



FEMA

QUESTIONS & ANSWERS REGARDING FEMA'S RECOUPMENT PROCESS

1. Why is FEMA sending letters to some disaster applicants saying that they owe the Federal government money?

After disasters during which disaster survivors receive federal assistance from the government, a small percentage of those assistance applicants may receive payments improperly, whether because of human error or other problems. Federal laws, including the Debt Collection Improvement Act of 1996 and the Improper Payments Elimination and Recovery Act of 2010, require that federal agencies take actions to identify and recover any improper payments. This process is an important part of our obligation and commitment to be responsible stewards of taxpayer dollars and to guarantee proper safeguards are in place to ensure that federal dollars are correctly spent.

2. I received a letter from FEMA saying I owe the Federal government money. What are my options?

When you receive the Notice of Debt letter, your options are:

- Pay the amount in full (payment in full within 30 days is the only way to avoid interest);
- Request a payment plan (interest will begin to be applied after 30 days);
- Request a compromise of the debt;
- File an appeal within 60 days (interest will apply beginning 30 days after the date on the Notice of Debt letter).

If you file an appeal, FEMA will make a decision on your appeal and send you a letter explaining its decision and what will happen next. Since interest begins accruing after 30 days, we recommend you contact the FEMA Finance Center (FFC) to make payment arrangements while you are appealing the debt. If your appeal is approved, any money you paid in excess of the final debt amount will be returned to you.

If you do not complete one of the options outlined above, or if your appeal is denied, your debt will become final and the (FFC) will continue the collection process by sending you an additional letter, known as a "Letter of Intent."

The "Letter of Intent" is a notification that FEMA is now taking further action to collect your debt. This letter explains that if you do not pay or resolve the debt with FFC within 60 days, your debt will be forwarded to the U.S. Department of the Treasury for collection. If your debt becomes delinquent, you may be charged penalties, and the interest will continue to grow.

If you do not pay your debt, make arrangements to satisfy your debt with the FEMA Finance Center, or appeal FEMA's decision, your debt will be forwarded to the U.S. Department of the Treasury for collection. Methods for collecting debt include "offset" (deducting money from other Federal or State payments you may be receiving, like Social Security, income tax refunds, etc.), referral to a private collection agency, or administrative wage garnishment among other debt collection methods. In addition, collection fees will be added to the amounts already being charged.

3. Why am I just now hearing about this debt?

As a result of a new DHS regulations and a class action lawsuit, *Ridgely v. FEMA*, a federal court granted a "preliminary injunction" on June 13, 2007, that required FEMA to suspend its recoupment process. This suspension meant that FEMA had to end the recoupment process at that time. Based on the preliminary injunction and regulations issued by the Department of Homeland Security, FEMA decided to withdraw the previous Notice of Debt letters sent to disaster applicants affected by Hurricanes Katrina and Rita in 2005 and revise its entire recoupment process.

Since then, FEMA has improved its recoupment process and is now resuming its procedures for recovering disaster assistance overpayments and payments made in error. This recoupment process for improper payments will apply to Hurricanes Katrina and Rita and all disasters occurring since.

4. Will I have to pay interest, penalties or fees on money FEMA says I owe?

Yes, you will have to pay interest if you do not repay the debt to FEMA within 30 days of the date on the Notice of Debt letter. If you do not pay the debt in full within 30 days, FEMA will begin charging interest on your debt at an annual interest rate of 1.0% for 2011. For additional information regarding the interest rate please visit: <http://www.fms.treas.gov/cvfr/index.html>. Other charges will be added if you do not resolve the debt. Ways to resolve the debt are explained in questions 5,6 and 8.

5. How can I repay the debt that I owe?

To re-pay the amount in full, please fill out the FEMA Debt Repayment Form. Your options are to:

- Return the U.S. Treasury check(s) sent to you (if the amount of the check is the amount to be returned and has not been cashed or deposited). Return the check to:

Department of the Treasury
P.O. Box 149058
Austin, TX 78714-9058

- Mail a personal check or money order in the correct amount and made out to:

FEMA
P.O. Box 530217
Atlanta, GA 30353

Please make your check or money order payable to FEMA and be sure to include your registration/application number, which can be found on your Notice of Debt letter, or your Bill for Collection number in the notation field. If we cannot identify your check or money order, it will be returned to you.

- Pay by credit card. Please complete the form enclosed with the Notice of Debt letter. Indicate whether the credit card is: MasterCard, Visa, American Express or Discover. Include the card number, along with the expiration date, and include your signature. Mail the form to:

FEMA
P.O. Box 530217
Atlanta, GA 30353-0217

6. If I don't believe I owe this money or this specific amount, may I appeal FEMA's decision? And if so, how do I file an appeal?

Yes. If you disagree with the debt amount or reason, you may file an appeal. Your appeal letter must be postmarked or your fax must be date stamped by FEMA no more than 60 days after the date shown on the Notice of Debt and must include the following information:

- Your full name, last four digits of your Social Security Number, disaster number and FEMA application number on all pages of your correspondence;
- Written explanation of why you believe you do not owe this debt. In addition, your letter must be either notarized, include a copy of a state issued identification card, or include the following statement, "*I hereby declare under penalty of perjury that the foregoing is true and correct.*" You **must** also **sign** the letter.
- Copies of any documents or statements showing or explaining why you do not owe this debt.
- You may request an oral hearing. The Notice of Debt letter explains what information is required to request such a hearing. FEMA will let you know if such a hearing will be granted, or if a decision can be made based on documents you sent.

You should address your appeal letter to:

FEMA Individuals & Households Program
National Processing Service Center
P.O. Box 10055
Hyattsville, MD 20782-7055

FEMA will make a final decision in writing within 90 days after we receive your appeal letter, or after the conclusion of an oral hearing. If your appeal is successful, we will reduce or cancel your debt and return any money you paid to FEMA in excess of your final debt, including interest payments and other charges in excess of what you owe.

7. Will interest accumulate during my appeal?

Yes. If you do not repay the full amount of the debt to FEMA within 30 days of the date on the Notice of Debt letter, FEMA will begin to charge interest on the debt. The annual interest rate for 2011 is 1.0%. For additional information regarding the interest rate please visit: <http://www.fms.treas.gov/cvfr/index.htm>

If your appeal is approved, any money you paid to FEMA will be returned to you.

8. Some disaster applicants may find out they owe money years after a disaster, without the means to pay it back. What will they do?

Especially in this economy, we are committed to working with any disaster applicants who may need to design a debt payment plan because of financial challenges. One of the key improvements we made while developing our revised recoupment process was to make sure that it is as fair and easy-to-understand as possible for disaster survivors.

If you cannot pay the full amount now, you may request that FEMA evaluate your eligibility for a payment plan. You may also request a compromise or waiver of part or all of your debt, based on inability to pay.

9. If I have questions about my notice of debt letter, whom can I call?

If you have any questions about the details of your letter, please call the Recoupment Helpline at 1-800-816-1122. Individuals who are Deaf, Hard of Hearing, or those with speech disabilities, may use the TTY at 1-800-462-7585, between 9:00 AM and 8:00 PM EST, Monday through Friday.

FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.