

§ 1177.13 Contracting with private collection contractors and with entities that locate and recover unclaimed assets.

(a) Subject to the provisions of paragraph (b) of this section, NEH may contract with private collection contractors, as defined in 31 U.S.C. 3701(f), to recover delinquent debts, provided that:

(1) NEH retains the authority to resolve disputes, compromise debts, suspend or terminate collection activity, and refer debts for litigation;

(2) The private collection contractor is not allowed to offer the debtor, as an incentive for payment, the opportunity to pay the debt less the private collection contractor's fee unless NEH has granted such authority prior to the offer;

(3) The contract provides that the private collection contractor is subject to the Privacy Act of 1974, to the extent specified in 5 U.S.C. 552a(m), and to applicable Federal and state laws and regulations pertaining to debt collection practices, including but not limited to the Fair Debt Collection Practices Act, 15 U.S.C. 1692; and

(4) The private collection contractor is required to account for all amounts collected.

(b) NEH will use government-wide debt collection contracts to obtain debt collection services provided by private contractors. However, NEH may refer debts to private collection contractors pursuant to a contract with the private collection contractor only if such debts are not subject to the requirement to transfer debts to Treasury for collection. See 31 U.S.C. 3711(g); 31 CFR 285.12(e).

(c) NEH may fund private collection contractor contracts in accordance with 31 U.S.C. 3718(d), or as otherwise permitted by law.

(d) NEH may enter into contracts for locating and recovering United States assets, such as unclaimed assets. NEH will establish procedures that are acceptable to the Secretary before entering into contracts to recover United States assets held by a state government or a financial institution.

(e) NEH may enter into contracts for debtor asset and income search reports. In accordance with 31 U.S.C. 3718(d), such contracts may provide that the fee a contractor charges NEH for such services may be payable from the amounts recovered, unless otherwise prohibited by statute.