

§ 3.14

7 CFR Subtitle A (1–1–23 Edition)

before reporting the delinquent debt to credit reporting agencies.

(d) Agencies will not disclose a delinquent debt to a credit reporting agency if a debtor requests review under subpart F of this part until a final determination is made by a reviewing official that upholds the agency intent to disclose.

§ 3.14 Suspension or revocation of eligibility for loans and loan guarantees, licenses, permits, or privileges.

(a) Agencies are not permitted to extend financial assistance in the form of a loan, loan guarantee, or loan insurance to any person delinquent on a nontax debt owed to a Federal agency, except as otherwise authorized by law or upon waiver of application of this section by the USDA Chief Financial Officer (CFO) or Deputy CFO. This prohibition does not apply to disaster loans. Agencies may extend credit after the delinquency has been resolved. The Secretary of the Treasury may exempt classes of debts from this prohibition and has prescribed standards defining when a “delinquency” is “resolved” for purposes of this prohibition. See 31 CFR 285.13 (Barring Delinquent Debtors from Obtaining Federal Loans or Loan Insurance or Guarantees).

(b) Similarly, agencies also are not permitted to extend financial assistance (either directly or indirectly) in the form of grants, loans, or loan guarantees to judgment debtors who have a judgment lien placed against their property until the judgment is satisfied, unless the agency grants a waiver in accordance with agency regulations. See 31 U.S.C. 3720B.

(c) In non-bankruptcy cases, agencies pursuing the collection of statutory penalties, forfeitures, or other types of claims must consider the suspension or revocation of licenses, permits, or other privileges for any inexcusable or willful failure of a debtor to pay such a debt in accordance with the agency’s regulations or governing procedures. The debtor will be advised in the agency’s written demand for payment of the agency’s ability to suspend or revoke licenses, permits, or privileges.

(d) Any agency making, guaranteeing, insuring, acquiring, or participating in, loans must consider sus-

pending or disqualifying any lender, contractor, or broker from doing further business with the agency or engaging in programs sponsored by the agency if such lender, contractor, or broker fails to pay its debts to the government within a reasonable time or if such lender, contractor, or broker has been suspended, debarred, or disqualified from participation in a program or activity by USDA or another Federal agency. Failure to pay a single substantial debt, or a number of outstanding debts (including disallowed costs and overrun payments, but not including sums owed to the government under the Internal Revenue Code or as specified in the appropriations provisions regarding outstanding tax debt in sections 745 and 746 of Division E of the Consolidated Appropriations Act, 2016 (Pub. L. 114–113) and successor provisions of law) owed to any Federal agency or instrumentality is grounds for non-procurement suspension or debarment if the debt is uncontested and the debtor’s legal administrative remedies for review of the debt are exhausted. See 2 CFR 180.800(c)(3).

(e) The failure of any surety to honor its obligations in accordance with 31 U.S.C. 9305 will be reported to Treasury. Treasury will forward to all interested agencies notification that a surety’s certificate of authority to do business with the government has been revoked.

(f) The suspension or revocation of licenses, permits, or privileges also may extend to USDA programs or activities that are administered by the States on behalf of the government, to the extent that they affect the government’s ability to collect money or funds owed by debtors. Therefore, States that manage USDA activities, pursuant to approval from the agencies, will ensure that appropriate steps are taken to safeguard against issuing licenses, permits, or privileges to debtors who fail to pay their debts to the government.

(g) In bankruptcy cases, before advising the debtor of an agency’s intention to suspend or revoke licenses, permits, or privileges, agencies may request legal advice from OGC concerning the impact of the Bankruptcy Code, particularly 11 U.S.C. 362 and 525, which may restrict such action.