

APPENDIX D. DEBT COLLECTIONS AND DEMAND LETTERS

- D.1 In general, the following sequence of events is to be followed for the collection of debts owed to the National Aeronautics and Space Administration (NASA). NASA [through the NASA Shared Services Center (NSSC)] will send a bill to the debtor containing a specific due date. If the debtor does not respond, the NSSC must issue two demand letters. If the debtor does not respond to the demand letters, the debt is to be referred to Treasury for collection after the debt is 180 days delinquent (refer to Appendix F). If the debt is not paid within 24 months of the time it became delinquent, the Center responsible for the debt shall write-off the debt in its accounting records. Treasury will continue to collect the debt for up to 6 years. If the debt is collected after it is written off, the amount collected must be deposited to miscellaneous receipts. If treasury returns the debt as uncollectible, the Center and NSSC must close out the debt and in most cases NSSC must issue an IRS 1099-C (refer to Appendix I) in the amount of the debt that was not collected.
- D.2 Demand Letters.
- D.2.1 First Demand Letter.
- A. Oral or Written Notice and Hearings. Before implementing the actions in the following sections, Centers shall affirm proper written notice was given to the debtor as required above. Moreover, Centers must coordinate with the Office of General Counsel (OGC) to determine if NASA is required to afford a debtor a hearing or review within the Agency and to assure all rights of the debtor and legal requirements are honored. In those cases where an oral hearing is not required, the Agency shall nevertheless accord the debtor a paper hearing, that is, the Agency will make its determination on the request for waiver or reconsideration based upon a review of the written record.
- B. Future Collection Actions. The first demand letter shall include a statement describing the follow-on actions that NASA will take to collect the debt if it is not paid within 30 days as well as the actions that NASA will take, such as referral to Treasury, after the debt is 180 days delinquent and the final demand letter has been sent.
- D.2.2 Subsequent Demand Letters. If a response is not received within 30 days of the initial demand letter a second demand letter shall be sent that requests immediate payment. The second demand letter shall also remind the debtor of the actions and timeframes that were identified in the initial demand letter. If no response is received within 30 days of the issuance of the second demand letter, the debt may be referred to Treasury for cross servicing. A third demand letter may be sent to the debtor if the Center has reason to believe that doing so will improve the chances of collection. All demand letters shall include the balance of the debt, any interest, administrative charges, and penalties, and the name, address and telephone number where payment can be sent and questions referred. The second demand may be the final notice and shall inform the debtor that the account is delinquent and

will be referred to Treasury for collection or the Department of Justice for further action, unless:

- A. Full payment of the entire outstanding balance is received within 30 calendar days of the date of the notice.
- B. The debtor provides written disclaimer information within 30 calendar days of the date of the notice.