

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

**BIOREFINERY, RENEWABLE CHEMICAL, AND BIOBASED
PRODUCT MANUFACTURING ASSISTANCE PROGRAM**

7 CFR Part 4279 Subpart C
7 CFR Part 4287 Subpart D

LOAN NOTE GUARANTEE

Capitalized terms will have the meaning defined in 7 CFR 4279, subpart C and 7 CFR 4287, subpart D (Program regulation)s.

State	County	Date of Note
Borrower		Agency Loan Identification Number
Lender		Lender's IRS Tax ID Number
Lender's Address		Principal Amount of Loan \$

The guaranteed portion of the loan is \$ _____, which is _____ (_____) percent of loan principal. The principal amount of loan is evidenced by _____ notes (includes bonds as appropriate) described below. The guaranteed portion of each note is indicated below. This Loan Note Guarantee is attached to note _____ in the face amount of \$ _____, and is number _____ of _____.

<i>Lender's Identifying Number</i>	<i>Face Amount</i>	<i>Percent of Total Face Amount</i>	<i>Amount Guaranteed</i>
	\$	%	\$
TOTAL	\$ _____	100%	\$ _____

In consideration of the making of the subject loan by the above named Lender, the United States of America, acting through Rural Business – Cooperative Service (Agency), does hereby agree that in accordance with, and subject to the conditions and requirements herein, it will pay to:

- (1) To any Holder, 100 percent of any loss sustained by the Holder on the guaranteed portion of the loan it owns and Interest through the Interest Termination Date due on such portion.
- (2) To the Lender, subject to the provisions of 7 CFR part 4279, subpart C and 7 CFR part 4287, subpart D, the lesser of:
 - (i) Any loss sustained by the Lender on the guaranteed portion, including principal and Interest evidenced by the notes or assumption agreements and secured advances for protection and preservation of Collateral made with the Agency's authorization; or
 - (ii) The guaranteed principal advanced to or assumed by the Borrower and any Interest due thereon.

The Holder and Lender are defined under applicable regulations identified in the header of this form.

CONDITIONS OF GUARANTEE

1. Loan Servicing.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control numbers for this information collection are 0575-0065. The time required to complete this information is estimated to average .167 hours 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.

Lender is responsible for servicing the entire loan and Lender will remain mortgagee and secured party of record notwithstanding the fact that another party may hold a portion of the loan. The loan must be serviced in accordance with 7 CFR 4287, subpart D.

2. Priorities.

The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan. The unguaranteed portion of the loan will neither be paid first nor given any preference or priority over the guaranteed portion.

3. Full Faith and Credit.

The Loan Note Guarantee constitutes an obligation supported by the full faith and credit of the United States. The Program's full faith and credit provisions are detailed in 7 CFR 4279.220(a).

4. Rights and Liabilities.

The guarantee and right to require purchase will be directly enforceable by Holder notwithstanding any fraud or misrepresentation by Lender or any unenforceability of this Loan Note Guarantee by Lender except for fraud or misrepresentation of which the Holder had actual knowledge at the time it became the Holder or in which the Holder participates or condones. Nothing contained herein will constitute any waiver by the Agency of any rights it possesses against the Lender. Lender will be liable for and will promptly pay to the Agency any payment made by the Agency to Holder which, if such Lender had held the guaranteed portion of the loan, the Agency would not be required to make.

5. Payments.

Lender will receive all payments in accordance with 7 CFR 4279.222.

6. Protective Advances.

Protective advances made by Lender will be guaranteed against a percentage of loss to the same extent as provided in this Loan Note Guarantee pursuant to 7 CFR 4287.356.

7. Repurchase by Lender.

The Lender has the option to repurchase the unpaid guaranteed portion of the loan from the Holder pursuant to 7 CFR 4279.225(a).

8. Agency Purchase.

If Lender does not repurchase, the Agency will purchase from Holder in accordance with 7 CFR 4279.225(b).

9. Lender's Obligations.

Lender consents to the purchase by the Agency and agrees to furnish on request by the Agency a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and Interest then owed by Borrowers on the loan and the amount then owed to any Holder. Lender agrees that any purchase by the Agency does not change, alter or modify any of the Lender's obligations to the Agency arising from the loan or guarantee nor does it waive any of the Agency's rights against Lender and that the Agency will have the right to set-off against Lender all rights inuring to the Agency as the Holder of this Loan Note Guarantee against the Agency's obligation to Lender under the Loan Note Guarantee.

10. Repurchase by Lender for Servicing.

Repurchases of the loan, for purpose of servicing, will be conducted pursuant to 7 CFR 4279.225(c).

11. Custody of Unguaranteed Portion.

Subject to Lender's required retention, the Lender may retain or sell the unguaranteed portion of the loan only through participation as defined in Program regulations.

12. When Guarantee Terminates.

This Loan Note Guarantee will terminate automatically in accordance with 7 CFR 4287.380.

13. Settlement.

The amount due under this Loan Note Guarantee will be determined and paid as provided in the applicable Agency Program regulations in effect on the date of settlement unless such regulations are in direct conflict with this Loan Note Guarantee.

14. Notices.

All notices will be initiated through the Agency _____ for (State) with mailing address at the day of this Loan Note Guarantee:

Nothing in the foregoing is meant to conflict with or to provide a guarantee other than that provided under the Program regulations at 7 CFR 4279, subpart C and 7 CFR 4287, subpart D.

UNITED STATES OF AMERICA
Department of Agriculture

By: _____

Title: _____

(Date)

Assumption Agreement by _____

Dated _____

Assumption Agreement by _____

Dated _____

Position 2

Form 4279-5 (07-05)