



United States
Department of
Agriculture

Consolidated
Farm Service
Agency

P.O. Box 2415
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FmHA AN No. 3178 (1951-S)
July 21, 1995

TO: Acting State Directors, District Directors
and County Supervisors
Rural Economic and Community Development

ATTN: Farmer Programs Chiefs and Information Resource Managers

SUBJECT: Utilization of DALR\$ Version 6.0

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance regarding the utilization of the Debt and Loan Restructuring System (DALR\$) Version 6.0 software in State, District and County Offices.

The intended outcome is to ensure uniform utilization of the software when processing a request for primary loan servicing received on or after November 28, 1990, under FmHA Instruction 1951-S.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESISTIBILITIES:

DALR\$ Version 6.0 (DALR\$ 6.0), which was developed to improve and enhance software performance and reduce the system maintenance cost, is a redesign of DALR\$ Version 5.0 (DALR\$ 5.0). Distribution of the software is scheduled to begin approximately July 15, 1995. In addition to the DALR\$ 6.0 software, each office will receive the DALR\$ 6.0 Data Translation Routine (used to convert the majority of data contained in DALR\$ 5.0 to DALR\$ 6.0) and the DALR\$ 6.0 System Administrators's Guide (for Information Resource Managers) or the DALR\$ 6.0 Field Office System Administrator's Guide (for County and District Offices), as appropriate.

Information Resource Managers (IRM) are responsible for assuring that the software is loaded and the data translation has been completed in all offices by August 21, 1995. From that date forward, DALR\$ 6.0 will be used for all offers of primary loan servicing (PLS), net recovery buyout, or denials of PLS for complete applications for primary servicing received on or after November 28, 1990. This includes utilization of DALR\$ 6.0 for all revised calculations which must be completed when the proposed loan servicing date is not met, or as a result of an appeal or mediation. We will continue to use DALR\$ Version 4.2 (DALR\$ 4.2) for applications received prior to November 28, 1990. DALR\$ 5.0 software should not be removed until specific guidance is provided to IRMs.

EXPIRATION DATE: June 20, 1996

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-S

Once DALR\$ 6.0 has been installed, only DALR\$ 6.0 and DALR\$ 4.2 will be accessible from the DALR\$ front end menu. Should it be necessary to run calculations using DALR\$ 5.0 after DALR\$ 6.0 has been installed, and prior to August 21, 1995, DALR\$ 5.0 may be accessed by typing "dalrs 5.0" at the UNIX prompt.

County Supervisors and System Administrators should coordinate the following actions, in sequence, to ensure that the DALR\$ 6.0 software and the DALR\$ 5.0 data is properly loaded and converted:

Step 1:

Delete from DALR\$ 5.0, borrowers whose servicing requests have been processed through completion. The servicing request should be considered completed when all of the following actions have occurred:

- a. the loans have been restructured, bought out at the net recovery value, or accelerated;
- b. the related ADPS transactions have been processed; and
- c. a copy of the DALR\$ Analysis Report has been filed in the borrower's case file.

Step 2:

Load the DALR\$ 6.0 software in accordance with the installation instructions provided with the diskettes. The changes and enhancements added with DALR\$ 6.0 are addressed on Attachment 1 of this AN.

Step 3:

Run the DALR\$ 6.0 Data Translation Routine in accordance with the instructions provided with the diskette. Detailed information pertaining to the data translation is provided in Attachment 2 of this AN.

Step 4:

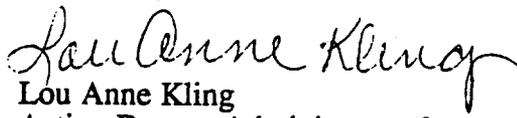
Correct any discrepancies identified on the reports generated during the data translation routine. Complete any necessary updates for data that could not be converted as identified in Attachment 3 of this AN.

Two modifications were made to the software which have not been addressed in current regulations. First, the method of calculating Conservation Easement Debt Cancellation (CE) has been expanded. The new calculation methods equalize the CE cancellation in situations where the Agency is secured or oversecured with situations where the Agency is undersecured, and provide the capability of determining the CE cancellation for current borrowers. DALR\$ 6.0 should be used to consider a borrower's request for CE; however, an exception from the Administrator must be obtained prior to offering a borrower servicing which includes CE. Attachment 4 of this AN reflects the calculation methods utilized in DALR\$ 6.0 to consider a borrower's request for CE.

The second modification pertains to the automatic calculation of the maximum remaining term of an Economic Emergency (EE) loan made for operating purposes. DALR\$ 6.0 will establish the maximum term of an EE loan for operating purposes as 15 years from the date of rescheduling. Paragraph 1951.909(e)(1)(xi)(C) of FmHA Instruction 1951-S provides that the term "of EE loans may not exceed 20 years from the date of the original note." Until such time that the regulation is modified, the maximum remaining term calculated by the system for these loans must be overwritten with the remaining term allowed under the existing regulation, or, if necessary to develop a feasible plan, an exception may be requested from the Administrator to allow the loan to be rescheduled with a 15-year term.

County Supervisors should be aware that previously saved DALR\$ Analysis Reports will not be removed when a borrower is deleted from DALR\$ 6.0. Therefore, prior to deleting a borrower, users should delete all DALR\$ Analysis Reports saved for the borrower. Reports may be deleted by selecting the "Purge Previous DALR\$ Analysis Reports" option from the System Maintenance Menu.

If you have any questions, please contact Bill Cobb, Farm Credit Loan Servicing and Property Management Division, at 202-690-4011.


Lou Anne Kling
Acting Deputy Administrator for
Farm Credit Programs

Attachments

CHANGES AND ENHANCEMENTS TO DALR\$

Users will observe numerous changes to DALR\$ when using Version 6.0. These changes are a result of the conversion to an ORACLE database, the use of the C programming language, and enhancements to the system. Significant changes and enhancements include the following:

General

1. As a result of the conversion to ORACLE, the control keys and navigational features of DALR\$ 6.0 are the same as those of the Automated Farm and Home Plan, except for the following:
 - a. F3 - Use of the F3 key in DALR\$ 6.0 will return the user to the calling screen or menu. In FHP, the F3 key is used to exit the system.
 - b. <Shift> F4 - This combination of keys is used to access "Quick Navigation" in FHP, and is not available in DALR\$ 6.0.
 - c. <Shift> F5 - This combination of keys is used to access popup screens in DALR\$ 6.0, and is not available in FHP.
 - d. <Shift> F6 - This combination of keys calls for "Quick Search" popups for qualified queries in DALR\$ 6.0 and is not available in FHP.
 - e. <Shift> F7 - This combination of keys is used to delete all new loans, existing loans, net recovery properties, or previously saved reports (depending on the screen the user is in when the key sequence is initiated). This function is not available in FHP.

A template of all applicable control keys and their functions has been developed and was provided to State DALR\$ Coordinators for distribution.

2. Use of the C programming language results in a significant increase in the speed of calculations.
3. The "editrate" function has been eliminated.
4. The "term reduction" process has been eliminated.
5. DALR\$ 6.0 automatically loads with calculation capabilities. There is a significant increase in the speed in which the system loads.
6. The menu structure has been reduced. All adding, editing, and deletion of data is completed on a single screen.
7. DALR\$ 6.0 is a more precise system than DALR\$ 5.0. When comparing a DALR\$ Analysis Report prepared in DALR\$ 6.0 to one using identical data in DALR\$ 5.0, minor differences will be noted on loans that receive a partial deferral or partial writedown.

8. All fields and references to the Debt Set-A-Side Program have been eliminated.
9. Once a borrower has been selected by a user, a lock will be placed on that borrower, and all other users will be prohibited from accessing that borrower's records. A message will be received indicating that the borrower's records are currently being updated by another user. The lock will be removed when the user selects another borrower or returns to the main menu.
10. Minor modifications were made to the DALR\$ Analysis Report. These include the following:
 - a. The deferral period will only be printed on the report if a deferral is utilized.
 - b. The format of the net recovery properties section of the report was modified.
 - c. The borrower's name as well as the report name are printed on all pages of the report.
 - d. All pages of the report have a page number.

Discount Rates, Interest Rates, and Net Recovery Constants Screens

1. Rates and constants may be verified at the time of initial entry.
2. All discount rates and the associated effective dates are listed on a single screen.
3. The interest rates on the Program Interest Rates screen have been changed to reflect the order in which program interest rates are listed on Exhibit B of FmHA Instruction 440.1. Additionally, the Farm Ownership Direct Downpayment rate has been added to the screen.
4. The discount rates, program interest rates and net recovery constants information are no longer automatically printed after initial entry.

Enter or Select a Borrower Screen

1. The "Enter or Select a Borrower" screen has been modified to have the same format as the Farm and Home Plan.

Basic Borrower Information Screen

1. Fields for "Conservation Easement Acres" and "Softwood Timber Acres" were added to this screen.

New Loans Screen

1. Fund codes are limited only to those types of loans still available under the Agency's loan making authorities.
2. The "Interest Rate" field was eliminated from the screen. The payment for the loan will be calculated at the regular interest rate reflected in the interest rate table in effect on the proposed restructure date. The rate will be reduced to the limited

Existing Loans Screen

1. Existing loans are entered prior to net recovery properties.
2. The layout of the screen has been modified. Previously, the fields on the screen were listed vertically and only one loan was reflected on each screen. Fields on the DALRS 6.0 screen are listed horizontally. Additionally, all loans are listed on a single screen.
3. Maximum term is automatically calculated by the system. The calculated figure may be overwritten with a lesser value. As a result of this enhancement, the field "Original Note Date" was added and must be completed for certain loan types. The maximum term for Economic Emergency loans for operating purposes has been changed from 20 years from the date of the original note to 15 years from the date of rescheduling. (NOTE: The change in terms for Economic Emergency loans for operating purposes will be made in the regulation as part of the final rule for FmHA Instruction 1951-S. Until such time that the final regulations are published, it will be necessary to overwrite and reduce the term in accordance with the existing regulations, or request an exception in accordance with section 1951.916 of the regulation.)
4. New loan types have been added to ensure that the maximum term of the loan and interest rate used when restructuring the loan is determined in accordance with FmHA Instruction 1951-S. The following loan types have been added:

<u>Fund Code</u>	<u>Loan Type</u>	<u>Description</u>
29	EC	Economic Emergency- Real Estate Secured by Chattels Only
41	DP	Farm Ownership - Downpayment Loan
44	OR	Operating Loan - Recreation Purposes
44	ON	Operating Loan - Nonfarm Enterprise
45	SC	Soil and Water Loan Secured by Chattels Only

5. A new code was added for the "Servicing Action" field. The new code "S" indicates that the loan is not delinquent; however, the loan must be considered for servicing if a feasible plan can be found. (This code may be used for borrowers who are financially distressed.)
6. A popup screen has been added for entries pertaining to recoverable cost items.
7. Fields were added for the "Operating Portion" of a loan not to be considered for restructuring and to identify loans that would be "Paid in Full" prior to the proposed restructure date.

Net Recovery Property Screen

1. The layout of the screen has been modified. Previously, the fields on the screen were listed vertically and only one property was reflected on each screen. Fields on the DALR\$ 6.0 screen are listed horizontally. Additionally, all properties are listed on a single screen.
2. Property types for real estate security were modified. The property type "REL" was eliminated. The following property types were added:
 - a. FRE - Farm or Ranch Real Estate. All real estate security meeting the definition of "Farm" in section 1943.4 of FmHA Instruction 1943-A should receive this code.
 - b. NFR - Nonfarm Real Estate. Any real estate security that does not meet the definition of "Farm" should receive this code.
3. The "Total Acres" field was added and will be required for all properties coded "FRE." This information will be reflected on the DALR\$ Analysis Report and will be used, should the borrower request Conservation Easement Debt Cancellation.
4. Loans secured by individual net recovery properties are identified by loan number, rather than loan type. This data is entered on the Loans Secured popup screen and will be reflected on the DALR\$ Analysis Report. All loans secured by the property must be noted. The information reflected on this popup will be used by the system when Conservation Easement Debt Cancellation is requested to determine which loans may be written down under the program.
5. A popup screen has been added for entries pertaining to prior liens. The total outstanding debt owed to all prior lienholders on the property will be reflected in the prior liens field.
6. A popup screen was added for entries pertaining to depreciation. A description of the improvement, the contributory value and the remaining life of each improvement will be required. The system will determine total depreciation for the holding period during the calculation process. All information pertaining to depreciation will be reflected on the DALR\$ Analysis Report. Additionally, a validation is completed to ensure that the total depreciation for any one improvement does not exceed the contributory value of the improvement.

Loan Security Screen

1. A new loan security screen reflecting the association between net recovery properties and loans has been added. This screen is used primarily for review purposes. Any associations that were inadvertently missed may be added here or by editing the net recovery property screen.

Calculations and Report Generation

1. The effective date of the discount rate, interest rates, and/or net recovery constants may be changed for a single run of calculations.
2. The report name field has been modified to accept a maximum of seven characters. Additionally, a report description up to 30 characters may be entered.
3. Users are provided the option of viewing summary or detail information on the screen during calculations.
4. The table reflected at the completion of calculations has been modified to provide specific details such as interest rate, term, and payment amount, rather than simply indicating that the loan was restructured.
5. The system will now calculate the amount of cash improvement required for a feasible plan when the payments to non-FmHA creditors is greater than the balance available.
6. Users may choose to print either a summary report or a detail report.
7. Page numbers have been added to all pages of the DALR\$ Analysis Report.
8. Conservation Easement Debt Cancellation will be considered prior to any other servicing options, if requested by the borrower. DALR\$ 6.0 will calculate Conservation Easement Debt Cancellation for current borrowers. The only entry required to consider conservation easement is the number of easement acres. New sections have been added to the report to reflect the outcome of the calculations. Additionally, the calculation methods have been revised. (NOTE: The revision to the Conservation Easement Debt Cancellation regulations will be made as part of the final rule for FmHA Instruction 1951-S. Until such time that the final regulations are published, it may be necessary to request an exception in accordance with section 1951.916 of the regulation.)
9. A single report may be obtained listing the effective dates for all discount rates, program interest rates and net recovery constants on the system.
10. The format of the discount rates, program interest rates, and net recovery constants report has been modified. A report of either a single effective date or all effective dates may be printed.
11. The method of establishing a default State and County code is the same as that utilized in FHP.

12. Reports may be printed on the following printers:

- a. HP Laser II, III, or IV
- b. Genicom 3024
- c. IBM Proprinter
- d. IBM LEXMARK

A menu selection has been added to the System Maintenance Menu which provides the option to print DALRS reports on a printer other than the default established in the user profile. The change will only be effective for the DALRS current session.

DALRS 6.0 DATA TRANSLATION ROUTINE

General

In an effort to minimize the time demands on the County Office staff, the DALRS 6.0 Data Translation Routine was developed to convert the data presently contained in DALRS 5.0, to DALRS 6.0. The DALRS 6.0 Data Translation Routine should be completed after DALRS 6.0 software has been loaded on the system, and will result in the majority of the data in DALRS 5.0 pertaining to borrowers, reports, discount and interest rates, and net recovery constants being copied from the DALRS 5.0 data files to DALRS 6.0.

1. The translation routine was designed to accommodate duplicate or invalid data contained in the DALRS 5.0 database through the use of various reports printed after the completion of the process. The likelihood of obtaining one or more of these reports increases with the volume of data being converted. **Therefore, it is essential that the data and/or reports for those borrowers whose servicing actions have been completed be deleted from the system prior to data translation.** Servicing actions are considered complete after the following actions have occurred:
 - a. the loans have been restructured, bought out at the net recovery value, or accelerated;
 - b. all related ADPS transactions have been processed;
 - c. and a copy of the DALRS Analysis Report has been filed in the borrower case file.
2. Discount rates, interest rates, and net recovery constants should not be purged. All rates and constants should be converted to DALRS 6.0. Unverified rates or constants will be converted; however, they must be verified prior to completing calculations.
3. The interest rate for Farm Ownership Direct Downpayment loans has been added in DALRS 6.0. This rate was first published in Exhibit B of FmHA Instruction 440.1 on September 30, 1993. Therefore, this rate will be established as 4 percent for all interest rate tables with an effective date on or after September 30, 1993; and 0 percent for all effective dates preceding September 30, 1993.
4. All rate fields in DALRS 6.0 are entered in a percentage format (6 and 1/4 percent = 6.25). The DALRS 5.0 system is inconsistent and has rate fields in the percentage format as well as the decimal format (6 and 1/4 percent = .0625). During the conversion routine, all data in decimal format will be converted to the percentage format.
5. DALRS Analysis Reports prepared in DALRS 6.0 contain codes which allow for the reports to be printed on a variety of printers. Reports converted from DALRS 5.0 do not contain these codes. Therefore, converted reports can only be printed on a Genicom printer.

6. DALR\$ 6.0 is designed to automatically convert all alpha characters entered in the system to upper case. The DALR\$ 5.0 system allowed users to enter alpha characters in either upper or lower case. During the conversion routine, all alpha characters in DALR\$ 5.0 will be converted to upper case, except for DALR\$ Analysis Report names. This exception was necessary as it is possible for reports in DALR\$ 5.0 to have had the same name using different combinations of upper and lower case characters (ie. HILL, Hill, or hill). Therefore, report names were converted exactly as they appear in DALR\$ 5.0.

DALR\$ 6.0 provides users the option of printing previously saved reports. The report name may be selected from a List of Values, or by entering the report name. Since it is not possible to enter small case characters in DALR\$ 6.0, reports that are converted and use small case letters in the report name may only be selected for printing from the list of values.

7. Data may be rounded during the translation routine. All monetary fields in DALR\$ 6.0, except for principal and interest, are rounded to the nearest dollar amount. Principal and interest field are rounded to the nearest penny. The translation routine will complete any rounding necessary to accommodate the format of the fields.

ACTIONS NECESSARY AFTER DATA TRANSLATION

The development of DALRS 6.0 included modifications to data entered in several fields. Additionally, new fields have been added to the system. Therefore, it will be necessary to update certain information after completion of the translation routine. The following items should be reviewed for possible update after completion of the translation routine to ensure that all calculations are correct:

1. Enter or Select a Borrower Screen

- a. The format for entering a borrower's name has been modified. In DALRS 5.0, the borrower's name is entered into a single field. The DALRS 6.0 screen matches that of the Farm and Home Plan (FHP) and contains separate fields for individual as opposed to entity borrowers. Additionally, an individual's name is broken down to three separate fields: last name, first name, and middle initial.

In DALRS 5.0, there is no method of distinguishing between individual and entity borrowers. Therefore, during the data translation routine, all borrowers will be converted as individuals. The characters (maximum of 19) to the left of the comma will be placed in the last name field. The characters (maximum of 19) to the right of the comma will be placed in the first name field. If there is no comma, the first 19 characters will be placed in the last name field. Any remaining characters (maximum of 19) will be placed in the first name field.

Corrections on the "Enter/Select a Borrower" screen are most easily done by pressing F2 to complete an unqualified query. A list of all borrowers in the system will be obtained. The up/down arrow keys are used to move through the list of borrowers converted and to make any necessary corrections. Keep in mind, when moving through the list, you will be unable to navigate past a borrower when the first name field is blank, until the name has been corrected. An individual borrower is changed to an entity by changing the "I" in the "Individual or Entity Borrower" field to an "E." This action will automatically clear the individual name fields. The entity name can then be entered in the "Entity Name" field.

2. New Loans Screen

- a. The "Loan Type" field has been added to the screen. During the conversion process, all new loans will be assigned the most likely loan type based on the fund code of the loan. However, several fund codes have more than one loan type available. Therefore, it will be necessary to review the loan type assigned as the interest rate for the loan is based on the loan type. Loan types will be assigned as follows:

<u>Fund Code</u>	<u>Loan Type Assigned</u>	<u>Other Applicable Loan Types</u>
41	FO	DP
43	EO	ER
44	OL	OR, ON
45	SW	SC
46	NF	Not Applicable
49	FO	Not Applicable

3. Existing Loans Screen

- a. The loan type is used to determine the correct interest rate and maximum term. Several new loan type were added to ensure correct calculation of the maximum term. Additionally, one existing loan type has been deleted. The following table summarizes the loan types which may require review:

<u>Fund Code</u>	<u>DALRS 5.0 Loan Type</u>	<u>DALRS 6.0 Loan Type</u>	<u>New Loan Types Added for the Fund Code</u>
29	RE	RE	EC
41	FO	FO	DP
43	EM	EO	ER
44	OL	OL	ON, OR
45	SW	SW	SC

- b. Loans with the "Existing Payment Schedule" of "S" (Debt Set-A-Side) will not be converted. This program is no longer available, so no loans should have this code.
- c. The field "Original Note Date" has been added and is used by the system to calculate the maximum term available for loans on which the term is based on a specific number of years from the original note date. This information is not available in DALRS 5.0. The term entered in DALRS 5.0 will be converted and calculations may be completed using this information. However, once a user initiates any updates on an existing loan record, completion of this field will be required prior to committing the revisions.
- d. A new code of "S" is available for the "Servicing Action" field. This code indicates that the loan is not delinquent; however, the borrower is financially distressed and the loan should be restructured, even though a feasible plan may be available without restructuring this loan. For example, a loan may have the code "S" when the balance available is sufficient for all debt repayment, but proceeds will not be available until six months after the scheduled payment date.

3. Net Recovery Property Screen

- a. The codes available for use in the "Property Type" field have been modified. The code "REL" was deleted, and the following codes added:

- * FRE - Farm or Ranch Real Estate Security
- * NFR - Nonfarm Real Estate Security

- b. The "Loans Secured" field has been added in DALR\$ 6.0. This field is used to indicate each individual loan that is secured by a specific net recovery property. DALR\$ 5.0 only contains the loan type that is secured by each net recovery property. Therefore, data could not be converted for this field and it will be necessary to update this field prior to completing calculations.
 - c. The depreciation field in DALR\$ 5.0 requires manual calculation of the total depreciation for all improvements prior to the entry of data. DALR\$ 6.0 will calculate total depreciation based on the contributory value and useful remaining life entered for each improvement. Since this data is not contained in DALR\$ 5.0, data for each of these fields, as well as the description of the improvement field, must be entered prior to completing calculations.
4. AFTER COMPLETING THE DALR\$ 6.0 INSTALLATION, THE DATA TRANSLATION ROUTINE, AND ANY CORRECTIONS NECESSARY ON THE CONVERTED DATA, AN EXPORT SHOULD BE COMPLETED IN ACCORDANCE WITH THE GUIDANCE PROVIDED IN THE SYSTEM ADMINISTRATOR'S GUIDE.

