

**RURAL ECONOMIC DEVELOPMENT LOAN
LETTER OF CONDITIONS**

Date: _____

Name President

Utility

Address

City, State, Zip

Dear Mr. or Mrs. _____ :

We are pleased to announce that the application of the _____,
("Intermediary") for a zero-interest loan in the amount of _____
("Loan") to partially finance a loan to _____ ("Ultimate
Recipient") for the project known as, _____ located in [town,
county, State] ("Project"), for the purpose of _____ has
received approval of Rural Development, subject to the following terms and conditions:

- A. The Intermediary will:
1. deliver satisfactory evidence to Rural Development that the Ultimate Recipient has obtained or received binding commitments for supplemental financing of at least _____ that is needed, in addition to the Loan proceeds, to ensure completion of the Project.
 2. establish a Loan payment system using the Automated Clearing House-Customer Initiated Payment (ACH-CIP) method. These steps include:
 - (i) sending a canceled or voided check on the account that the Intermediary will use to make payments on the Loan to the Rural Development Finance Office, and
 - (ii) completing and submitting to Rural Development an ACH-CIP enrollment form with the Intermediary's canceled or voided check. Establishment of the ACH-CIP account will be handled by

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 0570-0035. The time required to complete this information collection is estimated to average one hour 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.

Mellon Bank, Pittsburgh, PA, and a personal identification number (PIN) will be issued directly to the Intermediary by Mellon Bank. Payment instructions will be issued to the Intermediary by the Rural Development Finance Office.

3. execute and return to the Rural Development State office at the address below, the enclosed original Promissory Note, original Rural Development Loan Agreement, and duplicate original of the Letter of Conditions.
4. execute and deliver its Promissory Note to Rural Development in the form attached hereto.
5. submit "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions" properly signed by the Ultimate Recipient.
6. certify that no adverse actions have occurred since the application was approved.

And,

B. Rural Development approval of:

1. the Rural Development Loan Agreement, the Rural Development Promissory Note, and any security agreement which will be entered into between the Intermediary and the Ultimate Recipient.
2. a draft version of a legal opinion from both the Intermediary's and the Ultimate Recipient's respective attorneys, in the form of a typical opinion given to a lender in the Project State in commercial loan transactions, opining as to the legal authority of the entities to execute the Promissory Note and perform its obligations under the Rural Development Loan Agreement. Any legal issues identified by the Intermediary's counsel should be discussed and agreed to by counsel and the Rural Development State office before the executed legal opinion is sent to the Rural Development.

C. The Loan is also subject to the following conditions:

- 1.
- 2.

Please evidence your acceptance of the terms and conditions of this Letter of Conditions by executing and dating the enclosed duplicate original in the space provided and returning it to the State Office address below within 60 days from the date of this Letter of Conditions.

After closing, the Intermediary may request funds by submitting a letter, signed by an authorized official and addressed to the National office address shown below, requesting the advance of Loan funds for specific Approved Purposes as described by this Letter of Conditions and the enclosed Rural Development Loan Agreement.

Unless otherwise extended, if the Intermediary fails to satisfy all conditions and requirements within 120 days of the Intermediary's acceptance of the terms and conditions of the Letter of Conditions then this Letter of Conditions will terminate.

Sincerely,

State Director

Accepted and Agreed to:

Intermediary

by: _____
Resident

Date

(SEAL)
Attested to for the Intermediary:

by: _____
Secretary

State Office Address

National Office Address

Enclosures:

- Duplicate Original Letter of Conditions
- Rural Development Loan Agreement
- Promissory Note
- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions