

For: State and County Offices

**Using DALRS for Implementing the
Federal Agriculture Improvement and Reform Act of 1996 (1996 Act)**

Approved by: Acting Deputy Administrator, Farm Loan Programs



I Overview

**A
Background**

DALRS Version 4.2:

- has not been modified to include the debt service margin mandated by the 1996 Act when considering primary loan servicing options
- is only used to consider primary loan servicing actions from borrowers who submitted a complete application for primary loan servicing options before November 28, 1990.

**B
Purpose**

This notice:

- obsoletes Notice FC-85
- requires the adjusted balance to be divided by the margin percentage on the worksheet for DALRS Version 4.2 in Exhibit 1
- provides special instructions for using DALRS Version 4.2 when processing primary loan servicing applications from borrowers' applications that were received before November 28, 1990.

**C
Contact**

State Offices shall contact Don Howard, LSPMD, through the Area Office for implementation procedures.

Disposal Date

May 1, 1998

Distribution

State Offices; State Offices relay to County Offices

Notice FC-120

2 Action

A

**Using DALRS
Version 4.2**

Follow this table when using DALRS Version 4.2 for primary loan servicing applications received before November 28, 1990.

Servicing Action	Situation	Action
Determining whether a feasible plan can be found on cases where the DALRS was approved after July 3, 1996. (Nonappeal Cases)	The margin of not more than 110 percent to family living expenses, total farm operating expenses, and debt obligation payments has not been installed in DALRS Version 4.2, but is a requirement for all cases initially approved after July 3, 1996.	<p>Use Exhibit 1 to properly calculate the debt servicing margin.</p> <p>Enter the new adjusted balance available into the Basic Borrower Information Screen at the "Adjusted Balance Available" field, starting with a 10 percent margin.</p> <p>Run DALRS Version 4.2 to determine whether a feasible plan can be found. If not, change the balance available to 9 percent margin and further down, if necessary, to see if a feasible plan is found.</p>
Determining whether a feasible plan can be found on cases initially approved on or before July 3, 1996. (Appeal Cases)	Offices are required by the hearing officer to rerun DALRS Version 4.2, based on previous information submitted and modified by the hearing officer.	Rerun DALRS Version 4.2 without the 1996 Act changes based on the hearing officer's decision. The 110 percent debt margin requirement only applies to cases initially approved after July 3, 1996.

**B
Obsolete
Material**

Notice FC-85 is obsolete.

Adjusted Balance Available Margin Calculations Worksheet for DALRS Version 4.2

Calculate Adjusted Balance Available:

Balance Available From Table J, item 16: \$ _____

Plus: Total Farm Operating Expenses From Table G: +\$ _____

Minus: Operating Interest Expense From Table G: - \$ _____

Plus: Total Family Living Expense From Table F: \$ _____

Adjusted Balance Available: \$ _____

Calculate Adjusted Balance Available With a Margin:

(Divide the Adjusted Balance Available by the Margin Percentage)

	Margin Percentage	Adjusted Balance Available With a Margin
Adjusted Balance Available: \$ _____	÷ 1.10	\$ _____
	÷ 1.09	\$ _____
	÷ 1.08	\$ _____
	÷ 1.07	\$ _____
	÷ 1.06	\$ _____
	÷ 1.05	\$ _____
	÷ 1.04	\$ _____
	÷ 1.03	\$ _____
	÷ 1.02	\$ _____
	÷ 1.01	\$ _____
