

MODULE #16 DEBT MANAGEMENT; COMMITTEE ON WAIVERS

DATE STARTED: _____ **LOCATION:** _____

SERVICE OFFICER/TRAINEE SIGNATURE: _____

TRAINER SIGNATURE: _____

DATE COMPLETED _____

I. Please rate the effectiveness of this training module.

Objective		Acceptable	Marginal	Unacceptable
How debts occur and overpayments created.	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
Step by step procedures for filing a waiver.	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
Effect waiver will have on future entitlements.	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
References explained.	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
	Objective achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			
Objective				
	Objective achieved			
	Applied objective content through practical exercises			
	Effectiveness of teaching methods used			

MODULE # 16 CONTINUED

Objective		Acceptable	Marginal	Unacceptable
	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of methods used			
Objective				
	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of methods used			
Objective				
	Objective Achieved			
	Applied objective content through practical exercises			
	Effectiveness of methods used			

SUBJECTIVE EVALUATION

		Good	Fair	Poor
1. Please rate the extent to which you met your personal objective for this module				
2. Rate the information provided in the Training Manual & other reference materials				
3. Please evaluate the physical environment where the training was held.				
4. Is there anything that we could have done to make this training better for you? (Please comment)				

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DEBT MANAGEMENT: COMMITTEE on WAIVERS and COMPROMISES

Objective: To learn how the Department of Veterans Affairs (VA) deals with overpayments and other debts, the requirements for waivers or compromise of such debts, and the effect of a waiver or compromise on future entitlement to VA benefits.

References:

Title 38, U.S. Code, Chapter 53
38 Code of Federal Regulations §§ 1.900-1.970

Instructions: Study the assigned reference materials to learn how to assist veterans and other claimants to request waiver of an overpayment or other debt, or to offer a compromise settlement.

Summary:

VA benefits are either direct monetary payments or the furnishing of goods or services having a monetary value. When an overpayment is established in any program under the jurisdiction of the Veterans Benefits Administration (VBA), the Debt Management Center (DMC) located at *DVARO & IC, St. Paul, MN*, assumes jurisdiction under the Centralized Accounts Receivable System (CARS).

The Committees on Waivers for processing VBA Benefits and employee debts are located at the three Pension Maintenance Centers (Milwaukee, Philadelphia, and St. Paul). St. Paul VARO also processes Loan Guarantee Overpayments. The Committees on Waivers for Education Benefits are located at the Atlanta, Buffalo, Muskogee, and St. Louis Regional Education Centers. Medical debt waivers are processed at the VAMC where the debt was assessed.

DMC will send a notice to the claimant of the existence and amount of the overpayment and demand repayment. The notice will advise the claimant that the benefits presently being received will be automatically withheld to recover or offset the amount of the overpayment. The claimant will have 30 days to respond. The claimant can agree to repay the debt, or request a waiver. If the claimant does not respond to this first letter or respond after 30 days, benefits will automatically be withheld. Withholding of benefits will be suspended pending outcome of the debt if the response is received within 30 days of the first letter. The claimant's response should be sent to both DMC and the DVARO or DVAMC of jurisdiction.

If the claimant has not responded by requesting a waiver or offer of repayment within 180 days debt management will send three notices at 30-day intervals requesting repayment or settlement of the debt. Failure to respond will result in the claimant's name being referred to credit reporting agencies and the Treasury Department for collection.

Compensation and pension overpayments will not incur administrative costs or interest charges. Educational overpayments may be liable for both, at variable rates. Loan guaranty debts will be charged 4% annual interest. These charges apply to debts more than 30 days old.

A waiver request must be in writing and should explain why the claimant feels he or she should not be held responsible for the debt. The request should include a statement as to any financial

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hardship recovery of the debt might cause, or any circumstances which would cause collection or recovery of the debt to be inequitable. The waiver request must be accompanied by a completed VA Form 20-5655, Financial Status Report.

The time limit for requesting waiver of an overpayment is 180 days from the date of the first notification letter. If the waiver request is received more than 30 days after the initial first notice, withholding will continue until the issue has been fully resolved. If waiver is granted, the withheld benefit will be refunded.

A waiver will usually be granted if there is a showing that collection of the debt is against equity and good conscience. Factors that will be considered in this determination include whether the debtor was entirely at fault in creating the overpayment, if there was fault on the part of the VA, and whether withholding of the benefit produce undue hardship on the claimant. Waiver will be denied if there is evidence of fraud or misrepresentation of material facts, or if there is evidence of bad faith on the claimant.

Loan guaranty default notices are sent by Certified Mail, Return Receipt Requested. The claimant has one year from the date of receipt of the Certified Mail to request a waiver. If a Loan Guaranty default notice is not sent by Certified Mail, there is no time limit for requesting a waiver.

A waiver may be requested by the claimant, his representative, or any interested party on the claimant's behalf. If the waiver is denied, the claimant may appeal the decision to the Board of Veterans Appeals and the Court of Appeals for Veterans Claims.

Certain types of debts may not be waived: cost of medical emergency or humanitarian services; simultaneous payment of Disability Compensation and military retired pay. The erroneous payment of benefits to a person who is not a payee and has no claim or entitlement to such payment

Waiver of an overpayment in an educational program will result in the loss of future entitlement to that benefit equal to the amount waived. To recover the lost entitlement, the debt must be repaid in full. In a loan guaranty or direct loan case, a waiver of the debt counts as entitlement used. The total debt must be paid in full to restore the lost entitlement.

In agreeing to repay the indebtedness, a lump sum payment is preferred. When a repayment by installment payments VA prefers recoupment in one year, although VA may extend the period to 3 years to avoid undue hardship for the claimant.

A compromise offer to settle the debt may be made at any time during the collection process. This is an offer to repay some portion of the debt in a lump sum in exchange for writing off the balance. There is no time limit for making a compromise offer. A compromise offer must be made in writing and accompanied by a completed VA Form 20-5655, Financial Status Report. As with waiver of educational or loan guaranty indebtedness, an accepted compromise offer will result in loss of entitlement in both programs. The rejection of a compromise cannot be appealed to the Board of Veterans Appeals. However, the rejection of a compromise offer does not preclude the submission of another offer.

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Veterans owing more than \$25 at least 90 days overdue could see an offset in their Social Security benefits. This will apply only to those veterans receiving Social Security benefits of more than \$750 per month. Of the amount over \$750, 15% can be withheld.

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Review Questions: Debt Management: Committee on Waivers and Compromises

Using the assigned references and reading materials, answer the following questions:

1. For any VA benefit other than Loan Guaranty, the beneficiary must make a written request for waiver of an overpayment within _____ days after initial notification by the VA of the debt. 16-2
 - a. 30 days
 - b. 60 days
 - c. 180 days
 - d. One year

2. If the waiver request is received more than _____ after the initial first notice, withholding will continue until the issue has been fully resolved. 16-2
 - a. 60 days
 - b. 45 days
 - c. 180 days
 - d. 30 days

3. A response to the first notification by the Debt Management Center, of the existence of an overpayment must be submitted within _____ days to avoid collection of the debt by withholding of benefit payments. 16-1
 - a. 30 days
 - b. 60 days
 - c. 90 days
 - d. 120 days

4. A waiver request can be submitted to DVA by. 16-2
 - a. Can be phoned in as long as it is done in timely manner
 - b. Can only be submitted by the claimant and must state why
 - c. In writing and should explain why the claimant feels he or she should not be held responsible for the debt.
 - d. Must be submitted on a VAF 21-4138 because it has to penalty clause on it.

5. VA may charge interest and administrative costs on delinquent debts. These debts include. 16-2
 - a. Compensation and pension overpayments
 - b. Education overpayments
 - c. Compensation, pension and education overpayments
 - d. Compensation, pension, home loans and education overpayments

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6. How long does a person with a Loan Guaranty default have from the date of notice to request a waiver of the debt? 16-2
- 30 days
 - 60 days, no exceptions
 - 180 days if sent by Certified Mail, Return Receipt Requested
 - One year if sent by Certified Mail, Return Receipt Requested
7. Loan guaranty default notices are sent by Certified Mail, Return Receipt Requested. The claimant has _____ from the date of receipt of the Certified Mail to request a waiver. 16-2
- 60 days
 - 90 days
 - One year
 - 180 days
8. When a making repayment by installment payments VA prefers recoupment in one year, although VA may extend the period to _____ to avoid undue hardship for the claimant. 16-2
- One year
 - Two years
 - Three years
 - Five years
9. A claimant's compromise was rejected. The claimant has _____ to appeal to the Board of Veterans Appeals. 16-3
- 30 days
 - 60 days
 - 180 days
 - Cannot appeal
10. What is the time limit for making a compromise offer on a debt? 16-2
- 60 days
 - 180 days
 - One year
 - There is no time limit for making a compromise offer to settle a debt
11. Veterans owing more than _____ at least _____ days overdue could see an offset in their Social Security benefits.? 16-3
- \$100 and 30
 - \$75 and 60 days
 - \$50 and 30 days
 - \$25 and 90 days

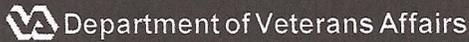
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12. If a waiver of indebtedness is granted on a Loan Guaranty case, the following is true. 16-2
- a. All future entitlements are forfeited because the claimant has demonstrated an inability to repay future loans
 - b. Once the claimant has repaid at least 50% of the loan, additional entitlements may be restored at that time.
 - c. The total debt must be paid in full to restore the lost entitlement.
 - d. Entitlements are not affected by the indebtedness.

FORMS

VA Form 21-4138 - Statement in Support of Claim

VA Form 20-5655 - Financial Status Report



STATEMENT IN SUPPORT OF CLAIM

PRIVACY ACT INFORMATION: The law authorizes us to request the information we are asking you to provide on this form (38 U.S.C. 501(a) and (b)). The responses you submit are considered confidential (38 U.S.C. 5701). They may be disclosed outside the Department of Veterans Affairs (VA) only if the disclosure is authorized under the Privacy Act, including the routine uses identified in the VA system of records, 58VA21/22, Compensation, Pension, Education and Rehabilitation Records - VA, published in the Federal Register. The requested information is considered relevant and necessary to determine maximum benefits under the law. Information submitted is subject to verification through computer matching programs with other agencies.

RESPONDENT BURDEN: VA may not conduct or sponsor, and respondent is not required to respond to this collection of information unless it displays a valid OMB Control Number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have comments regarding this burden estimate or any other aspect of this collection of information, call 1-800-827-1000 for mailing information on where to send your comments.

FIRST NAME - MIDDLE NAME - LAST NAME OF VETERAN <i>(Type or print)</i> John Allen Doe	SOCIAL SECURITY NO. 111-22-3333	VA FILE NO. C/CSS - C 23 985 947
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The following statement is made in connection with a claim for benefits in the case of the above-named veteran:

Reference your letter dated April 5, 2009.

I request a waiver of debt \$1650.00. I do not want a hearing.

This debt was created by a difference in my Social Security. I do not understand how it happened since I have always reported my income timely and requested by VA. I have not attempted to defraud the VA; I have always acted in good faith. I have never misrepresented the facts. The recovery of this debt would defeat the purpose it was intended. Finally, the recovery of this debt would create a financial hardship.

Therefore, please waive this debt.

(CONTINUE ON REVERSE)

I CERTIFY THAT the statements on this form are true and correct to the best of my knowledge and belief.

SIGNATURE 	DATE SIGNED 4/27/09	
ADDRESS 110 Veteran Avenue Raleigh, NC 27999	TELEPHONE NUMBERS <i>(Include Area Code)</i>	
	DAYTIME (919) 777-8888	EVENING (919) 777-0000

PENALTY: The law provides severe penalties which include fine or imprisonment, or both, for the willful submission of any statement or evidence of a material fact, knowing it to be false.



Department of Veterans Affairs

FINANCIAL STATUS REPORT

1. SOCIAL SECURITY NO.
111-22-3333

2. FILE NO.
C 23 985 947

(Type or print all entries. If more space is needed for any item, continue under Section VII, Additional Data, Item 36 or attach separate sheet)

3. LOAN NO.

PRIVACY ACT INFORMATION: The information you furnish on this form is almost always used to determine if you are eligible for waiver of a debt, for the acceptance of a compromise offer or for a payment plan. Disclosure is voluntary. However, if the information is not furnished, your eligibility for waiver, compromise or a payment plan may be affected. The responses you submit are confidential and protected from unauthorized disclosure by 38 U.S.C. 5701. The information may be disclosed outside the Department of Veterans Affairs (VA) only when authorized by the Privacy Act of 1974, as amended. The routine uses for which VA may disclose the information can be found in VA systems of records, including 58VA21/22, Compensation, Pension, Education and Rehabilitation Records-VA, and 88VA244, Accounts Receivable Records-VA. VA systems of records and alterations to the systems are published in the Federal Register. Any information provided by you, including your Social Security Number, may be used in computer matching programs conducted in connection with any proceeding for the collection of an amount owed by virtue of your participation in any benefit program administered by VA.

RESPONDENT BURDEN: VA may not conduct or sponsor, and respondent is not required to respond to this collection of information unless it displays a valid OMB Control Number. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have comments regarding this burden estimate or any other aspect of this collection of information, call 1-800-827-0648 for mailing information on where to send your comments.

SECTION I - PERSONAL DATA

4. FIRST-MIDDLE-LAST NAME OF PERSON
John Allen Doe

5. ADDRESS (Number and street or rural route, City or P.O. Box, State, and ZIP Code)
110 Veteran Avenue
Raleigh, NC 27999

6. TELEPHONE NO. (Include Area Code)
(919) 777-8888

7. DATE OF BIRTH (MM-DD-YYYY)
July 4, 1948

8. MARITAL STATUS
 MARRIED NOT MARRIED

9. NAME OF SPOUSE
Ann Doe

10. AGE(S) OF OTHER DEPENDENTS
None

COMPLETE RECORD OF EMPLOYMENT FOR YOURSELF AND SPOUSE DURING PAST 2 YEARS

KIND OF JOB	DATES (MM-YYYY)		NAME AND ADDRESS OF EMPLOYER
	FROM	TO	
11. YOUR EMPLOYMENT EXPERIENCE			
		PRESENT TIME	
Retired	01/15/1996	01/15/2006	Sears Co. 100 Crabtree Lane, Raleigh, NC 27610

12. YOUR SPOUSE'S EMPLOYMENT

Not Employed		PRESENT TIME	
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SECTION II - INCOME

SECTION III - EXPENSES

AVERAGE MONTHLY INCOME	SELF	SPOUSE	AVERAGE MONTHLY EXPENSES	AMOUNT
13. MONTHLY GROSS SALARY (Before payroll deductions)	\$ 0.00	\$ 0.00	18. RENT OR MORTGAGE PAYMENT	\$ 500.00
14. PAYROLL DEDUCTIONS			19. FOOD	200.00
A. FEDERAL, STATE AND LOCAL INCOME TAXES	0.00	0.00	20. UTILITIES AND HEAT	150.00
B. RETIREMENT	0.00	0.00	21. OTHER LIVING EXPENSES Auto Payments	0.00
C. SOCIAL SECURITY	0.00	0.00	Insurance	100.00
D. OTHER (Specify)	0.00	0.00	Gas for auto	200.00
E. TOTAL DEDUCTIONS (Items 14A through 14D)	0.00	0.00	Phone and Cable TV	230.00
15. NET TAKE HOME PAY (Subtract Item 14E from Item 13)	0.00	0.00	Clothing	50.00
16. VA BENEFITS, SOCIAL SECURITY, OR OTHER INCOME (Specify)	900.00	400.00	22. MONTHLY PAYMENTS ON INSTALLMENT CONTRACTS AND OTHER DEBTS (Note: Any amount entered in Item 22 should have corresponding entries in Section VI, on the second page of this form.)	0.00
17. TOTAL MONTHLY NET INCOME (Item 15 plus Item 16)	\$ 900.00	\$ 400.00	23. TOTAL MONTHLY EXPENSES	1,430.00

SECTION IV - DISCRETIONARY INCOME

24A. NET MONTHLY INCOME LESS EXPENSES (Item 17 less Item 23)
\$ -130.00

24B. AMOUNT YOU CAN PAY ON A MONTHLY BASIS TOWARD YOUR DEBT
\$ 0.00

SECTION V - ASSETS

25. CASH IN BANK (Checking and savings accounts, building and loan accounts, etc.)			\$ 5,000.00	29. U.S. SAVINGS BONDS (Current Value)		\$ 0.00
26. CASH ON HAND			200.00	30. STOCKS AND OTHER BONDS (Current Value)		0.00
27. AUTOMOBILES (Resale value)				31. REAL ESTATE OWNED (Resale value)		0.00
MAKE	YEAR	MODEL		32. OTHER ASSETS (Specify below)		
Ford	2000	F-150	6,000.00			
Honda	2000	Accord	7,000.00			
28. TRAILERS, BOATS, CAMPERS (Resale value)			\$	33. TOTAL ASSETS		\$ 18,200.00

SECTION VI - INSTALLMENT CONTRACTS AND OTHER DEBTS

NOTE: Show below ALL debts which you are required to pay in regular monthly installments, such as a car, television, washing machine, payments to dealers, banks, finance companies, repayment of money borrowed for any purpose, doctor bills, hospital bills, etc. **DO NOT INCLUDE LIVING EXPENSES.**

NAME AND ADDRESS OF CREDITOR (A)	DATE AND PURPOSE OF DEBT (B)	ORIGINAL AMOUNT OF DEBT (C)	UNPAID BALANCE (D)	AMOUNT DUE MONTHLY (E)	AMOUNT PAST DUE (If any) (F)
34A. None		\$	\$	\$	\$
34B.					
34C.					
34D.					
34E.					
34F.					
34G.					
34H.					
34I. TOTAL		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

NOTE: If repayment of a debt is not on a monthly basis, write "0" in column E and describe arrangements to repay in Item 36.

SECTION VII - ADDITIONAL DATA

35A. HAVE YOU EVER BEEN ADJUDICATED BANKRUPT? IF SO AND VA OR A MORTGAGE COMPANY WAS INVOLVED, PLEASE SEND ALL PERTINENT DOCUMENTATION

YES NO (If "Yes," complete Items 35B through 35D)

35B. DATE DISCHARGED FROM BANKRUPTCY (MM-DD-YYYY) 35C. LOCATION OF COURT 35D. DOCKET NO. (If known)

36. USE THIS SPACE AND ADDITIONAL SHEETS, IF NECESSARY, TO SUPPLY ANY PERTINENT INFORMATION AND TO CONTINUE YOUR ANSWER TO PREVIOUS ITEM NUMBER(S) TO WHICH YOUR COMMENTS APPLY

SECTION VIII - APPLICANT CERTIFICATIONS - REQUIRED

37A. YOUR SIGNATURE (Required) <i>John A. Doe</i>	37B. DATE SIGNED 4/27/2009	38A. SIGNATURE OF SPOUSE (Required) <i>Ann Doe</i>	38B. DATE SIGNED 4/27/2009
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PENALTY: The law provides severe penalties which include fine or imprisonment, or both, for the willful submission of any statement or evidence of a material fact, knowing it to be false.