

**FSA-2320**  
(Proposal 4)

**U.S. DEPARTMENT OF AGRICULTURE**  
Farm Service Agency

Position 7

**PROPERTY INSURANCE MORTGAGE CLAUSE  
(WITHOUT CONTRIBUTION)**

See Page 2 for Public Burden and Privacy Statements.

**PART A - AGREEMENT**

Loss or damage, if any, under this policy, shall be payable, first to (1) \_\_\_\_\_

\_\_\_\_\_,  
first mortgagee, and balance on, if any, to (2) \_\_\_\_\_

\_\_\_\_\_,  
second mortgagee, and (3) \_\_\_\_\_

third mortgage, as their respective interests may appear under any present or future mortgages, with the right to grant partial release of mortgage without notice to the insurance company, and this insurance, as to the interest of the mortgagees only therein, shall not be invalidated by an act or neglect of the mortgagor or owner of the within-described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided that the mortgagees shall notify the insurance company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagees and, unless permitted by this policy, shall be noted thereon and the mortgagees shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

This insurance company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagees for 10 days after notice to the mortgagees of such cancellation and shall then cease, except that if the cancellation notice is issued for nonpayment of premium, the insurance company shall continue the policy in force upon notification from the mortgagees of their intent to pay the premium for the mortgagor or owner.

Whenever the insurance company shall pay the mortgagees any sum for loss or damage under this policy, and shall claim that, as to the mortgagor or owner, no liability therefore existed, the insurance company, to the extent of such payment, shall be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option, pay to the mortgagees the whole principal due or to grow due on the mortgage, with interest accrued thereon to the date of such payment, and shall thereupon receive a full assignment and transfer without recourse of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagees to recover the full amount of its claim.

This mortgage clause supersedes any other mortgage clause in or attached to the policy.

Attached to and forming part of Policy No. (4) \_\_\_\_\_ of the (5) \_\_\_\_\_

Insurance Company at (6) \_\_\_\_\_

(7) \_\_\_\_\_  
Name of Borrower

(8) \_\_\_\_\_  
Signature

(9) \_\_\_\_\_  
Date

**PART B - RELEASE OF MORTGAGE INTEREST**

It is understood and agreed that the interest of the United States of America, acting through the U.S. Department of Agriculture, Farm Service Agency (called "Government"), in the property insured hereunder ceased as of (1) \_\_\_\_\_ and that the Government shall have no interest in any loss or damage to such property occurring hereafter.

(2) \_\_\_\_\_  
Name of Agency Official

(3) \_\_\_\_\_  
Title of Agency Official

(4) \_\_\_\_\_  
Signature of Agency Official

(5) \_\_\_\_\_  
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, as amended (7 USC 1921 et seq.), or other Acts, 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 credit or other financial assistance, service your loan, and conduct statistical analyses. Supplied information may be furnished to other Department of Agriculture agencies, the Internal Revenue Service, 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 an application or its rejection.

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