

care, or home loan program under authority of Title 38, U.S. Code.

(2) Interest and administrative costs of collection on such debts described in paragraph (a)(1) of this section where repayment has become delinquent (as defined in 31 CFR 900.2(b)), and

(3) Interest, administrative costs, and penalties in accordance with 31 CFR 901.9 on all debts other than those described in paragraph (a)(1) of this section.

* * * * *

(c) The rate of interest charged by VA shall be based on the rate established annually by the Secretary of the Treasury in accordance with 31 U.S.C. 3717 and shall be adjusted annually by VA on the first day of the calendar year. Once the rate of interest has been determined for a particular debt, the rate shall remain in effect throughout the duration of repayment of that debt. When a debtor defaults on a repayment agreement and seeks to enter into a new agreement, VA may require payment of interest at a new rate that reflects the current value of funds to the Treasury at the time the new agreement is executed. Interest shall not be compounded, that is, interest shall not be charged on accrued interest and administrative costs required by this section. If, however, a debtor defaults on a previous repayment agreement, interest and administrative costs that accrued but were not collected under the defaulted agreement shall be added to the principal under the new agreement.

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(g) Administrative costs assessed under this section shall be the average costs of collection of similar debts, or actual collection costs as may be accurately determined in the particular case. No administrative costs of collection will be assessed under this section in any cases where the indebtedness is paid in full prior to the 30-day period specified in paragraph (e) of this section, or in any case where a repayment plan is proposed by the debtor and accepted by VA within that 30-day period, unless such repayment agreement becomes delinquent (as defined in 31 CFR 900.2(b)).

§ 1.920 [Removed]

22. Section 1.920 is removed.

§ 1.921 [Removed]

23. Section 1.921 is removed.

§ 1.922 [Redesignated as § 1.916]

24. Section 1.922 is redesignated as § 1.916 and is amended by:

A. Revising paragraph (d)(2)(i).

B. Revising the authority citation at the end of the section.

The revision reads as follows:

§ 1.916 Disclosure of debt information to consumer reporting agencies (CRA).

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(d) * * *

(2)(i) In accordance with § 1.911 and § 1.911a, VA shall notify each individual of the right to dispute the existence and amount of the debt and to request a waiver of the debt, if applicable.

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(Authority: 38 U.S.C. 5701(g), (i); 31 U.S.C. 3711(e))

§ 1.923 [Redesignated as § 1.917]

25. Section 1.923 is redesignated as § 1.917 and is amended by:

A. Revising paragraph (b) introductory text.

B. Adding paragraphs (c) through (e).

The revision and additions read as follows:

§ 1.917 Contracting for collection services.

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(b) In accordance with 31 U.S.C. 3718(d), or as otherwise permitted by law, collection service contracts may be funded in the following manner:

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(c) VA shall use government-wide debt collection contracts to obtain debt collection services provided by private collection contractors. However, VA may refer debts to private collection contractors pursuant to a contract between VA and a private collection contractor only if such debts are not subject to the requirement to transfer debts to Treasury for debt collection. See 31 U.S.C. 3711(g); 31 CFR 285.12(e), and 38 CFR 1.910.

(d) VA may enter into contracts for locating and recovering assets of the United States, such as unclaimed assets.

(e) VA may enter into contracts for debtor asset and income search reports. In accordance with 31 U.S.C. 3718(d), such contracts may provide that the fee a contractor charges the agency for such services may be payable from the amounts recovered, unless otherwise prohibited by statute.

(Authority: 31 U.S.C. 3718)

§ 1.924 [Redesignated as § 1.918]

26. Section 1.924 is redesignated as § 1.918 and is amended by revising paragraphs (a) and (b) to read as follows:

§ 1.918 Use and disclosure of mailing addresses.

(a) When attempting to locate a debtor in order to compromise or collect a debt

in accordance with §§ 1.900 through 1.953, VA may send a request to the Secretary of the Treasury, or his/her designee, in order to obtain the debtor's most current mailing address from the records of the Internal Revenue Service.

(b) VA is authorized to use mailing addresses obtained under paragraph (a) of this section to enforce collection of a delinquent debt and may disclose such mailing addresses to other agencies and to collection agencies for collection purposes.

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§ 1.925 [Redesignated as § 1.919]

27. Section 1.925 is redesignated as § 1.919 and is amended by revising paragraphs (a) and (b)(3) to read as follows:

§ 1.919 Administrative offset against amounts payable from Civil Service Retirement and Disability Fund, Federal Employees Retirement System (FERS), final salary check, and lump sum leave payments.

(a) Unless otherwise prohibited by law or regulation, and in accordance with 31 CFR 901.3(d), VA may request that money which is due and payable to a debtor from either the Civil Service Retirement and Disability Fund or FERS be administratively offset in reasonable amounts in order to collect, in one full payment or a minimal number of payments, debts that are owed to VA by the debtor. Such requests shall be made to the appropriate officials at the Office of Personnel Management (OPM) in accordance with such regulations prescribed by the Director of OPM. (See 5 CFR 831.1801 through 831.1808). In addition, VA may also offset against a Federal employee's final salary check and lump sum leave payment, unless such offset represents continuation of an offset against current salary initiated in accordance with §§ 1.980 through 1.995. See § 1.912 for procedures for offset against a final salary check and lump sum leave payment.

(b) * * *

(3) VA has complied with §§ 1.911, 1.911a, 1.912, 1.912a, or 31 CFR § 901.3, including any required hearing or review.

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§ 1.926 [Redesignated as § 1.920]

28. Section 1.926 is redesignated as § 1.920 and amended by:

A. Revising paragraph (a).

B. Revising paragraph (c)(6).

C. Revising paragraph (e).

The revisions read as follows:

§ 1.920 Referral of VA debts.

(a) When authorized, VA may refer an uncollectible debt to another Federal or