

**§§ 1956.76–1956.83**

**7 CFR Ch. XVIII (1–1–01 Edition)**

plan has discharged the debtor(s) of liability on the unsecured part of the debt.

**§§ 1956.76–1956.83 [Reserved]**

**§ 1956.84 Approval or rejection.**

(a)–(d) [Reserved].

(e) *Appeal rights.* A debtor whose debt settlement offer is rejected will be notified of appeal rights pursuant to subpart B of part 1900 of this chapter. In cases where the adverse decision maker is the County Committee, the FmHA or its successor agency under Public Law 103–354 official will advise the debtor of appeal rights. If the debtor exercises his/her right to a meeting, the County Committee must meet with the debtor. If the meeting does not result in a resolution, the debtor may exercise his/her right to a hearing. If the hearing officer reverses the adverse County Committee decision, the case will be forwarded to the appropriate debt settlement approval official for consideration of approval.

[58 FR 21345, Apr. 21, 1993]

**§ 1956.85 Payments and receipts.**

(a) *Servicing office handling.* (1) An application with which the debtor offers a lump-sum payment in compromise, or with which the debtor offers an initial payment on an adjustment offer, will be accompanied by the payments required at the time such application is filed in the servicing office.

(2) Except as provided in paragraph (a)(3) of this section, payments offered by debtors in settlement of debts will be deposited and transmitted as required in subpart B, C, and K of part 1951 of this chapter.

(3) Checks or check transmittal letter containing restrictive notations such as “Settlement in full” or “Payment in full,” or in those exceptional instances when the debtor refuses to sign the Form FmHA or its successor agency under Public Law 103–354 1956–1 in connection with a compromise offer, will be forwarded to the State Office where they will be retained until approval or rejection of the offer. The use of restrictive notations will be discouraged to the fullest extent possible.

(b) *Finance Office handling.* (1) All payments evidenced by Form FmHA or

its successor agency under Public Law 103–354 451–2, “Schedule of Remittances,” on Form FmHA or its successor agency under Public Law 103–354 1944–9, “Multiple Family Housing Payment Transmittal,” bearing the legend “Compromise Offer—FmHA or its successor agency under Public Law 103–354” or “Adjustment Offer—FmHA or its successor agency under Public Law 103–354,” will be held in the Deposits FundAccount by the Finance Office until notification is received from the State Office of the approval or rejection of the offer. In cases of approved offers, remittances will be applied in accordance with established policies, beginning with the oldest loan included in the settlement, except that when the request for settlement includes loans made from different revolving funds the Finance Office will prorate the amount received, on the basis of the total principal balance due the respective revolving funds. Upon notification of a rejection of a debtor’s offer and receipt of a request from the State Director for a refund, the Finance Office will refund to the debtor, in care of the employee in charge of the account, the amount held in the Deposits Fund Account representing a rejected compromise or adjustment offer.

(2) When a debtor’s adjustment offer is approved, the accounts involved will not be adjusted in the records of the Finance Office until all payments have been made. Form FmHA or its successor agency under Public Law 103–354 1956–1 will be held in a suspense file pending payment of the full amount of the approved offer. The original Form FmHA or its successor agency under Public Law 103–354 1956–1 in approved cases will be retained in the Finance Office.

[56 FR 10147, Mar. 11, 1991, as amended at 58 FR 21345, Apr. 21, 1993]

**§§ 1956.86–1956.95 [Reserved]**

**§ 1956.96 Delinquent adjustment agreements.**

The employee in charge of the account should notify debtors in advance of the due dates of payments on debt settlement agreements. The employee in charge of the account should also

promptly contact debtors who are delinquent on debt settlement payments and find out their reasons for not making payments when due, and their plans for completing their agreements. In instances in which the debtor is delinquent under the terms of the debt settlement and is likely to be financially unable to meet the terms of the debt settlement agreement, FmHA or its successor agency under Public Law 103-354 may cancel the existing agreement and process a different type of settlement more consistent with the debtor's repayment ability, provided the facts in the case justify such action. This settlement will be processed in accordance with the procedure for the new agreement. An extension may be given by FmHA or its successor agency under Public Law 103-354 to extend for 90 days the time for making the payments when the circumstances of the case justify an extension. Extensions for a greater period of time may be made by the State Director upon recommendation of the County Committee (for FP loans) and the employee in charge of the account. A decision not to extend the time for making payments is not appealable. When an adjustment agreement is cancelled, the debtor will be notified of the reasons in writing. The cancellation of an adjustment offer is appealable. If an agreement is cancelled, any payments received shall be retained as payments on the debt owed at the time of the adjustment offer.

[58 FR 21345, Apr. 21, 1993]

**§ 1956.97 Disposition of promissory notes.**

(a) Notes evidencing debts settled by completed adjustments, completed compromise with or without signature, or canceled with signature will be returned to the debtor or to the debtor's legal representative. The original and copies of notes will be stamped "Satisfied by Approved Compromise," "Satisfied by Approved Cancellation," or "Satisfied by Completed Adjustment Offer." In such cases, the security instrument(s) will be released of record according to State law.

(b) Notes evidencing debts canceled without application will be placed in the debtor's case folder and disposed of

pursant 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 notes, they may be stamped "Satisfied By Approved Cancellation" and returned.

(c) Notes 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 charged off 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).

(d) In case of a transfer of security with assumption for less than the debt, the promissory note will be attached to the assumption agreement covered by the note and kept in the transferee's file.

[56 FR 10147, Mar. 11, 1991. Redesignated and amended at 58 FR 21346, Apr. 21, 1993]

**§ 1956.98 [Reserved]**

**§ 1956.99 Exception authority.**

The Administrator may, in individual cases, make an exception to any requirement or provision of this subpart which is not inconsistent with the authorizing statute or other applicable law if the Administrator determines that application of the requirement or provision would adversely affect the Government's interest. The Administrator will exercise this authority only at the request of the State Director and on the recommendation of the appropriate program Assistant Administrator. Requests for exceptions must be made in writing by the State Director and supported with documentation to explain the adverse affect on the Government's interest, propose alternative courses of action, and show how the adverse affect will be eliminated or minimized if the exception is granted. Any settlement actions approved by the Administrator under this section will be documented on Form FmHA or its successor agency under Public Law 103-354 1956-1 and returned to the State Office for submission to the Finance Office.