UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-53

1951-S

For: State and County Offices

Releasing Debt and Loan Restructuring System (DALR$) Version 6.3 Software Patch and Known System Limitations

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksie

1 Overview

A Background

A software patch for DALR$ Version 6.3:

- is scheduled for release by the first week of June 1999 to all County Offices
- implements changes necessary to correct certain calculation limitations identified in the field and at our testing laboratory
- describes known system limitations and the appropriate corrective action.

B Purpose

This notice provides information about:

- the implementation of the DALR$ Version 6.3 software patch
- corrective action for any system limitations.

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Disposal Date	Distribution
June 1, 2000	State Offices; State Offices relay to County Offices

Overview (Continued)

C
Contact

If there are any questions about:

- installation or deinstallation of the software or ORACLE/UNIX problems, contact the FSA Help Desk at 1-800-255-2434
- implementation and regulatory issues:
  - County Offices shall contact State Offices
  - State Offices shall contact Don Howard, LSPMD, Guaranteed Loan Servicing and Inventory Property Branch at 202-720-1360
  - the DALR$ Forum on BBS can be used to discuss issues related to the implementation of the new DALR$ software or regulatory concerns about DALR$.

2 Changes to DALR$

A
Installing DALR$ Version 6.3 Software Patch

To install the patch, DALR$ Version 6.3 software must be installed on 3B2. If DALR$ Version 6.3 software is not installed on 3B2, it must be installed first before installing the patch.

All Field Offices receiving DALR$ Version 6.3 patch shall install the software immediately upon receipt. This software corrects calculation limitations. Existing data stored in DALR$ Version 6.3 will not be affected by the installation of the patch.

Continued on the next page

2 Changes to DALR$ (Continued)

B Limitations Corrected by the Patch Software

The changes incorporated in DALR$ Version 6.3 patch that correct DALR$ 6.3 limitations are as follows.

Type of Limitation	Limitation in DALR$	Description of Limitation Situation and Appropriate Result
Calculation	Loan selection during the write down process, involving very unique situations, was incorrect.	During the calculation process, DALR$ will now consider the correct FSA loans to be written down and, in some cases, reduce the amount of write down previously calculated. This limitation has been corrected.
	The incorrect amount of the present value of Softwood Timber deferral payments was calculated.	In some cases, when the payment due after the deferral period was entered for a Softwood Timber deferral loan, the amount of the present value of payment was incorrect. This could have affected the amount of write down. This limitation has not been identified in the field. This limitation has been corrected.
	Delinquent loan(s) would not be restructured when Conservation Contract Debt Cancellation (CC) was considered.	In some cases, when there were delinquent FSA loans and CC was the only servicing option considered, the payments would not change. DALR$ would write down the correct amount of the debt but would not reschedule/reamortize the loan(s) partially written down by CC. This left the delinquency unresolved. This limitation has been corrected.

Continued on the next page

2 Changes to DALR$ (Continued)

B Limitations Corrected by the Patch Software (Continued)

Type of Limitation	Limitation in DALR$	Description of Limitation Situation and Appropriate Result
Online Data Entry	The ability to enter the present value of an existing Softwood Timber deferral loan for the Net Recovery Value test was not available.	During the calculation process in DALR$ 6.2, the software requested the user to enter the present value of the Softwood Timber payment after the expiration of the deferral. This functionality was removed from DALR$ Version 6.3. The functionality has been incorporated into the Unequal Payment pop-up screen. The user can enter the deferral payment due for an existing Softwood Timber deferral loan in the Unequal Payment pop-up, and DALR$ will calculate the present value of the payment. To enter the Softwood Timber deferral payment, the user will access the Unequal Payment pop-up screen from the Existing Loan screen at the Accrual Date field in screen 3 of 3. To access the pop-up at the field, the user must press Shift F5. The user can only enter 1 payment, which would be the payment due after the deferral, at the last year. This limitation has been corrected. Other minor online problems identified with the Unequal Payment pop-up have been corrected.
	The ability to enter unequal payments in the Unequal Payment pop-up screen was restricted, and not all years could be entered.	The online pop-up screen for Unequal Payments has been corrected to allow the user to enter all years from the Proposed Loan Servicing date to the Maturity date of the note. This limitation has been corrected.
	The validation for new loan limitations for Farm Ownership (FO) loans was incorrect.	In some cases, DALR$ Version 6.3 calculated the incorrect new loan limitations for FO loans and other associated loan types. This limitation has been corrected.

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2 Changes to DALR$ (Continued)

B Limitations Corrected by the Patch Software (Continued)

Type of Limitation	Limitation in DALR$	Description of Limitation Situation and Appropriate Result
Online Data Entry	Modification to existing loan data in the Existing Loan screen was not properly updated in the Net Recovery Property screen.	Loan data modified on existing FSA loans, that is, Fund Code, Loan Type, or Loan Number, would not change in the Net Recovery Property Prior Lien pop-up screen. This limitation has been corrected.
	Double looping could occur when adjusting new loan amounts when the new loans exceeded the loan limits.	In some cases, the user would encounter a double loop in requesting DALR$ to adjust the amount of the new loan so that it was less than or equal to the combined authorized loan limits. Additionally, the user could be caught in a endless loop. This limitation has been corrected.
Report generation	Report pagination problems and information displayed.	In some of the DALR$ outcome reports, the pages would not paginate correctly, and headers would not print. These limitations has been corrected.

2 Changes to DALR$ (Continued)

C Known Limitations That Were Not Corrected by the Patch Software

There are a few known system limitations that were not corrected by the patch software. The description of the limitations and appropriate corrective action are as follows.

Limitation	Corrective Action
Incorrect interest rates for FLP Homestead Protection, and Farm Program Nonprogram Credit Sales Real Property and Chattel Property.	Each Field Office should validate the Homestead Protection and Nonprogram Real Estate and Chattel interest rates that were converted when DALR$ Version 6.3 software was installed. DALR$ Version 6.3 software did not update the interest rate data base with the correct interest rates for these program areas. Therefore, if the Field Office will be entering new or existing FSA loans that are either a loan type, such as HP (Homestead Protection), NR (Nonprogram Real Estate) or NC (Nonprogram Chattel), then the interest rates associated to these loan types should be validated in DALR$ and modified appropriately. Select “Loan Interest Rates,” option 3, from the "Maintain/View Rates and Contracts,” menu.
The wrong Adjusted Balance Available is shown in the detailed section of the DALR$ report.	No action necessary. This is for information purposes only. In a DALR$ outcome 1E report (second DALR$ report) within the table entitled, “Cash Flow Prior to Servicing Programs - First Year,” the “Cash Flow Margin” is incorrect. Additionally, the “Ratio of Balance Available To Payments Due” amount is incorrect. The system uses the wrong amount for Adjusted Balance Available to calculate the Cash Flow Margin in the 1E outcome report. The Adjusted Balance Available used is the amount from the first report and not the second report. In the 1E outcome report, the system should have used the Adjusted Balance Available from the 1E report that has the cash improvement amount added to it instead of the Adjusted Balance Available from the first report that offers buyout or debt settlement. **This limitation does not impact the calculations or the result.**

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2 Changes to DALR$ (Continued)

C Known Limitations That Were Not Corrected by the Patch Software (Continued)

Limitation	Corrective Action	
New Loan Authorized Limits - Adjust New Loan Amount Override	In some cases, the amount of the new loan or the new annual operating loan for annual operating expenses (AOE) can exceed the authorized loan limits. **Reminder:** DALR$ only validates the principal amount of existing FSA loans associated with the authorized loan limits based on the new loan type. **The new loan limit feature in DALR$ is a guide.** It is the responsibility of the approval official to properly validate authorized loan limits as described by FSA regulations at the time of approval. Additionally, the user cannot override any adjustment to the new loan if the existing loan debt and new debt exceeds the limits. DALR$ will make the appropriate adjustment to the new loan or delete the new loan if the user allows the system to make the adjustment. If the user chooses not to allow the system to make the adjustment, then the cursor will return to the amount field in the new loan screen or the principal field in the existing loan screen. The location of the cursor depends on where the user is at the time of the validation. At this point, the user is expected to manually adjust the new loan amount. The user can take the following action.	
	IF...	**THEN...**
	the cursor returns to the Existing Loan screen	the existing loan that was entered will need to be deleted and the user should return to the New Loan screen to adjust the new loan(s). After adjusting the new loans, the user should return to the Existing Loan screen and complete the entry of the existing loan(s).
	The cursor returns to the New Loan screen at the amount field	the user can manually adjust the amount of the new loan or delete the loan. Once the manual adjustment is made to the new loan(s), the user can press the page down key to return to the Existing Loan screen and continue to enter existing loan(s).

2 Changes to DALR$ (Continued)

C Known Limitations That Were Not Corrected by the Patch Software (Continued)

<table>
<tr><th>Limitation</th><th>Corrective Action</th></tr>
<tr><td rowspan="5">New Loan Authorized Limits - Adjusting the New Loan Amount Due to Payment To Be Received Override</td><td>In some cases, the user may want to apply an expected payment, to be received at loan closing, to an existing FSA loan balance to meet the authorized new loan limits. This functionality does not exist in DALR$.

To incorporate this functionality, the user should adjust the existing principal and interest balance, assuming the payment is received on the proposed loan servicing date, appropriately when entering the existing loan. The following steps can document the adjustment.</td></tr>
<tr><td><table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>The user should obtain a DL screen printout documenting the outstanding debt based on the proposed loan servicing date. The borrower should be instructed to bring the payment of $X dollars on the proposed loan servicing date as a condition for the restructuring. The adjustment can then be easily calculated from the DL screen data, and the appropriate information can be entered into DALR$.</td></tr>
<tr><td>2</td><td>The DALR$ report should have a notation attached indicating that the Agency expects to receive a payment in the amount of, by the proposed loan closing date, and appropriately applied to the account as a condition for the new loan(s) and the restructuring offer. The DL screen printout and your calculations for the adjustment of the existing loan(s) should be attached to the detailed DALR$ report in the case file and the DALR$ report sent to the borrower.</td></tr>
<tr><td>3</td><td>After the closing of the restructuring, the Field Office should document that the payment was appropriately applied by including a DL screen printout documenting the application of the payment that was received and applied to the Program Loan Accounting System to the detailed DALR$ report.</td></tr>
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<tr><td>This will allow DALR$ to accurately reflect the account adjustment with the payment applied.</td></tr>
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2 Changes to DALR$ (Continued)

C Known Limitations That Were Not Corrected by the Patch Software (Continued)

Limitation	Corrective Action
Amount of the Proposed Payment at Full Note Rate on New FSA Debt	No action is necessary. This is for information purposes only. On page 1 of the DALR$ Analysis Report, the amount for "Proposed Payment at Full Note Rate on New FSA Debt" is not shown correctly. The amount shown is based on current program interest rates in effect as of the proposed loan servicing date. In some cases, new loans are eligible for limited resource rates and payment adjustment for those types of new loans are contained in section VI, "Rescheduling/Reamortizing Program Loans", subsection 3, "Rescheduling/Reamortizing Limited Resource Eligible Program Loans at Limited Resource Rates." If there is a negative change in the column, "Cash Flow Margin 1st Year," then the new loan, AOE or a term, will have a limited resource interest rate. The correct amount is the total of the amount shown under section "Proposed New FSA Loans Requested" for the item "1st Year Payment." **This limitation does not impact the calculations or results.**