



**Department of Veterans
Affairs
Debt Management Center
(DMC)**



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Agenda

- About DMC
- Debt Establishment
- DMC Collection Process
- Debt Resolution Options
- Homeless Veterans
- Contacting DMC
- Questions



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Abbreviations



RO: Regional Office
RPO: Regional Processing Office (Education)
NOI: Notice of Indebtedness
TOP: Treasury Offset Program
COWC: Committee on Waivers and Compromises
FSR: Financial Status Report (VA Form 5655)

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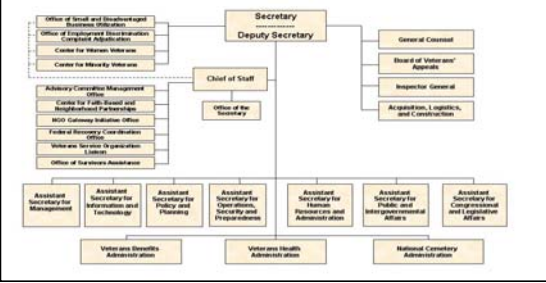



About DMC



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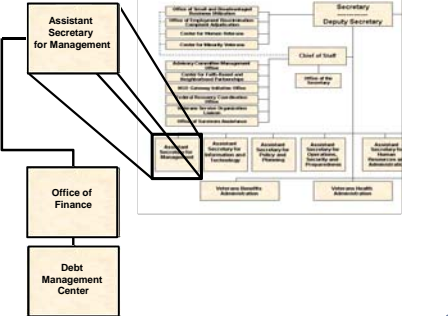
Organization Chart




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Organization Chart



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DMC Mission Statement




The Debt Management Center provides distinctive, high quality accounts receivable services through a compassionate and value-added approach, empowering our stakeholders to focus on core missions.


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Debt Establishment



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Debt Establishment




DMC has jurisdiction over the collection process, but does not establish debts.

Debts are established at the VA Processing Office with jurisdiction over the benefit or service provided.

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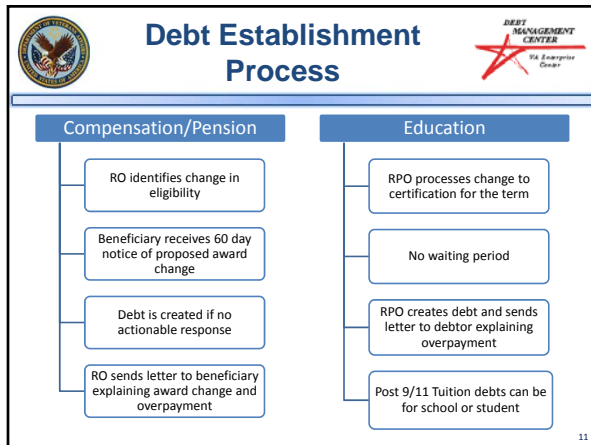




VA Processing Offices





Benefit Type	Processing Offices
Education	4 Regional Processing Offices: Atlanta, Buffalo, Muskogee, St. Louis
Compensation and Vocational Rehab	57 Regional Offices: throughout US
Pension	3 Pension Management Centers: Philadelphia, Milwaukee, St. Paul
Medical	7 Consolidated Patient Account Centers: Las Vegas, Leavenworth, Smyrna, Orlando, Asheville, Madison, Lebanon
Home Loan	9 Regional Loan Centers: Atlanta, Cleveland, Denver, Honolulu, Houston, Phoenix, Roanoke, St. Paul, St. Petersburg

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- 
- ## Reasons Debts are Established
- 
- | Compensation/Pension | Education |
|--|--|
| <ul style="list-style-type: none"> • Changes in income or net worth • Return to active duty • Failure to report changes in dependency • Fugitive felon status or incarceration | <ul style="list-style-type: none"> • Withdrawal from class • Not attending class • Class did not count towards graduation • Change in active duty status |
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 **Reasons Debts are Established** 



- Failure to obtain a Release of Home Loan Liability
- Duplicate or erroneous payments issued
- Payments issued after death of beneficiary

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 **Month of Death Payments** 


- Compensation and Pension payments are issued for the prior month. (Example: Check issued on May 1st will be for the month of April)
- Veterans are not entitled to a check for the month during which they pass away, if a check is issued for the month of death it will create a debt
- Surviving spouses can request a month of death check from their Regional Office of jurisdiction, this check will be issued in the surviving spouse's name, not the name of the deceased

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DMC Collection Process

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Initial Debt Notification




Compensation/Pension	Education
Address information comes from RO or Pension Center	Address information comes from Education RPO
Letter is sent 10 days after DMC receives debt	Letter is sent 10-30 days after DMC receives debt
If debtor has active benefits, letter notifies benefits will be offset in 60 days	Education benefit offset can begin 30 days after debt created
If debtor is not receiving benefits, letter advises debtor to contact DMC	If Ed benefits not available, DMC provides 60 day notice before offset of other benefits
	If debtor is not receiving benefits, letter advises debtor to contact DMC

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Notice of Rights and Obligations





Initial debt notification from DMC contains a form notifying debtor of their rights which include:

- Right to dispute existence or amount of debt
- Right to request waiver, and an oral hearing in connection with waiver request
- Right to select a Veteran's Service Organization to represent them during this process

Other information included in notice :

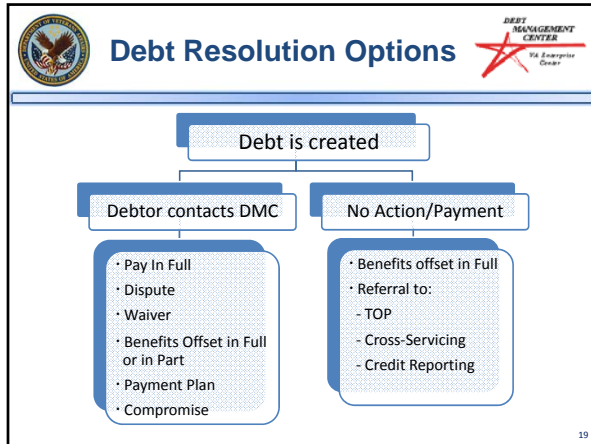
- Collections may be made by offset of government benefits, including Social Security and tax refunds
- Time limits to submit request for waiver or dispute before benefits are withheld

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Debt Resolution Options

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Pay in Full


• Pay In Full • Dispute • Waiver • Benefits Offset in Full or in Part • Payment Plan • Compromise

- By Phone - Call DMC toll-free at (800) 827-0648
- By Mail - Send a check or money order payable to the "U.S. Department of Veterans Affairs" to DMC, PO Box 11930, St. Paul, MN 55111
- Online - Go to www.pay.va.gov and click on "Pay Online" Information listed on DMC's letter will be needed to ensure proper credit.
- Western Union Quick Collect - Payment can be sent from any Western Union location, or by visiting www.westernunion.com. The Western Union Website will require a host city code, which is "VADMC"


Dispute

• Pay In Full • **Dispute** • Waiver • Benefits Offset in Full or in Part • Payment Plan • Compromise

- Debtor may dispute the amount of a debt with DMC.
- Disputes must be made in writing to DMC.
- DMC will perform an audit and send a letter explaining the debt
- If the dispute is received within 30 days of DMC's initial collection letter, collection is suspended




Waiver




· Pay In Full · Dispute · **Waiver** · Benefits Offset in Full or in Part · Payment Plan · Compromise

- Debtor has 180 days from date of initial notification letter to request waiver
- Debtor may base request on financial hardship and/or explain why not responsible for repaying debt
- Request must be:
 - made in writing to DMC
 - include VA Form 5655 Financial Status Report
- COWC decision timeframe is two to six months
- If denied, debtor has one year from the date of denial to file a Notice of Disagreement
 - Collection action continues after waiver denial

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Withholding VA Benefits




· Pay In Full · Dispute · Waiver · **Benefits Offset in Full or in Part** · Payment Plan · Compromise

- Full amount of benefit payment will be withheld (unless debt is less than payment amount)
- Withholding will continue until debt is paid in full
- If debtor cannot afford to have the entire benefit withheld, they must contact the DMC
- VA Form 5655, Financial Status Report, must be submitted for any reduced withholding arrangement extending beyond one year

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Repayment Plans




· Pay In Full · Dispute · Waiver · Benefits Offset in Full or in Part · **Payment Plan** · Compromise

- Debtor should contact DMC as soon as possible
- VA Form 5655, Financial Status Report, must be submitted with request for payment plan extending beyond one year
- If DMC agrees to requested payment plan amount, letter advising acceptance will be sent
- If payment plan is not accepted, DMC will advise what repayment amount would be acceptable
- Payment must be made to DMC every 30 days to avoid further collection action

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Compromise Offer




• Pay In Full • Dispute • Waiver • Benefits Offset in Full or in Part • Payment Plan • **Compromise**


- Debtor should send letter to DMC indicating "compromise offer" and specifying amount
- Offer should be a "lump sum"
- Offer must include VA Form 5655
- DMC refers offers to the Committee on Compromises
- If offer is accepted, DMC will advise settlement terms
- If offer is denied, DMC may elect a counter offer

*** Payment should not be sent until the debtor receives a decision accepting the offer***

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What if payment is not made?




No Action/Payment


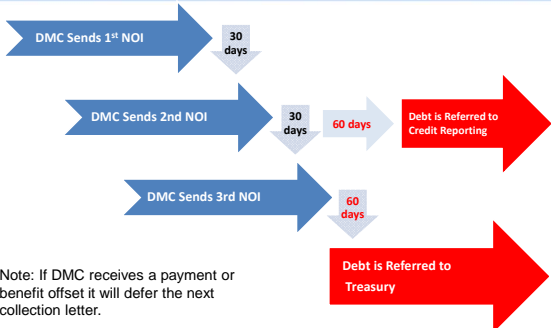
- Benefits offset in Full
- Referral to:
 - TOP
 - Cross-Servicing
 - Credit Reporting

- Future VA benefits awarded will be withheld to satisfy debt
- Department of Treasury
 - Offset of Federal payments
 - Referral to private collection agencies
 - Administrative Wage Garnishment Program
- Credit Alert Interactive Voice Response System (CAIVRS): system alerts lenders of VA debt and impacts federal home loan underwriting

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Summary of DMC Collection Process






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    graph LR
      A[DMC Sends 1st NOI] -- 30 days --> B[DMC Sends 2nd NOI]
      B -- 30 days --> C[DMC Sends 3rd NOI]
      B -- 60 days --> D[Debt is Referred to Credit Reporting]
      C -- 60 days --> E[Debt is Referred to Treasury]
  
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Note: If DMC receives a payment or benefit offset it will defer the next collection letter.

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 **Bankruptcy** 



- If notified, DMC suspends collection of debts when bankruptcy has been filed
- DMC needs a copy of the official bankruptcy papers from the court
- Education debt is non-dischargeable
- If debt was established before bankruptcy was filed, DMC cannot process a waiver until bankruptcy is complete
- If the debt with VA is not discharged, DMC will continue collection once bankruptcy is terminated

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 **Homeless Veterans** 


- If the Veteran is homeless or is facing eviction, please let us know when you contact DMC
- If a Veteran is having difficulty with a VA-guaranteed home loan , they can call 1-877-827-3702 to reach the nearest Loan Guaranty office
- VA's National Call Center for Homeless Veterans is: 1-877-424-3838
- Suicide Hotline – 1-800-273-8255

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Contacting DMC

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Contacting DMC by Phone:




DMC has a number for internal use by VSOs only. Please do not share this number with Veterans.

VSO only DMC line: (612) 970-5737

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Contacting DMC by Phone




DMC operates 192 toll free lines during our business hours, 6:30 AM to 6:00 PM Central Time


Call us toll free at: **(800) 827-0648**
International callers: 1-612-713-6415

- DMC is increasing staffing levels to reduce wait times
- We experience our highest volume of calls on Mondays, and the first week of every month

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Other Ways to Contact DMC




- By mail:
Department of Veterans Affairs
DMC (389)
PO Box 11930
St. Paul, MN 55111-0930
- Email: dmc.ops@va.gov
- Website: www.va.gov/debtman
- Fax: (612) 970-5798 or (612) 970-5782

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Thank you!




Questions?


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**Department of Veterans
Affairs
Debt Management Center
Reference Slides**



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DMC Mission Statement





The Debt Management Center provides distinctive, high quality accounts receivable services through a compassionate and value-added approach, empowering our stakeholders to focus on core missions.

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Debt Establishment

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Debt Establishment

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All debts are established at the VA Processing Office with jurisdiction over the benefit or service.

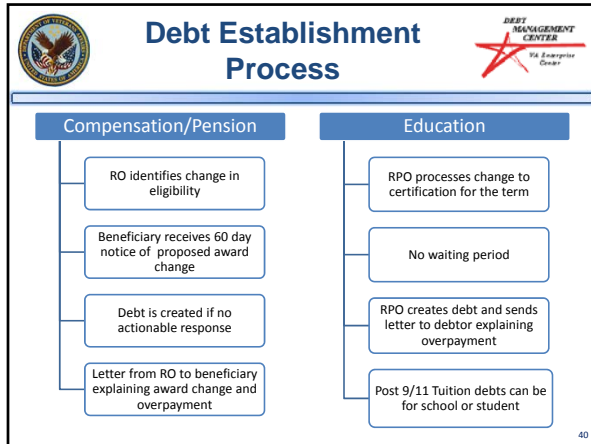
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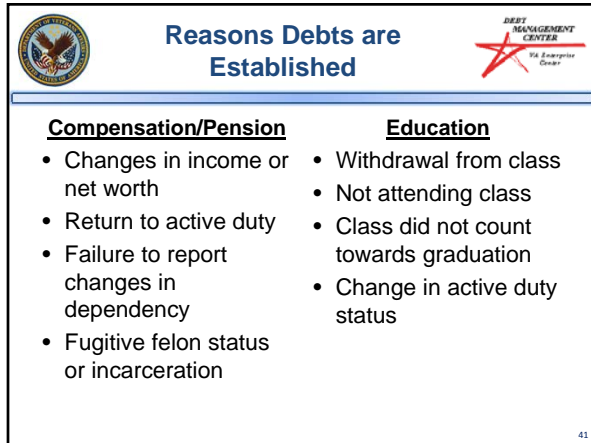



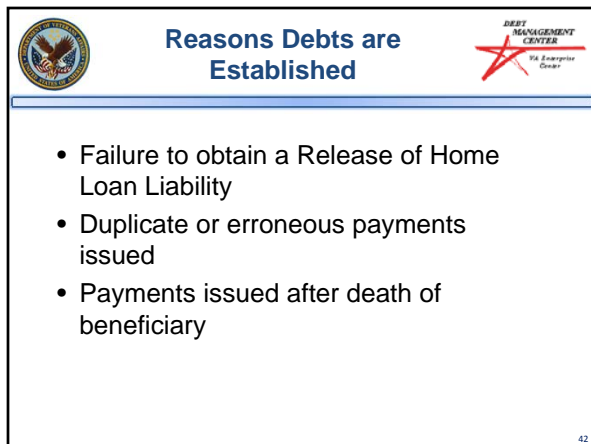
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 **Debt Establishment:
Comp and Pension** 



- The RO notifies the beneficiary of the possible change. The beneficiary is sent a letter and given 60 days to respond to the notice
- After 60 Days, if no actionable response is received, the proposed award action is taken and a debt is established
- A letter is sent to the beneficiary, notifying of the award change, the reason for the award change, and that the beneficiary has been overpaid

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 **Month of Death
Payments** 

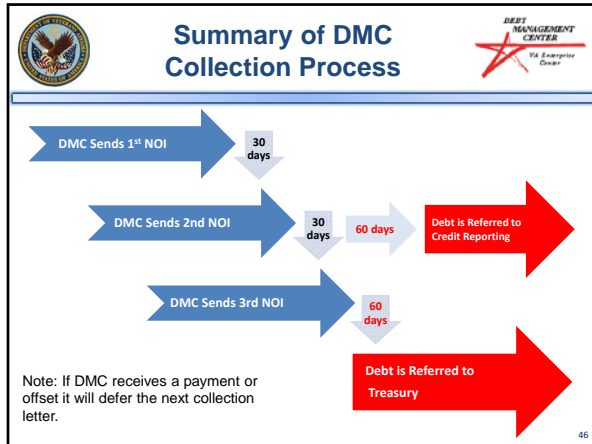
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- Veterans are not entitled to a check for the month during which they pass away, if a check is issued for the month of death it will create a debt
- Surviving spouses can request a month of death check from their Regional Office of jurisdiction, this check will be issued in the surviving spouse's name, not the name of the deceased

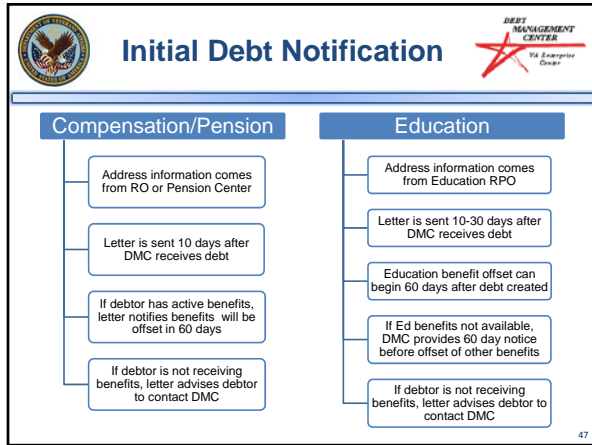
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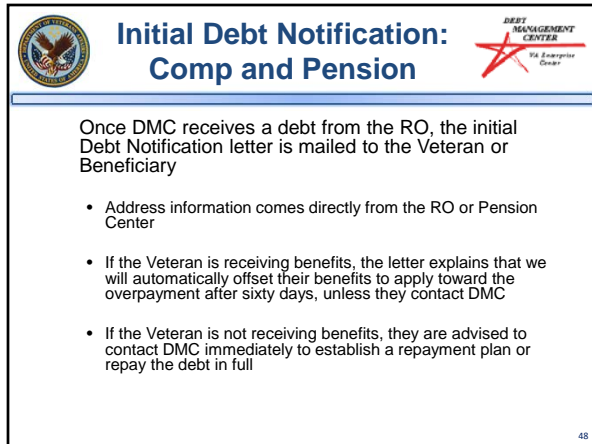
 **Debt Establishment:
Education** 


- The RPO processes a term certification change which changes the amount due for the term, or identifies a duplicate or erroneous payment
- There is no waiting period to create the debt
- The RPO establishes the debt and sends a letter. This letter advises that DMC will be contacting the debtor
- For Post 9/11 GI Bill tuition, debts can be for the school or the student. Students are notified of debts for the school but not vice versa

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Initial Debt Notification: Education




Once DMC receives a debt from the RPO, the initial Debt Notification letter is mailed to the Veteran or Beneficiary

- Address information comes directly from the RPO
- If the Veteran is receiving education benefits, we may offset those benefits within 30 days of the initial debt notification letter
- If the Veteran is not receiving education benefits but is receiving compensation or pension benefits, we can offset those but will provide 60 day notification prior to offset
- If the Veteran is not receiving benefits, they are advised to contact DMC immediately to establish a repayment plan or repay the debt in full

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Notice of Rights and Obligations




The initial debt notification also contains a form notifying the debtor of their rights which include:

- the right to dispute the existence or amount of the debt
- the right to request waiver of the debt, and an oral hearing in connection with the waiver request
- the right to select a Veteran's Service Organization to represent them during this process


Other information in the notice includes the following:

- Collections may be made by offset of government benefits, including Social Security and tax refunds
- The time limits to submit their request for waiver or dispute before benefits are withheld

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Debt Resolution Options




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graph TD
    A[Debt is created] --> B[Debtor contacts DMC]
    A --> C[No Action/Payment]
    B --> B1[• Pay In Full]
    B --> B2[• Dispute]
    B --> B3[• Waiver]
    B --> B4[• Benefits Offset in Full or in part]
    B --> B5[• Payment Plan]
    B --> B6[• Compromise]
    C --> C1[• Benefits offset in Full]
    C --> C2[• Referral to:]
    C2 --> C3[- TOP]
    C2 --> C4[- Cross-Servicing]
    C2 --> C5[- Credit Reporting]
  
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Pay in Full




• Pay In Full • Dispute • Waiver • Benefits Offset in Full or in Part • Payment Plan • Compromise

- By Phone - Call DMC toll-free at (800) 827-0648
- By Mail - Send a check or money order payable to the "U.S. Department of Veterans Affairs" to DMC, PO Box 11930, St. Paul, MN 55111
- Online - Go to our website, www.pay.va.gov and click on "Pay Online"
- Western Union Quick Collect - Payment can be sent from any Western Union location, or by visiting www.westernunion.com. The Western Union Website will require a host city code, which is "VADMC"

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Dispute




• Pay In Full • **Dispute** • Waiver • Benefits Offset in Full or in Part • Payment Plan • Compromise

- Debtor may dispute the amount of a debt with DMC.
- Disputes must be made in writing to DMC.
- DMC will perform an audit and send a letter explaining the debt
- If the dispute is received within 30 days of DMC's initial collection letter, collection is suspended

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Requesting a Waiver



The Veteran may request a waiver of a debt based on financial hardship or if they feel they should not be held responsible for repayment of the debt.



- Waiver requests must be made in writing to the DMC, not the RO or Pension Center
- Once DMC receives the waiver request, the request will be forwarded to the Committee on Waivers for consideration
- The waiver request should state "I am requesting a waiver" and list the reasons why waiver should be granted
- Waiver requests must contain a completed VA Form 5655, Financial Status Report

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 **Waiver Timeframes** 

- A Veteran has 180 days from the initial notification letter to request a waiver
- If DMC receives the waiver request within 30 days of the initial notification letter, collection will be suspended
- The COWC will take approximately two to six months to make a decision on most waiver requests.
 - If it is granted, a letter will be sent to the Veteran by the DMC
 - If denied, a letter will be sent by the COWC
 - If denied, debtors have one year from the date of denial to file a Notice of Disagreement
 - Collection action does continue during this process



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 **Withholding VA Benefits** 

If the debtor is receiving VA benefits, the initial notification letter advises that DMC will withhold those benefits until the amount overpaid is recouped. The letter will also advise when the withholding is scheduled to begin.

- The full amount of the benefit will be applied to the overpayment. The withholding will continue until the debt is paid in full
- If the debtor cannot afford to have the entire benefit withheld, they should contact the DMC as soon as possible. DMC will work with them establish a withholding that will accommodate their financial situation based on age and size of indebtedness
- VA Form 5655, Financial Status Report, must be submitted for any withholding arrangement extending beyond one year


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 **Repayment Plans** 


If a debtor is no longer receiving benefits and cannot pay the debt in full, DMC will work with them to establish a repayment plan.

- The debtor should contact DMC as soon as possible to establish the payment plan
- DMC can be contacted by phone, email, or written correspondence
- VA Form 5655, Financial Status Report, must be submitted for any payment plan extending beyond one year
- If DMC agrees to the payment plan, DMC will send a letter advising that the repayment plan has been accepted. If the payment plan is not accepted, the debtor will be advised of a repayment plan that will be acceptable
- Payment must be made to DMC every 30 days to avoid further collection action

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Compromise Offer




We can consider a lesser amount as full settlement of a debt. This is referred to as a compromise offer.


- To make an offer, a debtor should send a letter to DMC stating they are making a compromise offer and specify the amount they wish to pay. **This is a "lump sum" payment**
- For a compromise offer to be considered they must complete VA Form 5655, Financial Status Report
- When DMC receives the offer, it will be referred to the Committee on Compromises for consideration
- If accepted, the debtor will be advised of the settlement terms. If denied, DMC may elect a counter offer to the debtor for full settlement of the debt

*** Payment should not be sent until the debtor receives a decision accepting the offer. ***

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What if repayment is not made?




If no payment is made after 30 days from the date of the initial debt notification letter, a second letter will be sent requesting the debtor contact DMC.

This letter will advise the debtor what will happen if no repayment arrangements are made in the next 60 days.

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What if a repayment plan is not made?




- The delinquent balance will be reported to Credit Reporting agencies. This will effect the ability of the debtor to obtain credit in the future
- The account can be referred to the Department of Treasury for further collection action, which will include offset of any Federal payments the debtor is entitled to. This includes tax refunds, social security benefits, and federal salary or retirement benefits
- The Department of Treasury may refer the account to private collection agencies, which will result in additional fees, interest, and penalties being added to the account as authorized under the Debt Collection Improvement Act of 1996
- The debtor may also be subject to garnishment of non-federal wages under Treasury's Administrative Wage Garnishment Program
- Any future VA benefits will be withheld to satisfy the debt
- The delinquent debt can be reported to the Credit Alert Interactive Voice Response System (CAIVRS). This will alert lenders of the debt with the VA and their delinquency will be considered in the underwriting process of any federal home loan

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Bankruptcy




- If notified, DMC suspends collection of debts when bankruptcy has been filed
- DMC needs a copy of the official bankruptcy papers from the court
- Education debt is non-dischargeable
- If debt was established before bankruptcy was filed, DMC cannot process a waiver until bankruptcy is complete
- If the debt with VA is not discharged, DMC will continue collection once bankruptcy is terminated

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Homeless Veterans




- If the Veteran is homeless or is facing eviction, please let us know when you contact DMC
- If a Veteran is having difficulty with a VA-guaranteed home loan , they can call 1-877-827-3702 to reach the nearest Loan Guaranty office
- VA's National Call Center for Homeless Veterans is: 1-877-424-3838
- Suicide Hotline – 1-800-273-8255

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Contacting DMC by Phone:



DMC has a number for internal use by VSOs only. Please do not share this number with Veterans.

VSO only DMC line: (612) 970-5737

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 **Contacting DMC by Phone** 

DMC operates 192 toll free lines during our business hours, 6:30 AM to 6:00 PM Central Time

Call us toll free at: **(800) 827-0648**
International callers: 1-612-713-6415

- DMC is increasing staffing levels to reduce wait times
- We experience our highest volume of calls on Mondays, and the first week of every month. By avoiding these peak times, you will minimize your wait time

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 **Other Ways to Contact DMC** 

- By mail:
Department of Veterans Affairs
DMC (389)
PO Box 11930
St. Paul, MN 55111-0930
- Email: dmc.ops@va.gov
- Website: www.va.gov/debtman
- Fax: (612) 970-5798 or (612) 970-5782

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