

**§ 1018.28 Collection by administrative offset.**

(a) The Board may administratively undertake collection by offset on each claim which is liquidated or certain in amount in accordance with the guidelines and the standards contained in 4 CFR 102.2, 102.3, and 102.4 and 5 U.S.C. 5514, as applicable. The Board may not initiate administrative offset to collect a debt more than 10 years after the Government's right to the debt first accrued, unless facts material to the Government's right to collect the debt were not known and could not reasonably have been known to the Board.

(b) Collection by administrative offset of amounts payable from the Civil Service Retirement and Disability Fund, the Federal Employees Retirement System, or other similar fund is made pursuant to 4 CFR 102.4 and the provisions of paragraph (d) of this section.

(c) Salary offset is governed by 5 U.S.C. 5514.

(d) The following procedures apply when the Board seeks to collect a debt by offset against any payment to be made to a debtor or against the assets of a holder of a certificate, permit, license, or authorization issued by the Board.

(1) Before the offset is made, the Board shall provide the debtor written notice of the nature and amount of the debt and:

- (i) Notice of the Board's intent to collect the debt by offset;
- (ii) An opportunity to inspect and copy Board records pertaining to the debt;
- (iii) An opportunity to request reconsideration of the debt by the Board, or if provided for by statute, waiver of the debt;
- (iv) An opportunity to enter into a written agreement with the Board to repay or pay the debt, as the case may be;
- (v) An explanation of the debtor's rights under this subpart; and
- (vi) An opportunity for a hearing when required under the provisions of 4 CFR 102.3(c).

(2) If the Board learns that other agencies of the Government are holding funds payable to the debtor, the Board shall provide the other agencies

with written certification that the debt is owed to the Board and that the Board has complied with the provisions of 4 CFR 102.3. The Board shall request that funds which are due the debtor and which are necessary to offset the debt to the Board be transferred to the Board.

(3) The Board may accept a repayment or payment agreement, as appropriate, in lieu of offset, but will do so only after balancing the Government's interest in collecting the debts against fairness to the debtor. If the debt is delinquent and the debtor has not disputed its existence or amount, the Board may accept a repayment or payment agreement in lieu of offset only if the debtor is able to establish under sworn affidavit or statement certified under penalty of perjury that offset would result in financial hardship or would result in undue financial hardship or would be against equity and good conscience.

(4) Administrative offset is not authorized with respect to:

- (i) Debts owed by any State or local government;
- (ii) Debts once they become subject to the salary offset provisions of 5 U.S.C. 5514; or
- (iii) Any case in which collection of the type of debt involved by administrative offset is explicitly provided for or prohibited by another statute.

(5) The Board reserves the right to take any other action in respect to offset as is permitted under 4 CFR 102.3.

(e) The Board shall make appropriate use of the cooperative efforts of other agencies including the Army Holdup List in effecting collections by offset. The Army Holdup List is a list of contractors indebted to the United States.

**§ 1018.29 Payments.**

(a) *Payment in full.* The Board shall make every effort to collect a claim in full before it becomes delinquent. The Board shall impose charges for interest, penalties, and administrative costs as specified in § 1018.30.

(b) *Payment in installments.* If a debtor furnishes satisfactory evidence of inability to pay a claim in one lump sum, payment in regular installments may be arranged. Evidence may consist of a

financial statement or a signed statement certified under penalty of perjury to be true and correct that application for a loan to enable the debtor to pay the claim in full was rejected. Except for a claim described at 5 U.S.C. 5514, all installment payment arrangements must be in writing and require the payment of interest and administrative charges.

(1) Installment note forms including confess-judgment notes may be used. The written installment agreement must contain a provision accelerating the debt payment in the event the debtor defaults. If the debtor's financial statement discloses the ownership of assets which are free and clear of liens or security interests, or assets in which the debtor owns equity, the debtor may be asked to secure the payment of an installment note by executing a Security Agreement and Financial Statement transferring to the United States a security interest in the assets until the debt is discharged.

(2) If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied among those debts, the Board shall follow that designation. If the debtor does not designate the application of the payment, the Board shall apply the payment to the various debts in accordance with the best interest of the United States as determined by the facts and circumstances of the particular case.

(c) *To whom payment is made.* Payment of a debt is made by check, money order, or credit card payable to the Surface Transportation Board and mailed or delivered to the Section of Financial Services, Surface Transportation Board, Washington, DC 20423, unless payment is:

- (1) Made pursuant to arrangements with the GAO or DOJ;
- (2) Ordered by a Court of the United States; or
- (3) Otherwise directed in any other part of this chapter.

[58 FR 7749, Feb. 9, 1993, as amended at 64 FR 53267, Oct. 1, 1999]

**§ 1018.30 Interest, penalties, and administrative costs.**

(a) The Board shall assess interest, penalties, and administrative costs on

debts owed to the United States Government in accordance with the guidance provided under the Federal Claims Collection Standards, 4 CFR 102.13 unless otherwise directed by statute, regulation, or contract.

(b) Before assessing any charges on delinquent debts, the Board shall mail a written notice to debtor explaining its requirements concerning these charges under 4 CFR 102.2 and 102.13.

(c) Interest begins to accrue from the date on which the initial invoice is first mailed to the debtor unless a different date is specified on a statute, regulation, or contract.

(d) The Board shall assess interest based upon the rate of the current value of funds to the United States Treasury (the Treasury tax and loan account rate) prescribed by statute, regulation, or contract.

(e) Interest is computed only on the principal of the debt, and the interest rate remains fixed for the duration of the indebtedness, unless the debtor defaults on a repayment agreement and seeks to enter into a new agreement.

(f) The Board shall assess against a debtor charges to cover administrative costs incurred as a result of a delinquent debt. Administrative costs may include costs incurred in obtaining a credit report or in using a private debt collector, to the extent they are attributable to the delinquency.

(g) The Board shall assess a penalty charge of six percent a year on any portion of a debt that is delinquent for more than 90 days. The charge accrues retroactively to the date that the debt became delinquent.

(h) Amounts received by the Board as partial or installment payments are applied first to outstanding penalty and administrative cost charges, second to accrued interest, and third to outstanding principal.

(i) The Board shall waive collection of interest on the debt or any portion of the debt which is paid in full within 30 days after the date on which interest began to accrue.

(j) The Board may waive interest during the periods a debt disputed under § 1018.26 is under investigation or review before the Board. This additional waiver is not automatic and must be requested before the expiration of the