

AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY

INSTRUCTIONS FOR PREPARATION

Purpose: This form is used by FSA to approve the use of proceeds and security as detailed in the Farm Operating Plan. This form acknowledges FSA Loan Payments due and sources of proceeds to be used for those payments. This form remains in effect until the disposition of all listed security, or until all remaining chattel security is transferred to a new FSA-2040.	
Handbook Reference: 1-FLP, 3-FLP, 4-FLP, 5-FLP	Number of Copies: Original and one copy
Signatures Required: Borrower initial on pages 1-3. Borrower and Authorized Agency Official signature on page 4.	
Distribution of Copies: The original is retained in the County Office. A copy is provided to the borrower.	
Automation-Related Transactions: N/A	

Items on Page 1 of form are completed by Authorized Agency Official. Borrower completes Items 6a-6e on Page 3 of form. Borrower and Authorized Agency Official complete items on Page 4 of form. Borrower initials pages 1-3 of form.

Items completed by Authorized Agency Official.

Fld Name / Item No.	Instruction
(a) Date	Enter the date borrower signed the current Farm Operating Plan.
(b) Crop Year	Enter the production year(s) covered by the agreement.
(c) \$ Amount	Enter the dollar amount of owner withdrawals/family living expenses planned for the production year.
(d) FLP Loan Number	Enter loan number for each farm loan for the borrower’s account. Include loans even if no payment will be collected in the current production cycle. Note: Complete and attach additional copies of page 1 if borrower has more than 4 loans, ensure each additional page is initialed and dated by the borrower.
(e) Due Date	Enter the payment due date for each FLP loan.
(f) Amount	Enter the dollar amount due for the loan installment. If no installment is due, indicate a \$0.00 payment due and note the reason why (deferral, 18 month OL, etc).
(g) Source of Proceeds	Enter description of the source from which the borrower plans to use proceeds to make the installments during the production year (i.e., “2014 Program Payments”, “1000 bushels of 2013 carryover wheat,” “2014 Calf Sales,” or “2014-2015 Milk Sales”). The description must be adequate to readily identify the security being sold or other source of payment as applicable.
(h) Amount of Proceeds to	From each listed “Source of Proceeds,” list the dollar amount from that source that will be released to the borrower prior to payment of the installment amount due. If a source of proceeds is used for multiple payments only list the planned prior

Fld Name / Item No.	Instruction
be Released Prior to Payment of FLP Loan	release once.

Items 6a to 6e completed by Borrower.

Borrower reads Pages 1-4 that provide specific conditions or covenants for the disposition of collateral securing FSA loans as well as the agreements for changing those conditions and completes Items 16-24.

6A Farm Product	Enter the name of all farm products that will be sold this production cycle whose proceeds will be used for payments on FLP debt installments as indicated in column (g) on page 1.
6B Potential Purchaser	Enter the name of potential purchasers who will be buying the borrower’s farm products.
6C Purchaser Address	Enter the potential purchaser’s business address
6D Farm Product	Enter the name of all farm products that will be sold this production cycle whose proceeds will be used for payments on FLP debt installments as indicated in column (g) on page 1 and are not being sold to specific purchasers listed in Item 6B.
6E Method of Sale	Enter a description of how the farm products listed in Item 6d will be sold.

Item 11 – completed by Borrower and Authorized Agency Official.

11A Borrower’s Signature	Enter the signature for all borrowers liable for loans listed on Page 1.
11B Borrower’s Title	Enter the borrower’s title if signing as a member of an entity.
11C Date	Enter the date the borrower signed.
12A Signature	Enter the Authorized Agency Official’s signature.
12B Authorized Agency Official Title	Enter the Authorized Agency Official’s title.
12C Date	Enter the date the Authorized Agency Official signed.