

<b>DEPARTMENTAL REGULATION</b>		NUMBER: 2130-005
SUBJECT: Debt Collection – Use of Credit Reporting Agencies	DATE: November 27, 2006	
	OPI: Office of the Chief Financial Officer	

## 1 PURPOSE

This regulation requires agencies to establish procedures for the use of credit reporting agencies (also known as credit bureaus).

## 2 SPECIAL INSTRUCTION

This regulation supersedes Departmental Regulation 2130-005, Use of Credit Reporting Agencies, dated September 8, 1986.

## 3 POLICY

USDA agencies will report to credit reporting agencies: 1) delinquent consumer debts; and 2) commercial debts current and delinquent owed to the Federal Government, unless those amounts are reported by the Department of Treasury or another entity on the agency's behalf through cross servicing. (Agency means a subagency, office, or corporation within USDA subject to the authority or general supervision of the Secretary)

## 4 AUTHORITIES AND REFERENCES

- a 31 U.S.C. 3711 - Collection and compromise
- b 5 U.S.C. 552a - Records maintained on individuals (Privacy Act)
- c Office of Management and Budget (OMB) Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," November 2000
- d Department of the Treasury, "Managing Federal Receivables," May 2005
- e 7 CFR 3.35 - Disclosure to a credit reporting agency, 50 FR 7722, February 26, 1985, as amended at 55 FR 38663, September 20, 1990

## 5 RESPONSIBILITIES

a Office of the Chief Financial Officer (OCFO) will:

- (1) Establish policy for agencies on the use of credit reporting agencies;
- (2) Represent USDA as the central point of contact on matters related to credit reporting with OMB and Treasury;
- (3) Work with agencies to define and establish credit reporting processes and procedures; and
- (4) Communicate to agencies information related to regulations, requirements and procedures promulgated by OMB and Treasury.

b Agencies will:

- (1) Refer all non-tax, non-tariff commercial accounts (current and delinquent) and all delinquent non-tariff and non-tax consumer accounts to credit reporting agencies. Agencies also may report current consumer debts and are encouraged to do so;
- (2) Develop and implement procedures to report delinquent debts to credit bureaus and other automated databases. Agencies also may develop procedures to report non-delinquent debts to credit bureaus;
- (3) Comply with the Bankruptcy Code and the Privacy Act of 1974;
- (4) When reporting delinquent consumer debts to credit bureaus, be consistent with the due process and other requirements outlined in the Debt Collection Improvement Act (DCIA);
- (5) Report delinquent debts to appropriate databases so lending agencies may enforce the DCIA provision for barring loans against persons who owe debts to the Federal Government;
- (6) Develop and implement procedures as required by OMB Circular A-129 for using Credit Reporting Agencies to obtain information to: use in consideration of applications for loans, loan guarantees, contracts or grants; assess ability of delinquent debtors to repay debts and determine other methods of collecting debt, such as administrative offsets;

- (7) Review debt collection practices techniques and controls periodically to determine compliance with governing statutes, regulations, standards and goals;
- (8) Inform OCFO of agency changes to debt collection policies and procedures;
- (9) Confer with OCFO on controversial issues and problems prior to discussions with OMB and Treasury; and
- (10) Develop and implement internal agency strategies, directives and procedures reflecting debt collection practices and controls consistent with statutes, regulations, policies, and guidance in Sections 3 (Policy), 4 (Authorities and References) and 5 (Responsibilities).

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