

45 C.F.R. § 1177.32

Discharge of indebtedness; reporting requirements.

(a) Before discharging a delinquent debt (also referred to as a close out of the debt), NEH will take all appropriate steps to collect the debt in accordance with 31 U.S.C. 3711(g), including, as applicable, administrative offset; tax refund offset; Federal salary offset; referral to Treasury, Treasury-designated debt collection centers, or private collection contractors; credit bureau reporting; wage garnishment; litigation; and foreclosure. Discharge of indebtedness is distinct from termination or suspension of collection activity under this subpart and is governed by the Internal Revenue Code. When NEH suspends or terminates collection action on a debt, the debt remains delinquent and NEH may pursue further collection action at a later date, in accordance with the standards set forth in this part. When NEH discharges a debt in full or in part, further collection action is prohibited. Therefore, NEH will make the determination that collection action is no longer warranted before discharging a debt. NEH must also terminate debt collection action before discharging a debt.

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