

For: State and County Offices, CMA's, DMA's, and LSA's

**Clarifying Delinquent Status for Administering Provisions of  
The Debt Collection Improvement Act of 1996 (DCIA)**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Section 3720 B of DCIA provides, in part, “a person may not obtain any Federal financial assistance in the form of a loan (other than a disaster loan) or loan insurance or guarantee administered by the agency if the person has an outstanding debt (other than a debt under the Internal Revenue Code of 1986) with any Federal agency which is in delinquent status as determined under standards prescribed by the Secretary of the Treasury.” Treasury regulations implementing the provisions of DCIA, including the definition of “delinquent status”, are published in 31 CFR 285.

Various FSA regulations define the term “delinquent” differently as it applies to specific programs. This has generated questions about implementing the provisions of DCIA when a program-specific definition of “delinquent” is different from Treasury’s definition of “delinquent status” as published in 31 CFR 285.13.

**B Purpose**

This notice provides clarification and guidance about using Treasury’s definition of “delinquent status” when determining eligibility for Federal financial assistance.

<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2006	State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's

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### 2 Delinquent Status Under DCIA

#### A Definition of Federal Financial Assistance

Treasury regulations at 31 CFR 285.13(a) define Federal financial assistance as “any Federal loan (other than a disaster loan), loan insurance, or loan guarantee.”

#### B Definition of Delinquent Status

Treasury regulations at 31 CFR 285.13(d) provide that for purposes of determining eligibility for Federal financial assistance, a debt is in delinquent status “if the debt has not been paid within 90 days of the payment due date.” The regulation further provides that “The payment due date is the date specified in the creditor agency’s initial written demand for payment or applicable agreement or instrument (including a post-delinquency repayment agreement.)”

#### C Determining Eligibility for Federal Financial Assistance

For purposes of determining eligibility for MAL, recourse loan, LDP, FLP, or FSFL, FSA shall use Treasury’s definition of “delinquent status” when determining whether an applicant meets the requirements of DCIA.

**Example:** A producer who is 75 calendar days delinquent on an FLP loan (has not paid the obligation by the due date) applies for MAL or recourse loan. (FLP defines delinquent status as beginning the day after the due date for the FLP obligation.) The producer is eligible under DCIA to receive MAL or recourse loan because the producer, although delinquent under the FLP definition, is not delinquent under the DCIA definition.

**Note:** Treasury’s definition of “delinquent status” is only used to determine whether an applicant is eligible for assistance under DCIA. The Treasury regulation does not impact or alter any FSA regulations that define the term “delinquent” for purposes other than DCIA.

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### 3 Action

#### A County Office Action

County Offices shall:

- notify all producers immediately that:
  - FSA will use the DCIA definition of delinquent status for MAL, recourse loans, LDP, FLP, and FSFL eligibility determinations under the requirements of DCIA
  - due dates associated with FSA loan obligations are not affected by this notice
- request the list of delinquent FLP borrowers from FLM's, as applicable
- instruct producers to base any self-certifications about Federal non-tax debt on the DCIA definition of delinquent status
- refer to 8-LP, subparagraph 101 E, included in the forthcoming Amendment 8, for actions by which a debtor may resolve a Federal non-tax debt
- direct questions about this notice concerning:
  - FLP issues to Connie Rime at 202-720-4572
  - farm program loans to Toni Williams at 202-720-2270.