

Debt Collection Handbook

Directive Number: 1900.25

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000****OFFICE OF THE CHIEF FINANCIAL OFFICER**

Special Attention of:

Transmittal: Handbook 1900.25 REV-4

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1. This Transmits:Revision 4 of Handbook 1900.25, *Debt Collection Handbook*.**2. Explanation of Changes:**

This revision provides changes in the general policies and procedures for servicing debts owed to HUD and debts owed by HUD employees to HUD and to other federal agencies.

a. General Revisions

This handbook has been revised to reflect the legislative, policy, and organizational changes within HUD since this handbook was last revised in October 1987, and since Change 1 was issued in November 1992. Some of the more significant changes include the establishment of new collection tools authorized by the Debt Collection Improvement Act of 1996 and subsequent implementing regulations and instructions issued by the Department of the Treasury; the revised Federal Claim Collection Standards issued jointly by the Department of the Treasury and the Department of Justice (effective December 22, 2000); amended OMB Circular No. A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*, issued November 29, 2000; the publication of Handbook 4740.2 REV-3 by FHA's Financial Operations Center in January 2008; and the publication by HUD of a rule to revise and update 24 CFR Part 17 Subpart C effective December 2011.

The organization of the handbook was modified to improve flow and ease of use.

b. Chapter 1. Overview and Authority

This chapter includes a statement of scope; a list of related legislation, regulations, and guidance; a special mention concerning the authority for FHA

and Ginnie Mae; the roles and responsibilities of debt collection officials; and any exclusions not covered by the Handbook.

c. Chapter 2. Receivables Management

This chapter introduces the basic elements of debt collection, including establishing a debt; interest, penalties, and administrative costs; the demand letter; locating debtors; receiving a payment; repayment agreements; court enforced payments; compromise; and the statute of limitations.

d. Chapter 3. Delinquent Debt

This chapter covers delinquent debt, including topics on establishing delinquency; credit bureau reporting; notice of intent to offset; referring to Treasury; administrative wage garnishment; federal salary offset; referring to Justice; and liquidation of collateral.

e. Chapter 4. Debt Disposition

This chapter addresses the disposition of debt, including suspension of collection activity; termination of collection activity; discharge of indebtedness; consequences for uncollectible claims; write-off; and IRS Form 1099C.

f. Chapter 5. Records and Reports

This chapter covers the recording and reporting of debt, including privacy limitations; the Credit Alert Verification Reporting System (CAIVRS); and the annual OMB report on policies and referrals to Justice.

g. Appendices.

The appendices have been revised to contain the most current version of forms and sample documents that are referenced in this revised handbook.

- The first appendix provides definitions.
- The second appendix is a list of appendices used in HUD Handbook 4740.2 REV-3, *Title I and Other Debt Collection Guidance*, used for collecting debt owed to FHA.
- The third appendix shows a sample Demand Letter.
- The fourth appendix shows a sample Notice of Intent to Offset.
- The fifth appendix shows a sample Repayment Agreement.
- The sixth appendix shows a sample Claims Collection Litigation Report.
- The seventh appendix shows a sample OIG Form 15G, for debts referred to the Office of the CFO, Fort Worth Accounting Center, by the HUD Office of Inspector General.

3. Filing Instructions

Replace all copies of Handbook 1900.25 REV-3, dated October 26, 1987.