

VA Financial Policies and Procedures  
Referrals for Enforced Collection (Litigation)

CHAPTER 1G

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## 0101 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures relating to the referral of debts to VA Regional Counsels (RC) or the Department of Justice (DOJ) for enforced collection action. VA will exhaust all collection avenues prior to referral to the RC or DOJ for enforced collection (litigation) in accordance with 38 C.F.R. 1.950(b).

010101 AUTHORITY FOR DEBT REFERRAL. In accordance with 38 C.F.R. 1.950(a), VA will refer debts for enforced collection to the RC or DOJ only when all collection actions have been exhausted.

010102 ACTIONS FOR DEBT REFERRAL. VA will use all available collection tools, including the Department of the Treasury's Treasury Offset Program (TOP) and Treasury Cross-Servicing and/or reporting debts to private collection agencies, prior to referring a debt to an RC or DOJ for enforced collection. Refer to Volume XII Chapter 1, "*VA Debt Collection Standards*," for detailed information relating to the due process rights available to debtors and the actions leading up to a referral.

## 0102 POLICIES

010201 AUTHORITY FOR DEBT REFERRAL. VA will take appropriate action to refer debts for enforced collection action only when other collection methods have been exhausted and circumstances indicate that legally pursuing the debt will be beneficial either monetarily or is important to ensure compliance with VA's policies or programs.

010202 ACTIONS FOR DEBT REFERRAL.

A. VA will refer debts to the RC or DOJ for enforced collection when conditions exist that could lead to the collection of the debt.

B. VA will terminate the use of administrative collection activities immediately, upon referring a debt for enforced collection action.

C. VA will deposit all funds received from the RC or DOJ in a timely manner into the appropriate fund or appropriation.

D. VA will maintain debts in its accounting records when referrals are forwarded to the RC or DOJ.

## 0103 AUTHORITY AND REFERENCES

010301 [31 C.F.R. Part 904, Referrals to the Department of Justice](#)

[010302 38 C.F.R.1.950–1.953, Referral to Department of Justice](#)

[010303 Department of the Treasury, Managing Federal Receivables](#)

## **0104 ROLES AND RESPONSIBILITIES**

010401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Specific responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

010402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of the Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

010403 The Debt Management Center (DMC), located in St Paul, MN, is responsible for collecting debts resulting from an individual's participation in VA's education, pension or disability compensation programs within the DMC's jurisdiction. The DMC consults with Veterans and their families in the management and liquidation of their benefit debts.

010404 The Regional Counsel (RC) and designated staff attorneys are authorized, in matters within the jurisdiction of VA's General Counsel, delegated or otherwise assigned, to conduct investigations, examine witnesses, take affidavits, administer oaths and affirmations and certify copies of public or private documents. The RC is authorized to, and shall, under the guidance of the General Counsel, provide legal services, advice and assistance to VA installations within the region assigned. In any area of regulatory, assigned or delegated responsibility, the RC may delegate to staff members or other VA attorneys authority to perform, to the extent specified, any legal function under the professional direction of the RC. The RC may modify, suspend, or rescind any delegated authority.

010405 Delegation of Authorities

A. Debts less than \$600, exclusive of interest and other late payment charges, will not be referred for enforced collection unless:

1. The referral is important to a significant enforcement issue or Departmental policy, or

2. The debtor not only has the clear ability to pay the claim, but the Government can effectively enforce payment, or

3. The claim is being referred solely for the purpose of securing a judgment against the debtor, which will be filed as a lien against the debtor's property and returned to the Finance Activity for enforcement.

B. Debts of \$600 up to \$5,000 (\$2,500 in certain judicial districts).

1. Pursuant to 38 U.S.C. 5316(a), the Secretary has delegated to VA RCs the authority to bring suit in any court of competent jurisdiction to recover any indebtedness owed to the United States by virtue of a person's participation in a benefits program administered by VA. VA has the primary responsibility to collect VA benefit debts up to \$5,000 in certain judicial districts (see Appendix A) and up to \$2,500 in others. The RC may also file suit and conduct litigation in Federal district courts, bankruptcy courts, or State courts and compromise or close claims.

2. VA has the authority to directly refer qualified debts, arising under its compensation, pension, education assistance, educational loan, mortgage loan and medical care programs, to DOJ for enforced collection through litigation.

C. Debts for which the principal amount is between \$5,000 and \$1,000,000 or such other amount as the Attorney General may direct, exclusive of interest or other late penalties, will be referred to the DOJ Nationwide Central Intake Facility, except for those States listed in Appendix A. Claims will be submitted to DOJ, using VA Form 9996, Claims Collection Litigation Report (CCLR).

D. Debts where the principal balance is over \$1,000,000.

Claims will be submitted to DOJ's Civil Division or other division responsible for litigating such debts. Similar to C above, the CCLR will be prepared for submission to DOJ. In preparing the CCLR, refer to the instructions in the [U.S. Attorneys' Manual, paragraph 3.10.130](#). Additional information on the CCLR may also be found in Treasury's publication, "*Managing Accounts Receivable*" (010304).

## 0105 PROCEDURES

010501 AUTHORITY FOR DEBT REFERRAL. VA will refer debts for enforced collection after all attempts to collect them have been taken and when the debtor has not disputed the existence or amount of the debt or has been provided an explanation of the debt, has not requested or was denied a waiver of collection of the debt, has not made a compromise offer on the debt, nor has entered into a repayment agreement.

VA will not refer debts to the applicable RC or DOJ if an administrative appeal or waiver request is pending. Prior to referring a debt to an RC or DOJ, VA will ensure the debtor

is properly notified and the referral is reviewed by the appropriate official having jurisdiction. Debts involving antitrust, fraud or tax matters will be sent directly to the U.S. Attorney of jurisdiction, regardless of amount.

**010502 ACTIONS FOR DEBT REFERRAL.**

A. The Chief of the Finance Activity or Director of the DMC will refer debts to the RC or DOJ for enforced collection when all of the following conditions exist:

1. The debtor has been located.
2. All demand letters were sent and the debtor was given the opportunity to submit a compromise offer, but either no response was received, an offer was received and rejected by appropriate authority, or the Chief of the Finance Activity determined that an exploration of compromise was not warranted.
3. The debtor was notified, at least 30 days prior to referral, of VA's intent to refer the debt and no satisfactory response was received.
4. Financial data indicates that the debtor has the ability to pay the debt in full or in regular monthly installments.
5. Fraud is not an issue.
6. No other benefit award exists that would allow VA to immediately begin to liquidate the indebtedness through administrative offset.
7. The statute of limitations has not expired.
8. No waiver request or administrative appeal is pending.

B. The Chief of the Finance Activity will perform the following tasks on debt referrals:

1. Referrals for Enforced Collection to Regional Counsel. In March 1987, DOJ delegated primary responsibility to VA for collection of VA benefit debts of a certain dollar value.
  - a. The Finance Activity will use all applicable collection tools available, such as referral to Treasury for TOP and cross-servicing or reporting to private collection agencies before referring debts for enforced collection to the RC.
  - b. The Finance Activity will consolidate all known debts for the same individual to accurately determine the full amount owed. Additionally, VA benefits system or other receivable systems should be queried for other debts.

c. The Finance Activity will prepare and forward the referral package directly to the RC of jurisdiction, where the debtor resides, to include the following:

- (1) VA Form 5285, Certificate of Indebtedness.
- (2) Other pertinent documentation. At a minimum, VA Form 4-5244, Centralized Accounts Receivable System (CARS) Master Record Printout, or VA Form 5319, List of Collection Actions, will be furnished. Other documents will be furnished upon request. RCs should not request copies of documents normally filed in the claims folders.
- (3) Commercial Credit Reports. Current credit reports (not more than six months old) obtained from a contractor providing reports under a national General Services Administration (GSA) contract.

d. The Finance Activity will:

- (1) forward any communication received from the debtor concerning the debt after referral to the RC for response.
- (2) advise the RC of the collection activities utilized to date and the results.
- (3) provide photocopies of checks to the RC when court action is imminent.

## 2. Referrals for Enforced Collection to DOJ.

a. DOJ has sole authority to collect, terminate, suspend, or compromise any debt referred by VA. VA should not have any contact with the debtor once a debt is referred to DOJ. Any communication from the debtor concerning the debt will be referred to the appropriate U.S. Attorney for response. However, DOJ will be notified immediately if any payments are received from the debtor.

b. The Finance Activity will include the following information in the referral package sent to DOJ:

(1) VA Form 9996, Claims Collection Litigation Report (CCLR). The CCLR should include the following information, at a minimum:

- i. Copies, not originals, of the relevant account information. Originals may be requested by DOJ at a later date; VA will be prepared to produce them promptly.
- ii. A fully completed Certificate of Indebtedness, submitted as part of the CCLR package. The certificate must be an original document, not a copy, and must be signed by the Chief of the Finance Activity or the Director of the DMC.

- iii. Checklist or report of prior collection actions taken. If VA has not taken any appropriate collection action, the checklist or report will explain why.
  - iv. The current address of the debtor. This may be obtained through various types of research.
  - v. Credit data for the debtor.
- (2) VA Form 5285, Certificate of Indebtedness (Note: This form is part of the CCLR).
- (3) Proper documentation to support the debt (e.g., VA Form 26-1833, Advice Regarding Indebtedness of Obligors on Guaranteed or Insured Loans and VA Form 10-10EZ, Application for Medical Benefits).
- (4) Commercial Credit Report and VA Form 5655, Financial Status Report, if available, and other evidence of the debtor's ability to pay the debt. Credit reports should be no more than six months old at the time of referral and will be obtained from a contractor providing reports under a national GSA contract.
- (5) When a debt maintained by the DMC is referred to DOJ, the DMC will request documentation of the overpayment from the regional office. The regional office will photocopy documentation requested and return the package (including VA Form 4-5280) to the DMC within 30 days of the date of the request.
- c. The Finance Activity will prepare and forward the referral package directly to DOJ in Washington, DC. Title 31 C.F.R. 904.2 of the Federal Claims Collection Standards requires that a CCLR form be sent with all debts referred to DOJ for enforced collection or write-off authority. The appropriate DOJ Agency Code, as listed in Appendix B, will be entered on the completed form.
  - d. The Finance Activity will consolidate all known debts for the same individual to accurately determine the full amount owed.
  - e. DOJ will assess a 3 percent collection fee that will be withheld by DOJ before forwarding the collections to VA.
  - f. Other collection tools, if available and appropriate, such as referral to Treasury for cross-servicing and TOP, or reporting to private collection agencies, will be used before referring debts for enforced collection.
  - g. The Finance Activity will not provide photocopies of checks to the U.S. Attorneys until such time as court action is imminent.
  - h. Salary and non-benefit debts owed by terminated employees will be forwarded to DOJ for enforced collection action after all other collection methods have been

exhausted including referral to Treasury for offset or cross-servicing. (See Appendix A for RC jurisdictions up to \$5,000.)

C. VA will process collections for referred debts as follows:

1. Collections from Debts Referred for Enforced Collection to Regional Counsel.
  - a. Collection payments may be accepted by certified check, money order, bank draft, personal check, wire transfer, or cash.
  - b. Collections are to be credited in a timely manner to the proper accounts. The RC will be notified promptly of the receipt of any collections or changes in an account.
  - c. When a personal check is returned by the bank as uncollectible, the Finance Activity will forward it to the RC who will take appropriate action to collect the amount. The accounts receivable amount applied to the debt will be reversed or added back to the account receivable based on the financial system of record.
  - d. For most debts, the RCs will forward all payments received by them (on the date of receipt) to the applicable VA office for deposit and application to the debt. Exceptions are as follows:

(1) Collection of DMC Debts.

All remittances for receivables established in VA's Centralized Accounts Receivable System will be accepted and forwarded to the DMC for deposit into the proper account.

(2) Collection of Medical Care Receivables (Other Than Third Party Insurance Claims).

Medical care accounts receivable are maintained locally by VA medical centers. The RCs will forward (preferably hand carry) all payments to the nearest agent cashier on the same day that the funds are received in order to ensure that all payments are deposited in accordance with Treasury requirements. The agent cashier will prepare a receipt for the RC, who will forward the receipt to the medical center where the charges originated. The agent cashier will deposit collections and will transfer collections to the appropriate medical center on VA Form 4564, Transfer of Disbursing Authority.

2. Collection from DOJ Referral.

a. The U.S. Attorneys send collections, less collection fees, for all debts referred by VA to the Financial Services Center (FSC) in Austin, TX, via the Intra-Governmental Payment and Collection (IPAC) system. The DMC, or applicable Finance Activity, will resolve discrepancies with DOJ's Debt Management Section.

b. The DMC, or applicable Finance Activity, is responsible for identifying the proper recipient of funds on IPAC and for applying the funds to the proper accounts receivable or transferring the funds to the appropriate regional office, medical center, or VA's Central Office (VACO) Finance Activity. The DMC, or applicable Finance Activity, will contact the office of the U.S. Attorney, whose name appears on the detailed listing, when an amount collected cannot be identified.

c. The DMC, or applicable Finance Activity, will ensure that its DOJ agency code is on the CCLR when a debt is referred so that any collections are returned properly to VA.

d. Funds that do not belong to VA will be returned to DOJ's Debt Management Section.

e. See Appendix C for special handling of certain VA education benefit program debts.

D. Maintenance of Accounting Records.

Accounts referred to the RC or DOJ for collection will remain in VA's accounting records. Accounting entries are not required for debts referred for enforced collection. All VA components that refer debts to the RC will reconcile their records with the RC on a quarterly basis. As part of the reconciliation process, the RC will acknowledge receipt of the case, the dollar amount referred and action they have taken on the case including the reporting of any payments they have received. However, all VA components that refer accounts to DOJ will continue to maintain records reflecting the current status of these referrals.

**0106 DEFINITIONS**

010601 Compromise. An offer and acceptance of a partial payment in settlement and full satisfaction of the offeror's indebtedness, as it exists at the time the offer is made. It is a final settlement, binding on the parties to the compromise, unless procured by fraud, misrepresentation of a material fact or mutual mistake of fact.

010602 Debts. Claims for money made by or owed to the Government, arising out of activities of VA.

010603 Due Process. The constitutional right of "due process" requires an agency to provide debtors with notice of, and the opportunity to dispute, a debt or intended debt collection action.

010604 Intra-Governmental Payment and Collection (IPAC). Treasury system that provides a standardized interagency fund transfer mechanism for Federal Program Agencies (FPA) and facilitates the intra-Governmental transfer of funds with descriptive data from one FPA to another.

010605 Judgment. An obligation (as a debt) created by a final determination of a court of competent jurisdiction.

010606 Litigation. The act or process of bringing or contesting a legal action in court.

010607 Restored Entitlement Program for Survivors' (REPS). Benefits that may be paid to certain surviving spouses and children of members or former members of the Armed Forces who died on active duty before August 13, 1981, or who died from a service-connected disability which was incurred or aggravated before such date.

010608 Statute of Limitations. A statute assigning a certain time after which rights cannot be enforced by legal action or offenses cannot be punished.

010609 Treasury Offset Program (TOP). A centralized offset program, administered by the Treasury's Financial Management Service (FMS) Debt Management Services, to collect delinquent debts owed to Federal agencies and States in accordance with 26 U.S.C. 6402(d) - collection of debts owed to Federal agencies, 31 U.S.C. 3720A - reduction of tax refund by amount of the debts, and other applicable laws.

010610 Treasury Cross-Servicing. Cross-servicing is a referral program consisting of collection tools that include Treasury demand letters, telephone calls to debtors, and the use of one or more of the private collection agencies on the Governmentwide contract which function concurrently with TOP.

010611 VA Benefits Systems. Financial systems that contain information on Veterans' benefit payments and any outstanding accounts receivables.

010612 Waiver. A decision that conditions exist, under the applicable statutes (38 U.S.C. 5302 and 5 U.S.C. 5584) and implementing regulations (38 CFR 1.955-1.969, 17.105) that prohibit recovery by VA of certain debts as defined in the statutes and regulations, including interest and other late payment charges assessed on such debts.

## **0107 RESCISSIONS**

010701 VA Handbook 4800.12, Referrals for Enforced Collection (Litigation)

**0108 QUESTIONS**

Questions concerning these financial policies and procedures should be directed as follows:

|            |                                 |
|------------|---------------------------------|
| VHA        | VHA Accounting Policy (Outlook) |
| VBA        | VAVBAWAS/CO/FINREP (Outlook)    |
| All Others | OFP Accounting Policy (Outlook) |

**APPENDIX A**

**DOJ JUDICIAL DISTRICTS WHERE DOJ DELEGATED PRIMARY RESPONSIBILITY  
TO VA FOR COLLECTION OF DEBTS \$5,000 OR LESS**

|                      |                         |
|----------------------|-------------------------|
| Arizona              | Massachusetts           |
| Arkansas, Eastern    | Michigan, Eastern       |
| Arkansas, Western    | Michigan, Western       |
| California, Central  | Missouri, Eastern       |
| California, Eastern  | Missouri, Western       |
| California, Northern | Montana                 |
| Colorado             | Nebraska                |
| Connecticut          | Nevada                  |
| Florida, Middle      | New Hampshire           |
| Florida, Northern    | New Jersey              |
| Florida, Southern    | New Mexico              |
| Georgia, Middle      | New York, Eastern       |
| Georgia, Southern    | North Carolina, Middle  |
| Idaho                | North Carolina, Western |
| Illinois, Northern   | North Dakota            |
| Iowa, Northern       | Ohio, Northern          |
| Iowa, Southern       | Ohio, Southern          |
| Kansas               | Oklahoma, Eastern       |
| Kentucky, Eastern    | Oklahoma, Western       |
| Kentucky, Western    | Oregon                  |
| Louisiana, Eastern   | Pennsylvania, Eastern   |
| Louisiana, Middle    | Pennsylvania, Western   |
| Louisiana, Western   | Puerto Rico             |
| Maine                | Rhode Island            |
| Maryland             | South Carolina          |
| South Dakota         | Utah                    |
| Tennessee, Eastern   | Vermont                 |
| Tennessee, Western   | Washington, Eastern     |
| Tennessee, Middle    | Washington, Western     |
| Texas, Eastern       | West Virginia, Northern |
| Texas, Northern      | West Virginia, Southern |
| Texas, Southern      | Wisconsin, Western      |
| Texas, Western       | Wyoming                 |

APPENDIX B

DOJ AGENCY CODES  
VBA REGIONAL OFFICES

| Station Number |                    | DOJ Agency Code |
|----------------|--------------------|-----------------|
| 301            | Boston, MA         | VRMA            |
| 304            | Providence, RI     | VRRI            |
| 306            | New York, NY       | VRNY            |
| 307            | Buffalo, NY        | VRNB            |
| 308            | Hartford, CT       | VRCH            |
| 309            | Newark, NJ         | VRNJ            |
| 311            | Pittsburgh, PA     | VRPP            |
| 313            | Baltimore, MD      | VRMD            |
| 314            | Roanoke, VA        | VRVA            |
| 315            | Huntington WV      | VRWV            |
| 316            | Atlanta, GA        | VRGA            |
| 317            | St. Petersburg, FL | VRFL            |
| 318            | Winston-Salem, NC  | VRNC            |
| 319            | Columbia, SC       | VRSC            |
| 320            | Nashville, TN      | VRTN            |
| 321            | New Orleans, LA    | VRLA            |
| 322            | Montgomery, AL     | VRAL            |
| 323            | Jackson, MS        | VRMS            |
| 325            | Cleveland, OH      | VROH            |
| 326            | Indianapolis, IN   | VRIN            |
| 327            | Louisville, KY     | VRKY            |
| 328            | Chicago, IL        | VRIL            |
| 329            | Detroit, MI        | VRMI            |
| 330            | Milwaukee, WI      | VRWI            |
| 331            | St. Louis, MO      | VRMO            |
| 333            | Des Moines, IA     | VRIA            |
| 334            | Lincoln, NE        | VRNE            |
| 339            | Denver, CO         | VRCD            |
| 340            | Albuquerque, NM    | VRNM            |
| 341            | Salt Lake City, UT | VRUT            |
| 343            | Oakland, CA        | VRSF            |
| 344            | Los Angeles, CA    | VRLS            |
| 345            | Phoenix, AZ        | VRAZ            |

| <b>Station Number</b> |                          | <b>DOJ Agency Code</b> |
|-----------------------|--------------------------|------------------------|
| 346                   | Seattle, WA              | VRWA                   |
| 347                   | Boise, ID                | VRID                   |
| 348                   | Portland, OR             | VROR                   |
| 349                   | Waco, TX                 | VRTW                   |
| 350                   | Little Rock, AR          | VRAR                   |
| 351                   | Muskogee, OK             | VROK                   |
| 354                   | Reno, NV                 | VRNV                   |
| 362                   | Houston, TX              | VRTH                   |
| 372                   | Washington, DC           | VRDC                   |
| 373                   | Manchester, NH           | VRNH                   |
| 377                   | San Diego, CA            | VRCS                   |
| 402                   | Togus, ME                | VRME                   |
| 405                   | White River Junction, VT | VRVT                   |
| 459                   | Honolulu, HI             | VRHI                   |
| 463                   | Anchorage, AK            | VRAK                   |

**VA Regional Offices and Insurance Centers (VARO&IC)**

|     |                  |      |
|-----|------------------|------|
| 310 | Philadelphia, PA | VRPH |
| 335 | St. Paul, MN     | VASP |

**Debt Management Center**

|     |              |      |
|-----|--------------|------|
| 389 | St. Paul, MN | VASP |
|-----|--------------|------|

**VA Medical Centers and Domiciliaries**

|              |  |      |
|--------------|--|------|
| All Stations |  | VATX |
|--------------|--|------|

**VA Central Office**

|     |                     |      |
|-----|---------------------|------|
| 101 | VACO Washington, DC | VAHQ |
|-----|---------------------|------|

## APPENDIX C

### SPECIAL HANDLING OF CERTAIN VA EDUCATION BENEFIT DEBTS

**1. Restored Entitlement Program for Survivors' (REPS) Receivables.** RCs will forward collections to their local agent cashiers on the same day of receipt. The data sheet provided by the RC with the collections will identify collections for REPS debts as "331/REPS." (This will be provided by the St. Louis Regional Office Finance Activity in block 9 of the VA Form 5285, Certification of Indebtedness). The agent cashiers will deposit collections into suspense account 36F3875 and will transfer collections to the St. Louis Regional Office Finance Activity on a VA Form 4564, Transfer of Disbursing Authority. REPS collections will be identified with the same code: "331/REPS." (NOTE: Normally, the RCs will receive only the first two payments and then instruct the debtor to make successive payments directly to the St. Louis Regional Office Finance Activity.)

**2. Veterans Job Training Act (JOBS) Receivables.** RCs will forward collections to their local agent cashiers on the same day of receipt. The data sheet provided by the RC with the collections will identify collections for JOBS debts as "362/JOBS." (This will be provided by the Houston Regional Office Finance Activity in block 9 of the VA Form 5285). The agent cashiers will deposit collections into suspense account 36F3875 and will transfer collections to the Houston Regional Office Finance Activity on a VA Form 4564-6, Transfer of Disbursing Authority. JOBS collections will be identified with the same code: "362/JOBS." (NOTE: Normally, the RCs will receive only the first two payments and will then instruct the debtor to make successive payments directly to the Houston Regional Office Finance Activity.)

**3. Chapter 1606 (Montgomery GI Bill-Selected Reserve Program).** The Montgomery GI Bill, in addition to the Chapter 30 Education program codified in 38 U.S.C. 3001-3036, provides for an educational assistance program for individuals entering military service in the Selected Reserve, including the National Guard, after June 30, 1985. The DMC has collection responsibility for Chapter 1606 (57B) overpayments. This section pertains to Chapter 1606 (57B) debts that meet the requirements for referral to the RCs or U.S. Attorneys for enforced collection.

#### A. DMC Procedures

1. The DMC will ensure the education benefit Chapter 1606 (57B) debts are in a current status. Current status means that demand letters have been sent timely and that DMC records reflect an accurate description of all actions taken.

2. Referrals to the U.S. Attorneys will include a VA Form 9996, CCLR, with the attached VA Form 5285, Certificate of Indebtedness.

3. Chapter 1606 (57B) Accounts Receivable are debts established when the Department of Defense (DoD) determines that reservists are not eligible for benefits because they have not met required service obligations. In order to ensure that only legally enforceable Chapter 1606 (57B) accounts receivable are referred for enforced collection, the DMC and Regional Offices will perform the following procedures:

- a. Obtain a valid address for each debtor.
- b. Send the first collection letter stating amount of debt, reason for debt and due process rights.
- c. Send the letter to the Commanding Officer at the same time to verify eligibility status.
- d. If the reservist disputes the debt, suspend collection action for six months to allow DoD time to certify the accuracy of its records. Resume collection after DoD indicates there has been no error on its part.
- e. Refer for enforced collection if no reply or payment is received 30 days after a third collection letter is sent.
- f. If a reservist disputes a Chapter 1606 (57B) accounts receivable, or if correspondence is received from DoD stating that a reservist previously declared ineligible for Chapter 1606 benefits is now eligible, the regional office will forward the dispute or correspondence to the DMC, which will then suspend collection activity until the dispute is resolved.

**4. Survivors' and Dependents' Educational Assistance Program (Chapter 35).**

Before referring a Chapter 35 accounts receivable to the RC or DOJ, the Regional Office's Finance Activity will make an inquiry of the Benefits Delivery Network or other financial systems to determine the existence and pay status of a REPS debt. If such a debt exists, the RC or U.S. Attorney will be notified that the debt may be referred in the near future for the same debtor.