

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

ASSIGNMENT GUARANTEE AGREEMENT

PROGRAM:

 Community Programs Water and Waste Disposal Business and Industry Rural Energy for America Program
(7 CFR 5001.1(a)(1)) (7 CFR 5001.1(a)(2)) (7 CFR 5001.1(a)(3)) (7 CFR 5001.1(a)(4))

Borrower Unique Entity Identifier: _____

_____ (Lender) has
made a loan to _____ (Borrower) in
the principal amount of \$ _____ as evidenced by a Promissory Note dated _____.

The United States of America, acting through the U.S. Department of Agriculture (USDA), entered into a Loan Note Guarantee with the Lender applicable to such loan to guarantee the loan not to exceed _____ percent of the amount of the principal advanced and any interest due thereon as provided therein.

_____ (Holder) desires to
purchase from Lender _____ percent of the guaranteed portion of such loan. Copies of Borrower's note and Loan Note Guarantee are attached hereto as a part hereof. Upon execution, all Assignment Guarantee Agreements associated with a note will be attached to the original note to be physically retained by original Lender. Holder's rights to payments are listed herein.

NOW, THEREFORE, THE PARTIES AGREE:

1. The principal amount of the loan now outstanding is \$ _____. Lender hereby assigns to Holder _____ percent of the guaranteed portion of the loan representing \$ _____ of such loan now outstanding in accordance with all of the terms and conditions hereinafter set forth. The Lender and USDA certify to the Holder that the Lender has paid and USDA has received the guarantee fee in exchange for the issuance of the Loan Note Guarantee and any applicable fees. All subsequent guaranteed note sales must be reported to the Agency.
2. **Loan Servicing.** The Lender is responsible for servicing the entire loan and will remain mortgagee and secured party of record. The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan. The Lender will receive all payments on account of principal of, or interest on, the entire loan and shall promptly remit to the Holder its pro rata share thereof determined according to their respective interests in the loan, less only the Lender's servicing fee.
3. **Servicing Fee.** Holder agrees that Lender will retain a servicing fee of _____ percent per annum of the unpaid balance of the guaranteed portion of the loan assigned hereunder.
4. **Purchase by Holder.** The Holder will hereby succeed to all rights of the Lender under the Loan Note Guarantee to the extent of the assigned portion of the loan. The Lender, however, will remain bound by all obligations under the Loan Note Guarantee and the program regulations found in 7 CFR part 5001.

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 currently valid OMB control number. The valid OMB control number for this collection is 0572-0155. The time required to complete this information collection is estimated to average 1 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. Responses to this collection of information are mandatory (7 CFR 5001). Send comments on the agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to InnovationCenterRegulations@usda.gov. Include the OMB control number in any correspondence. Do not send the completed form to this address.

- 5. Full Faith and Credit.** The Loan Note Guarantee constitutes an obligation supported by the full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which the Holder has actual knowledge at the time it becomes such a lender or holder of this assignment, or which it participates in or condones. The guarantee will be unenforceable by the Lender to the extent that any loss is occasioned by a violation of usury laws, use of loan proceeds for unauthorized purposes, negligent loan origination, negligent loan servicing, or failure to obtain, perfect, document, and or maintain the required collateral or security position regardless of the time at which USDA acquires knowledge of the foregoing. Any losses will be unenforceable by the Lender to the extent that loan funds were used for purposes other than specifically approved by USDA in its Conditional Commitment or approved amendment thereof.
- 6. 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 the Loan Note Guarantee by Lender. Nothing contained herein shall constitute any waiver by USDA of any rights it possesses against the Lender, and the Lender agrees that Lender will be liable and will promptly reimburse USDA for any payment made by USDA to Holder which, if such Lender had held the guaranteed portion of the loan, USDA would not be required to make. The Holder upon written notice to the Lender and USDA may resell the unpaid balance of the guaranteed portion of the loan assigned hereunder.
- 7. Repurchase by the Lender (Defaults).** The Lender has the option to repurchase the unpaid guaranteed portion of the loan from the Holder upon written demand by the Holder when: (a) the Borrower is in default not less than 60 days on principal or interest due on the loan or (b) the Lender has failed to remit to the Holder its pro rata share of any payment made by the Borrower or any loan subsidy within 30 days of its receipt thereof. The repurchase by the Lender will be for an amount equal to the unpaid guaranteed portion of principal and accrued interest, less the Lender's servicing fee. The Holder must concurrently send a copy of the demand letter to the Agency. The Lender must accept an assignment without recourse from the Holder upon repurchase. The Lender or the Agency will issue an interest termination letter to the Holder(s) establishing the termination date for interest accrual if the default is not cured. The guarantee will not cover interest to any Holder accruing after 90 days from the date of the interest termination letter.
- 8. Purchase by USDA.** If Lender does not repurchase as provided by paragraph 7, USDA will purchase from the Holder the unpaid principal balance of the guaranteed portion together with accrued interest to date of repurchase, less the Lender's servicing fee, within 30 days after written demand to the Agency from the Holder. The Lender or the Agency will issue an interest termination letter to the Holder(s) establishing the termination date for interest accrual. Accrued interest paid to the holder(s) will not exceed 90 calendar days and will be calculated from date when interest was last paid on the loan. Once the Holder makes demand upon the Agency, the request cannot be rescinded. Such demand will include a copy of the written demand made upon the Lender. The Holder or its duly authorized agent will also include evidence of its right to require payment from USDA. Such evidence will consist of either the original of the Loan Note Guarantee properly endorsed to USDA or the original of the Assignment Guarantee Agreement properly assigned to USDA without recourse including all rights, title, and interest in the loan. USDA will be subrogated to all rights of Holder. The Holder will include in its demand the amount due including unpaid principal, unpaid interest to date of demand and interest subsequently accruing from date of demand to proposed payment date. Unless otherwise agreed to be USDA, such proposed payment will not be later than 30 days from the date of demand. USDA will promptly notify the Lender of its receipt of the Holder's demand for payment. The Lender will promptly provide USDA with the information necessary for USDA's determination of the appropriate amount due by the Holder. Any discrepancy between the amount claimed by the Holder and the information submitted by the Lender must be resolved before payment will be approved. USDA will notify both parties who must resolve the conflict before payment will be approved. Such a conflict will suspend the running of the 30 day payment requirement. Upon receipt of the appropriate information, USDA will review the demand and remit the appropriate payment to Holder.
- 9. Lender's Obligations.** Lender consents to the purchase by USDA and agrees to furnish on request by USDA a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and interest then owed by Borrower on the loan and the amount then owed to any Holder. Lender agrees that any purchase by USDA does not change, alter or modify any of the Lender's obligations to USDA arising from said loan or guarantee nor does it waive any of USDA's rights against Lender, and that USDA shall have the right to set-off against Lender all rights inuring to USDA as the Holder of this instrument against USDA obligation to Lender under the Loan Note Guarantee.
- 10. Repurchase by Lender for Servicing.** If, in the opinion of the Lender, repurchase of the assigned portion of the loan is necessary to adequately service the loan, the Holder will sell the assigned portion of the loan to the Lender for an amount equal to the unpaid principal and interest on such portion less Lender's servicing fee. The Lender is encouraged to repurchase the loan to facilitate the accounting of funds, resolve any loan problems, and prevent default, where and when reasonable. When the Lender repurchases the guaranteed portion from the secondary market for servicing purposes, the Lender must discontinue interest accrual if Federal or State regulators place the loan in non-accrual status if the default is not cured within 90 calendar days. The Lender will notify the Holder and the Agency of its decision.

- a. The Lender will not repurchase from the Holder for arbitrage purposes or other purposes to further its own financial gain.
- b. Any repurchase will only be made after the Lender obtains USDA written approval.
- c. If the Lender does not repurchase the portion from the Holder, USDA, at its option, may purchase such guaranteed portion for servicing purposes.

11. Termination of Lender's Servicing Fee. The Lender's servicing fee will stop on the date that interest was last paid by the Borrower when USDA purchases the guaranteed portion of the loan from the secondary market. No such servicing fee may be charged to USDA and all loan payments and collateral proceeds received will be applied first to the guaranteed loan and when applied to the guaranteed loan will be applied on a pro rata basis.

12. Foreclosure. The Lender is responsible for determining who the necessary parties are to any foreclosure action or who should be named on a deed of conveyance taken in lieu of foreclosure. When the conveyance is received and the property is liquidated, the net proceeds will be applied to the guaranteed loan debt. If USDA has repurchased the guaranteed portion of the loan from the Holder, the Lender must obtain USDA's concurrence to any foreclosure action to be taken by the Lender; however, USDA will not be considered to be a necessary party to the action or otherwise required to join in.

13. Reassignment. Holder upon written notice to Lender and USDA may reassign the unpaid guaranteed portion of the loan sold hereunder. Upon such notification, the assignee will succeed to all rights and obligations of the Holder hereunder.

14. Notices. All notices and actions will be initiated through the USDA _____

for _____ (State) with mailing address

at the date of this assignment: _____

Dated this _____ day _____, 20 ____ .

LENDER: _____

ADDRESS: _____

By: _____

Title: _____

HOLDER: _____

ADDRESS: _____

By: _____

Title: _____

UNITED STATES OF AMERICA
Department of Agriculture

ADDRESS: _____ By _____

_____ Title _____