



United States Department of Agriculture

Farm and Foreign Agricultural Services <County Office Name> <County Office Address> <County Office Address> <City, State, Zip Code>

FSA Office Telephone: FAX:

Form Approved - OMB No. 0560-0162

<Date>

<Applicant's Name, Address (City, State, Zip Code)>

Dear: <Applicant's Name>

Subject: Direct Loan-Notification of Approval

Your Farm Service Agency (FSA) loan/assumption request was approved on <Date approval credit action e-signed>. To close the loan, you must accept the terms and conditions and meet the requirements set out in this letter.

Please read this letter carefully. Within 10 business days, from the date of this letter, you must complete Item 10 and return the letter to this office. If you do not return this letter within 10 business days, FSA will assume that you do not want the loan and your application will be withdrawn.

The basic terms and conditions of the loan are set forth in this letter; however, the letter is not intended to cover all terms of the loan. The loan documents you will sign at closing will specify all the binding loan terms, conditions and requirements. You must sign a promissory note and security instruments incorporating these and other necessary, usual, and customary terms before loan funds will be released to you. Subject to those qualifications, the loan will be made on the following terms and conditions:

- 1) Loan/Assumption Amount - The loan will be in the amount of \$ <Enter loan amount>.
2) Use of Funds - Any material changes from the uses outlined below must have the express prior consent of FSA.

<Enter loan purpose(s) and amounts.>

3) Interest Rate - Your loan was approved at an interest rate of <Enter interest rate> percent. The interest rate actually charged on the loan will be the lower of this rate or the rate in effect at the time of loan closing.

4) Term - The term of the loan will be <Enter number as months or years>.

5) Collateral - The following collateral is required:

<Describe the security to be taken and lien position required.>

6) Insurance - Prior to loan closing you must obtain, and maintain for the life of the loan, hazard, crop, and flood or mudslide insurance coverage, as applicable, for any collateral securing the loan, in accordance with agency regulations. If you have questions about insurance requirements, please contact this office.

FSA-1940-1 (proposal 2)



7) **Funds Availability** –

\_\_\_ Loan funds will be made available to you within 15 business days of loan approval. However, you agree that in certain circumstances the 15 days may be exceeded when additional information such as, a lien and/or title search, an appraisal, subordination, etc is needed prior to loan closing.

\_\_\_ This loan is approved, but funds are not immediately available. If your financial condition or other factors change significantly before the loan is funded, FSA may request updated financial and eligibility information. If more than 90 calendar days pass between the date of approval and availability of loan funds, FSA will require you to submit updated financial and eligibility information. FSA will reconfirm the loan decision as to eligibility and feasibility within 30 calendar days from the time you provide the necessary information. If the changes cause you to no longer be eligible, or cause you to be unable to repay the loan based upon a revised farm operating plan, this approval will be revoked.

8) **Expiration** - This approval remains effective until the loan is closed, material eligibility or financial changes occur, or your application is withdrawn. You must report any material changes, financial or otherwise, that occur prior to closing. A material change is any change that could affect your eligibility for the loan or your ability to repay the loan. The loan closing and release of loan funds are subject to you and FSA agreeing upon all terms and conditions to be contained in the documentation required for the loan, including loan agreements, and security instruments.

9) **Additional Requirements and Comments**

<Enter any pre-loan closing requirements, comments, etc.>

10) **Certification and Acceptance**

**"I certify that the information provided with the application is true, complete, and correct to the best of my knowledge and is provided in good faith. (Warning: Section 1001 of Title 18, United States Code, provides for criminal penalties to those who willfully provide false statements to the Government. If any information is found to be false or incomplete, such finding may be grounds for denial of the requested action.)"**

**I have reviewed and agree to the loan terms and conditions in this letter.**

**I have reviewed and do not agree with all of the terms and conditions in this letter and would like to meet to discuss my concerns.**

**(Signature of Applicant)**

**(Date)**

<Enter signature(s) and date.>

A copy of this letter is enclosed for your records. If you have any questions concerning the terms and conditions of this loan approval, please contact this office.

Sincerely,

<Enter Authorized Agency Official's Name>  
<Enter Authorized Agency Official's Title>

Enclosure



**NOTE:** *The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a): the Farm Service Agency (FSA) is authorized by the Consolidated Farm and Rural Development Act, (7 USC 1921 et seq, and the regulations promulgated thereunder, to solicit the information requested on this form. The information requested is necessary for FSA to determine eligibility for financial assistance, service your loan, and conduct statistical analyses. Supplied information maybe furnished to other Department of Agriculture agencies, the Department of the Treasury, the Department of Justice or other law enforcement agencies, the Department of Defense, the Department of Housing and Urban Development, the Department of Labor, the United States Postal Service, or other Federal, State, or local agencies as required or permitted by law. In addition, information may be referred to interested parties under the Freedom of Information Act (FOIA), to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, to collection or servicing contractors, to credit reporting agencies, to private attorneys under contract with FSA or the Department of Justice, to business firms in the trade area that buy chattel or crops or sell them for commission, to Members of Congress or Congressional staff members, or to courts or adjudicative bodies. Disclosure of the information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Tax Identification Number, may result in a delay in the processing of this form or its rejection.*

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0162. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.***

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