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The following information should be included in a Federal agency's written communication(s) with a debtor at least 60-days prior to referring a delinquent debt to the U.S. Department of the Treasury's Financial Management Service for debt collection (cross-servicing). The information may be included in one letter or a series of letters. Agencies should consult with agency counsel to determine what, if any, additional information is required. Letters should be tailored to meet agency-specific and debt-specific statutory and regulatory requirements.

- Nature and amount of the debt, including the basis for the debt.
- Explanation of how interest, penalties, and administrative costs are added to the debt.
- Date by which payment should be made to avoid late charges and enforced collection (generally, 30 days from the date the demand letter is mailed).
- Name, address, and phone number of a contact person or office within the creditor agency.
- Explain the agency's intent to enforce collection if debtor fails to pay by taking one or more of the following actions:
  - Offset the debtor's Federal payments, including income tax refunds, salary, certain benefit payments (such as Social Security), retirement, vendor, and travel reimbursements and advances.
  - Refer the debt to a private collection agency.
  - Report the debt to a credit bureau.
  - Garnish the debtor's wages through administrative wage garnishment (no court order required).
  - Refer the debt to the Department of Justice for litigation (comply with Executive Order 12988).
  - Refer the debt to the U.S. Department of the Treasury for any of the above-described collection actions (advise debtor that agencies are required to refer when debt is 120 or 180 days delinquent depending on circumstances).

## **Demand Letter Checklist**

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- Explain how debtor exercises the opportunity to:
  - Inspect and copy agency's records related to the debt.
  - Request a review of agency's determination of the debt.
  - If applicable, request a waiver.
  - For purposes of salary offset or administrative wage garnishment, request a hearing.
  - Enter into a reasonable written repayment agreement.
  
- Advise the debtor of the following:
  - Notify agency if bankruptcy filed.
  - Penalties for knowingly making false or frivolous statements.
  - Excess collections will be refunded to the debtor, unless prohibited by law.
  - For Federal salary offset, up to 15% of current net disposable pay may be deducted every pay period until the debt is paid.
  - For joint income tax filers, spouse should file Form 8379 with the IRS to claim his/her share of tax refund.