

USDA
Form RD 3550-20
(10-96)

Form Approved
OMB No. 0575-0172

APPLICATION FOR SETTLEMENT OF INDEBTEDNESS

(1) COMPROMISE ADJUSTMENT CHARGE-OFF CANCELLATION

NAME OF DEBTOR(S) _____

(2) _____ AND _____

ADDRESS(ES) _____

(2) _____

(3) PART I			
Rural Housing Service Debts	Final Due Date	Original Amount	Unpaid Balance
TOTALS			

(4) PART II - MONTHLY INCOME AND EXPENSES OF BORROWERS			
Gross Monthly Income	Borrower	Co-Borrower	Total
Base Empl. Income	\$	\$	\$
Overtime			
Bonuses			
Commissions			
Dividend Interest			
Total	\$	\$	\$
Monthly expenses	Amount		Monthly Debt Payments
Food	\$		Rural Housing Service
Clothing			Car/Truck
Medical			Car/Truck
Personal Care			Other (Credit cards, Medical installment loans, personal debts)
Utilities			
Other			
School/Charities/Recreation			
Car/Transportation Expenses			
Insurance			
Car			Total
Health/Life			\$
Taxes			
Social Security			
Income Taxes			
Personal Property			
Child Care			
Child support/Alimony			
Total	\$		1. Total Income
			2. Total Expenses
			3. Total Debt Payments
			4. Balance Available (1-2-3)
			to pay RHS debt

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Used by debtors to request settlement of SFH indebtedness.

Used by RHS official to make recommendations concerning settlement of indebtedness.

(see reverse)

<u>PROCEDURE FOR PREPARATION</u>	:	RD Handbooks 3550.
<u>PREPARED BY</u>	:	Debtor or RHS official.
<u>NUMBER OF COPIES</u>	:	Original.
<u>SIGNATURES REQUIRED</u>	:	Original by Debtor (<i>unless not required by instructions</i>) and approval official.
<u>DISTRIBUTION OF COPIES</u>	:	After approved - Original to borrower file. - Copy to borrower for accounts not transferred to the Centralized Servicing Center. - Copy used as input document to ADPS, unless coded as "Compromise," "Adjustment," or "Bankruptcy," or if the fund is greater than 49. IF coded as a "Compromise," "Adjustment," or "Bankruptcy," or if the fund code is greater than "49" the copy must be sent to the Finance Office for processing.
<u>ADPS RELATED TRANSACTION CODES</u>	:	3K, Debt Settlement.

INSTRUCTIONS FOR PREPARATION

- (1) Check the appropriate block.
- (2) Complete name and last known address for all debtors whose debts are being settled.
- (3) Part I - complete all items for every debt for which settlement is requested.
- (4) Part II and Part II, should be completed by debtor except in the following cases:
 - a. Debtor has deceased.
 - b. Debtor has disappeared.
 - c. Debtor has been discharged in bankruptcy.
 - d. The Office of the General Counsel (OGC) has advised by memorandum that the claim is legally without merit.
 - e. The OGC has advised by memorandum that the claim cannot be substantiated because evidence necessary to prove the claim court cannot be produced.
 - f. 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.

PAGE 2 OF FORM RD 3550-20

(4) PART III - FINANCIAL STATEMENT			
Item	Value (Assets)	Unpaid Debt	Creditor
Dwelling			
Other real estate			
Car (year & model)			
Car (year & model)			
Truck (year & model)			
Other vehicles/equipment			
Cash on Hand (Bond, Certificates, etc.)			

(5) PART IV - OFFER AND CERTIFICATION

(A) As a borrower, I individually state that I am unable to pay in full the indebtedness described in Part I hereof. I have acted in good faith in an effort to pay said indebtedness; and I have no reasonable prospects of being able to do so. Therefore, I and any co-borrowers jointly offer the total sum of _____ dollars (\$ _____) in full and complete settlement of said indebtedness, to be paid as follows:

- \$ _____ submitted with this application. Receipt No. _____ Date _____
- \$ _____ on _____, 19 _____
- \$ _____ on _____, 19 _____
- \$ _____ on _____, 19 _____

I understand that if I do not pay any of the above payments when due, the total indebtedness listed in Part I of this application will be immediately due and payable and that any payments paid pursuant to this agreement will be applied to the total indebtedness.

(B) I have not transferred, for less than its value, any property to any relative or another party during the past 5 years except (Explain).

(C) I have not disposed of any mortgaged property in violation of the requirements of the Rural Housing Service (RHS), or its predecessor agencies, except _____.

(D) I have read, or have had read to me, all of this application, which is made for the purpose of obtaining final settlement of indebtedness described in Part I. I hereby certify that all of the statements and representations contained herein are true in all respects to the best of my knowledge and belief. I understand that RHS is required to report any written off indebtedness to the Internal Revenue Service except debts forgiven in bankruptcy or debts for less than \$600.

(E) In making this offer of settlement, I understand and agree that (1) if the offer is accepted I will be notified and the offered amount will be immediately submitted to RHS; (2) if the offer is rejected, I will be notified and if a payment in connection with the offer was submitted with the settlement application, RHS will return the payment to me.

(5) Part IV, with item G as appropriate is required if the debt is to be settled through a compromise or adjustment offer or the debt is cancelled.

PAGE 3 OF FORM RD 3550-20

(F) All of the debts referred to in Part I have been discharged in bankruptcy. ;] Yes [] No

(G) BORROWER _____
(Signature)

BORROWER _____
(Signature)

REMAINDER OF FORM TO BE COMPLETED BY THE GOVERNMENT

(6) PART V - JUSTIFICATION TO SUPPORT COMPROMISE OR ADJUSTMENT

(7) PART VI - JUSTIFICATION TO SUPPORT CANCELLATION OR CHARGE-OFF

1. Borrower is deceased and there is no reasonable prospects of recovering from Borrower's estate.
2. Borrower has been discharged in bankruptcy and is otherwise entitled to cancellation pursuant to Regulations.
(Copies of relevant supporting documents are attached).
3. Borrower's whereabouts are unknown; Borrower cannot be located without undue expense; Borrower has no known assets or future debt-paying ability; and there is not existing security for the debt.
4. There is no existing security for the debt; Borrower has no known assets from which collection could be made; and Borrower is unable to pay any part of the debt and has no reasonable prospect of being able to do so.
5. Balance of principal amount of total indebtedness is less than the amount authorized in the Regulations and efforts to collect have been unsuccessful or it is apparent that further collection efforts would be ineffectual or uneconomical.
6. 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.
7. 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.
8. Judgment was obtained by United States Attorney and their file is now closed; a period of 2 years has elapsed since any collections were made on the judgment; the borrower has no equity in 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.

Other _____

(6) Part V, should be completed by RHS if a compromise or adjustment offer documenting the reason why this action was taken.

(7) Part VI, should be completed to support a cancellation or charge-off.

PAGE 4 OF FORM RD 3550-20

(8) PART VII - RECOMMENDATION AND APPROVAL

This settlement is recommended approved rejected under the authority contained in pertinent law and regulations.

Central Servicing Official (<i>Signature</i>)	Date
---	------

This settlement is approved rejected under the authority contained in pertinent law and regulations.

Administrator (<i>Signature</i>)	Date
------------------------------------	------

(8) Part VII signed by the authorized RHS officials.