

**CONDITIONAL COMMITMENT**

Lender Name:	Case No.:
Lender's Address:	Borrower:
Borrower's Tax ID:	Principal Amount of Loan:
Type of Loan: <input type="checkbox"/> Community Facilities <input type="checkbox"/> Water and Waste <input type="checkbox"/> Business and Industry <input type="checkbox"/> Rural Energy for America	

Interest Rate Information: <input type="checkbox"/> Variable <input type="checkbox"/> Fixed <input type="checkbox"/> Both	FIXED: Guaranteed Rate _____ Unguaranteed Rate _____
VARIABLE: Name of Published Index: _____	

Guaranteed Portion:	Interest Rate _____	Rate Cap _____	Rate Index _____	Payment Cap _____
	Rate Change Period _____		Rate Incremental Difference +/- _____	
Unguaranteed Portion:	Interest Rate _____	Rate Cap _____	Rate Index _____	Payment Cap _____
	Rate Change Period _____		Rate Incremental Difference +/- _____	

The United States of America acting through the United States Department of Agriculture ("Agency") hereby agrees that, in accordance with applicable provisions of the regulations, it will execute Form RD 5001-7, "Loan Note Guarantee," subject to the conditions and requirements specified in the regulations and herein.

The Loan Note Guarantee fee payable by the Lender will be the amount specified in the applicable Federal Register notice as determined by the date of this Conditional Commitment.

A Loan Note Guarantee will not be issued until the Lender certifies that there has been no adverse change in the Borrower's financial condition, nor any other adverse change in the Borrower's condition, for any reason, during the period of time from the Agency's issuance of this Conditional Commitment for Guarantee to issuance of the Loan Note Guarantee regardless of the cause or causes of the change and whether the cause or causes of the change were within the Lender's or Borrower's control. The Lender's certification must address all adverse changes and be supported by financial statements of the Borrower and its guarantors executed not more than 60 days before the time of certification. As used in this paragraph only, the term "Borrower" includes any parent, affiliate, or subsidiary of the Borrower.

In the event of the Government's failure to issue a guarantee in a situation where the Government is found to be in breach, the other party's remedy is limited to a suit for the guaranteed portion of principal and interest which ultimately remains unpaid.

This agreement becomes null and void unless the conditions are accepted by the Lender and Borrower within 60 days from the date of issuance by the Agency.

Except as set out below, the purposes for which the loan funds will be used and the amounts to be used for such purposes are set out in the Application for Loan Guarantee. Once this instrument is executed and returned to the Agency, no major change of conditions or approved loan purpose will be considered.

Standard Conditions and Requirements as delineated in Attachment A of this form. Additional Conditions and Requirements as delineated in Attachment B of this form. 1/

If the conditions set forth in this commitment are not met by \_\_\_\_\_, the Agency reserves the right to discontinue the processing of the application and terminate its commitment. If the Agency decides to terminate this commitment, the Agency will promptly inform the Lender. 2/

UNITED STATES OF AMERICA

By: \_\_\_\_\_

Date: \_\_\_\_\_

(Title)

**ACCEPTANCE OF CONDITIONS**

To: Agency 3/

The Lender shall not represent this Conditional Commitment of Guarantee as a **guarantee**. The conditions of this Conditional Commitment for Guarantee including attachments are acceptable and the undersigned intends to proceed with the loan transaction.

\_\_\_\_\_  
*(Name of Lender)*

Date: \_\_\_\_\_

By: \_\_\_\_\_  
*(Signature for Lender)*

\_\_\_\_\_  
*(Name of Borrower)*

Date: \_\_\_\_\_

By: \_\_\_\_\_  
*(Signature for Borrower)*

- 1/ Insert any additional conditions or requirements in Attachment B; otherwise, insert "NONE".
- 2/ The Agency will determine and insert the date by which conditions should be met.
- 3/ Return completed and signed copy of this form to the Agency's issuing office.

**ATTACHMENT A**  
**STANDARD CONDITIONS AND REQUIREMENTS**

*(Unless otherwise identified in Attachment B of this form, the conditions and requirements specified in this attachment apply. If a lender is unable to provide any of the certifications in this attachment, the lender must provide an explanation satisfactory to the Agency as to why the lender is unable to provide the certification. Attach all explanations to this form.)*

1. The lender must submit the loan agreement that will be used at loan closing to the Agency prior to loan closing.
2. No major changes have been made in the lender's loan conditions and requirements since the issuance of the Conditional Commitment, unless such changes have been approved by the Agency in writing.
3. The lender must monitor construction in accordance with approved plans and specifications, if applicable.
4. Project funds must be used only for Agency-approved project costs.
5. All planned property acquisition has been or will be completed, all development has been or will be substantially completed in accordance with plans and specifications, conforms with applicable Federal, state, and local codes, and costs have not exceeded the amount approved by the lender and the Agency.
6. Required hazard, flood, liability, worker compensation, and personal life insurance, when required, are in effect.
7. All truth-in-lending and equal credit opportunity requirements have been met.
8. The loan has been properly closed, and the required security instruments have been obtained or will be obtained on any acquired property that cannot be covered initially under State law.
9. The borrower has marketable title to the collateral then owned by the borrower, subject to the instrument securing the loan to be guaranteed and to any other exceptions approved in writing by the Agency.
10. When required, the entire amount of the loan for working capital has been disbursed except in cases where the Agency has approved disbursement over an extended period of time. In line of credit cases, if any advances have occurred, advances have been disbursed for purposes and in amounts consistent with the Conditional Commitment and line of credit agreements.
11. When required, personal, partnership, or corporate guarantees have been obtained.
12. All requirements of the Conditional Commitment have been met.
13. Lien priorities are consistent with the requirements of the Conditional Commitment. No claims or liens of laborers, subcontractors, suppliers of machinery and equipment, or other parties have been or will be filed against the collateral and no suits are pending or threatened that would adversely affect the collateral when the security instruments are filed.
14. The loan proceeds have been or will be disbursed for purposes and in amounts consistent with the Conditional Commitment and the Application for Loan Guarantee. A copy of the detailed loan settlement of the lender must be attached to support this certification. Appropriate lender controls were utilized to ensure that all funds were properly disbursed, including funds for working capital.
15. There has been no material change in the borrower's financial condition and no other adverse material change in the borrower during the period of time from the Agency's issuance of the Conditional Commitment to issuance of the Loan Note Guarantee regardless of the cause or causes of the change and whether or not the change or causes of the change were within the lender's or borrower's control. The lender must address any assumptions or reservations in the requirement and must address all material changes of the borrower, any parent, affiliate, or subsidiary of the borrower, and guarantors.
16. None of the lender's officers, directors, stockholders, or other owners (except stockholders in an institution that has normal stock share requirements for participation) has a substantial financial interest in the borrower and neither the borrower nor its officers, directors, stockholders, or other owners has a substantial financial interest in the lender. If the borrower is a member of the board of directors or an officer of a Farm Credit System institution that is the lender, the lender will certify that a Farm Credit System institution on the next highest level will independently process the loan request and act as the lender's agent in servicing the account.

17. The Loan Agreement includes all measures identified in the Agency's environmental impact analysis for this proposal (measures with which the borrower must comply) for the purpose of avoiding or reducing adverse environmental impacts of the proposal's construction or operation.

18. For loans exceeding \$150,000, the lender has certified its compliance with the Anti-Lobby Act (18 U.S.C. 1913). Also, if any funds have been, or will be, paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to guarantee a loan, the lender shall completely disclose such lobbying activities in accordance with 31 U.S.C. 1352.

19. Where applicable, the lender must certify that the borrower has obtained: (i) A legal opinion relative to the title to rights-of-way and easements. Lenders are responsible for ensuring that borrowers have obtained valid, continuous, and adequate rights-of-way and easements needed for the construction, operation and maintenance of a facility. (ii) A title opinion or title insurance showing ownership of the land and all mortgages or other lien defects, restriction or encumbrances, if any. It is the responsibility of the lender to ensure that the borrower has obtained and recorded such releases, consents, or subordinations to such property rights from holders of outstanding liens or other instruments as may be necessary for the construction, operation and maintenance of the facility and to provide the required security. For example, when a site is for major structures for utility-type facilities (such as a gas distribution system) and the lender and borrower are able to obtain only a right-of-way or easement on such site rather than a fee simple title, such a title opinion must be requested.

20. The minimum financial criteria for a program for which a loan application has been submitted, including those financial criteria contained in the Conditional Commitment, have been maintained through the issuance of the Loan Note Guarantee. Failure to maintain these financial criteria shall result in an ineligible application.

**ATTACHMENT B**

**ADDITIONAL CONDITIONS AND REQUIREMENTS**

*(Attach any additional conditions and/or requirements required for this Conditional Commitment)*