

DEMAND LETTERS

This appendix outlines the contents for and provides examples of demand letters to be sent to debtors. These include:

Letter Type	Sent By
Initial Letter Requesting Payment of Debt -- Contents -- Example 1 (Payment to be Sent to RAD) -- Example 2 (Payment to be Wire Transferred)	Action Official
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Appendix 5

Initial Letter Requesting Payment of Debt
CONTENTS

Debtor's Name
Debtor's Current
Address ZIP Code

Dear Debtor's Name:

Subject: Request for Payment
Social Security No. - number

Paragraph(s) re:

- o Basic identification of the debt and amount owed;
- o Acceptable methods of payment;
- o The date by which payment is to be made to prevent the debt from becoming delinquent; and

- o Where and how to send the remittance.

Paragraph(s) re:

- o The basis for indebtedness, also referencing attached invoice.
- o Whatever rights the debtor may have to seek review within the agency.
- o The applicable standards and rates for assessing interest, penalties, and administrative costs.

Closing statement including the name and phone number of a contact person.

Sincerely,
Signed
Action Official

Enclosure an invoice must accompany this letter

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Initial Letter Requesting Payment of Debt
EXAMPLE 1 -- PAYMENT TO BE SENT TO THE RAD

Ms. June Debtor
123 Any Street
Somewhere, USA 00000-0000

Dear Ms. Debtor:

Subject: Request for Payment
Social Security No. - number

A review of the closing statement on the Department of Housing and Urban Development (HUD) house you now own showed money amount too much had been sent to the HUD Office of Finance and Accounting. In an effort to correct this situation, we requested on date , that a money amount amount be refunded to you. On date , we received a letter from our closing agent stating that he had wired money amount too much to your closing.

It has been determined through an investigation of this matter that the money amount refunded to you did in fact belong to the closing agent. Therefore, you are indebted to HUD for money amount .

To prevent this debt from becoming delinquent, please remit, within 30 days from the date of this letter, a certified check or money order payable to the Department of Housing and Urban Development in the amount of money amount . The check should be

sent to: Regional Accounting Director/Anywhere Regional
Office/Building Name/Street Address/City, State, ZIP Code.

Interest at the rate of percent % per annum will be assessed on this debt, if it is not paid or satisfactorily resolved within 30 days from the date of this letter. If not paid or satisfactorily resolved within 90 days from this date, a 6.00% per annum penalty and administrative costs will be assessed on the amount of this debt.

Should you have documentation to indicate that this debt is erroneous, if you wish to discuss payment of this debt or obtain copies of the supporting documentation, or if you have any questions concerning this debt, please contact name , of my staff, on phone number .

Sincerely,
Signed
Director, Office of Housing

Enclosure

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Initial Letter Requesting Payment of Debt
EXAMPLE 2 -- PAYMENT TO BE WIRE TRANSFERRED

Ms. June Debtor
123 Any Street
Somewhere, USA 00000- 0000

Dear Ms. Debtor:

Subject: Request for Payment
Social Security No. - number

A review of the closing statement on the Department of Housing and Urban Development (HUD) house you now own showed money amount too much had been sent to the HUD Office of Finance and Accounting. In an effort to correct this situation, we requested on date , that a money amount amount be refunded to you. On date , we received a letter from our closing agent stating that he had wired money amount too much to your closing.

It has been determined through an investigation of this matter that the money amount refunded to you did in fact belong to the closing agent. Therefore, you are indebted to HUD for money amount .

To prevent this debt from becoming delinquent, please remit, within 30 days, by wire transfer from a commercial bank the amount of money amount . The transfer of funds will be made to the Department of Treasury, using the instructions and specific information furnished by HUD. The bank's acknowledgment of the wire transfer and a copy of this letter must be sent, within two days of

the wire transfer, to: Regional Accounting Director/Anywhere
Regional Office/Building Name/Street Address/ City, State, ZIP Code.

Interest at the rate of percent % per annum will be assessed on this debt, if it is not paid or satisfactorily resolved within 30 days from the date of this letter. If not paid or satisfactorily resolved within 90 days from this date, a 6.00% per annum penalty and administrative costs will be assessed on the amount of this debt.

Should you have documentation to indicate that this debt is erroneous, if you wish to discuss payment of this debt or obtain copies of the supporting documentation, or if you have any questions concerning this debt, please contact name , of my staff, on phone number .

Sincerely,
Signed
Director, Office of Housing

Enclosure

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First Followup Letter
CONTENTS

Debtor's Name
Debtor's Current
Address, ZIP Code

Dear Debtor's Name:

Subject: Request for Payment
Social Security No. - number

Paragraph(s) re:

- o The reason for a followup letter (e.g., no reply or unacceptable reply received or response to debtor's reply which disputed debt or suggested other than lump sum payment) and amount owed including interest accrued to date.
- o A statement that debt is now delinquent and being monitored closely by the accounting department.
- o Amount owed, acceptable methods of payment, the date by which payment must be made, and where and how to send the remittance.
- o The accrual of interest at a specified rate until the debt is paid or satisfactorily resolved, and the assessment of a 6.00% (per annum) penalty and administrative costs, if the debt is not paid or

satisfactorily resolved in 60 days from the date of letter.

- o Whatever rights the debtor may have to seek review within the agency (if not already requested).
- o Delinquent debt collection.

Closing statement including the name and phone number of a contact person (should be same person as in initial letter).

Sincerely,
Signed
Director of Regional Accounting

Enclosure an invoice must accompany this letter

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First Followup Letter
EXAMPLE

Ms. June Debtor
123 Any Street
Somewhere, USA 0000-0000

Dear Ms. Debtor:

Subject: Request for Payment
Social Security No. - number

By letter dated date , you were notified that you must pay to the Department of Housing and Urban Development (HUD) the amount of money amount to satisfy an indebtedness according to the enclosed Invoice, HUD-216, dated date . This amount includes amount of interest accrued to date at the rate of percent %. The Department has not yet received your payment.

This debt is now delinquent and is being monitored closely by the accounting department. Your payment will be promptly deposited and recorded upon receipt. Please remit, within 30 days from the date of this letter, a certified check or money order payable to the Department of Housing and Urban Development in the amount of money amount . The check should be sent to: Regional Accounting Director/Anywhere Regional Office/Building Name/Street Address/City, State, ZIP Code.

Failure to comply with this request may result in one or more of the following actions against you:

- o Reporting this debt to a credit bureau;
- o Legal action against you by the Department of Justice;
- o Reporting the debt to the Internal Revenue Service;
- o Initiation of administrative sanctions, such as debarment

from further use of HUD and other Federal Agency programs.

Interest will continue to accrue at the rate of percent % per annum until the debt is paid or satisfactorily resolved. A 6.00% per annum penalty and administrative costs will be added to the debt, if it is not satisfactorily resolved or paid within 60 days of this notice.

Should you have documentation to indicate that this debt is erroneous, if you wish to discuss payment of this debt or obtain copies of the supporting documentation, or if you have any questions concerning this debt, please contact name , of my staff, on phone number .

Sincerely,
Signed
Director, Office of Housing

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Second Followup Letter
CONTENTS

Debtor's Name
Debtor's Current
Address ZIP Code

Dear Debtor's Name:

Subject: Request for Payment
Social Security No. - number

Paragraph(s) re:

- o The reason for this second followup letter (much the same as the first followup letter).
- o Amount owed, including interest accrued to date, acceptable methods of payment, the date by which payment must be received, and where and how to send the remittance.
- o A statement that collection efforts will be transferred to the Claims Collection Officer should payment not be received by the stated date.
- o The accrual of interest at a specified rate until the debt is paid or satisfactorily resolved, and the assessment of a 6.00% (per annum) penalty and administrative costs, if the debt is not paid or satisfactorily resolved in 30 days from the date of letter.

- o Whatever rights the debtor may have to seek review within the agency (if not already requested).
- o The reporting of this delinquent debt to a credit reporting agency if satisfactory payment arrangements are not made within 60 days from the date of this letter.

Closing statement including the name and phone number of a contact person in the Regional Accounting Division.

Sincerely,
Signed
Action Official

Enclosure an invoice must accompany this letter

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Second Followup Letter
EXAMPLE

Ms. June Debtor
123 Any Street
Somewhere, USA 0000-0000

Dear Ms. Debtor:

Subject: Request for Payment
Social Security No. - number

By letter dated date , you were notified that you must pay to the Department of Housing Urban Development (HUD) the amount of money amount to satisfy an indebtedness according to the enclosed Invoice, HUD-216, dated date . Notwithstanding these demands, you have failed to make any payment on this obligation.

This debt continues to be delinquent and is being monitored closely by the accounting department. Interest in the amount of amount has accrued to date. Your payment will be promptly deposited and recorded upon receipt. Please remit, within 30 days from the date of this letter, a certified check or money order payable to HUD in the amount of money amount . The check should be sent to: Regional Accounting Director/Anywhere Regional Office/ Building Name/Street Address/City, State, ZIP Code.

Failure to comply with this request will cause me to transfer collection efforts for this debt to the Claims Collection Officer.

In addition, this delinquent debt will be reported by the Claims Collection Officer to a credit reporting agency unless satisfactory payment arrangements can be made within 60 days from the date of this letter.

Interest will continue to accrue at the rate of percent % per annum until the debt is paid or satisfactorily resolved. A 6.00% per annum penalty and administrative costs will be added to the debt if it is not satisfactorily resolved or paid within 30 days of this notice.

Should you have documentation to indicate that this debt is erroneous, if you wish to discuss payment of this debt or obtain copies of the supporting documentation, or if you have any questions concerning this debt, please contact name , of my staff, on phone number .

Sincerely,
Signed
Director, Office of Housing

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Notice of Intent for Final Action Letter
CONTENTS

Debtor's Name
Debtor's Current
Address, ZIP Code

Dear Debtor's Name:

Subject: Notice of Intent for Final Action
Claim No. - number
Social Security No. number
Date of the Debt - date

Paragraph(s) re:

- o The reason for the letter (e.g., no reply or unacceptable reply received, or response to debtor's reply and suggested course of action) and amount owed, including interest, penalties, and administrative costs accrued to date.
- o The next action to be initiated to resolve this claim; and
- o If applicable, a statement that collection efforts will be transferred to the Departmental Claims Officer (DCO) for more aggressive collection efforts should payment not be received by the stated date.
- o Amount owed, which includes interest accrued, penalties, and administrative costs; acceptable methods of payment; the date by which payment must be

received; and where and how to send the payment.

- o Methods of collection that will be employed and/or recommended.
- o Interest, penalties, and administrative costs will continue to be assessed.
- o Whatever rights the debtor may have to seek review within the agency (if not already requested).

Closing statement including a request to contact the Claims Collection Officer and his/her phone number.

Sincerely,
Signed
Claims Collection Officer
or Departmental Claims Officer

Enclosure an invoice should accompany this letter

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Notice of Intent for Final Action
EXAMPLE

Mr. John Debtor
123 Any Street
Somewhere, USA 0000-0000

Dear Mr. Debtor:

Subject: Notice of Intent for Final Action
Claim No. - number
Social Security No. - number
Date of the Debt - date

Your letter dated date , requesting a waiver of your indebtedness was received on date . As a result, collection action has been suspended while a review is made of the documents you submitted disputing the claim. You will be notified as soon as a determination has been made. If the determination is not favorable to you, and payment is not received by the requested date, collection efforts will be transferred to the Departmental Claims Officer.

Should your waiver of indebtedness not be granted, please remit a check in the amount of money amount within 30 days from the date of notification to you of the decision, to the following address:

U.S. Department of Housing and Urban Development
Office of Finance and Accounting
451 7th Street, S.W., Room 3220
Washington, DC 20410

If it becomes necessary to forward your claim to the Departmental Claims Officer for final resolution, your indebtedness may be subject to liquidation of your collateral and/or referral to the Department of Justice for legal action.

Interest at the rate of percent % per annum, a 6.00% penalty, and administrative costs will continue to be assessed to your debt until it is paid or satisfactorily resolved.

Should you have any questions concerning this letter, please contact me on phone number .

Sincerely,
Signed
Claims Collection Officer

Enclosure

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Final Action Letter
CONTENTS

Debtor's Name
Debtor's Current
Address, ZIP Code

Dear Debtor's Name:

Subject: Notice of Final Action
Claim No. - number
Social Security No. - number
Date of the Debt - date

Paragraph(s) re:

- o The reason for the letter (to inform debtor of action being taken to resolve claim);
- o Summary of background information and basis for action being taken; and
- o How payment of amount owed can still resolve the claim, if appropriate.

Paragraph(s) re:

- o Amount owed -- including interest, penalties and administrative costs -- and where and how to send the payment.
- o Interest, penalties, and administrative costs will continue to be assessed on debt, if appropriate.

- o Whatever rights, if any, the debtor may still have to seek review within the agency (if not already requested).

Closing statement including a request to contact the Claims Collection Officer or the Departmental Claims Officer and his/her phone number.

Sincerely,
Signed
Claims Collection Officer
or Departmental Claims Officer

Enclosure an invoice should accompany this letter when appropriate

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Final Action Letter
EXAMPLE 1 -- ABSOLUTION OF DEBT

Mr. John Debtor
123 Any Street
Somewhere, USA 0000-0000

Dear Mr. Debtor:

Subject: Notice of Final Action
Claim No. - number
Social Security No. - number
Date of the Debt - date

This is to inform you that you have been absolved of your indebtedness to the Department of Housing and Urban Development in the amount of amount . All background data, including documents you submitted with your letter of date , have been reviewed. It was determined that your alleged indebtedness which arose as a result of the services you performed in connection with the Multifamily project -- as described in the letter dated date -- was in error, and legally without merit.

This claim has been terminated as of date . All records are being corrected to reflect this updated status.

Should you have any further problems or questions, please contact me on phone number .

Thank you for your cooperation in resolving this matter.

Sincerely,
Signed
Claims Collection Officer

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Final Action Letter
EXAMPLE 2 -- REFERRAL TO DOJ

Mr. John Debtor
123 Any Street
Somewhere, USA 0000-0000

Dear Mr. Debtor:

Subject: Notice of Final Action
Claim No. - number
Social Security No. - number
Date of the Debt - date

This is to inform you that your claim has been referred to the Department of Justice for legal action to be taken against you. This matter was transferred on date . We have attempted to solicit your cooperation and contacted you by letters dated date , date , date , and date , to resolve your indebtedness.

During several telephone conversations, you stated that an error had been made and that you had documents to support your position. We have not received any correspondence from you to date requesting a waiver or administrative review, although we informed you of this right. You may still resolve this matter by remitting a certified check or money order payable to the Department of Housing and Urban Development for money amount within 5 days, to the following address:

U.S. Department of Housing and Urban Development
Office of Finance and Accounting
451 7th Street, S.W., Room 3220
Washington, DC 20410

Please be aware that interest, penalties, and administrative costs will continue to be assessed until this matter is legally resolved.

Should you have any questions concerning this letter, you may contact me on phone number .

Sincerely,
Signed
Departmental Claims Officer