

Office of the Secretary, USDA

§ 3.1

- (A) The Secretary of Agriculture.
- (B) The general officers of the Department.
- (C) The offices and agencies reporting to the Assistant Secretary for Administration.
- (D) Any other officer or agency of the Department as may be agreed.
 - (iv) Develop and issue standards for mediators and other ADR neutrals utilized by the Department.
 - (v) Coordinate ADR activities throughout the Department.
 - (vi) Monitor Agency ADR programs and report at least annually to the Secretary on the Department's ADR activities.
- (25) Redelegate, as appropriate, any authority delegated under this section to general officers of the Department and heads of Departmental agencies.
 - (b) [Reserved]

[69 FR 34255, June 21, 2004]

PART 3—DEBT MANAGEMENT

Subpart A—Settlement of Small or Old Debts

- Sec.
- 3.1 Purposes of the act and regulations.
- 3.2 Definitions.
- 3.3 Settlement of indebtedness.
- 3.4 Investigations and findings.
- 3.5 Delegations of authority.
- 3.6 Forms and records.
- 3.8 Penalties.
- 3.9 Indebtedness referred to the Comptroller General or the Attorney General.
- 3.10 Scope of the act.

Subpart B—Debt Collection

- 3.21 Debt collection standards.
- 3.22 Definitions.
- 3.23 Collection by administrative offset.
- 3.24 Coordinating administrative offset with other Federal agencies.
- 3.25 Notice requirements before offset.
- 3.26 Exceptions to notice requirements.
- 3.27 Inspection of USDA records related to the debt.
- 3.28 Written agreements to repay debt as alternative to administrative offset.
- 3.29 Hearings and reviews.
- 3.30 Stay of offset.
- 3.31 Agency procedures.
- 3.32 Offset against amounts payable from Civil Service retirement and disability fund.
- 3.33 Offset of debtor's judgment against the United States.

- 3.34 Interest, penalties and administrative costs.
- 3.35 Disclosure to a credit reporting agency.
- 3.36 Use of collection agencies.

Subpart C—Salary Offset

- 3.51 Scope.
- 3.52 Definitions.
- 3.53 Coordinating offset with another Federal agency.
- 3.54 Determination of indebtedness.
- 3.55 Notice requirements before offset.
- 3.56 Request for a hearing.
- 3.57 Result if employee fails to meet deadlines.
- 3.58 Hearings.
- 3.59 Written decision following a hearing.
- 3.60 Review of Departmental record related to the debt.
- 3.61 Written agreement to repay debt as alternative to salary offset.
- 3.62 Procedures for salary offset: When deductions may begin.
- 3.63 Procedures for salary offset: Types of collection.
- 3.64 Procedures for salary offset: Methods of collection.
- 3.65 Procedures for salary offset: Imposition of interest, penalties and administrative costs.
- 3.66 Nonwaiver of rights.
- 3.67 Refunds.
- 3.68 Agency regulations.

Subpart D—Cooperation with the Internal Revenue Service

- 3.81 Reporting discharged debts to the Internal Revenue Service.
- 3.82 Offset against tax refunds.

Subpart E—Adjusted Civil Monetary Penalties

- 3.91 Adjusted civil monetary penalties.

Subpart A—Settlement of Small or Old Debts

AUTHORITY: Sec. 1, 58 Stat. 836; 12 U.S.C. 1150.

SOURCE: 10 FR 807, Jan. 23, 1945, unless otherwise noted. Redesignated at 13 FR 6903, Nov. 24, 1948.

§3.1 Purposes of the act and regulations.

The principal purposes of the act and of the regulations in this part are to provide means of:

- (a) Settling, by compromise, adjustment or cancellation relatively small debts long past due and owing to the

§ 3.2

Government arising from loans or payments made under farm programs administered by the Department;

(b) recovering by the Department of substantial sums which are found uncollectible when the indebtednesses are treated as full obligations, and which otherwise would probably never be collected;

(c) clearing the accounts of balances so small as not to warrant continued efforts of collection; and

(d) the clearing of the accounts of the records of indebtedness made uncollectible by reason of the death or disappearance of the debtors.

The existence of the act will neither serve as grounds for any relaxation in the general collection policy of the Department nor should it serve as grounds for any lessening of the efforts of farmers to pay their indebtedness.

§ 3.2 Definitions.

(a) *Department* means Department of Agriculture.

(b) *Indebtedness* with respect to any person, means a debt to the Government under each of the acts and programs listed in § 3.10.

(c) *Compromise* means final liquidation of the indebtedness through the immediate payment of a portion thereof, and acceptance by the United States of such payment in full satisfaction of the indebtedness.

(d) *Adjustment* means the scaling down of the amount of the indebtedness including interest, conditioned upon the payment of the adjusted amount at some specified future time or times; such adjustment is not to be considered as effective as a settlement under this act until the provisions of the adjustment arrangement have been carried out.

(e) *Cancellation* means the complete discharge, without payment, of the indebtedness and the debtor.

[10 FR 807, Jan. 23, 1945, as amended at 11 FR 11984, Oct. 15, 1946. Redesignated at 13 FR 6903, Nov. 24, 1948; 55 FR 38662, Sept. 20, 1990]

§ 3.3 Settlement of indebtedness.

(a) Indebtedness will be compromised, adjusted, or canceled, upon applicability by the debtor except in those cases where it is found that it is legally impossible for the debtor to

7 CFR Subtitle A (1-1-06 Edition)

make application, and upon the making of all the following findings:

(1) That said indebtedness has been due and payable for five years or more;

(2) That the debtor is unable to pay said indebtedness in full and has no reasonable prospect of being able to do so; officers of the Department shall not make such findings on the basis of mere unwillingness to pay on the part of the debtor, or mere financial disadvantage to him, but should find that the settlement is the most advantageous arrangement possible from the standpoint of the Government under the findings prescribed in this part. In no event shall cancellation be made unless, in addition to the foregoing requirements, there is an advantage in removing the indebtedness from the accounts.

(3) That the debtor has acted in good faith in an effort to meet his obligation; and

(4) That the principal amount of said indebtedness is not in excess of \$1,000.

(b) Indebtedness may also be canceled without application when any one of the following circumstances is found:

(1) The amount of said indebtedness, including interest, is less than \$10; such efforts of collection have been made as are warranted under the circumstances, and the cost of collection or of continued maintenance of accounts is deemed greater than the amount of the indebtedness;

(2) The debtor is deceased and there is no reasonable prospect of recovering from his estate;

(3) The debtor's whereabouts has remained unknown for two years and there is no reasonable prospect of obtaining collection; heads of agencies designated in § 3.5 will prescribe procedures which will assure that cancellations on this ground will be made only after a diligent effort has been made to locate the debtor, including such contact with other agencies of the Department or otherwise as the amount of the indebtedness and the circumstances warrant;

(4) The debtor has been discharged of the indebtedness in any proceeding under "An act to establish a uniform system of bankruptcy throughout the United States."