

Form RD 1956-2 (Rev. 10-96)	UNITED STATES DEPARTMENT OF AGRICULTURE	ADVISE NUMBER
<b>CANCELLATION OR CHARGE-OFF OF INDEBTEDNESS</b>		STATE AND COUNTY OFFICE CODE
TAXPAYER ID NUMBER		CASE NO.
NAME OF DEBTOR(S)		
ADDRESS(ES)		

FOR RHS OFFICE USE ONLY				FOR FINANCE USE ONLY				
FUND CODE	LOAN CODE	FINAL DUE DATE	ORIGINAL AMOUNT OF DEBT	UNPAID BALANCE			FOCAL INTEREST	DATE OF CREDIT
				INTEREST	PRINCIPAL	TOTAL		
TOTAL(S)								

**REASON(S)**

1.  Debtor(s) deceased and there is no reasonable prospect of recovering from his/her estate.
2.  Debtor(s) has/have been discharged in Title 11 Bankruptcy.
3.  Debtor(s) has/have been discharged in bankruptcy other than Title 11. Copy of referee's order of discharge is attached.
4.  Debtor whereabouts unknown and debtor cannot be located without undue expense.
5.  There is no existing security for the debt, and debtor has no known assets from which collection could be made.
6.  Balance of principal amount of total indebtedness is less than the amount authorized in Section 1956.75(b) and efforts to collect have been unsuccessful or it is apparent that further collection efforts would be ineffectual or uneconomical.
7.  The office of the general counsel has advised by memorandum (copy attached) that the claim is legally without merit.
8.  The office of the general counsel has advised by memorandum (copy attached) that the claim cannot be substantiated because evidence necessary to prove the claim in court cannot be produced.
9.  Judgment obtained by United States Attorney, a period of 2 years has elapsed since any collections were made on the judgment; the judgment debtor (all debtors, if more than one), has no property on which the judgment is a lien or on which it can presently be made a lien; and the judgment is uncollectible in whole or in part.
10.  A transfer and assumption to a non-profit corporation to purchase a potentially-prepaying Section 515 loan has not been completed and the "Advance" for direct costs must be cancelled.

Used by RHS officials in connection with the cancellation or charge-off of multi-family housing loans for reasons indicated. Also, for all MFH debt settlement actions which do not require the debtor's signature.

(see reverse)

## REVERSE OF FORM RD 1956-2

FACTS SUPPORTING CANCELLATION OR CHARGE-OFF

### RECOMMENDATION AND APPROVAL

I HEREBY CERTIFY that the above facts in support of the cancellation or charge-off of debts described herein are true and correct to the best of my knowledge and belief, and that the requirements of the law and applicable regulations relating to such settlements have been met and recommended that it be \_\_\_\_\_

(Approved or Rejected)

\_\_\_\_\_  
*Rural Housing Service Official*

Date \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_  
*Address*

This settlement is \_\_\_\_\_ (if rejected, give reasons: )  
*Approved or Rejected.*

Date \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_  
*State Director*

PROCEDURE FOR PREPARATION : RD Instruction 1956-B.

PREPARED BY : Rural Housing Service official.

NUMBER OF COPIES : Original and two copies.

SIGNATURES REQUIRED : Original by designated Rural Housing Service officials.

DISTRIBUTION OF COPIES : After approved  
-Original to State Office files.  
-Copy to borrower's case files.  
- Copy used as input document to ADPS, unless coded as a "Bankruptcy" the copy must be sent to the Finance Office for processing.

ADPS RELATED TRANSACTIONS : 3k, Debt Settlement.

*\*NOTE: Insert Taxpayers Identification Number (TIN) or borrower's Social Security Number (SSN).  
When TIN or SSN are not available, enter 000-00-000.*

#### GENERAL INSTRUCTIONS

- A. This form is used by Rural Housing Service official in connection with the cancellation or charge-off of multi-family housing loans for reason indicated. Also, for all MFH settlement actions in connection with multi-family debts which do not require the debtor's signature.
- B. Fully complete the "FOR RHS OFFICE USE ONLY" section for each loan.
- C. Check the appropriate box in the Reason Section.
- D. Complete in narrative form the section on the reverse with information so that a determination can be made without the use of the loan docket, i.e.:
  - 1. Why the borrower failed.
  - 2. Steps taken to collect the loan(s).
  - 3. Analysis of the debtor's future repayment ability.
  - 4. Why the recommendation of acceptance is in the best interest of RHS.
- E. Recommending official will sign in space indicated and the State Director will indicate in the appropriate space whether it is approved or rejected.