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354 Office). The original of Form FmHA or its successor agency under Public
Law 103–354 1956–1, with appropriate attach-
ments signed by the State Direc-
tor, and a copy of the Shared Apprecia-
tion Agreement will be sent to the Fi-
nance Office. Note: All documents per-
taining to this transaction will be sent
and
(2) Acceptance by debtor to pay off loan
at the recovery value. Processing of this
transaction will be in accordance with
§1956.124 of this subpart. However, the
account does not need to be acceler-
ated. The debtor will be required to
execute a Net Recovery Buy Out Re-
capture Agreement, similar to that
found in Guide 5 of this subpart (avail-
able in any FmHA or its successor
agency under Public Law 103–354 Of-
lice). The original of Form FmHA or
its successor agency under Public Law
103–354 1956–1, with appropriate attach-
ments signed by the State Director,
and a copy of the recorded Net Recov-
ery Buy Out Recapture Agreement
will be sent to the Finance Office.
The executed Net Recovery Buy Out
Recapture Agreement will be recorded in the
county in which the facility is located.
The Finance Office will credit the
accounts of debtors who entered into Net
Recovery Buy Out Recapture Agree-
ments with the amount paid by the
debtor (net recovery value). Note: All
documents pertaining to this trans-
action will be sent to the Finance Of-
cice in one single complete package.

(g) Collection and processing of recap-
ture. (1) When FmHA or its successor
agency under Public Law 103–354 be-
comes aware of the sale or transfer of
interest to the facility on which there is
an effective Net Recovery Buy Out Re-
capture Agreement (Guide 5 of this
subpart available in any FmHA or its
successor agency under Public Law 103–354 Office) or a Shared Appreciation
Agreement (Guide 4 of this subpart
available in any FmHA or its successor
agency under Public Law 103–354 Office) outstanding and a determination is
made that a recapture is appropriate,
FmHA or its successor agency under
Public Law 103–354 will notify the debt-
or of the following:
(i) Date and amount of recapture due; and
(ii) FmHA or its successor agency
under Public Law 103–354 action to be
taken if debtor does not respond within
the designated timeframe with the
amount of recapture due.

(2) [Reserved]

(3) When the amount of the recapture
has been paid and credited to the debt-
or’s account, the debtor will be re-
leased from liability by using Form
FmHA or its successor agency under
Public Law 103–354 1965–8, “Release
from Personal Liability,” modified as
appropriate.

(b) No recapture due. If FmHA or its
successor agency under Public Law 103–354 determines there is no recapture
due, the Net Recovery Buy Out Recap-
ture Agreement (Guide 5 of this sub-
part available in any FmHA or its suc-
cessor agency under Public Law 103–354 Office) or Shared Appreciation Agree-
ment (Guide 4 of this subpart available
in any FmHA or its successor agency
under Public Law 103–354 Office) will be
appropriately annotated, the Recap-
ture Agreement released from the
record, and the Agreement returned to
the debtor.

§ 1956.144 [Reserved]

§ 1956.145 Disposition of essential
FmHA or its successor agency
under Public Law 103–354 records.

FmHA or its successor agency under
Public Law 103–354 Instruction 2033–A
available in any FmHA or its suc-
cessor agency under Public Law 103–354
office) identifies an “essential FmHA
or its successor agency under Public
Law 103–354 record” as the original of
any document or record which provides
evidence of indebtedness or obligation
to FmHA or its successor agency under
Public Law 103–354 and includes, but is
not limited to: promissory notes, as-
sumption agreements and valuable doc-
ments, such as bonds fully registered
as to principal and interest.

(a) Essential FmHA or its successor
agency under Public Law 103–354
records evidencing debts settled by
compromise, completed adjustment or
cancelled with application will be re-
turned to the debtor or to the debtors’
legal representative. The appropriate legend, such as “Satisfied by Approved Compromise,” and the date of the final action will be stamped or typed on the original document. This same information plus the date the original document is returned to the debtor will be shown on a copy to be placed in the debtor’s case folder.

(b) Essential FmHA or its successor agency under Public Law 103–354 records evidencing debts cancelled without application will be placed in the debtor’s case folder and disposed of pursuant to FmHA or its successor agency under Public Law 103–354 Instruction 2033–A (available in any FmHA or its successor agency under Public Law 103–354 office). However, if the debtor requests the document(s), they must be stamped “Satisfied by Approved Cancellation” and returned.

(c) Essential FmHA or its successor agency under Public Law 103–354 records evidencing charged off debts will be retained in the servicing office and will not be stamped or returned to the debtor. They will be destroyed six years after chargeoff pursuant to FmHA or its successor agency under Public Law 103–354 Instruction 2033–A (available in any FmHA or its successor agency under Public Law 103–354 office).

[53 FR 13100, Apr. 21, 1988, as amended at 58 FR 21346, Apr. 21, 1993]

§ 1956.146 [Reserved]

§ 1956.147 Debt settlement under the Federal Claims Collection Act.

The U.S. Department of Justice (DOJ) and the General Accounting Office are charged with the responsibility for implementing the Federal Claims Collection Act and have promulgated the Federal Claims Collection Act Joint Standards (FCCAJS) (4 CFR parts 101–105) to inform Government Agencies on how to settle debts and claims which the Agency does not have independent statutory authority to settle. With the exception of loans and claims with outstanding balances of $20,000 or less, exclusive of interest, penalties, and administrative costs, settlements must be submitted to and approved by the United States Attorney or the DOJ. Debt Settlement of Economic Opportunity Cooperative loans, Claims Against Third Party Converters, Nonprogram loans, Industrial Development Grants, Rural Development Loan Fund loans, Intermediary Relending Program loans, Nonprofit National Corporations Loans and Grants, Indian Tribal Land Acquisition Loans (to the extent settlement cannot be effected pursuant to §1956.137), and 601 Energy Impact Assistance Grants are programs that must be settled under the FCCAJS.

(a) Debt settlement of the subject loans and claims falls in the following categories:

(1) Settlement of loans and claims may be approved by the Administrator when the outstanding balance of the indebtedness involved in the settlement is $20,000 or less, exclusive of interest, penalties, and administrative costs. These loans and claims will be submitted to the National Office on Form FmHA or its successor agency under Public Law 103–354 1956–1, “Application for Settlement of Indebtedness,” for debt settlement. Subsequent to approval, Form FmHA or its successor agency under Public Law 103–354 1956–1 will be distributed in accordance with the Forms Manual Insert (FMI).

(2) Loans and claims with an outstanding balance of $200,000 or less inclusive of interest, penalties, and administrative costs, but with an outstanding balance greater than $20,000, exclusive of interest, penalties, and administrative costs, after approval by the State Director will be referred to your Regional Office of the General Counsel (OGC) for referral to the United States Attorney in whose judicial district the debtor can be found. The form to be used is the Claims Collection Litigation Report (CCLR). This form should be available through the U.S. Attorney. A memorandum from the State Director should be attached to the CCLR recommending acceptance of the debt settlement. If the State Director does not recommend acceptance, the State Director has the authority to reject the debt settlement.

(3) Loans and claims with an outstanding balance over $200,000, inclusive of interest, penalties, and administrative costs, will be referred to the