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FSA-2313

(06-24-11)

U.S. DEPARTMENT OF AGRICULTURE

Farm Service Agency

Position 2

**NOTIFICATION OF LOAN APPROVAL
AND
BORROWER RESPONSIBILITIES**

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

Your Farm Service Agency (FSA) loan request was approved on [Date approval credit action e-signed] subject to the availability of funds. To receive the 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 Service Center. **If you do not return this letter within 15 business days, your approval will be revoked and your application withdrawn.**

The basic terms and conditions and borrower responsibilities of the loan are summarized in this letter; however, the letter is not intended to cover all terms and responsibilities of the loan. The loan documents you will sign at closing will specify all the binding loan terms, conditions and requirements. You must sign a promissory note and security instruments incorporating these and other necessary, usual, and customary terms before loan funds will be released to you. You must comply with all applicable law and regulations for the loan. Subject to those qualifications, the loan will be made on the following terms and conditions:

Part A - Loan Approval Terms and Conditions

1) **Loan Amount** - The loan will be in the amount of \$ [Enter loan amount].

2) **Use of Funds** - You must get approval from FSA, in advance, if you need to use loan funds for different purposes or in different amounts from the following:

[Enter loan purpose(s) and amounts.]

3) **Interest Rate** – Your loan was approved at an interest rate of [Enter interest rate] percent.

The interest rate actually charged on the loan will be the lower of this rate or the rate in effect at the time of loan closing.

4) **Term** - The term of the loan will be [Enter number as months or years].

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

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

6) **Insurance** – Prior to loan 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) **Funds Availability** –

___ Loan funds will be made available to you within 15 business days of loan approval. However, you agree that in certain circumstances the 15 days may be exceeded when additional information such as, a lien and/or title search, an appraisal, subordination, etc. is needed prior to loan closing.

___ This loan is approved, but funds are not immediately available. If your financial condition or other factors change significantly before the loan is funded, FSA may request updated financial and eligibility information. If more than 90 calendar days pass between the date of approval and availability of loan funds, FSA will require you to submit updated financial and eligibility information. FSA will reconfirm the loan decision as to eligibility and feasibility within 30 calendar days from the time you provide the necessary information. If the changes cause you to no longer be eligible, cause you to be unable to repay the loan based upon a revised farm operating plan, or otherwise fail to meet all legal requirements, this approval will be revoked.

8) **Expiration** - This approval remains effective until the loan is closed, material eligibility or financial 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, your ability to repay the loan or meet other legal requirements. 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.

9) **Additional Requirements and Comments**

[Enter any pre-loan closing requirements, comments, etc.]

Part B - Borrower Responsibilities

When you receive 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.

- 1) **Changes in Operation** – FSA agreed to lend you money based on facts you supplied about your operation. If you plan to or have had a significant change in your operation, family income, expenses, or security, you must immediately notify your FSA Service Center.
- 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 for the Use of Proceeds/Release Of Chattel Security,” 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 obtain FSA consent if you deviate from this plan by selling to other parties or plan to use the proceeds differently. This agreement is updated at least every production cycle and you must cooperate with FSA to complete any new agreements.
- 4) **Payments** - Payments are due as agreed upon in the promissory note. 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, and/or other security instruments (depending upon the type of loan or security available). 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.
- 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. The provisions of this paragraph do not apply if the loan is a Conservation Loan.

Part C - Certification and Acceptance

Please initial your selection and sign below. Certification and acceptance of this notification is invalid without selection of terms and conditions.

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 also may be grounds for denial of the requested action.)

_____ **I have read and agree to the terms and conditions of loan approval and borrower responsibilities in this letter.**

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

(Signature of Applicant)

(Date)

[Enter signature(s) and date.]	
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A copy of this letter is enclosed for your records. 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].

1. Authorized Agency Official Name	2. Signature	3. Title
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NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 et. seq.). The information will be used to determine eligibility and feasibility for loans and loan guarantees, and servicing of loans and loan guarantees. The information collected on this form may be disclosed to other Federal, State, and local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in the applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information may result in a denial for loans and loan guarantees, and servicing of loans and loan guarantees. The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.*

*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 0560-0237. 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.***

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To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.