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| ***CONDITIONAL COMMITMENT*** | |
| **INSTRUCTIONS FOR PREPARATION** | |
| **Purpose:**  Used by the agency to inform the lender the loan has been approved, funds are available, and set forth the conditions to be met before a Loan Guarantee will be issued. | |
| **Handbook Reference:**  2-FLP | **Number of Copies:**  Original and one copy |
| **Signatures Required:**  Lender and Authorized Agency Official. | |
| **Distribution of Copies:**  Original to FSA and lender to retain copy | |
| **Automation-Related Transactions: N/A** | |

Contact the State Office if additional guidance is needed.

| **Fld Name / Item No.** | **Instruction** |
| --- | --- |
| 1  Lender’s Name and Mailing Address | Enter the name and mailing address of the lender. |
| 2  Type of Loan | Check the box for the appropriate loan type. |
| 3  Principal Amount of Loan or Line of Credit Ceiling | Enter the principal amount of the loan or line of credit ceiling. |
| 4  Percent of Guarantee | Enter the percent of guarantee. |
| 5  Loan Applicant’s Name | Enter the loan applicant’s full name.  Format: LAST, FIRST MIDDLE |
| 6  FSA Account number | Enter the FSA Account Number |
| 7D  Guarantee Fee | Enter the guarantee fee. |
| 9  Interest Assistance Requirements | If the loan has been approved for participation in the Interest Assistance program, enter the number of years interest assistance is to be available. If the loan is not approved for participation in the interest assistance program, enter “NA” or “0”. |
| 14  Loan Purpose | Describe the specific purposes for which the loan funds have been approved.  **Note:** GLS Data filled forms will only provide very limited information. Saving document to PDF and editing with additional detail is recommended when using data filled forms.  Examples:  $250,000 line of credit for operating expenses and annual term debt payments from 2020 – 2025.  Purchase planter for $50,000.  Purchase 50 head feeder steers for $42,000.  Refinance State Bank note #12123 for $50,245 and Farm Bank note # 23234 for $76,125.  Construct new dairy barn including fixtures $300,000. |
| 15  Interest Rate and Terms | Describe the interest rate and terms of the loan.  **Note:** GLS Data filled forms will only provide very limited information. Saving document to PDF and editing with additional detail is recommended when using data filled forms.  **Examples:**  Interest Rate: WSJ Prime + 1.00% reset every 2 years initially 5.75%  Repayment Period: 7 Year Term  Payment Frequency: Annual Payments Equally Amortized    Interest Rate: 4.7500% FIXED  Repayment Period: 7 Year Term  Payment Frequency: Annual Payments. 15-year amortization with 7-year balloon. |
| 16  Security | Describe the security for the loan.  **Note:** For lien positions utilizing a shared position with the lender specific language  similar to that outlined in Par 166 D shall be included in Item 17 of this form to  establish proceed distribution in the event of liquidation  **Examples:**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Item Description | Lien Position | Estimated Value | Amount of Prior Lien | Collateral Value | | 45 acres in Sec. 4-T5N R10 W. | 1st | $430,000 | $0 | $430,000 | | 60 acres in Sec. 10 Cedar Township | 1st lien shared with State Bank. | $690,000 | Shared 1st lien. State Bank loan $220,000. | $470,000 | | 2005 JD 7220 Tractor | 2nd | $40,000 | $10,000 Farmer’s Bank & Trust | $30,000 | | Equipment | 2nd  (Additional) | $300,000 | $150,000 State Bank Loan #14575 | $150,000 | |
| 17  Other Requirements | Enter any additional conditions not listed elsewhere in this document. Conditions should be case specific and tailored to the specific borrower. Long lists of standard conditions  developed for all borrowers should NOT be used. |
| 18  Commitment  Expiration | Enter the number of days this Conditional Commitment will be valid. The number of days should consider the time necessary for the borrower to meet any pre closing conditions, including construction if necessary, and the lender to complete any security perfections and other pre closing tasks. For example, a line of credit may be 60 days while construction may be 6 months. |
| 19A  Signature of Authorized Agency Official | Enter signature of authorized agency official. |
| 19B  Date | Enter date signed by authorized agency official. |
| 19C  Name | Enter name of authorized agency official. |
| 19D  Title | Enter title of authorized agency official |
| **NOTE: Blocks 20 – 21 B are completed by the lender.** | |
| 20  Acceptance or Rejection of Conditions | If the conditions are acceptable, check box A; otherwise, select the appropriate response and describe proposed changes if applicable. |
| 21B  Anticipated time of closing | Enter the number of days until loan closing is expected. |
| 22 Note to Lender | Enter the name and address of the FSA Office to which closing documents, as required, should be returned. |
| **NOTE:** Blocks 23 A-D are completed by the lender. | |
| 23A  Signature of Lender Representative | Enter the lender representative’s signature. |
| 23B  Date | Enter the date signed by the lender representative. |
| 23C  Name | Print the lender representative’s name. |
| 23D  Title | Print lender representative’s title. |