

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
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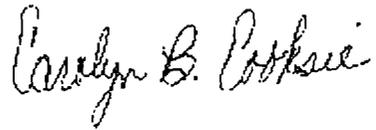
**Notice FC-87**

1951-T

**For:** State and County Offices

**Update on Disaster Set-Aside (DSA) ADPS Transactions and Account Information**

**Approved by:** Deputy Administrator, Farm Credit Programs



**1 Overview**

**A**

**Background**

St. Louis Finance Office has been working diligently to provide County Offices with the capability to process DSA and other related servicing transactions. Their efforts are now nearing completion. County Offices should now be able to process required servicing transactions and obtain correct payoffs.

**Purpose**

This notice provides County Offices with guidance to:

- process all 5S transactions
- cancel DSA with a 5T transaction and process 1M's, 3R's, 5W's, etc., for restructuring
- request that St. Louis reverse a 5S transaction if processed in error
- process 8R transactions (interest rate adjustments)
- obtain correct account information from on-line inquiry screens and Report Code 540.

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**Disposal Date**

October 1, 1997

**Distribution**

State Offices; State Offices relay to County Offices

## Notice FC-87

### 1 Overview (Continued)

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#### C

##### Contact

Direct questions to the FSA National Help Desk or the St. Louis Finance Office team leader assigned to your State.

State Offices shall contact Kim Laris, LSPMD, through the Area Office for program-related questions.

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### 2 Action

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#### A

##### 5S Transaction

County Offices shall process all 5S transactions to establish DSA to a loan account except when the loan:

- has a partial deferral
- had a deferral that expired between the date of installment set-aside and the addendum date.

For these cases, manuscript the 5S transaction with an action pending code of "IA", and flag the account 51-S. St. Louis will notify County Offices at a later date when these transactions can be processed.

5S transactions that were previously manuscripted and could not be processed because of the "cumulative payment amount" are now being processed by the Finance Office. County Offices may be contacted by their team leader for additional information.

If the 5S was processed incorrectly, the County Office must contact their St. Louis team leader to have the transaction reversed.

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#### B

##### 5T Transaction (Cancellation)

FmHA Instruction 1951-T states that the cancellation of DSA will be automatic when a loan is restructured. However, because of the additional programming involved, which would cause further delays, a separate cancellation transaction is being made available to County Offices.

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2 Action (Continued)

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**B**

**5T Transaction  
(Cancellation)  
(Continued)**

County Offices can now process a 5T transaction to cancel DSA in conjunction with processing other servicing transactions. A 5T transaction must be processed to cancel DSA when any of the following transactions are processed:

- 1M - Reschedule, Reamortize, Consolidation
- 1M - Transfer and Assumption on New Terms
- 3E - Acquisition of Security Property
- 3B - Notice of Judgment
- 3K - Debt Settlement
- 3Q - Buyout.

The 5T transaction must be sequenced to process first. The effective date of cancellation must be the same date as the servicing action the 5T is being processed with, such as the date of restructure or date of acquisition.

The amount cancelled will be provided on the "IS" inquiry screen within the next 60 days. However, until that time, the amount cancelled must be calculated in 1 of the following 2 ways:

No.	Action
1	From the "IS" inquiry screen, take the "Total Amount Set-Aside" and subtract "Cum Principal Paid Amount" and "Cum Interest Paid Amount" for the loan and advance set-aside, "Cum Deferred Int Paid Amt", "Cum Noncptlzd Int Paid", "Cum Dfrd Noncap Int Paid", and "Cumulative One Percent Insurance Charge Paid".
2	<p>If the total of the "Cum Interest Paid Amount" for the loan and/or advance set-aside exceeds the "Interest Amount" for the loan and/or advance set-aside, then recalculate the amount cancelled as follows:</p> <p>From the "IS" inquiry screen, take the "Total Amount Set-Aside" and subtract "Interest Amount" and "Cum Principal Paid Amount" for the loan and advance set-aside, "Cum Deferred Int Paid Amt", "Cum Noncptlzd Int Paid", "Cum Dfrd Noncap Int Paid", and "Cumulative One Percent Insurance Charge Paid".</p>

On-line help is available for completing this transaction.

**Note:** County Offices should take extra care processing 5T transactions. If the transaction is incorrectly processed, it cannot be reversed at the present time. The capability to reverse a 5T transaction is still in development. If the 5T transaction is incorrectly processed, flag the account 51-S until further notice.

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**2 Action (Continued)**

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**C**

**8R Transaction**      The 8R transaction to process interest rate changes for limited resource reviews can now be processed. However, until further development is completed, the 8R will reject with a discrepancy code 8O. After the 8R rejects, County Offices shall route the transaction to the Finance Office for processing.

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**D**

**Inquiry Screens**      All inquiry screens should now provide correct unpaid balances and status of account information. The following inquiry screens were updated to reflect the DSA.

Screen	Title	Information Updated
AI	Account Information	The UIIS (Unpaid Interest Installment Set-Aside) and UPIS (Unpaid Principal Installment Set-Aside) fields were added to page 2 to identify the unpaid interest and principal set-aside as of the pay-off debt. The TPOF (Total Payoff) on page 1 includes the UIIS and UPIS. Also, added to page 2 was DTIS (Date Installment Set-Aside) and SISA (Status - Installment Set-Aside).
DL	Debt and Loan Restructuring System (DALR\$ Information)	The set-aside amount is included in the unpaid principal and interest. The daily accrual is a total of the daily accrual for the nonset-aside principal and the set-aside principal.
IS	Installment Set-Aside Information	This screen provides installment set-aside information by loan.
PF	Farmer Program Payoff Balance by Loan	A separate column was established to identify set-aside amount, daily accrual, unpaid principal and interest, and payoff amount.
SF	Farmer Program Servicing by Loan	The "Unpaid Principal" and "Unpaid Interest" for the amount set-aside was added to page 2 of this screen under the legend "Installment Set-Aside".

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2 Action (Continued)

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**E**

**Report Code 540**

Currently, the unpaid balances on Report Code (RC) 540 do not include the amount set-aside. This will be corrected with the December 1996 report.

The installment set-aside balances will not be shown separately on the 540 report. The set-aside amount will be included in the unpaid principal and unpaid interest amounts. The daily accrual will be a total of the daily accrual for the nonset-aside principal and the set-aside principal. Borrowers with DSA will be identified on the RC 540 with the legend "ISA" below their name and next to the fund code.

**Note:** True pay-off balances should never be calculated using the RC 540. Always obtain true pay-off amounts from the ADPS inquiry screens.

For State Offices, the FOCUS 540 will be corrected in December to reflect the correct unpaid balances. There will also be a FOCUS file and canned FOCUS report available to obtain DSA information within the next 2 to 3 months. The PLAS FOCUS file will be updated at a later date to reflect DSA information.

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**F**

**Application of Payments**

Payments can be applied to all loans with disaster set-aside except for those identified in subparagraph 2 A where the DSA could not be processed because of a deferral. In these cases, the payment will be held in suspense by the Finance Office. Payments received on the DSA amount must be submitted to the Finance Office on FmHA 451-2 with a type of payment code "D".

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