

tolled or started anew, or (ii) future collection can be effected by offset notwithstanding the statute of limitations. Suspension as to a particular debtor should not defer the early liquidation of security for the debt. Standards prescribed in 4 CFR part 104 shall be used in making determinations as to suspension as termination of collection efforts.

(2) *No substantial recovery possible.* If, at the time that collection is attempted, debtor is without assets or actual or potential income or if the debtor may have exemptions under the bankruptcy laws which make enforced collection of the debt not cost-effective, then collection action may be suspended. However, interest and other charges will accumulate unless waived.

(3) *Debtor cannot be located.* If the debtor cannot be located or is outside the United States, then collection action may be suspended until the debtor is located. The statute of limitations will be tolled during those periods that the debtor is outside the United States.

(b) *Termination of collection action.* (1) Collection action may be terminated and the Agency file closed for the following reasons: (i) No substantial amount can be collected; (ii) the debtor cannot be located; (iii) the cost will exceed recovery; (iv) the claim is legally without merit; or (v) the claim cannot be substantiated by evidence.

(2) *No substantial recovery possible.* If there is little likelihood that collection efforts will result in any substantial recovery, then collection efforts may be terminated. Costs of recovery may be a factor in determining whether any recovery would be substantial. Normally, costs of recovery would be more important in cases of small debts than in cases of large ones.

(3) *Debtor cannot be located.* Every effort, including, but not limited to, use of governmental records, Internal Revenue Service taxpayer information, private contractor skip tracer and credit agencies, shall be made to locate debtors in advance of the running of the statute of limitations. If the debtor cannot be located, then the Agency Collections Officer may determine, with the concurrence of the General Counsel, that collection efforts may be terminated.

(4) *Litigative possibilities.* The criteria and procedures of § 11.50(a)(4) of this subpart may be used to terminate collection efforts if it appears unlikely that the Government would prevail if it were to litigate collection of the debt.

(c) *Debts exceeding \$100,000.* Debts exceeding \$100,000 or higher limits prescribed by the Attorney General in accordance with 31 U.S.C. 3711(a)(2) (exclusive of interest, penalty charges and administrative charges) shall not be compromised by FEMA unless the proposed compromise has been referred for approval by the Department of Justice in accordance with 4 CFR 104.1(b). Such proposed compromises shall be referred to the Office of General Counsel, which shall review the proposal before being forwarded to the Department of Justice. However, where a debt claim is of no legal merit, the ACO may compromise such a debt without referral to the Department of Justice but only with the concurrence of the Office of General Counsel.

(d) *Enforcement policy.* Statutory penalties and forfeitures are used as an aid to secure compliance with FEMA requirements and to compel payment. These may be waived if the Agency's enforcement policy in terms of securing payment and securing compliance with FEMA regulations would be served by accepting a sum agreed upon. Mere accidental or technical violations will be dealt with less severely than willful or substantial violations.

[49 FR 38267, Sept. 28, 1984, as amended at 53 FR 47212, Nov. 22, 1988; 57 FR 54715, Nov. 20, 1992]

§ 11.52 Referral of delinquent debtors to consumer reporting agencies.

(a) *General.* This section implements 31 U.S.C. 3711(f) concerning reporting of debtors having overdue debts to consumer reporting agencies.

(b) *Procedures.* When a debt is unpaid for 120 days after the initial demand letter has been sent and where the debtor has not repaid the amount due nor has the debtor entered into an agreement for repayment satisfactory to the ACO or his designee, or the debt is not subject to administrative offset (as described in § 11.43), the ACO may

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report the claim to consumer reporting agencies if:

(1) The Agency Collections Officer or his designee has determined that the debt is overdue,

(2) Notice has been sent certified mail, return receipt requested, to debtor informing him that:

(i) Payment of the debt is overdue,

(ii) The Agency intends to disclose the debtor's debt records to a consumer reporting agency within a stated period, not less than 60 days after the mailing of such debt,

(iii) Specified items of information being released shall be listed in the notice. Such items will normally include the debtor's name, taxpayer account number, last known address, other information necessary to establish the identity of the individual, the nature, amount and status of the outstanding claim, and programs under which the claim arose, and

(iv) The debtor has a right to a full explanation of the debt, to dispute any information in the records concerning the debt, and to have an administrative review. If the debtor petitions for administrative review, then no further action on referring debtor information to consumer reporting agencies shall be undertaken until the administrative review is completed.

(c) *Administrative review.* The debtor shall send with his petition arguments in writing and documentary evidence to the Agency Collection Officer, Office of Financial Management, Federal Emergency Management Agency, Washington, DC 20472. These shall be reviewed by the ACO or an official designated by him. The reviewing official shall prepare a reply, within 60 days after receipt of the petition, either accepting the debtor's assertions in whole or in part or rejecting them. If the debtor's assertions are rejected in whole or in part, then the debt data, described in paragraph (b)(2)(iii) of this section (with correction made as indicated by the reviewing official) shall be sent to consumer reporting agencies.

(d) *Information released.* Information released to consumer reporting agencies shall be limited to the following items:

(1) Name of debtor, address, taxpayer identification number, and other infor-

mation necessary to establish the identity of the debtor,

(2) Amount, status and history of the debt and

(3) Program under which the debt arose.

[49 FR 38267, Sept. 28, 1984, as amended at 57 FR 54715, Nov. 20, 1992]

§ 11.53 Securing debtor addresses from the Department of Treasury.

(a) If the ACO is unable to obtain a current address for the debtor, then a written request shall be sent to the Secretary of the Treasury asking for the debtor's most current mailing address from the Department of the Treasury taxpayer identity information files for Agency use in collecting claims. Any information so received from the Secretary of the Treasury shall be safeguarded in accordance with provisions of 26 U.S.C. 6103(p)(4) and 26 CFR parts 301 and 601.

(b) Taxpayer identity information (which includes IRS current address and social security number) shall be released to consumer reporting agencies only for the purpose of preparation of commercial credit reports for use by Federal agencies in accordance with section 3 of the Debt Collection Act (31 U.S.C. 3711(f)). A notice to this effect shall be placed on each page containing taxpayer identity information which is sent to consumer reporting agencies.

§ 11.54 Contracts with debt collection agencies.

(a) *General.* FEMA shall utilize mandatory, government-wide debt collection agency contracts negotiated by the General Services Administration or the Department of the Treasury to effect collection of debts owed FEMA.

(b) *Debt collection contract provisions.* Contracts entered into under authority of this section shall have provisions relating to:

(1) Protection of data relating to individuals which shall not be less than that provided under the terms of the Privacy Act (5 U.S.C. 552a).

(2) Protection of data derived from Department of the Treasury taxpayer identity information files shall in accordance with 26 U.S.C. 6103(p)(4) and 26 CFR parts 301 and 601.