

App-1 Definitions

Accrual of Action. For debt collection, this is the point in time after which a legal action may be brought against a debtor. Generally, this is recognized as the point where the debt became due. (See 28 U.S.C. § 2415)

Active Collection. Means that the debt is being collected through the use of all appropriate debt collection remedies, including but not limited to, demand letters, credit bureau reporting, offset, garnishment, foreclosure, litigation, and referral to the Department of the Treasury (Treasury) for collection (known as cross-servicing).

Administrative Costs. Costs incurred by HUD related to the handling and processing of delinquent debt.

Administrative Offset. Withholding money payable by the federal government to a debtor and applying the money to satisfy or reduce a debt the debtor owes to the federal government. Most forms of administrative offset of payments issued by the U.S. Department of the Treasury have been consolidated within the Treasury Offset Program (TOP).

Administrative Wage Garnishment (AWG). A process where a federal agency, after a hearing opportunity, issues a wage garnishment order to a delinquent debtor's non-federal employer. No court order is required. The employer withholds amounts from the employee's wages in compliance with the order and pays those amounts to the agency. The Debt Collection Improvement Act of 1996 (DCIA) authorized federal agencies to collect delinquent debt via AWG.

Agency. Any of: (i) An Executive department, military department, Government corporation, or independent establishment as defined in 5 U.S.C. §§ 101, 102, 103, or 104, respectively; (ii) The United States Postal Service; or (iii) The Postal Regulatory Commission.

Audit Liaison Officer. An individual responsible for assisting Program Action Officials in understanding the audit resolution process, tracking status, and in closing out audit recommendations.

Automatic Stay in Bankruptcy. The statutory court order that prohibits a creditor from pursuing further collection action against a debtor while the debtor's bankruptcy is pending.

Bankruptcy. A legal procedure for dealing with debt problems of individuals and businesses; specifically, a court case filed under one of the chapters of Title 11 of the United States Code (Bankruptcy Code).

Barring Delinquent Debtors. A statutory requirement under the Debt Collection Improvement Act of 1996 that prohibits persons delinquent on a Federal non-tax debt from receiving Federal financial assistance in the form of a Federal loan, or a federally guaranteed or insured loan.

Bureau of the Fiscal Service. A bureau of the United States Department of the Treasury, providing central payment services to Federal Program Agencies, operating the federal

government's collections and deposit systems, providing government-wide accounting and reporting services, and managing the collection of delinquent debt owed to the government. Debt Management Services is the unit within BFS that manages debt collection.

Canceled Account. Agencies must close appropriation accounts available for obligation during a definite period on September 30th of the fifth year after the account's obligation availability ends. Agencies must present all unobligated and obligated balances, including receivables and payables, as canceled. At the time a Treasury Account Symbol (TAS) is canceled, any collectible account receivable is re-established in a miscellaneous receipt account, 863200. Upon collection, the funds are transferred to Treasury's miscellaneous receipt account 3200 – Collections of Receivables from Canceled Accounts.

Centralized Offset. See Treasury Offset Program (TOP).

Claim. For debt collection purposes, a claim or debt is an amount of money that has been determined by Program Action Official to be owed to the United States. See also the definition for "debt," as these words are interchangeable and synonymous.

Claim Collection Litigation Report (CCLR). This is a report that a federal agency uses to refer a debt to the U.S. Department of Justice (DOJ) for legal action. It documents prior collection actions and provides current information about the debt and the debtor(s) and the basis for the referral.

Claim Officer. A staff member designated by the Departmental Claims Collection Officer (DCCO) to be responsible for developing and implementing the claims collection system and for reporting and adjudicating claims.

Claim to Cash. The legally enforceable documents that prove a debt is owed to HUD. Common examples include a demand letter, repayment agreement, promissory note, loan agreement, or court order.

Closeout. An action to reclassify a debt to reflect a decision to stop all collection action on a debt, both active (billing, dunning, legal action, etc.) and passive (Treasury Offset Program and waiting for a request for a release of lien).

Compromise. An agreement between a debtor and HUD in which HUD agrees to accept less than the full amount owed by the debtor in exchange for a full release of all debtors and any security. See also "Partial Settlement."

Court-Enforced Payment (Restitution). The Mandatory Victim Restitution Act (MVRA) of 1996 provides that you may be entitled to an order of restitution for certain losses suffered as a direct result of the commission of the crime for which the defendant was convicted. Under the federal law, in many types of federal cases, it is mandatory for a defendant to pay restitution for cases occurring after April 24, 1996. For cases in which the crimes were committed after April 24, 1996, the U.S. Clerk of Court is charged with the distribution of restitution payments. For crimes committed prior to that date, the U.S. Attorney's Office,

Financial Litigation Unit (FLU), the U.S. Clerk of Court, or the U.S. Probation Office may be responsible, depending on the District.

Credit Bureau. See Credit Reporting Agency.

Credit Report. A report issued by a Credit Reporting Agency that provides information and/or analysis of personal or business financial information including the history of previous credit obligations.

Credit Reporting Agency. A firm that collects credit and other financial information regarding people and businesses and sells reports concerning this information to third parties. Also known as a Credit Bureau or Consumer Reporting Agency.

Creditor Agency. The agency to which a debt is owed.

Cross-Servicing. The process whereby Treasury uses a variety of collection tools, including referral to private collection agencies, in an attempt to collect delinquent debts on behalf of federal agencies in accordance with the Debt Collection Improvement Act.

Currently Not Collectible (CNC). A debt classification that the debt has been written off, but not closed out (*i.e.*, passive collection efforts will continue).

Debt. For debt collection purposes, a claim or debt is an amount of money that has been determined by Program Action Official to be owed to the United States. See also the definition for “claim,” as these words are interchangeable and synonymous.

Debt Inventory Worksheet. A worksheet created by the Office of the Chief Financial Officer to be completed by the Program Action Official and submitted to the Accounting Office to report HUD’s claim to cash they are tracking/responsible for. The worksheet should be completed and submitted quarterly and will be utilized by the Accounting Office to reconcile the Program Action Official records to records in the Accounting Office to ensure the receivable is properly recorded and valued.

Default. The failure of a debtor to meet a financial obligation according to the terms and conditions of a legal agreement. Loans guaranteed or insured by the federal government are in default when the borrower breaches the loan agreement with the private sector lender.

Delinquent Debt. A debt is delinquent if it has not been paid by the date specified in HUD’s written demand for payment or applicable agreement (including a post-delinquency payment agreement) unless satisfactory arrangements have been made.

Demand Letter. A letter that informs a debtor of the amount due, the basis for the indebtedness, the applicable standards for imposing interest, penalties, or administrative costs, the date by which payment is due to avoid additional charges and enforced collections actions, and the name, address, and telephone number of a person who the debtor may contact to obtain additional information. (Note: The Demand Letter should be combined with the Notice of Intent to Offset.)

Department or HUD. The U.S. Department of Housing and Urban Development.

Departmental Claims Collection Officer (DCCO). The CFO appoints the DCCO; this is usually the Assistant CFO for Accounting. The DCCO establishes and maintains policies and procedures for claims collection and coordinates all claims collection activities. The DCCO may designate personnel to assist in debt/claims control activities.

Discharge in Bankruptcy. This occurs when a debt is discharged through a legal bankruptcy action. In most cases, a discharge in bankruptcy terminates collection actions that can be taken. The ability to pursue collection of a debt after a discharge in bankruptcy depends on the kind of bankruptcy and other circumstances surrounding the debt.

Discharge of Indebtedness. This condition refers to the elimination or partial elimination of a debt, either through repayment, compromise, judicial action, or termination of collection action.

Disposable Pay. That part of current basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an employee not entitled to basic pay, other authorized pay remaining after deductions required by law.

- (i) Amounts owed by the individual to the United States;
- (ii) Amounts withheld for Federal employment taxes;
- (iii) Amounts properly withheld for Federal, state, or local income tax purposes, if the withholding of the amount is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he or she were entitled. The withholding of additional amounts under 26 U.S.C. § 3402(i) may be permitted only when the individual presents evidence of tax obligation that supports the additional withholding;
- (iv) Amounts deducted as health insurance premiums, including, but not limited to, amounts deducted from civil service annuities for Medicare where such deductions are requested by the Health Care Financing Administration;
- (v) Amounts deducted as normal retirement contributions, not including amounts deducted for supplementary coverage. Amounts withheld as Survivor Benefit Plan or Retired Serviceman's Family Protection Plan payments are considered to be normal retirement contributions. Amounts voluntarily contributed toward additional civil service annuity benefits are considered to be supplementary;
- (vi) Amounts deducted as normal life insurance premiums from salary or other remuneration for employment, not including amounts deducted for supplementary coverage. Both Servicemembers' Group Life Insurance and "Basic Life" Federal Employees' Group Life Insurance premiums are considered to be normal life insurance premiums; all optional Federal Employees' Group Life Insurance premiums and life insurance premiums paid for by allotment, such as National Service Life Insurance, are considered to be supplementary;

- (vii) Amounts withheld from benefits payable under Title II of the Social Security Act where the withholding is required by law;
- (viii) Amounts mandatorily withheld for the U.S. Soldiers' and Airmen's Home; and
- (ix) Fines and forfeitures ordered by a court-martial or by a commanding officer.

Due to HUD. Debts that are owed to the U.S. Department of Housing and Urban Development, its sub-components, or programs.

Due to Program. See Due to HUD.

Due to Treasury. See Due to HUD.

Due to Program Participant. A debt owed to an organization outside the Department, such as a State or Local Government, Public Housing Agency, Mortgagor, Mortgagee, or Contractor, which receives federal assistance and performs functions in connection with a Department program.

Employee. A current employee of a Federal agency, including a current member of the Armed Forces or Reserve of the Armed Forces of the United States.

Federal Claims Collection Standards (FCCS). The joint regulation given by the Department of the Treasury and the Department of Justice providing standards for all debt collection conducted by the Federal government. The FCCS is codified at 31 CFR CH. IX, parts 900 - 904.

Financial Hardship. Circumstance in which a debtor is unable to pay a debt because the debtor's income and assets are insufficient to pay anything other than basic reasonable living expenses and other fixed expenses/obligations over which the debtor has minimal control.

Grantee. A recipient who receives a federal grant, award of financial assistance, from a federal agency to carry out a public purpose of support or stimulation authorized by a law of the United States.

Housing Choice Voucher (HCV) Program. The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development to administer the voucher program. Receivables associated with this program are administered by the Office of Public Housing, Quality Assurance Division (QAD), who coordinates with the Office of the Chief Financial Officer to ensure receivables are properly recorded and valued.

Interest. Agencies are required to charge interest on debts owed to the United States. Unless otherwise established in a contract, repayment agreement, or statute, the interest charged is the rate that is set by the Treasury. The rate remains constant throughout the period of indebtedness and is not charged on interest, penalties, and administrative costs, except in cases where there is a subsequent default. (See 31 CFR § 901.9(b).)

Joint and Several Liability. The legal description for a liability in which two or more parties are responsible either individually (several) or mutually (joint) for a debt.

Non-Centralized Offset. Any offset of disbursements conducted by HUD or by another agency other than through the Treasury Offset Program. Most often, this would refer to the offset of the salary of a Federal employee for debts owed to HUD or to another Federal agency.

Office of Appeals or OA. The HUD Office of Appeals which is responsible for conducting hearings for debtors who are contesting the attempt to collect.

Offset. The act of reducing a debt by applying amounts that the creditor owes a debtor. The debtor must be provided appropriate due process before an offset may occur. For debts owed to HUD, such as when a lender owes money for a repurchase, offsets may be from: (1) money that HUD owes the debtor or money HUD owes the lender for insurance payments on other claims, (2) money another agency owes to the debtor, such as Federal Salary or retirement benefits, and Federal income tax refunds.

Partial Settlement. An agreement where one or more debtors is released from liability in exchange for a stipulated payment or other considerations, but where other debtors who are obligated on the debt are not released and continue to be liable. If the debt is secured, an agreement to release, subordinate, or substitute the security is a form of partial settlement if the agreement does not release all debtors and security. See also Compromise.

Penalty. An amount charged to a debtor whose debt is delinquent for more than 90 calendar days. The annual penalty may not exceed 6 percent of the amount due on the debt.

Pre-authorized Debits. The automatic monthly withdrawal of the repayment amount from a debtor's bank account.

Privacy Act. Refers to the Privacy Act of 1974, Pub. L. No. 93-579 (codified at 5 U.S.C. § 552a).

Program Action Official. A HUD official who has direct or delegated responsibility for managing a project, program, grant contract, loan, or other activity and is responsible for taking action or ensuring that action is taken on recovery of a debt due to HUD.

Program Debt/Repayment Agreement Inventory Worksheet. A worksheet created by the Office of the Chief Financial Officer to be completed by the Program Action Official and submitted to the Accounting Office to report HUD's claim to cash they are tracking/responsible for. The worksheet should be completed and submitted quarterly and will be utilized by the Accounting Office to reconcile the Program Action Official records to records in the Accounting Office to ensure the receivable is properly recorded and valued.

Recoupment. A special method for adjusting debts arising under the same transaction or occurrence. For example, obligations arising under the same contract generally are subject to recoupment.

Refund. A return of funds because of overpayment of a debt, or due to an improper payment or offset.

Repayment Plan. An agreement to make monthly installment payments to pay off the debt in a specified period of time.

Repurchase. The process where HUD demands that a Title I lender return a previous Title I claim payment in exchange for a reassignment of the loan, because HUD has determined that the lender did not substantially comply with HUD's requirements for originating, administering, or servicing a Title I loan.

Sensitive Data. Information provided by a debtor, or about a debt or debtor, that is private in nature and is not available via public records (i.e., telephone directories, assessment records, County Clerk real estate records, etc.). This includes personal financial information as governed by the Privacy Act of 1974 such as wage/salary amounts and loan/credit details, and any information that can be used to distinguish or trace an individual's identity, such as social security number and date of birth.

Skip-Tracing. This incorporates all techniques used by collection agencies to locate someone whose last known address appears to be incorrect.

Suspension (of collection activity). The action to defer active attempts to enforce collection of a debt for a period of time. During a period of suspension, passive collection action (i.e., TOP offsets) may continue when appropriate.

Tax Identification Number (TIN). The number assigned by the Internal Revenue Service (IRS) to identify a particular taxpayer. The TIN is frequently used to identify a specific debtor. For consumers, the TIN is either the Social Security Number or an Individual Taxpayer Identification Number (ITIN) that IRS issues to individuals who do not qualify for a Social Security Number. For commercial taxpayers, the IRS issues an Employer Identification Number, which is used as the TIN.

Termination (of collection activity). The action to stop all active collection activities on a debt; passive collection activities (i.e., TOP offsets) may continue.

Treasury. The Department of the Treasury.

Treasury Account Symbol (TAS). The account identification codes assigned by the Department of the Treasury to individual appropriation, receipt, or other fund accounts. All financial transactions of the federal government are classified by TAS for reporting to the Department of the Treasury and the Office of Management and Budget. (defined in OMB Circular A-11)

Treasury Offset Program (TOP). Centralized administrative offset program administered by the Department of the Treasury's BFS. Agencies are required to refer information about eligible delinquent non-tax debt to BFS. BFS performs computer matching with BFS disbursement data and processes an offset when an appropriate match is determined. Disbursements that are eligible for administrative offset via TOP include: IRS tax refunds, federal retirement payments of the Office of Personnel Management, federal salary, active and retired military

payments, vendor payments, grant payments, travel payments, and benefits payments including Social Security retirement and disability payments.

Treasury Report on Receivables and Debt Collection Activities (TROR). The primary means for federal agencies to report information on receivables and delinquent debts due from the public. All federal agencies who report TROR data must also provide a year-end certification and verification. TROR verification confirms that the ending receivables balances on the TROR reconciles to the agency's financial statements.

Waiver. The cancellation, remission, forgiveness, or nonrecovery of a debt allegedly owed by an employee of an agency as permitted or required by 5 U.S.C. § 5584, 10 U.S.C. § 2774, 32 U.S.C. § 716, or 5 U.S.C. § 8346(b), or any other law.

Write-off. An accounting action that results in reporting a debt/receivable as having no value on the agency's financial and management reports. Write-off is usually accomplished by transferring the receivable from an asset account to an expense or allowance for loss account. After write-off, a debt must either be closed out or reclassified as Currently Not Collectible.