

FORMS MANUAL INSERT

FORM RD 1956-1

FORM APPROVED OMB NO. 0575-0118

USDA Form RD 1956-1 (Rev. 2-94) APPLICATION FOR SETTLEMENT OF INDEBTEDNESS (4)		ADVISE NUMBER _____			
		TAXPAYER IDENTIFICATION NUMBER (1) _____	DATE (2) 20__		
		STATE AND COUNTY OFFICE CODE _____	CASE NO. (3) _____		
		<input type="checkbox"/> COMPROMISE <input type="checkbox"/> ADJUSTMENT <input type="checkbox"/> CHARGE OFF <input type="checkbox"/> CANCELLATION			
PART I GENERAL INFORMATION (5)					
A. I(We) _____ (Name) and _____ (Name) of _____ (Address) hereby request that my (our indebted described in Part II (A) below be considered for settlement pursuant to the pertinent law and regulations and certify that the following statements are true and correct to the best of my (our) knowledge and belief.					
B. ARE OF: DEBTOR _____ YEARS, CO-DEBTOR _____ YEARS; DEPENDENT CHILDREN _____ NAMES, AGE, AND RELATIONSHIP OF OTHER DEPENDENTS _____ PRESENT PHYSICAL CONDITION OF DEBTOR(S) <input type="checkbox"/> GOOD <input type="checkbox"/> FAIR <input type="checkbox"/> POOR (describe in PART VIII)					
PART II DEBTS OWED TO THE DEPARTMENT OF AGRICULTURE (6)					
LOAN CODE IDENTIFICATION (1)	FINAL DUE DATE (2)	ORIGINAL AMOUNT (3)	UNPAID BALANCE (4)		
			INTEREST	PRINCIPAL	TOTAL
(A) Fmi/IA DEBTS FOR WHICH SETTLEMENT IS REQUESTED.					
(B) OTHER DEBTS OWED RD					
(C) DEBT OWED OTHER AGENCIES OF DEPARTMENT OF AGRICULTURE					
TOTALS					
PART III INCOME AND EXPENSES OF APPLICANT FAMILY AND PAYMENTS MADE ON DEBTS (7)					
(A) TOTAL GROSS INCOME LAST CALENDAR YEAR (20__) (1)		ESTIMATED TOTAL GROSS INCOME PRESENT CALENDAR YEAR (20__) (2)		ESTIMATED TOTAL GROSS INCOME NEXT CALENDAR YEAR (20__) (3)	
SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT
TOTALS					
PRESENT PRINCIPAL EMPLOYMENT:					
(B) FAMILY LIVING EXPENSES DURING CALENDAR YEAR			(E) PAYMENTS MADE BY FAMILY DURING CALENDAR YEAR		
	PRESENT	NEXT		PRESENT	NEXT
Food	\$	\$	Real Estate Liens	\$	\$
Rent			Secured Chattel Debts		
Personal Care			Unsecured Creditors		
Household Operating			Rural Development	\$	\$
House & Household			Others		
Appliance Repairs			TOTALS	\$	\$
School, Church & Recreation			(F) SUMMARY DURING CALENDAR YEAR	PRESENT	NEXT
Insurance:			1. Total Income - (A)	\$	\$
Personal			2. Total Expense (B) + (C) + (D) + (E)		
Property			3. Loans To be Received		
Liability			4. Total Available (1.-2. + 3.)		
Other			5. Capital Expenditures		
TOTAL FAMILY LIVING EXPENSE	\$	\$	6. Balance Available To Pay Debts (4. -5.)		
(C) FARM OR BUSINESS OPERATING EXPENSE (Excluding Interest)	\$	\$	7. Balance Available To Pay RD Debt	\$	\$
(D) ALL TAXES	\$	\$			

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0118. The time required to complete this information collection is estimated to average 30 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 the decision contained above in this form results in denial, reduction or cancellation of RD assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Used by Debtors to request settlement of indebtedness.

Used by County Supervisor/District Director/State Director and County Committee to make recommendations concerning settlement of indebtedness.

Used by State Directors and the Administrator to approve settlement of indebtedness and transmit information to the Finance Office.

Used for housing debts only when borrower is making a compromise or adjustment offer. All other housing actions use Form RD 1956-2.

(see reverse)

- PROCEDURE FOR PREPARATION : RD Instructions 1956-B and 1955-C
- PREPARED BY : Debtor or county Supervisor or district director.
- NUMBER OF COPIES : Original and two copies.
- SIGNATURES REQUIRED : Original by debtor (unless not required by instructions), County committee (unless not required by instructions), County Supervisor or District Director or State Director and approved official.
- DISTRIBUTION COPIES : After approved
 - Original to State Office files.
 - Copy to Borrower's case files
 - copy used as input document to ADPS, unless coded as a "Compromise," "Adjustment, or "Bankruptcy," or if the fund code is greater than 49. If coded as a "Compromise," "Adjustment," or "Bankruptcy," or if the fund code is greater than "49" the copy must be sent to the finance Office for processing.

INSTRUCTIONS FOR PREPARATION

- (1) Insert taxpayer identification number (TIN) or borrower's social security number (SSN) and Advise Number if the property has been acquired. When TIN or SSN are not available, enter 000-00-0000.
- (2) Insert date Debtor signs application, if signature required. Insert date County Supervisor/District Director completes form in all other cases.
- (3) Insert Debtor case number, Multi-housing debtors must include the project number as part of the case number.
- (4) Check appropriate block.
- (5) PART I. A. Complete name and last known address for all debtor whole debts are being settled.
B. For Community and Business Program or Multi-housing Program, complete only when applicable.
- (6) PART II Complete all items for every debt for which settlement is requested.
- (7) For Community and Business Program or Multi-housing Programs, Parts III and IV should be completed when the debtor is an individual(s) unless Part V is more appropriate.

For Farmer Programs, PARTS III and IV should be completed by debtor or County Supervisor except in the following cases:

- a. Debtor is deceased and debt is being settled under RD Instruction 1956-B, section 1956.70(b)(1).
- b. Debtor has disappeared and debt is being settled under RD Instruction 1956-B, section 1956.70(b)section 1956-75(a)(2).
- c. Debtor has been discharged in bankruptcy and debt is being settled under RD Instruction 1956-B, section 1956.70(b)(3).
- d. Debt is being charged off under RD Instruction 1956-B, section 1956.75.

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(7)

PART IV BALANCE SHEET (INDIVIDUALS)						
CURRENT FARM ASSETS			\$ VALUE	CURRENT FARM LIABILITIES		\$ AMOUNT
Cash: Savings: (\$) Checking: (\$)				Accounts and Notes Payable (Creditor & Due Date)		Past Due
Other Invest: (Time Cert \$) (Other \$)						
Accounts and Notes Receivable						
Crops and Feed	Units	Value Per Unit				
Livestock to be sold	Units	Unit Weight	Value Per Unit			
				CCC Loan: (Security) (Due Date)		
				Current Portion of Principal Due on:		
				Intermediate Liabilities		
				Long Term Liabilities		
Growing crops	Acres	Cost/Acre		Accrued Interest on:		
				Accounts and Notes Payable		
				Intermediate Liabilities		
				Long Term Liabilities		
				Accrued Taxes		
Supplies & Prepaid Expenses				Income Tax & Social Security		
Leases				Other (judgments, liens, etc.)		
Other				Accrued Rent/Lease Payments		
TOTAL CURRENT FARM ASSETS				TOTAL CURRENT FARM ASSETS		
INTERMEDIATE FARM ASSETS				INTERMEDIATE FARM LIABILITIES (portion due beyond 12 months)		
Accounts & Notes Receivable beyond 12 months				Creditor	Due Date	Int. Rate
Breeding Livestock	Units	Value Per Unit			Amount	Delinquent
Machinery, Equipment, Vehicles						
Cash Value, Life Ins. (Face Amt. \$)				CCC Grain Reserve		
CCC Grain Reserve: (Qty:) (Value/Unit)				Facilities	Pmt. \$	
Coop Stock				Loan Secured by Life Insurance		
Other				Other		
TOTAL INTERMEDIATE FARM ASSETS				TOTAL INTERMEDIATE FARM LIABILITIES		
LONG TERM FARM ASSETS (Farm Real Estate)				LONG TERM FARM LIABILITIES (portion due beyond 12 months)		
Total Acres	Date Purchased	Cost		Creditor	Due Date	Int. Rate
					Amount	Delinquent
Coop Stock						
Equity in Partnerships/Corporations/Joint Operations/Cooperatives						
Other				Other		
TOTAL INTERMEDIATE FARM ASSETS				TOTAL LONG TERM FARM LIABILITIES		
TOTAL FARM ASSETS				TOTAL FARM LIABILITIES		

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PART IV BALANCE SHEET (continued)						
NONFARM ASSETS	S VALUE	NONFARM LIABILITIES				S AMOUNT
Real Estate		Nonfarm accounts payable				
Car, Recreational Vehicles, etc.						
Household goods						
Cash value of Life Insurance						
Stocks, bonds, and other						
Nonfarm Business		Nonfarm notes payable				
		Name of Creditor	Due Date	Interest Rate	Annual Installment	Principal Balance
		TOTAL NONFARM LIABILITIES				
		TOTAL LIABILITIES				
TOTAL NONFARM ASSETS		NET WORTH				
TOTAL ASSETS		TOTAL LIABILITIES AND NET WORTH				

PART V BALANCE SHEET (ORGANIZATIONS) (8)			
ASSETS		LIABILITIES AND EQUITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash on Hand and in Banks		Accounts payable	
Time deposits and short-term investments		Notes payable	
Accounts receivable		Current portion of RD note	
Less: Allowance for doubtful accounts	()	Customer deposits	
Inventories		Taxes payable	
Prepayments		Interest payable RD	
TOTAL CURRENT ASSETS		TOTAL CURRENT LIABILITIES	
FIXED ASSETS		LONG-TERM LIABILITIES	
Land		Notes payable RD	
Buildings			
Furniture and equipment		TOTAL LONG-TERM LIABILITIES	
		TOTAL LIABILITIES	
Less: Accumulated depreciation	()	EQUITY	
NET TOTAL FIXED ASSETS		Retained earnings	
OTHER ASSETS		Memberships	
		TOTAL EQUITY	
TOTAL ASSETS		TOTAL LIABILITIES AND EQUITY	

PART VI DEBTOR'S OFFER AND CERTIFICATION (9)

(A) I (We) am (are) unable to pay in full the indebtedness described in Part II (A) hereof, have acted in good faith in an effort to pay said indebtedness; have no reasonable prospects of being able to do so; and hereby offer the sum of _____ dollar (\$ _____) in full and complete settlement of said indebtedness, to be paid as follows:

\$ _____ submitted with this application. Receipt No. _____ Date _____

\$ _____ on _____, 20 _____

\$ _____ on _____, 20 _____

\$ _____ on _____, 20 _____

I (We) understand that in the event of nonpayment of any of the above installments when due, the total indebtedness listed in Part II (A) of this application will be immediately due and payable and that any installments paid pursuant to this agreement will be applied in partial payment of the total indebtedness.

(B) I (We) have not transferred, without adequate consideration, any real or personal property to, nor have I (we) purchased any stocks or bonds or made any deposits in Postal Savings or banks for, the other members of my (our) immediate family or other close relatives during the past 5 years except (Explain) _____

(C) I (We) have met the requirements of Rural Development, or its predecessor agencies, in disposing of any mortgaged property except _____

(D) I (We) have read, or have had read to me (us), all of this application, which is made for the purpose of obtaining final settlement of my (our) indebtedness described in Part II (A) hereof, and hereby certify that all of the statements and representations contained herein are true in all respects to the best of my (our) knowledge and belief. I (We) understand that RD is required to report any written-off indebtedness to the Internal Revenue Service except debts forgiven in Title 11 Bankruptcy Action or debts for less than \$600.

- (8) Completion of Part V is required for Community and Business Programs, and Multi-housing Programs, unless the debtor is an individual(s) and completion of Parts III and IV would be more appropriate.
 - (9) For Multi-housing Programs complete as appropriate. For Community and Business Programs Part VI is required under RD Instruction 1956-C, section 1956.124 (compromise and adjustment) and under section 1956.130(a) cancellation with application by debtor. Complete PART VI, item G or H, as appropriate.
- For Farmer Programs, and Housing Programs, completion of Part VI, (with item G or H, as appropriate), is required in the following cases.
- a. Compromise or adjustment under RD Instruction 1956-B, section 1956.66(a) or section 1956.66(b).
 - b. Cancellation under RD Instruction 1956-B, section 1956.70(a)

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PART VI DEBTOR'S OFFER AND CERTIFICATION (continued)	
<p>(E) In making this offer of settlement, I (we) understand and agree that (1) the amount offered will be deposited in the United States Treasury and held in suspense pending consideration of the offer, (2) if the offer is accepted I (we) will be notified, and (3) if the offer is rejected, I (we) will be notified and the amount offered will be returned in the form of a United States Treasury check.</p>	
<p>(F) All of the debts referred to in Part II (A) have been discharged in bankruptcy. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>(G) Witness: _____ Address: _____ Witness: _____ Address: _____</p>	<p>Debtor: _____ Debtor: _____</p>
<p>(H) This application for debt settlement has been adopted by the _____ of the _____ and caused to be executed by the officers below on this _____ day of _____, 20____.</p>	
<p>Attest: _____ Title: _____ (SEAL)</p>	<p>By: _____ Title: _____</p>
PART VII RD COUNTY COMMITTEE RECOMMENDATION (10)	
<p>To the best of our knowledge and belief the statements made by the debtor(s) in this application are true; we know of no assets or income of the debtor(s) which are not disclosed in the application, and we recommend that the proposed settlement be <input type="checkbox"/> accepted <input type="checkbox"/> rejected.</p>	
<p>_____, 20 ____ (Date)</p>	<p>_____ (Signature)</p>
<p>_____ (Signature)</p>	<p>_____ (Signature)</p>
PART VIII RECOMMENDATION AND APPROVAL	
<p>I find from the statements and disclosures of the debtor(s) that the requirements of the pertinent law and regulations <input type="checkbox"/> have <input type="checkbox"/> have not been satisfied.</p> <p>I recommend the <input type="checkbox"/> acceptance <input type="checkbox"/> rejection of the application of the debtor(s) as set out in Part VI hereof.</p> <p>REMARKS: <i>(Use a separate sheet, if necessary)</i></p>	
(11)	
<p>_____, 20 ____</p>	<p>_____ County Supervisor/District Director</p>
<p>_____ (Address)</p>	
<p>This settlement is <input type="checkbox"/> recommended <input type="checkbox"/> approved <input type="checkbox"/> rejected under the authority contained in pertinent law and regulations.</p>	<p>State Director _____ Date _____</p>
<p>This settlement is <input type="checkbox"/> approved <input type="checkbox"/> rejected under the authority contained in pertinent law and regulations.</p>	<p>Administrator _____ Date _____</p>

(10) Complete as required by RD Instruction 1956-B or RD Instruction 1956-C, section 1956.109(d).

(11) Insert complete justification for recommendation made.