

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

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