§ 1011.5 What interest, penalty charges and administrative costs will the Presidio Trust add to a debt?

(a) Interest. (1) The Presidio Trust will assess interest on all delinquent debts unless prohibited by statute, regulation or contract.

(2) Interest begins to accrue on all debts from the date the debt becomes delinquent. The Presidio Trust will waive collection of interest on that portion of the debt that is paid within 30 days after the date on which interest begins to accrue. The Presidio Trust will assess interest at the rate established by the Treasury Department under 31 U.S.C. 3717, unless a different rate is established by a contract, repayment agreement or statute. The Presidio Trust will notify the debtor of the basis for the interest rate assessed.

(b) Penalty. The Presidio Trust will assess a penalty of not more than 6% a year, or such other higher rate as authorized by law, on any portion of a debt that is delinquent for more than 90 days.

(c) Administrative costs. The Presidio Trust will assess charges to cover administrative costs incurred as a result of the debtor’s failure to pay a debt. The Presidio Trust will waive collection of administrative costs on that portion of the debt that is paid within 30 days after the date on which the administrative costs begin to accrue. Administrative costs include the costs of processing and handling a debt, obtaining a credit report, using a private collection contractor, costs of a hearing including, the costs of a hearing officer, and service fees charged by a Federal agency for collection activities undertaken on behalf of the Presidio Trust.

(d) Allocation of payments. A partial or installment payment by a debtor will be applied first to outstanding penalty assessments, second to administrative costs, third to accrued interest, and fourth to outstanding debt principal.

(e) Additional authority. The Presidio Trust may have additional policies, guidelines and procedures regarding how interest, penalties and administrative costs are assessed on particular types of debts. The Presidio Trust will
§ 1011.9 When will the Presidio Trust transfer a debt to the Financial Management Service for collection?

(a) Cross-servicing. The Presidio Trust will transfer any eligible debt that is more than 180 days delinquent to the FMS for debt collection services, a process known as “cross-servicing.” The Presidio Trust may transfer debts delinquent 180 days or less to the FMS in accordance with the procedures described in 31 CFR 285.12. The FMS