DEPARTMENT OF THE NAVY
BUREAU OF NAVAL PERSONNEL
5720 INTEGRITY DRIVE
MILLINGTON, TN 38055-0000

BUPERSINST 7200.2A
PERS-652
4 Sep 2003

BUPERS INSTRUCTION 7200.2A

From: Chief of Naval Personnel

Subj: COLLECTION OF BAD DEBTS INCURRED BY NAVY MORALE, WELFARE AND RECREATION (MWR) NONAPPROPRIATED FUND INSTRUMENTALITIES (NAFIS)

Ref: (a) DOD 7000.14-R, Volume 7A of Feb 02 (NOTAL)
(b) DOD 7000.14-R, Volume 7B, Chapter 28 of Jun 01 (NOTAL)

Encl: (1) Bad Debt Information Sample
(2) Bad Debt Notifying Letter
(3) Bad Debt Notifying Letter to Servicemember's Commanding Officer
(4) Impending Wage Deduction for Bad Debt Notifying Letter to Service Member
(5) DD 139 (May 53), Pay Adjustment Authorization
(6) Voluntary Wage Deduction Consent Agreement
(7) Impending Wage Deduction for Bad Debt Notifying Letter to Federal Employee
(8) DD 2481 (Apr 86) (EG), Request for Recovery of Debt Due the United States by Salary Offset
(9) Notice of Intent to Offset Sample Letter
(10) Bad Debt Collection through Treasury Offset Program (TOP) Sample Request Letter

1. Purpose. To issue policies and procedures for collecting bad debts and associated administrative fees, including involuntary pay deductions from servicemembers and voluntary pay deductions from Federal employees, as authorized by references (a) and (b). This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. BUPERSINST 7200.2.

3. Scope. This instruction applies to all Navy Morale, Welfare and Recreation (MWR) Nonappropriated Fund Instrumentalities (NAFIs) (hereafter referred to as "MWR NAFI") operated under the auspices of Commander, Navy Personnel Command (COMNAVPERSCOM)

and all bad debts yet to be charged to bad debt expense (i.e., written off).

4. Background. All debtors to a MWR NAFI are liable for their debts. These debts will normally be discharged through a single cash payment. In rare instances, a repayment schedule can be established that adequately protects the interests of both the government and the debtor.

5. Policy

a. It is Navy policy to aggressively pursue collection on all debts owed Department of Defense (DOD) or any of its instrumentalities under 37 U.S.C., section 1007(c). This law authorizes the involuntary deduction from a servicemember's pay of amounts that the proper MWR NAFI official (designated by the installation commanding officer (CO)) administratively determines to be owed the U.S. Government or any of its instrumentalities.

b. Involuntary deductions will be made only from the pay of active duty, reserve and retired servicemembers. Involuntary pay deduction does not encompass debts incurred by non-service members. Instructions for collecting from non-servicemembers are addressed in paragraphs 6b(1)-(5).

c. MWR NAFI is not authorized to assess interest or penalty charges. However, an equitable administrative fee (i.e., service charge) for a bad debt will be assessed to cover a MWR NAFI’s processing costs.

6. Action. MWR NAFI managers will use the following procedures in pursuing collection of bad debts. Paragraphs 6a(1)-(8) apply to servicemember debtors only. Paragraphs 6b(1)-(5) apply to non-servicemember debtors. Paragraph 6c and 6d apply to both service and non-servicemember debtors.

a. Service members only.

(1) Upon recognition of a bad debt or receipt of a dishonored check, record the necessary bad debt information. See suggested format, Bad Debt Information Sample (enclosure (1)). Ensure all action taken is recorded on this sheet. To minimize the MWR NAFI’s dishonored check administrative cost, make

arrangements with the bank or depository to process bad checks a second time (no sooner than 24 hours after the first processing) before returning checks to the MWR NAFI.

(2) Attempt to phone the debtor and verbally inform them of the problem and the following factors:

(a) Debt amount.

(b) Debt date, e.g., dishonored check date, date contract/agreement signed, etc.

(c) Dishonored check/contract/agreement number.

(d) Bank name (checks only).

(e) Date check dishonored (checks only).

(f) Reason check dishonored (checks only).

(g) Description of goods/services provided and on what dates.

(h) Check-cashing (or other) privileges suspended until debt is paid. Send updated bad check list to activities and ensure they are easily accessible to cash registers.

(i) Payment can be made by cash, certified check, or money order to the MWR NAFI.

(j) To cover the administrative cost of processing the debt, an equitable service charge, as determined by the command, will be added unless the debt was a check dishonored because of bank error.

(3) If the debt (including service charge) has not been paid within 10 days of recognizing the bad debt, send a notifying letter via certified mail, return receipt requested, to the servicemember (enclosure (2)). For active duty and reserve personnel, send a notifying letter (enclosure (3)) to the servicemember's CO if payment is not received within 7 days of written notification to the servicemember.

(4) If the debt is still unpaid after 30 days from the bad debt recognition date, send the servicemember a second letter via certified mail, return receipt requested (enclosure (4)). This letter informs the servicemember of their due process rights and of the impending involuntary wage deductions if payment is not initiated.

(5) If after 10 days from mailing the second letter a satisfactory response has not been received, a DD 139 (May 53), Pay Adjustment Authorization (PAA), enclosure (5) will be prepared for active, reserve, or retired members. The requested pay adjustment will be for the amount of the bad debt plus the service charge. Instructions for completing DD 139 are also in enclosure (5).

(6) Send the DD 139, applicable bad debt documentation (front and back copies of dishonored checks, debtor signed contracts/agreements, etc.) and all correspondence relating to collection efforts by cover letter to the servicemember's disbursing office/finance center as listed in enclosure (5). The disbursing office/finance center will only accept bad debt files that fully document all required collection action. If circumstances prevent completion of all required collection actions, request instructions from the disbursing office/finance center before transferring the file.

(7) If the servicemember settles any bad debts at the MWR NAFI after a DD 139 has been sent, a message must be sent to the same disbursing office/finance center, advising the DD 139 should be canceled because the servicemember settled the debt. If a payment is later received from the disbursing office/finance center indicating the DD 139 was not canceled, a refund will be made to the servicemember or a credit DD 139 prepared, whichever is more practical.

(8) If payment is not received from the disbursing office/finance center within 45 days of submitting the DD 139, submit a written status request to the office/finance center and include a copy of the applicable DD 139. If payment cannot be accomplished through the disbursing office/finance center, the following non-servicemember collection measures can still be exercised.

b. Non-servicemembers

(1) Although involuntary pay deduction doesn't apply to non-servicemembers, voluntary deductions can be readily taken from Federal workers' pay if the MWR NAFI obtains a signed consent for pay deductions from the debtor. Enclosure (6) is a suggested consent agreement that MWR NAFI's can have their customers sign at the time of a purchase, order placement, membership enrollment, contract signing, etc. The consent form should always be obtained whenever the potential for material charges exist or the customer is a credit risk. Even if a customer is not a Federal employee, the signed consent has universal merit in any pay adjustment or debt collection action. Include in SOP and cashier training to sign non-servicemember consent form for automatic pay deductions.

(2) Collection efforts for non-servicemember debts should begin with verbal attempts to reach a solution with the debtor or, if applicable, the debtor's military sponsor. If verbal efforts fail, send written notification, certified mail, return receipt requested, to the debtor and, if applicable, the debtor's military sponsor. Use the applicable parts of enclosures (1), (2) and (3) in the collection effort process.

(3) If a debt remains unpaid, choices for recovery still exist such as notification from the CO to the debtor's military sponsor, wage deductions if the debtor is a Federal employee who signed a consent agreement, referral to Navy Criminal Investigative Service (NCIS), legal action against the debtor/referral to the Treasury Offset Program (TOP) as described in paragraph 6.c.

(4) If the non-servicemember debtor is a Federal employee from whom the MWR NAFI has a signed consent agreement to wage deductions (see enclosure (6)), and the applicable steps of enclosures (1) and (2) have been executed, and 30 days have passed with no response received from the debtor on enclosure (2), send the debtor notification of impending wage deduction for bad debt (enclosure (7)), via certified mail, return receipt requested.

(5) If, after 10 days from mailing enclosure (7), a satisfactory response has not been received, prepare a DD 2481, Request for Recovery of Debt Due the United States by Salary

Offset (enclosure (8)) for the amount of the bad debt, plus the service charge, and forward the form and supporting documentation to the employee's pay office. Enclosure (8) also includes DD 2481, guidelines for use of form. The MWR NAFI will have to determine the proper mailing address for enclosure (8).

c. TOP

(1) Applies to both servicemember and non-servicemember debtors.

(2) When all other attempts at collection have failed the debt can be referred to the TOP for offset against any Federal payments due the debtor.

(3) To be referred to TOP for offset

(a) the debt must be at least 180 days but less than 10 years old.

(b) collection procedures stated in this policy must have been followed.

(c) a notification letter (enclosure (9)) must be sent to the debtor at least 60 days prior to the date of submission of debt for TOP.

(d) the debt must be at least $25 including any service charge.

(4) After the requirements listed above are met, draft a letter requesting that the debt be submitted to the Treasury Offset Program for collection (see the Bad Debt Collection Through Treasury Offset Program (TOPS) Sample Request Letter (enclosure (10)). Forward the letter along with a copy of the front and back of the returned check or a copy of the contract to Navy Personnel Command (NAVPERSCOM) (PERS-652G4), at the address listed in enclosure (10). Although some of the information on the form is optional, the more information provided the better the chance of collecting the debt.

(5) The original files should remain at the local office in order to answer any questions or settle any disputes that may arise once the debt is referred to the Department of the

Treasury. This collection method is provided at no cost to the MWR NAFI. All charges for offset are passed on to the debtor.

(6) As amounts are collected on the debts, NAVPERSCOM Recreation and Mess Centralized Accounting System (RAMCAS) will transfer the funds to the command's local bank account.

d. Write-Offs. Bad debts will be written off only for those debtors for whom involuntary pay deduction is not effective or authorized, such as persons separated from the service, absentees, deserters, or non-servicemembers. Write-offs can only be approved by the CO.

7. Forms Availability. The following forms may be obtained on line at http://www.dior.whs.mil/icdhome/FORMTAB.HTM.

a. DD 139 (May 53), Pay Adjustment Authorization.

b. DD 2481 (Apr 86), Request for Recovery of Debt Due the United States by Salary Offset.

J. W. TOWNES, III
Rear Admiral, U.S. Navy
Deputy Chief of Naval Personnel

Distribution:
SNDL Parts 1 & 2

BAD DEBT INFORMATION SAMPLE
FOR OFFICIAL USE ONLY (When Filled In)

Debtor Name: _____

Rank/Rate/Position: _____

SSN: _____

Service/Employer: _____

Duty/Work Address: _____

Duty/Work Phone No.: _____

Home Address: _____

Home Phone No.: _____

Check/Contract/Agreement No.: _____

Check/Contract/Agreement Date: _____

Check/Contract/Agreement Amount: _____

*Bank Returning Check: _____

*Date Bank Returned: _____

*Reason Bank Returned: _____

Service Charge: _____

Date Verbally Notified: _____

Date Letter Notified: _____

**Date Letter Notified of Impending Deductions: _____

**Date Forwarded DD 139 or DD 2481: _____

Amount Paid/Date: _____

FOR OFFICIAL USE ONLY (When Filled In)

BAD DEBT INFORMATION SAMPLE (CONT'D)
FOR OFFICIAL USE ONLY (When Filled In)

*****If the unpaid debt is not a dishonored check, use these lines to list pertinent debt information, e.g., dates and types of service or goods provided the debtor.

******Servicemembers and Federal employees only.

BAD DEBT NOTIFYING LETTER

From: Morale, Welfare and Recreation Director (Name of Installation)
To: (Debtor)

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO._____IN THE AMOUNT OF $_____

1. A personal check that you negotiated with us has been returned by our bank as dishonored. The following information concerns the check:

a. Drawer name: _____

b. Duty station or home address: _____

c. Check amount: _____

d. Check date: _____

e. Check number: _____

f. Bank name: _____

g. Date bank returned: _____

h. Reason bank returned: _____

- Alternate paragraph one for Unpaid Contracts/Agreements:

1. Per the terms of our contract/agreement no._____ you signed with us on _____, we should have received your payment as we have delivered to you in good faith the agreed to goods/services. The following information concerns this debt:

(List facts relevant to the debt.)

2. Because of this bad debt, your check-cashing (or other) privileges have been suspended. Your privileges will remain suspended until you have repaid the debt with us, either by money order, certified check, or cash. If repayment is not received within 7 days from the date of this letter, we will

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO._____IN THE AMOUNT OF $_____

notify your commanding officer in writing of this problem. (Preceding sentence and following paragraph for servicemembers only. See alternate paragraph 3 below for non-servicemembers.)

3. If you do not repay this debt within 30 days of this letter and we determine the debt meets the administrative criteria, we will initiate the paperwork to have this debt amount and a service charge of $_____ deducted from your pay. Therefore, we encourage you to contact us as soon as possible to arrange a settlement. Please phone ___(name)_____ at ___(number)_____.

-Alternate paragraph 3 for Federal Employee Debtors-

3. If you do not repay this debt within 30 days of this letter, we will initiate the paperwork to have this debt amount and a service charge of $_____ deducted from your pay. This is per the written consent to such action that you signed with us on (date). Therefore, we encourage you to contact us as soon as possible to arrange a settlement. Please phone ___(name)__ at (number.

-Alternate paragraph 3 for All Other Non-Servicemember Debtors-

3. If you do not repay this debt within 15 days of this letter, we will refer this debt to a private collection agency. To avoid this action we encourage you to contact us as soon as possible to arrange a settlement. Please phone __(name)__ at (Number).

BAD DEBT NOTIFYING LETTER
TO SERVICEMEMBER'S COMMANDING OFFICER

From: Morale, Welfare and Recreation Director (Name of Installation)
To: (Service Member's Commanding Officer)

Subj: DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO. _____ IN THE AMOUNT OF $_____

Ref: (a) BUPERSINST 7200.2A

1. Per the requirements of reference (a), a dishonored check, drawn by the individual named below, was negotiated with us. We provide you this information for such action as you deem appropriate.

a. Drawer name: _____

b. Duty station or home address: _____

c. Check amount: _____

d. Check date: _____

e. Check number: _____

f. Bank name: _____

g. Date bank returned: _____

h. Reason bank returned: _____

i. Date and method drawer was notified: _____

j. Restitution status: _____

k. Action requested: _____

l. Additional information: _____

For further information please contact _____(name)_____ at _____(number)_____.

Subj: DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO. _____ IN THE AMOUNT OF $_____

- Alternate paragraph one for Unpaid Contracts/Agreements –

1. Per the requirements of reference (a), a bad debt was incurred by us from the individual named below. We provide you this information for such action as you deem appropriate. (List facts relevant to the debt)

IMPENDING WAGE DEDUCTION FOR BAD DEBT
NOTIFYING LETTER TO SERVICEMEMBER

From: Morale, Welfare and Recreation Director (Name of Installation)
To: (Servicemember)

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO. _____ IN THE AMOUNT OF $_____

Ref: (a) DOD 7000.14-R, Volume 7A, Chapter 50
(b) SECNAVINST 7220.38E

1. Per reference (a), we advise you of your debt to this U.S. Government Instrumentality in the amount of $_____. This debt is the result of _____.

2. You may inspect and copy all records and review all decisions pertaining to this debt. If you consider this debt already paid, please provide us with a receipt, a canceled check, or other evidence of payment. If you consider this debt invalid, please explain to us why - either verbally or in writing. We will then assist you in resolving the issue.

3. If you admit owing this debt but feel you should not be required to repay it, you have the right to request remission of the debt. Information concerning the preparation and submission of remission requests is contained in reference (b). Assistance in preparing such a request can be obtained from your personnel office.

4. If you do not wish to exercise your rights as explained in paragraphs 2 and 3, you have the following options for liquidating this debt:

a. One-time cash repayment.

b. Cash deposit with remainder to be paid by installment.

c. Installment repayment of the entire debt.

We will grant options 4b or 4c only upon your written request and only if a one-time cash repayment would create a financial

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO. _____ IN THE AMOUNT OF $_____

hardship. If you have not repaid us or expressed a preference within 10 days from the date of this letter, we will prepare a DD 139, Pay Adjustment Authorization, and send it to your disbursing office to have the debt and service charge of $_____ deducted from your pay. In the event of your separation, any remaining debt will be collected from your final pay and allowances. Therefore, we strongly urge you to consult with us in order to arrive at a satisfactory resolution. Please phone _____(name)_____ at ___(number)___.

PAY ADJUSTMENT AUTHORIZATION FORM

PAY ADJUSTMENT AUTHORIZATION					NOTE: If member has been transferred, forward this authorization to the officer currently maintaining the member's pay record.		
MEMBER (Last name) (First) (Middle)				SSAN	GRADE/RANK/RATE	BRANCH OF SERVICE	DATE
PAY GRADE NO.	LAST PAY RECORD EXAMINED	AMOUNT	APPROPRIATION DATA				
FROM			NAME OF ACCOUNTABLE D.O.				
			SYMBOL NO.	G.A.O. EXCEPTION CODE			
TO			YOU ARE HEREBY AUTHORIZED TO ☐ CHARGE ☐ CREDIT THE MILITARY PAY RECORD OF THE MEMBER LISTED ABOVE				

EXPLANATION AND/OR REASON FOR ADJUSTMENT

The above adjustment is based on a thorough examination of all available records. If the Disbursing Officer has knowledge that a previous adjustment has been made or why the adjustment should not be made for the same item, this authorization should be returned with a brief statement of the reason for failure to make adjustment.

FROM	CERTIFYING OFFICER (Name, rank/grade, and signature)

CERTIFICATE

I CERTIFY that the adjustment indicated above has been entered on the above-named member's Military Pay Record. (If adjustment has not been entered, give explanation on reverse over D.O.'s signature and symbol number.)

TO	TYPED NAME AND GRADE OF D.O.	
	D.O. SYMBOL NO.	DATE
	SIGNATURE	

DD FORM 139, MAY 53 EDITION OF THIS FORM NOT HAVING SSAN IS OBSOLETE AFTER 30 JUN 69. *Form approved by Comp. Gen., U.S. April 23, 1953*

PAY ADJUSTMENT AUTHORIZATION (DD 139)
COMPLETION INSTRUCTIONS

Block	**Description**
Member:	Enter member's name (last, first, middle initial)
SSN:	Enter the member's social security number.
Grade/Rank/Rate:	Enter member's grade/rank/rate.
Branch of Service:	Enter the member’s service branch.
Date:	Enter date form prepared.
Pay Grade No.:	No entry.
Last Pay Record Examined:	No entry.
Amount:	Enter the amount of the unpaid debt plus administrative fee (service charge).
Appropriation Data:	Enter "Send Check to Navy Morale, Welfare, and Recreation (Name of Installation and complete mailing address.)”
From:	Enter name and title of Morale, Welfare and Recreation Director or designated MWR NAFI official.
Name of Accountable D.O.:	Enter the name of the member's Disbursing Officer or applicable Finance Center.
Symbol No.:	No entry.
G.A.O. Exception Code:	No entry.
To:	Enter the name and address of the applicable Disbursing Office or Finance Center.

You are Hereby Authorized to: Put an X in the Charge block

Block	**Description**
Explanation and/or Reason for Adjustment:	Enter “Morale, Welfare and Recreation, (Name of Installation) has (received a dishonored check) (incurred an unpaid contract/ agreement) from above member. The adjustment is in the amount of the (dishonored check) (unpaid contract/ agreement) $_____plus $_____ administrative fee (service charge) totaling $_____ Enter "A check is to be issued to Morale, Welfare and Recreation (Name of Installation) for money owed."
From:	Enter “Morale, Welfare, and Recreation,” name of installation and address.
Certifying Officer:	Enter name of designated Morale, Welfare and Recreational official.

PAY ADJUSTMENT AUTHORIZATION (DD 139)
FORWARDING LOCATIONS

If Debtor is:	Then Forward to:
Navy - Active Duty:	DFAS - CL/F AJC Federal Building 1240 E. 9th Street Cleveland OH 44199-2055
Navy – Reserve:	DFAS - CL/FM AJC Federal Building 1240 E. 9th Street Cleveland OH 44199-2055
Navy – Retired:	DFAS- CL/FR U.S. Military Retired Pay P.O. Box 7130 London KY 40742-7130
Marine Corps - Active Duty:	DFAS - KC/FBL 1500 E. 95th Street Kansas City MO 64197-0001
Marine Corps – Reserve:	DFAS - KC/FBL 1500 E. 95th Street Kansas City MO 64147
Marine Corps – Retired:	DFAS U.S. Military Retired Pay P.O. Box 7130 London KY 40742-7130
Air Force - Active Duty:	DFAS - DE/PMJPA 6760 E. Irvington Place Denver CO 80279-3000
Air Force – Reserve:	DFAS - DE/PMJPR 6760 E. Irvington Place Denver CO 80279-7000
Air Force – Retired:	DFAS - CL/FR U.S. Military Retired Pay P.O. Box 7130 London KY 40742-7130

PAY ADJUSTMENT AUTHORIZATION (DD 139)
FORWARDING LOCATIONS (CONT'D)

If Debtor is:	Then Forward to:
Army - Active Duty:	DFAS - IN Military Pay Operations Mail Stop 103 8899 E. 56th Street Indianapolis IN 46249
Army – Reserve:	DFAS - IN Military Pay Operations Mail Stop 99 Attn: Reserve Pay 8899 E. 56th Street Indianapolis IN 46249
Army – Retired:	DFAS U.S. Military Retired Pay P.O. Box 7130 London KY 40742-7130

VOLUNTARY WAGE DEDUCTION CONSENT AGREEMENT

I consent to collection from any amounts due me from the U. S. Government or its instrumentalities for unsettled debts plus applicable reasonable service charges that have been incurred by me or my family members with the ____(MWR NAFI Name)____.

_____ _____
(Customer's Name) (Date)

IMPENDING WAGE DEDUCTION FOR BAD DEBT
NOTIFYING LETTER TO FEDERAL EMPLOYEE

From: Morale, Welfare and Recreation Director (Name of Installation)
To: (Federal Employee)

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO._____ IN THE AMOUNT OF $_____

Ref: (a) Your Voluntary Wage Deduction Consent Agreement of _____(Date)

1. Per reference (a), we advise you of your debt to this U. S. Government Instrumentality in the amount of $_____. This debt is the result of_____.

2. You may inspect and copy all records and review all decisions pertaining to this debt. If you consider this debt already paid, please provide us with a receipt, a canceled check, or other evidence of payment. If you consider this debt invalid, please explain to us why - either verbally or in writing. We will then assist you in resolving the issue.

3. If you do not wish to exercise your rights as explained in paragraph 2, you have the following options for liquidating this debt:

a. One-time cash repayment.

b. Cash deposit with remainder to be paid by installment.

c. Installment repayment of the entire debt.

We will grant options 3b or 3c only upon your written request and only if a one-time cash repayment would create a financial hardship. If you have not repaid us or expressed a preference within 10 days from the date of this letter, we will prepare a DD 2481, Request for Recovery of Debt Due the United States by Salary Offset and send it to your disbursing office to have the debt and service charge of $ _____ deducted from your pay.

Subj: YOUR DEBT TO MWR FOR (DISHONORED CHECK) (UNPAID CONTRACT/AGREEMENT) NO._____ IN THE AMOUNT OF $_____

In the event of your separation, any remaining debt will be collected from your final pay and allowances. Therefore, we strongly urge you to consult with us in order to arrive at a satisfactory resolution. Please phone (name) at (number).

REQUEST FOR RECOVERY OF DEBT DUE THE UNITED STATES BY SALARY OFFSET

1. PAYING AGENCY IDENTIFICATION	2. EMPLOYEE IDENTIFICATION	
a. NAME	a. NAME *(Last, First, Middle Initial)*	
b. ADDRESS *(Street, City, State and Zip Code)*	b. ADDRESS *(Street, City, State and Zip Code)*	
	c. DATE OF BIRTH	d. SOCIAL SECURITY NUMBER

To liquidate a debt to the United States, the named Creditor Component asks that the debt be collected as shown from the current pay of the employee identified above. Notices and inquiries concerning the debt should be sent to the address shown below.

3. DEBT INFORMATION

a. REASON FOR DEBT				
b. DATE RIGHT TO COLLECT ACCRUED		c. DEBT IDENTIFICATION NUMBER, IF ANY		
d. ORIGINAL DEBT AMOUNT	$	e. NUMBER OF INSTALLMENTS	@ (1)	Amount (2)
f. INTEREST DUE *(If none, show N/A)*	$			$
g. PENALTY DUE *(If none, show N/A)*	$			$
h. ADMINISTRATIVE COST *(If none, show N/A)*	$			
i. TOTAL COLLECTION TO BE MADE		j. COMMENCE DEDUCTIONS ON *(Enter date)*		

4. DUE PROCESS *(X applicable items and either enter date action taken in Column (1) or X Column (2) or (3) and attach acknowledgement or consent.)*

		Date Action Taken (1)	Acknowledgement (2)	Consent (3)			Date Action Taken (1)	Acknowledgement (2)	Consent (3)
	a. CREDITOR COMPONENT 30 DAY SALARY OFFSET NOTICE					d. HEARING HELD			
	b. EMPLOYEE DID NOT RESPOND (Consent assumed)					e. DECISION FOR CREDITOR COMPONENT			
	c. EMPLOYEE REQUESTED A HEARING					f. OTHER *(Specify)*			

I certify the following:

(1) The debt identified above is properly due the United States from the named employee in the amount shown;

(2) This Agency's regulations implementing 5 U.S.C. 5514 have been approved by the Office of Personnel Management; and

(3) The information concerning this Component's and the employee's actions is correct as stated.

5. CREDITOR COMPONENT INFORMATION

a. NAME	b. APPROPRIATION/FUND	
	(1) Title	(2) Symbol No.
c. ADDRESS *(Street, City, State and Zip Code)*	d. DISBURSING OFFICER	
	(1) Name *(Last, First, Middle Initial)*	(2) Symbol No.
e. CERTIFYING OFFICIAL		
(1) Signature		(2) Date Signed
(3) Title		(4) Telephone Number

DD Form 2481, APR 86

DD Form 2481
REQUEST FOR RECOVERY OF DEBT DUE THE UNITED STATES BY SALARY OFFSET

(Debt Claim Form)

AUTHORITY: DoD Instruction 7045.18

GUIDELINES FOR USE OF FORM

The information requirements for this form are rather obvious and with the exception of entry 3.e., the information can be obtained from the records of the Creditor Component. The Creditor Component must rely on the Paying Agency's cooperation and assistance in ascertaining a debtor's disposable pay. We recommend that DoD Components contact the Paying Agency to get the amount of disposable pay, compute the appropriate proposed installment payments and include the computed amount in the final demand notice to the debtor. This will ensure that the proposed installment payments are correct and assist the debtor in making a judgment on whether to challenge the amount of the proposed installment deduction.

This debt claim form has been designed primarily for requesting recovery of a debt by salary offset and certifying that due process has been completed when a debtor has not: responded to a demand for payment; requested a hearing; or refuted the Creditor Component's proposed installment deductions.

Regulations limit installment payments to 15 percent of a debtor's disposable pay, unless the debtor has authorized a larger amount to be withheld. The Creditor Component is required to designate on the debt claim form the number of installments and the amount of each installment when requesting offset from the Paying Agency. However, if the Creditor Component has not been successful in obtaining a debtor's disposable pay, entry 3.e. may be completed by including the words, "15 percent of disposable pay." In this case, entry 3.i. would be left blank.

DD Form 2481, APR 86

NOTICE OF INTENT TO OFFSET
(SAMPLE LETTER)

(Date Letter Mailed)

(Name of Debtor)
(Address of Debtor)

RE: Amount of past due debt owed to: (MWR/VQ Fund Name) $(Amount owed) Date debt became past due: (Date of Delinquency) Account/Case Number: (Enter Internal Number if Used)

Dear: (Name of debtor)

1. You have not paid the amount you owe to (MWR/VQ Fund Name). (If not previously provided, explain the nature of the debt. For example, bounced check number XX dated XX/XX/XX). If you do not pay your debt or take other action described below before (date equal to 60 days from the date of this letter), (MWR/VQ Fund Name) will submit your debt to the U. S. Department of Treasury Offset Program. The total amount listed above includes a service charge of $ (amount of your service charge).

2. TREASURY OFFSET PROGRAM (TOP): Once your debt is submitted to the TOP, the U. S. Department of the Treasury (U. S. Treasury) will reduce or withhold any of your eligible Federal payments by the amount of your debt. This process, known as "offset" is authorized by the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996. You may not receive another notice before your payment is offset. Federal payments eligible for offset include:

a. your Federal income tax refunds (See attachment A for additional information).

b. your Federal salary pay, including military pay (See attachment A for additional information).

c. your Federal retirement, including military retirement pay.

d. your contractor/vendor payments.

e. certain Federal benefit payments, such as Social Security (other than Supplemental Security Income (SSI)), Railroad Retirement (other than tier 2), and Black Lung (part B) benefits.

f. other Federal payments, including certain loans to you, that are not exempt from offset.

3. Before we submit your debt to the TOP, we are required to tell you that you may (1) inspect and copy our records related to your debt; (2) request a review of our determination that you owe this debt and if required by law, request a waiver of all or a part of the debt; this review may be in the form of a hearing if we determine that a hearing is required; and (3) enter into an acceptable written repayment agreement. (See attachment A for additional information.)

4. TO AVOID THE TOP, you must do one of the following by (date equal to 60 days from the date of this letter):

a. Repay your debt. To repay your debt, send a check or money order, payable to (Enter the name of your MWR/VQ Fund), for the full amount that you owe to: (Fund's mailing address).

b. Agree to a repayment plan. If you are unable to pay your debt in full, you must contact (name of the MWR/VQ Fund POC and telephone number), agree to a repayment plan acceptable to us, and make payments required in the repayment plan.

c. Request a review if you believe the debt is not owed. If you believe that all or a part of the debt is not past due or legally enforceable, you must send evidence to support your position to: (name and address of local MWR/VQ Fund). We will inform you of our decision about your debt.

5. BANKRUPTCY. If you filed for bankruptcy and the automatic bankruptcy stay is in effect, you are not subject to offset while the stay is in effect. Please notify us of the stay by sending evidence concerning the bankruptcy. If you make or provide any knowingly false or frivolous statements, representations, or evidence, you may be liable for penalties under the False Claims Act (31 U.S.C. §§3729-3731), or other applicable statutes/criminal penalties under 18 U.S.C. §§286, 287, 1001 and 1002, or other applicable statutes.

6. Unless prohibited by law or contract, we will promptly refund to you any amounts paid by you or deducted from your payment for your debt which are later waived or found not owed to the United States.

7. If you have any questions about this letter or your rights, you should contact (name of the MWR/VQ Fund POC and telephone number) immediately.

Sincerely,

(Your MWR/VQ Fund)

Enclosure

ATTACHMENT A

1. If you file a joint income tax return you should obtain Department of Treasury Internal Revenue Form 8379, Injured Spouse Claim and Allocation, before filing your return. The instructions will explain the steps your spouse may take to obtain their share of your joint income tax refund.

2. If you are or become a federal employee your current net disposable pay is subject to offset if you do not pay your debt or take other action as described in the attached letter. Under the TOP, the U.S. Treasury will deduct up to 15 percent of your disposable net pay beginning in the pay period that your debt is submitted to the TOP, and continuing every pay period until your debt, including interest, penalties and other costs is paid in full.

3. You are entitled to a hearing to dispute the existence or amount of the debt, or the amount of the payroll deduction. To request a hearing, you must file a written request for a hearing no later than 15 days from the date of this notification. The timely filing of a petition for hearing will stay the commencement of salary offset proceedings. A final decision on the hearing (if one is requested) will be issued no later than 60 days after the filing of a petition requesting the hearing (unless extended by the hearing official). Written requests for a hearing must be sent to: (enter the local MWR/VQ mailing address).

4. If you make or provide any knowingly false or frivolous statements, representations, or evidence, in addition to other penalties, you may be subject to disciplinary actions. If you become a Federal employee after receipt of this letter you should contact (enter the name and telephone number of POC at local MWR/VQ office) immediately.

BAD DEBT COLLECTION THROUGH
TREASURY OFFSET PROGRAM (TOPS) SAMPLE REQUEST LETTER
FOR OFFICIAL USE ONLY (When Filled In)

From: Morale, Welfare and Recreation Director (Name of Installation)
To: Navy Personnel Command (PERS-652G4)

Subj: REQUEST FOR BAD DEBT COLLECTION THROUGH TREASURY OFFSET PROGRAM (TOPS)

1. The following information is being provided to initiate bad debt collection through the Treasury Offset Program (TOPS):

(*Mandatory Information)

* Debtor Name (Last, First, Middle): _____
* Social Security Number: _____
  Rank/Rate/Position: _____
  Branch of Service/Employer: _____
  Duty/Work Address: _____
  Duty/Work Phone Number: _(___)_____
* Home Address: _____
  Home Phone Number: _(___)_____
* Check/Contract/Agreement Number: _____ Date: _____
* Check/Contract/Agreement Amount: _$_____
  Name of Bank Returning Check: _____
* Date Bank Returned Check: _____
  Reason Bank Returned: _____
* Service Charge Amount: _$_____
  Date Debtor Verbally Notified: _____
  Date Debtor Notified by Letter: _____
* Amounts Paid: $_____* Date of Payments: _____
* Date TOPS Letter Sent and Result: _____
  Further Requests, Notifications and Responses:_____
  _____
* If we are able to collect the debt, where should the amount be credited?
* BLAS Coding:(Fund/Act/GL Acct/Dept) _____
* SAP Coding:(Co Code/GL Acct/Cost Center or Customer No.)
  _____

FOR OFFICIAL USE ONLY (When Filled In)

FOR OFFICIAL USE ONLY (When Filled In)

Subj: REQUEST FOR BAD DEBT COLLECTION THROUGH TREASURY OFFSET PROGRAM (TOPS)

2. If you have any questions related to the above information, our POC is _____, Comm (__)_____, DSN _____, E-Mail P652G4@persnet.navy.mil.

_____ Date_____
Signature

Fund #_____

Note: Attach copy of both front and back of returned check and forward to:

Navy Personnel Command (PERS-652G4)
5720 Integrity Drive
Millington, TN 38055-6520
Phone – Comm (901) 874-6623/DSN 882, Fax 6811
E-Mail –

FOR OFFICIAL USE ONLY (When Filled In)