

FSA-2232
(Proposal 2)

U.S. Department of Agriculture
Farm Service Agency

CONDITIONAL COMMITMENT

(See last page for Privacy Act and Public Burden Statement)

PART A - GENERAL INFORMATION

1. LENDER'S NAME AND MAILING ADDRESS	2. TYPE LOAN <input type="checkbox"/> FO <input type="checkbox"/> OL <input type="checkbox"/> OL/LOC
	3. PRINCIPAL AMOUNT OF LOAN OR LINE OF CREDIT CEILING \$
	4. PERCENT OF GUARANTEE %
5. LOAN APPLICANT'S NAME	6. FSA CASE NUMBER

From an examination of information supplied by the lender on the above proposed loan, and other relevant information, it appears that the transaction can be properly completed.

Therefore, the United States of America acting through the Farm Service Agency (FSA) hereby agrees that, in accordance with 7 C.F.R. Part 762 and related forms, it will execute Form FSA-2234, Loan Guarantee, subject to the conditions and requirements specified in said regulations and included below.

PART B - CONDITIONS

- 7. To obtain a Form FSA-2234, Loan Guarantee, the lender must submit the following to FSA:
 - A. This form FSA-2232 with Part D completed and executed indicating acceptance of the conditions.
 - B. FSA-2233, Lender Certification.
 - C. FSA-2235, Guaranteed Loan Closing Report.
 - D. A copy of a properly executed debt instrument (promissory note or loan agreement).
 - E. A guarantee fee in the amount of \$ _____ .

In addition, the lender will be required to:

- F. Execute an FSA-2221, Interest Assistance Agreement, if Interest Assistance is included in the loan.
- G. Execute an FSA-2201, Lender's Agreement, if a current version has not already been executed.
- H. Submit a copy of an appraisal from standard eligible lenders if not previously submitted.

8. GENERAL REQUIREMENTS

Lender agrees that any provisions in its security instruments, including promissory notes, security agreements, financing statements, deeds of trust, or other forms used by the lender to evidence or secure a guaranteed loan, which do not comply with 7 C.F.R. Part 762, are unenforceable by the lender without the written concurrence of FSA. Such provisions and enforcement are waived by the lender.

The lender agrees that FSA has not nor will not certify to the validity, accuracy, legality, or enforceability of any note, security agreement, financing statement, deed of trust or other forms which lender may have provided to FSA, the providing of such forms being for informational purposes only.

9. INTEREST ASSISTANCE REQUIREMENTS

If the subject guaranteed loan has been approved for participation in the interest assistance program: interest assistance during the first annual operating plan period will be 4 percent per annum of average outstanding principal. Interest assistance is available under this commitment for a period not to exceed _____ years or the term of the loan, whatever is less. Availability of interest assistance is subject to the loan being closed in accordance with the conditions of this commitment and with FSA regulations.

Interest assistance availability is subject to the execution of Form FSA-2221, Interest Assistance Agreement, and compliance with the conditions of the agreement.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs 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, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

10. REQUIREMENTS FOR LOANS SECURED BY CHATTELS

As required in 7 C.F.R. Part 762.140, yearly accounting and reconciliation with the security agreement is required for all chattel loan collateral, i.e., livestock, farming and other equipment, crops, other farm products, supplies, inventory, accounts and contract rights, and general intangibles. An assignment will be obtained on all USDA crop and livestock program payments and all crop insurance proceeds when required as security. All collateral pertains to that now owned and hereafter acquired.

11. OPERATING LINE OF CREDIT REQUIREMENTS

- A. The total principal balance owed at any one time on advances made within an approved line of credit may not exceed the line of credit ceiling.
- B. The total amount of line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's plan, unless the plan is revised and continues to reflect a feasible plan.
- C. Prior to any future year advances, standard eligible lenders must submit a copy of the borrower's income and expenses for the previous year, the projected cash flow for the borrower's operation for the upcoming operating cycle, a current balance sheet, and a certification that the borrower is in compliance with the provisions of the line of credit agreement and the income and loan proceeds for the previous year have been accounted for. All of the above items are to be submitted for FSA written approval before future year's advances are made.

12. HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION

- A. This commitment is conditional upon loan proceeds not being used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.
- B. All guaranteed lenders will be required to monitor compliance of these requirements as part of their servicing responsibilities. During loan servicing contacts the borrower's compliance is to be reviewed and analyzed. If the borrower violates 7 C.F.R. Part 1940, Subpart G, Exhibit M requirements, the loan will be in default.
- C. If loan applicants' farm properties contain any highly erodible land, wetland, or converted wetland; the lender will include the following provisions in its debt and security loan instruments:

"Default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetland to produce or to make possible the production of an agricultural commodity, further explained in 7 CFR Part 1940. Subpart G, Exhibit M."

13. CROP INSURANCE

The loan applicant will obtain at least catastrophic risk protection insurance coverage or sign a benefits waiver for each of their economically significant crops, for which coverage is offered or reinsured by the Federal Crop Insurance Corporation (FCIC).

14. LOAN PURPOSE

List loan purposes below. Purposes should be identical to those described in Form FSA-2211, Application for Guarantee or form FSA-2212, Preferred Lender Application for Guarantee, unless otherwise indicated. The total amount to be advanced on a line of credit will not exceed the projected credit needs for the operating cycle.

15. INTEREST RATE AND TERMS

The interest rate cannot exceed the rate the lender charges its average agricultural loan customer. This loan will have the following interest rate and terms: *(If rate is variable, indicate basis only.)*

16. SECURITY

This loan will be secured by the collateral listed on Form FSA-2211, Application for Guarantee, or Form FSA-2212, Preferred Lender Application for Guarantee unless otherwise noted and described below. If an appraisal was not completed at the time of the request for guarantee, this loan is approved subject to the lender obtaining an appraisal, prior to loan closing completed in accordance with 7 C.F.R. Part 762, to support the following estimated values. Standard eligible lenders must submit an appraisal, acceptable to FSA, prior to receiving Form FSA-2234, Loan Guarantee.

Required Security

A. Item Description	B. Lien Position	C. Estimated Value	D. Amount of Prior Lien	E. Collateral Value
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
TOTALS	→	\$	\$	\$

OTHER

17. Other requirements: (Insert any additional conditions or on an attachment referred to in this space; otherwise insert "NONE").

PART C - AGENCY SIGNATURE

18. This conditional commitment becomes null and void unless the lender accepts the conditions, closes the loan, and requests the guarantee within _____ days, unless this time is extended in writing by FSA, or upon the Lender's earlier notification to FSA that it does not desire to obtain an FSA guarantee. Any negotiations concerning these conditions must be completed by that time.

19. Signature of Agency Official	Date
20. Name and Title of Agency Official	

PART D - ACCEPTANCE OR REJECTION OF CONDITIONS

21. To: Farm Service Agency (FSA)

The conditions of Form FSA-2232, Conditional Commitment, outlined on previous pages:

- A. are acceptable and the undersigned lender intends to proceed with the loan transaction and to request issuance of the guarantee at the appropriate time.
- B. are acceptable, but for other reasons, the undersigned lender does not desire a guarantee and withdraws the application.
- C. are not acceptable, and for that reason the undersigned lender does not desire a guarantee and withdraws the application.
- D. are not acceptable but would be acceptable if the following changes were made:

22. Lender hereby certifies that it will comply with the requirements and regulations of 7 CFR Part 762, and form FSA-2201, Lender's Agreement.

If Item 21A above is checked

- (A) It is understood that the following information may now be released upon request: Name and address of applicant, name and address of lender, amount of loan, and general purpose of loan.
- (B) It is anticipated that the loan will be closed in approximately _____ days.

23. **NOTE TO LENDER:** Complete and execute the Acceptance or Rejection of Conditions as indicated above on the copy of this form and return to FSA at:

24. Signature of Lender Representative	Date
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25. Name and Title of Lender Representative

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.

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 0560-0155. The time required to complete this information collection is estimated to average 18 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.**