

For: State and County Offices

Buyouts Affected by the 1996 Act

Approved by: Deputy Administrator, Farm Credit Programs

Susan Anne Kling

1 Overview

**A
Background**

The 1996 Act changed buyout in FmHA Instruction 1951-S from net recovery value (NRV) to current market value effective July 4, 1996.

**B
Purpose**

This notice provides information and guidance for approving:

- NRV buyouts before July 4, 1996
- market value buyouts on or after July 4, 1996.

**C
Contact**

Questions should be addressed to Kim Laris, LSPMD, through the Area Office.

2 Action

**A
Net Recovery
Buyouts**

Net recovery buyouts approved by SED before the effective date of the statutory change, July 4, 1996, will continue to be processed and closed at NRV after July 3, 1996. The NRV buyout must be closed within 90 calendar days of the date the borrower received the offer.

10-3-96

Note: Approval must be evidenced by SED's signature on the Debt and Loan Restructuring System (DALRS) Report.

**B
Buyout at
Market Value**

Effective July 4, 1996, all buyouts approved by SED must be at the current market value, less prior liens. Further guidance will be forthcoming on how to process market value buyouts.

<p>Disposal Date</p> <p>July 1, 1997</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and Ag Credit Teams</p>
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