



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1982 (1951)

September 27, 1989

SUBJECT: Clarification Instructions for 3Q, 3R,
and 8N ADP Transactions.

TO: State Directors, District Directors,
and County Supervisors

This Administrative Notice (AN) clarifies AN Nos. 1974 (1951), 1934 (1951): Unnumbered letters "Input of Debt Write Down, Debt Write Off, and 1951-S Classification into the Computer," dated September 20, 1989; "Reimbursement for Losses Resulting From 1951-S Write Down and Write Offs," Dated August 29, 1989; EXTENDS the expiration date of AN No. 1934 (1951) for 60 days, and provides additional instructions as to how to manuscript the 3Q and 3R transactions in the multi-function work stations (MFWS) for loans secured by CHATTELS ONLY. In addition, the timeframes for entering the 3Q and 3R transactions has been extended to close of business October 6, 1989.

Further guidance is given as to how to code chattel only (8N transactions) when classifying loans of borrowers, as set forth by unnumbered letter, "Reimbursement for Losses Resulting From 1951-S Write Downs and Write Offs," dated August 29, 1989.

DEBT WRITE DOWN AND WRITE OFF OF CHATTEL ONLY BORROWERS

Changes have been made to the Automated Discrepancy Processing System (ADPS) to allow field offices to IMMEDIATELY manuscript write down and write off of debt in cases involving CHATTELS ONLY. This will be done by using transactions currently available.

A transaction code 3R, Shared Appreciation Write down, can now be used to WRITE DOWN CHATTEL ONLY borrowers. The chattel only 3R transaction will not have a Shared Appreciation Agreement executed by the borrower because there is no potential recapture. This borrower will remain on FmHA's accounts. Information given below will clarify items on Attachment 1 of AN NO. 1934 (1951), "Agricultural Credit Act of 1987 - Finance Office Interim Transaction Processing Guidance," dated June 7, 1989, related to chattel only write downs:

EXPIRATION DATE: December 31, 1989

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

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1. Item 6 - Beginning Market Value - Enter the market value of chattel as indicated on DALR\$.
2. Item 7 - Net Recovery Value - Enter the amount as shown on DALR\$.
3. Item 9 - Maturity Date - Enter a date 1 day later than the effective date shown in item 8 of the shared appreciation write down agreement.
4. Item 10 - Total Debt Write Down Secured by Real Estate enter zero(s) for borrowers with CHATTEL ONLY loans being written down.
5. Item 11 - Fund Code - Enter one of the following fund code(s): 01, 08, 13, 29, 43, 44 for each CHATTEL ONLY loan(s) being written down; subject to recapture - Enter N (for no) for all chattel only loans.

A transaction code 3Q, Net Recovery Buyout, can now be used to WRITE OFF chattel only borrowers. The chattel only 3Q transaction will not have a Net Recovery Buyout Recapture Agreement executed by the borrower because there is no potential recapture. This borrower will not remain on FmHA's accounts. Information given below will clarify items on FmHA AN NO. 1934 (1951), Attachment 2, related to chattel only write offs.

1. Item 3 - Type of Plan Code - Enter 4 in place of the prefilled 1, to write off chattel only loans. Enter 1 for write offs that have a Net Recovery Buyout Recapture Agreement for REAL ESTATE only or combination real estate and chattel, executed by the borrower. THIS IS A NEW INPUT FIELD REQUIREMENT.
2. Item 5 - Market Value - Enter the market value of chattel as indicated on DALR\$.
3. Item 6 - Net Recovery Value - Enter the net recovery value as shown on page 1 of DALR\$.
4. Item 7 - Amount of Debt Write Down Secured by Real Estate - LEAVE BLANK.
5. Item 8 - Amount of Debt Write Down Not Secured by Real Estate - Enter the sum of write off for chattel only loans.

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6. Item 10 - Fund Code - Enter one of the following fund code(s): 01, 08, 13, 29, 43, 44 for each chattel only loan being written off; Subject to Recapture - Enter N (for No) for all chattel only loans.

LOAN CLASSIFICATION

As set forth in unnumbered letter, "Reimbursement for Losses Resulting From 1951-S Write Downs and Write Offs," dated August 29, 1989. CHATTEL ONLY losses should be classified using the 8N, record loan classification data, as Code 4 for write offs or Code 5 for write down in accordance with the instructions in the above unnumbered letter. Processing of an 8N transaction does not preclude processing the 3Q or 3R transactions.

IT IS IMPERATIVE THAT THE LOAN CLASSIFICATION INFORMATION (8N) REQUIRED BY THIS AN BE PROCESSED BY SEPTEMBER 30, 1989.

ADMINISTRATIVE

By SEPTEMBER 30, 1989, ALL BORROWER "51-S" ACCOUNTS must be flagged as instructed in FmHA AN No. 1974 (1951), "Agricultural Credit Act of 1987 - Finance Office Interim Transaction Processing Guidance," dated August 29, 1989.

To meet the target dates established, terminal availability is being expanded to include September 30, 1989, 6 a.m. to 5 p.m. (central daylight time.)

State Directors WILL IMMEDIATELY initiate action to ensure that the required information is manuscripted, as set forth in this AN. If overtime is needed, you may reprogram within current State allocation. Contact the Budget Staff, if reprogramming is not possible.



NEAL SOX JOHNSON
Acting Administrator

Sent by Time Delay Option to States at 10:00 am on 9/27/89; to Districts at 12:00 pm on 9/27/89; and Counties at 2:00 pm on 9/27/89 by ASD.