



BUREAU OF THE
Fiscal Service
U.S. DEPARTMENT OF THE TREASURY

Installment Agreements and Compromises in CRS Portfolio Management

Centralized Receivables Service (CRS)
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Legal: Installment Agreements and Compromises

INSTALLMENT AGREEMENT

Federal Claims Collection Standards (FCCS)

901.8 Collection in Installments

*blue for emphasis only

- a) Whenever feasible, agencies shall collect the total amount of a debt in one lump sum. If a debtor is financially unable to pay a debt in one lump sum, agencies may accept payment in regular installments. Agencies should **obtain financial statements** from debtors who represent that they are unable to pay in one lump sum and **independently verify** such representations whenever possible (see § 902.2(g) of this chapter). Agencies that agree to accept payments in regular installments should **obtain a legally enforceable written agreement** from the debtor that specifies all of the terms of the arrangement and that contains a provision **accelerating the debt in the event of default**.
- b) The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to **liquidate the debt in three years or less**.

Legal: Installment Agreements and Compromises

COMPROMISE

Federal Claims Collection Standards (FCCS)

902.2 Bases for compromise

*blue for emphasis only

Section (a) Agencies may compromise a debt if the Government cannot collect the full amount because:

- (1) The debtor is unable to pay the full amount in a reasonable time (...)
- (2) The Government is unable to collect the debt in full within a reasonable time by enforced collection proceedings;
- (3) The cost of collecting the debt does not justify the enforced collection of the full amount; or
- (4) There is significant doubt concerning the Government's ability to prove its case in court.

Section (c): “Agencies should verify the debtor's claim of inability to pay by using a credit report and other financial information (...)”

Section (f): “Agencies generally should not accept compromises payable in installments. This is not an advantageous form of compromise in terms of time and administrative expense (...)”

Section (g): “To assess the merits of a compromise offer based in whole or in part on the debtor's inability to pay the full amount of a debt within a reasonable time, agencies should obtain a current financial statement from the debtor, executed under penalty of perjury, showing the debtor's assets, liabilities, income and expenses.”

Compromises

- **Business Rules**

- When onboarding with CRS, agencies indicate whether CRS has authority to compromise their receivables, and if so, at what percentage. If CRS does not have authority, all compromise requests will route to agency for decision.
- If compromise authority with CRS, a DMS Director will approve on a case-by-case basis
- Compromise must be paid in one lump sum and within 30-days (no installments)

- **Since CRS began in January 2013, no compromises have been processed.**

Installment Agreements (IA)

- **Business Rules**

- **Interest and Penalties:** Interest will continue to assess during IA. Penalties will only assess if initial negotiation discussion with debtor happened after penalties were already assessed.
- **Verify Financial Information:** Credit Bureau Report run on every IA to verify financial situation. Financial Statement from debtor only requested if IA for longer than 6 months.
- **Calculate Ability to Pay:** We begin negotiation with debtor by asking if they can pay the difference of [All Income - All Expenses]. From there, we negotiate a monthly amount no lower than \$50/month or whatever will pay off receivable in 36 months.
- **Activating an IA:** Once \$/month and all terms agreed, debtor verbally agrees to IA and it is activated in system. CRS will also mail the agreement to debtor and save in case documents.
 - **Good Standing:** IA in “good standing” if payments in full on or before due date.
 - **Default:** IA in “default” if they miss a payment due date or underpay once.
 - **Termination:** Installment Agreement is “terminated” when they miss a second payment due date in a row or underpay twice in a row. A terminated IA removes the halt from a case, putting it back in active collections (calls, letters, referral to FedDebt). Additionally, if penalties waived previously, they are reassessed and due again.

Installment Agreements (IA)

- **The biggest obstacles to debtor's achieving or sustaining an IA are:**
 - Debtors do not return the Financial Statement
 - No IA is ever created
 - Halt on case lifted so that collections (calls, letters) continue
 - Debtors miss (or underpay) two payments in a row
 - IA is terminated
 - (if penalties were waived) Past penalties are accrued and assessed for entire time they were waived
 - Halt on case lifted so that collections (calls, letters) continue
- **The biggest benefit to debtors in entering into an IA while in CRS:**
 - Avoid assessment of 6% annual penalties while in active IA
 - Avoid all adverse collection activities such as outbound calls to their home, credit bureau reports, delinquent servicing or fees, wage garnishment, federal and state payment offset

Installment Agreements (IA)

Master Case Detail
Master Case > Master Case Number (auto-system-generated)

Master Case Status: Open Last Contact Date: 6/3/2014

Master Case | Case | Debtor | Payoff Calculator | Bureau Info | Program Info | History

Case Details

Bureau: **Bureau Name**

Program: **Program Name**

Case Number: 001 Agency Debt ID: **Debt ID (agency assigned)**

Case Status: Open Debt Origination Date: 10/08/2012

Original Amount Due: \$12,530.47

Current Balance: \$10,469.47

Debt Description: [Nature of Debt 2 as it appears on programs' invoices]

Master Case Status to Date

	Amount	Principal	Interest	Penalties
Total Payments to Date	\$2,201.28	\$2,066.52	\$134.76	\$0.00
Current Amount Due	\$10,469.47	\$10,463.95	\$5.52	\$0.00

Transaction Details

Transaction History

Interest and Penalties Show all cases | Show all debtors

Displaying 1-5 of 12 results

Posted Date	Transaction ID	Type	Source	Amount	Case & Debtor
05/01/2015	CIR #	Payment	Pay.Gov	\$183.44	Case: 001 Debtor: Debtor Name
04/03/2015	CIR #	Payment	Pay.Gov	\$183.44	Case: 001 Debtor: Debtor Name
03/10/2015	CIR #	Payment	Pay.Gov	\$183.44	Case: 001 Debtor: Debtor Name
02/07/2015	CIR #	Payment	Pay.Gov	\$183.44	Case: 001 Debtor: Debtor Name
01/10/2015	CIR #	Payment	Pay.Gov	\$183.44	Case: 001 Debtor: Debtor Name

Current Amount Due \$10,469.47

Case Records

Type	Details
Master Case Master Case #Open	Bureau & Program Name \$12,530.47 \$10,469.47
Case 001 Agency Case ID	Open: Waiting For Serv \$12,530.47 \$10,469.47

Debtors of Record

Type	Details
Debtor Name - Invoice #	Active ADDRESS Agency Debtor ID

Case File Attachments

Type	Description	Date	User
Installation Agreement - ACCEPTED for Debtor Name	Notes: Copy of IA Cpsns	7/10/2014 3:20 PM	CRS ID
Installation Agreement - ACCEPTED for Debtor Name	Notes: Copy of IA Doc	7/10/2014 3:20 PM	CRS ID
Installation Agreement - ACCEPTED for Debtor Name	Notes: Copy of IA Cover Letter	7/10/2014 3:12 PM	CRS ID
CRS Servicing Request for Debtor Name	Notes: Send Installment Agreement	7/8/2014 3:12 PM	CRS ID
Refer to PS Agent for Debtor Name	Notes: Email - Payment Deviation Approval	6/16/2014 11:15 AM	CRS ID
Miscellaneous for Debtor Name	Notes: over 36 mnth calc	6/3/2014 2:08 PM	CRS ID
Miscellaneous for Debtor Name	Notes: 36 mnth pymt calc	6/3/2014 2:08 PM	CRS ID

Halt on Case (Orange) means...

- No Outbound Calls
- No Cross-Servicing

IA Documents Available on Case:

- Credit Bureau Report
- Payment calculator
- Signed Financial Statement
- Mailed Installment Agreement
- Payment Coupons

Detailed Payment Tracking from CIR

- History of all payments on IA visible. Click on blue arrow to see more detail
- CIR Posting Date
- CIR Transaction ID
- Type of Payment (e.g., pay.gov, OTC.net, lockbox)

Installment Agreements (IA)

Comments(99)

Filters: Show all cases Show all debtors

Displaying 1-5 of 99 Page: 1

5/18/2015 | 4:16 PM | CRS ID | Debtor: Debtor Name
Waiting for IA Payment

5/18/2015 | 4:15 PM | CRS ID | Debtor: Debtor Name
Pend expired to verify the IA payment due 5/15/2015 was made. Payment posted on 5/1/2015 for \$183.44 which satisfies the due date. Updated the IA tracking SS. Pending the invoice for 2 days after next due date of 6/15/2015.

4/29/2015 | 2:54 PM | CRS ID | Debtor: Debtor Name
Received ib call from Debtor, verified last 4 of SSN. Phone number xxx-xxx-xxxx Debtor was calling to make her monthly payment.

Agency Application Name:
Pay.gov Tracking ID:
Agency Tracking ID:
Account Holder Name:
Transaction Type:
Billing Address:
Billing Address 2:
City:
State/Province:
ZIP/Postal Code:
Country: USA
Email:
Phone:
Card Type:
Plastic Card Number:
Payment Amount:
Current Date and Time:
Order ID:
Order Tax Amount:
Level 3 Data:
Agency Memo:
CRS Invoice Number:
Agency Reference Number:

4/21/2015 | 1:23 PM | CRS ID | Debtor: Debtor Name
Waiting for IA Payment

4/21/2015 | 1:22 PM | CRS ID | Debtor: Debtor Name
Pend expired to verify the IA payment due 4/15/2015 was made. Payment posted on 4/3/2015 for \$183.44 which satisfies the due date. Updated the IA tracking SS. Pending the invoice for 2 days after next due date of 5/15/2015.

Debtor Name
Notes: paymnt deviation request

Financial Information from Debtor for Debtor Name
Notes: FS docs recvd via fax from debtor

Miscellaneous for Debtor Name
Notes: Equifax

Financial Information from Debtor fo Debtor Name
Notes: FS doc recvd from debtor via fax

Financial Information from Debtor for Debtor Name
Notes: FS docs sent via fax

Financial Information from Debtor for Debtor Name
Notes: FS docs recv'd back from debtor

Debtor Correspondence for Debtor Name
Notes: Financial statement to debtor

CRS Servicing Request for Debtor Name
Notes: Send Financial Statement

Miscellaneous for Debtor Name
Notes: Financial Analysis

Past Due Letter for Debtor Name
Notes:

Demand With Due Process Letter for Debtor Name

**Paperless Environment:
All Documentation imaged such as:**

- Letters from Debtor
- Skip Tracing Documents
- Missing Payments
- Dispute Documentation

**Case Comments
Detail History of Debtor <-> Call Agent**

- Detailed notes on every call that connects (inbound and outbound)
- Detailed Payment Information if payment taken over the phone.
- Detailed Notes related to monitoring of IAs.
- Time stamp of outbound calls, inbound calls, and payments made on calls.

Installment Agreements + Compromises

– New CRS System Functionality (Est. late 2015/early 2016)

- System will have better reporting and automation for agencies to monitor IAs and Compromises by program, by debtor, or by receivable.
- System will send monthly payment reminders by mail (or through eBilling).
- Upon request, CRS system can generate a
 - Payment history letter showing the assessment of each payment received to principal, interest, and penalties.
 - Amortization Schedule letter for how future payments (if received on due date) will pay off rem. balance.

– Process Improvements

- Improve the Financial Statement to be easier to use for debtor
- Have Financial Statement available on CRS public website for easier access

Contact Information



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