

FSA-2025
(Proposal 3)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 4

**NOTIFICATION OF APPROVAL
AND
BORROWER RESPONSIBILITIES**

Date

[Borrower's Name]
[Borrower Name/Address]
[Borrower Address]
[City, State, Zip Code]

**CERTIFIED
RETURN RECEIPT REQUESTED**

Your Farm Service Agency (FSA) (loan assumption request or Shared Appreciation Agreement Amortization, as applicable) was approved on [Date of approval]. To get this loan, you must accept the terms and conditions and meet the requirements set out in this letter.

Please read this letter carefully. Within 15 business days from the date of this letter, you must complete Part C, and return the letter to the local FSA office. **If you do not return this letter within 15 business days, your application will be withdrawn.**

The basic terms and conditions and borrower responsibilities are set forth in this letter; however, the letter is not intended to cover all terms and responsibilities. The documents you will sign at closing will specify all the binding loan terms, conditions and requirements. You must sign an assumption or amortization agreement and security instruments incorporating these and other necessary, usual, and customary terms before the loan will be closed. Subject to those qualifications, the terms and conditions are:

Part A - Terms and Conditions

- 1) **Assumption Amount** - The assumption or amortization will be in the amount of \$ [Enter amount].
- 2) **Use of Funds** - You must get approval from FSA, in advance, if you need to use funds for different purposes or in different amounts from the following:
[Enter purpose(s) and amounts.]
- 3) **Interest Rate** – Your assumption or amortization was approved at an interest rate of [Enter interest rate] percent. The interest rate actually charged will be the lower of this rate or the rate in effect at the time of closing. The non program rate is that rate in effect at approval.
- 4) **Term** - The term of the loan will be [Enter number as months or years].

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

5) **Collateral** – The following collateral is required:

[Describe the security to be taken and lien position required.]

6) **Insurance** – Prior to 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.

7) **Expiration** - This approval remains effective until the assumption or amortization is closed, material 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.

8) **Additional Requirements and Comments**

[Enter any closing requirements, comments, etc.]

Part B - Borrower Responsibilities

When you have an FSA loan, you have certain responsibilities as an FSA borrower. Violation of any of these responsibilities may result in denial of further FSA assistance, and could cause your loan to be accelerated. This includes an intentional delinquency to obtain debt restructuring under the Agricultural Credit Act of 1987.

1) **Changes in Operation** – FSA approved your application based on facts you supplied about your operation. If any changes occur in your operation, you should notify your FSA Service Center immediately.

2) **Recordkeeping** - Keep accurate, up to date records of income and expenses for family living and farm operating expenses. You will promptly provide all information and records to FSA when requested to do so.

3) **Releases and Sales** – If the loan is secured by crops, livestock, or machinery, the FSA-2040 “Agreement and Record of the Disposition of FSA Security/Release of Proceeds,” which you signed is the agreement between FSA and you which explains what sales you plan to make, approximately when, and to whom those sales will be made, and how the proceeds from those sales will be used. You must inform FSA if you deviate from this plan by selling to other parties or plan to use the proceeds differently. This agreement is usually updated on an annual basis and you must cooperate with FSA to complete any new agreements.

4) **Payments** - Payments are due as agreed upon in the assumption or amortization agreement. It is essential that payments be made on time. Extra payments are encouraged whenever possible.

5) **Security** - The loan is secured by a Financing Statement, Security Agreement, real estate mortgage, or other security instruments (depending upon the type of loan security). These instruments give FSA a valid lien on crops, chattels, land, etc., as applicable. You must maintain and protect the FSA security in a responsible manner and promptly report to FSA any losses or other changes in the security. You are also responsible for paying any fees to file or continue the security instrument filings.

(Optional paragraph to be removed for Non-Program assumptions and shared appreciation amortizations.)

6) **Graduation** – FSA does not replace conventional credit. FSA credit is available to you only until such time as conventional credit is available to finance your needs. When, in accordance with Agency regulations and agreements, it appears that you may obtain credit at rates and terms then prevailing in the area and on terms you can reasonably be expected to meet, you will be required to apply for, and if approved by the lender, accept a loan sufficient to pay the balance of the FSA debt in full.

(End of optional paragraph)

A copy of this letter is enclosed for your records. Remember, if you do not return this letter within 15 business days, your application will be withdrawn.

For more information or if you have any questions, please contact [this office or the specific office name] at [County Office Address] or telephone [phone number].

7A. Authorized Agency Official Name	7B. Signature	7C. Title
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Part C - 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 read and agree to the terms and conditions and borrower responsibilities in this letter.

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

1A. Borrower's Name	1B. Signature	1C. Date
2A. Borrower's Name	2B. Signature	2C. Date
3A. Borrower's Name	3B. Signature	3C. Date
4A. Borrower's Name	4B. Signature	4C. Date

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 its application forms. The information requested is necessary for FSA to determine eligibility for financial assistance, service your loan, and conduct statistical analyses. Supplied information may be 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, 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 Social Security Number or Federal Tax Identification Number may result in a delay in the processing of an application 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-XXXX. The time required to complete this information collection is estimated to average 20 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.***