insufficient, zero or negative disposable income to make payments, the debt will be compromised in full, except for any portion of the debt the debtor can pay over 5 years with net disposable income and current disposable assets. Whatever the debtor cannot pay within 5 years through payments will be compromised.

- **Compromise:** Eligibility for a compromise is based on inability to pay. The amount of the compromise is based on Recoup Collection Potential.
- **Inability to Pay:** The debtor may be unable to pay the debt within a reasonable time or unable to pay the debt at all. Inability to pay is also based on factors such as age, health or other extraordinary circumstances resulting in financial hardship. All compromises require verification by using various public record research tools to validate a debtor's statements.
 - **Special factors** that may impact the debtor's ability to pay are considered on a case-by-case basis and may include the following:
 - Age
 - Health
 - Employment
 - Other extraordinary circumstances resulting in financial hardship
Note: To ensure consistency, all proposed compromises involving special factors other than age and permanent disability require a consensus decision by three debt collection specialists and an Equifax report. Different situations prescribe the use of different special factors. For example, job loss would be considered a special factor when the economy is in a recession, but not during periods of economic growth. The determining special factors are prescribed in the detailed evaluation procedures.
- **Recoup Collection Potential:** ((Net Disposable Income using 0, if negative * 60 months) + (80% of equity in Fair Market Value of Other Assets using 0, if < \$600) + (100% of Liquid Assets - Exceptions)). Total RCP cannot be < \$600; if < \$600, use 0.
- **Amount to Compromise:** Recoup Balance Due less Recoup Collection Potential = the Amount to Compromise. The Recoup Balance Due less the Amount to Compromise = the adjusted balance due, payable over 5 years on a Payment Plan.
- **Offer from the Debtor on the DCFS:** If the debtor makes an offer to pay on the DCFS and the debtor's inability to pay is not based on special factors, the offer will be accepted for up to 36 months not to exceed Recoup Balance Due.
 - *Note: It may be necessary to contact the debtor by telephone if the offer raises any questions -- seems unreasonable or special circumstances are stated but not supported, etc.*
- 1. Final approval by the Unit and Section Chief are required for all compromises to further ensure consistency. Any compromise over \$10,000 requires Office of Chief Counsel and Office of Chief Financial Officer approval. Compromises for debts with

balances greater than \$100,000 require the DOJ's approval in addition to the Chief Counsel and CFO.

Debt Resolution Definitions:

DCFS: Debt Collection Financial Statement.

Gross Income: the sum of all sources of income as stated on the DCFS.

Effective Tax Rate: Tax divided by Taxable Income determined from the Tax Return provided by the debtor using the IRS Form[^] table below.

<u>IRS Form[^]</u>	<u>Tax</u>	<u>Taxable Income</u>
1040	line 55	line 43
1040A	line 37	line 27
1040EZ	line 11	line 6

If the debtor states that they are not required to file a tax return, use 0%; if the Tax is > or = to the Taxable Income, use 0%.

Note: A Tax Return or a 'filing not required' statement is required to complete the evaluation.

Net of Tax Income: The sum of Gross Income minus Gross Income times the Effective Tax Rate.
(Gross Income - (Gross Income * Effective Tax Rate) = Net of Tax Income.

Recoup Balance Amount Due: This amount is the account balance due (Recoup - payments + interest, penalties, fees +/- adjustments = current Recoup Balance Amount Due) in AccPac. Penalties are not charged if the delay in payment is due to RFI not being evaluated timely.

Reasonable Living Expenses: Reasonable living expenses are derived from the IRS Collection Financial Standards for housing and utilities; food, clothing, and other; transportation; and out-of-pocket healthcare expenses. The debtor's allowable reasonable living expenses are expenses that are necessary to provide for a taxpayer's (and his or her family's) health and welfare and/or production of income. The expenses are qualified by factors such as the debtor's household size, location and the age of its members.

Net Disposable Income (NDI): Net of Tax Income less Reasonable Living Expenses = Net Disposable Income.

Assets: Stated on DCFS - cash, property (homes, vehicles), stocks, bonds, CDs, portfolio accounts.

Liquid Assets: Stated cash balances (checking and savings) on DCFS. Liquid assets are subject to 100% collection.

Other Assets: Stated on DCFS - All other assets except the primary home, primary vehicle and liquid (cash) assets. Other assets are subject to 80% collection of the equity ownership in the FMV of the asset. Equity = unencumbered balance owned. FMV = fair market value if sold. FMV can be

derived from the information given on the DCFS (property) or from Kelley Blue Book (vehicles). Assets are verified or clarified through Lexis Nexis or Clear, and in some cases Equifax.

Disposable Assets: Liquid assets plus other assets.

Recoup Collection Potential as defined by FFC: $((\text{NDI using 0, if negative} * 60 \text{ months}) + (80\% \text{ of equity in FMV of Other Assets using 0, if } < \$600) + (100\% \text{ of Liquid Assets - Exceptions}))$. Total RCP cannot be $< \$600$; if $< \$600$, use 0.

Special Factors: Age 65 and over, permanent disability or other extraordinary circumstances resulting in financial hardship.

Ability to make a Lump Sum or Initial Payment - One Month Exception: the disposable assets of the debtor will be included in the evaluation of eligibility for a payment plan or compromise; however, only liquid assets in the amount that exceeds one month of reasonable living expenses for the debtor's household according to the IRS Collection Financial Standards will be considered in the calculation of the debtor's Recoup Collection Potential in the case of a compromise with special factors and in the calculation of a required lump sum payment or the required initial payment of a payment plan.

Age Exception: the disposable assets of debtors age 65 and over will be included in the evaluation of eligibility for a payment plan or compromise; however, the debtor's Recoup Collection Potential will be calculated less an exception in the amount that covers their monthly shortfall in NDI, if any, for 36 months (3 years) of reasonable living expenses for the debtor's household according to the IRS Collection Financial Standards.

Household Size/Dependents: The household size is equal to the debtor plus the debtor's spouse plus the number of the debtor's dependents. The number of dependents will generally be the same as the number of exemptions on the debtor's most recent year income tax return. If there is a difference in the number of dependents claimed on the tax return and the DCFS, it is likely that the number stated on the DCFS represents the current number of dependents – a number that may have changed after the most recent tax return was filed. Use the number listed on the DCFS in the RFI evaluation. If the RFI evaluation results in a disposition recommendation for a compromise, contact the debtor for clarification and verify the number of dependents to confirm the household size.

Verification: The Debtor's financial information as stated on the DCFS is subject to verification by using various public record research tools.

APPENDIX B - REQUEST FOR INFORMATION (RFI) PACKAGE LETTER

«NAMECTAC»

«TEXTSTRE1»

«TEXTSTRE2»

«NAMECITY», «CODESTTE» «CODEPSTL»

Dear «NAMECTAC»:

FEMA requests the following information to process a review of your debt. The requested information will be reviewed to determine whether you qualify for a payment plan or a compromise, partial or full, to resolve your debt. A compromise is an agreement to accept less than the full amount of the debt owed in satisfaction of the debt.

Please answer all the questions on the enclosed forms, provide requested signatures, include all the documents requested below and mail all materials to the address printed on this letter within 30 days from the date of this letter. You may also fax all requested documents to 1-800-827-8112. **If the information is not furnished, your eligibility for a payment plan or compromise may be affected.**

- **DEBT COLLECTION FINANCIAL STATEMENT (COMPLETE and SIGN THE ENCLOSED FORM)**
- **MOST RECENTLY FILED and SIGNED TAX RETURN OR IF YOU ARE NOT REQUIRED TO FILE A TAX RETURN, SIGN and RETURN THE STATEMENT BELOW.**

I, _____, certify that I am not required to file a tax return.

Signature

Date

- **SUMMARY OF MONTHLY EXPENSES – (COMPLETE THE ENCLOSED “HOUSEHOLD EXPENSE LISTING” FORM)**

Note: These are regular costs that are NOT included on the enclosed Debt Collection Financial Statement. Rather, these are personal expenses that occur monthly or at least regularly, such as: food, clothing, utilities, phone, auto insurance, fuel, maintenance, home insurance, medical bills, prescriptions, health insurance premium, and other regular costs. **ESTIMATE THE AVERAGE COSTS PER MONTH, EVEN IF THE COSTS CHANGE EACH MONTH.**

If you believe you have special circumstances affecting your ability to pay your debt, please provide a letter explaining your situation and include any supporting documentation. Special circumstances that may receive consideration include advanced age, serious illness or any other factors that have an impact

upon your ability to pay the total amount due and continue to provide for the necessary living expenses for you and your family.

After returning the requested information to FEMA, please allow us time to process your request. You will receive a letter of determination from FEMA explaining the results of our review of your debt upon completion.

Please understand that FEMA remains committed to working with you throughout this process. We want to be sure you have all the information necessary as you prepare the materials you will be sending back to us.

If you have questions or need help, please call 1-800-816-1122 between 9:00 AM and 8:00 PM, Eastern Time, Monday through Friday.

Sincerely,

Debt Collection Officer

APPENDIX C – DEBT COLLECTION FINANCIAL STATEMENT

DEPARTMENT OF HOMELAND SECURITY
 FEDERAL EMERGENCY MANAGEMENT AGENCY
DEBT COLLECTION FINANCIAL STATEMENT

See reverse side for
 Paperwork Burden
 Notice

O.M.B. No. 1660-0011
 Expires June 30, 2011

PRIVACY ACT STATEMENT

AUTHORITY: 5 U.S.C. 301, The Federal Records Act, 44 U.S.C. 3101, The Homeland Security Act of 2002, Public Law 107-296, 6 U.S.C. 121, Public Law 89-508; Federal Claims Collection Act of 1966, 31 U.S.C. 3701; and Executive Order 9373. Solicitation of the Social Security Number (SSN) is authorized under the provisions of 31 U.S.C. 7701.

PRINCIPAL PURPOSE(S): This information is to evaluate debtor's ability to pay the government's claim or judgement.

ROUTINE USE(S): In general, DHS/FEMA will only use this information as stated above. DHS/FEMA may share this information on a case-by-case basis as required by law or as necessary for a specific purpose, as described in the routine uses found in the Accounts Receivable System of Records Notice, DHS/ALL-008, (October 17, 2008, 73 FR 61885). Pursuant to 31 U.S.C. 3711, the Federal Emergency Management Agency (FEMA) is required to transfer delinquent debts over 180 days old to the Department of the Treasury (Treasury) for collection. When the debt is submitted for collection, the debtor's name and SSN will be shared with Treasury with sources of payments that may be due the debtor. Treasury will reduce or withhold any of the debtor's eligible Federal payments by the amount of the debt. Treasury may also refer the debt to the Department of Justice, a private debt collection agency, and/or report debtor information to a consumer credit reporting agency.

DISCLOSURE: The disclosure of information on this form is voluntary. If the requested information is not furnished, FEMA has the right to such disclosure of the information by legal methods.

WARNING

Title 18, Sec. 1001 U.S. Code: "Whoever knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious statements or representations, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

I declare Under the penalties Provided for by Title 18, Section 1001 of the U.S. Code that all Answers and Statements Contained Herein Are to the Best of my Knowledge and Belief, True, Correct, and Complete.

Signature _____

Date _____

NAME OF DEBTOR			NAME OF SPOUSE		
DATE OF BIRTH	HOME PHONE	SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	
COMPLETE ADDRESS (including zip code and county)			COMPLETE ADDRESS (including zip code - Complete if different from spouse)		
MARITAL STATUS	NUMBER OF CHILDREN (give age (s))	NUMBER OF DEPENDANTS (other than children)			
NAME OF EMPLOYER			NAME OF EMPLOYER		
ADDRESS			ADDRESS		
POSITION (No. of years there)	SALARY (Hr, Mo., Yr.)		POSITION (No. of years there)	SALARY (Hr, Mo., Yr.)	
	\$			\$	
OTHER INCOME (Source)	OTHER INCOME (Mo.)		OTHER INCOME (Source)	OTHER INCOME (Mo.)	
	\$			\$	
HOUSING <input type="checkbox"/> RENT BY MONTH <input type="checkbox"/> OWN (Title in Name of) _____					
MO PYMT or RENT \$ _____ YR PUR _____ COST \$ _____ MKT VALUE \$ _____ AMT MORTGAGE \$ _____					
DO YOU OWN ANY OTHER REAL ESTATE? Address (include county) <input type="checkbox"/> NO <input type="checkbox"/> YES _____ DO YOU OWN ANY STOCK OR BONDS?					
AMT OWED \$ _____ MKT VALUE \$ _____ MO PYMT \$ _____ <input type="checkbox"/> NO <input type="checkbox"/> YES (Value) \$ _____					
CAR(S) OWNED (Make, Model, & Year)			AMT OWED	MO PYMT	
			\$ _____	\$ _____	
			\$ _____	\$ _____	
NAME OF BANK(S) (include Address and account number)			HOW DO YOU PROPOSE TO PAY YOUR DEBT TO THE UNITED STATES?		
<input type="checkbox"/> CHECKING - AVG BALANCE \$ _____			I WILL PAY		
			\$ _____ per month beginning _____ 20, _____		
<input type="checkbox"/> SAVINGS - BALANCE \$ _____			I WILL PAY		
			a Lump Sum of \$ _____ on _____ 20, _____		
NAME OF CREDITORS (Use reverse side if more space is needed)			AMOUNT OWED	MONTHLY PAYMENT	AMOUNT PAST DUE
1					
2					
3					

PAPERWORK BURDEN DISCLOSURE NOTICE

Public reporting burden for this form is estimated to average 45 minutes per response. The burden estimate includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and submitting these forms. This collection of information is voluntary. You are not required to respond to this collection of information unless a valid OMB control number and expiration date is displayed in the upper right corner of this form. Send comments regarding the accuracy of the burden estimate and suggestions for reducing the burden to: Information Collections Management, Department of Homeland Security, Federal Emergency Management Agency, 1800 South Bell Street, Arlington, VA 20596-3005, Paperwork Reduction Project (1660-0011). NOTE: Do not send your completed form to this address.

APPENDIX D – LETTER OF INTENT

U.S. Department of Homeland Security
P.O. Box 800(AR)
Berryville, VA 22611-0800



FEMA

LETTER OF INTENT

Date

«NAME»

«ADDRESS»

«CITY», «STATE» «ZIP_CODE»

Re: BFC Number (Bill for Collection Number) «BILL_FOR_COLLECTION_» FEMA Application Number <insert field> Balance Due: \$ «AMOUNT_DUE»

Dear «NAME»:

As required by Federal law, FEMA conducts audits of disaster assistance payments to individuals ensuring taxpayer dollars were provided appropriately and in an amount meeting the eligible needs of the applicant. FEMA provided you funds as a result of your application for disaster assistance. These funds were provided based upon disaster-related needs you indicated in your application to FEMA.

As outlined in the Notice of Debt letter you recently received, our review of your case indicated that you were found ineligible for some or all of the funds FEMA provided you under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288 as amended), 42 U.S.C. 5121 – 5207. The Notice of Debt letter provided clear instructions on the options available to you, which included filing an appeal within 60 days of receipt of the letter or requesting a payment plan or compromise of your debt based on an inability to pay.

Your debt is now final, either because (1) you did not file an appeal within 60 days of receiving the Notice of Debt letter or (2) you did file an appeal and FEMA has separately informed you why we determined that you owe the sum shown.

Our records indicate that FEMA has not yet received from you the amount of money that you currently owe the Agency. You must now repay this debt or act quickly to set up a payment plan or request a compromise of the debt. If you do not take action within 30 days from the date of this letter, FEMA will submit your debt to the U.S. Department of the Treasury (Treasury). FEMA and Treasury will continue to add administrative charges, interest and penalties to your unpaid debt until your debt is paid in full. If you fail to pay your debt, you could jeopardize future disaster assistance.

This information is also presented in the enclosed **FEMA Debt Resolution Process: In Summary Stage Two and Stage Three.**

Once your debt is submitted to Treasury for collection, Treasury has the authority under law (Debt Collection Act of 1982 and the Debt Collection Improvement Act (DCIA) of 1996) to garnish your wages and/or reduce or withhold any or all of your eligible Federal or State payments up to the amount of your debt.

Once referred to Treasury, your debt may also be referred to:

- Treasury Offset Program;
- Administrative Wage Garnishment;
- U.S. Department of Justice for judicial enforcement;
- Private collection agency;
- Internal Revenue Service (IRS) as taxable income, if your debt is discharged; and/or
- Consumer credit reporting agency.

Your unpaid debt will continue to accrue interest and penalties while at Treasury. Fees charged by any or all of the above agencies will be added to the amount that you owe as an administrative charge authorized under the DCIA (Title 31 U.S. Code, Section 3717(e) (1)).

As indicated above, when your debt is referred to Treasury for collection, Treasury may offset any or all of your eligible Federal payments up to the amount of your debt. This means Treasury may take money out of an array of payments that you are currently receiving or slated to receive in the future. It is also important to keep in mind that Treasury is NOT required to send you prior notification of this action. Payments eligible for offset include:

- Federal and State Income tax refunds (See Additional Important Information);
- Federal and State salary, including military pay (See Additional Important Information);
- Federal and State retirement, including military retirement;
- Contractor or vendor payments;
- Federal benefits, such as Social Security (excludes Supplemental Security Income (SSI)), Railroad Retirement (excludes Tier 2), Black Lung (part B) benefits, and other Federal payments, which may include loans that are not exempt from offset; and/or
- Wages from a non-Federal employer (See Additional Important Information).

As previously noted, before your debt is submitted to Treasury, you still have thirty days (30) to do one of the following:

- Repay your debt by sending a check or money order payable to FEMA for the full amount that you owe. Write your *Bill for Collection Number* (BFC #) or *FEMA Application Number* on your check or money order to ensure proper credit of your payment. Mail your payment along with the enclosed FEMA Debt Repayment Form to:

FEMA
P.O. Box 530217
Atlanta, GA 30353-0217

- If you are unable to pay your debt in full at this time, FEMA can work with you to resolve your debt. You may request a payment plan. You may also request a compromise of all or part of your debt, based on inability to pay. Please call the Recoupment Helpline at 1-800-816-1122, Monday through Friday, between 9:00 a.m. and 4:00 p.m. EDT, to make your request. If you have a speech disability or hearing loss and use a TTY, call 1-800-462-7585 directly; if you use 711 or Video Relay Service (VRS), call 1-800-816-1122.
- If you have filed for bankruptcy, your debt will not be referred to Treasury while the automatic stay is in effect. However, please note that it is YOUR responsibility to notify us of the stay by sending evidence concerning the bankruptcy to:

FEMA Finance Center
U.S. Department of Homeland Security
P.O. Box 800 (AR)
Mt. Weather, VA 22611-0800

Please note that even if you made or make repayment in full, the United States does not waive its right to pursue any applicable civil or criminal remedies. In addition, if you make or provide any knowingly false or frivolous statements, representations, or evidence, you may be liable for penalties under the False Claims Act (Title 31 U.S. Code, Section 3729-3731) or other applicable statutes and/or criminal penalties under Title 18 U.S. Code, Sections 286, 287, 1001, and 1002, or other applicable statutes.

Unless prohibited by law or contract, you will be refunded any amount paid by you or deducted from any Federal payments for your debt, if your debt is later terminated.

FEMA is committed to working with all individuals identified for recoupment to ensure they have a complete understanding of the determination made in their case and the various options available to them to resolve this debt. If you have any questions about this letter or your rights, please call the Recoupment Helpline at 1-800-816-1122, Monday through Friday, between 9:00 a.m. and 4:00 p.m. EDT. If you have a speech disability or hearing loss and use a TTY, call 1-800-462-7585 directly; if you use 711 or Video Relay Service (VRS), call 1-800-816-1122.

Sincerely,

Debt Collection Officer

Enclosures

Additional Important Information

Joint Tax Returns: If you file a joint income tax return, you should contact the IRS before filing your return to request information regarding procedures to protect your spouse's share of the income tax refund, if they are not a delinquent debtor to the U.S. Government.

Wages: Your current net disposable pay is subject to offset if you do not pay your debt or take other action as described. Treasury will deduct up to 15% of your disposable net pay beginning in the pay period that your debt is submitted. The deduction will continue every pay period until your debt, including interest, penalties, and other costs, is paid in full.

FEMA DEBT REPAYMENT FORM

Bill for Collection no. {DH_BFC_NO}

Please return this form along with your payment.

FEMA Application No.: {RGSN_ID} Disaster No.: {DSTR_NR}

{APPL_NM}

{STRT_ADR}

{CITY_STATE}

Amount Owed: \${DH_RECOUP_AMT} Amount Enclosed: \$ _____

To pay your debt in full, please either:

-Return the U.S. Treasury check(s) sent to you (if the amount of the check is the amount required to be returned and if the check has not already been cashed or deposited) to:

DEPT OF THE TREASURY
PO BOX 149058
AUSTIN, TX 78714-9058

-If you want to send a personal check or money order, send it to:

FEMA
PO BOX 530217
ATLANTA, GA 30353-0217

-If you prefer to pay your bill by **Credit Card**, please fill out the following and mail to:

FEMA
PO BOX 530217
ATLANTA, GA 30353-0217

Method of Payment:

Master Card Visa American Express Discover

Card No.

Expiration Date:

Month Year

Cardholder Name (Print legibly): _____

Cardholder Billing Address: _____

Cardholder Signature: _____ Today's Date: _____

Please return this form along with your payment.

If you have questions, please call 1-800-816-1122, Monday through Friday, between 9:00 a.m. and 4:00 p.m. EDT. If you have a speech disability or hearing loss and use a TTY, call 1-800-462-7585 directly; if you use 711 or Video Relay Service (VRS), call 1-800-816-1122.