

FSA-2232
(11-05-20)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 2

CONDITIONAL COMMITMENT

(See Page 4 for Privacy Act and Paperwork Reduction Act Statements.)

PART A – GENERAL INFORMATION

| | | | | |
|--------------------------------------|---|--|------------------------------|--|
| 1. Lender's Name and Mailing Address | 2. Type Loan <input type="checkbox"/> FO <input type="checkbox"/> OL <input type="checkbox"/> OL/LOC <input type="checkbox"/> CL | | | |
| | 3. Principal Amount of Loan or Line of Credit Ceiling \$ | | 4. Percent of Guarantee % | |
| 5. Loan Applicant's Name | 6. FSA Account Number (ST and CO code/FSA ID Number) | | | |

From an examination of information supplied by the lender on the above proposed loan, and other relevant information, it appears that the transaction can be properly completed.

Therefore, the United States of America acting through the Farm Service Agency (FSA) hereby agrees that, in accordance with 7 C.F.R. Part 762 and related forms, it will execute FSA-2235, Loan Guarantee, subject to the conditions and requirements specified in said regulations and included below.

PART B - CONDITIONS

7. To obtain a FSA-2235, Loan Guarantee, the lender must submit the following to FSA:

- A. This FSA-2232 with Part D completed and executed indicating acceptance of the conditions.
- B. FSA-2236, Loan Closing Report and Loan Certification.
- C. A copy of a properly executed debt instrument (promissory note or loan agreement).
- D. A guarantee fee in the amount of \$

In addition, the lender will be required to:

- E. Execute an FSA-2221, Interest Assistance Agreement, if Interest Assistance is included in the loan.
- F. Execute an FSA-2201, Lender's Agreement, if a current version has not already been executed.
- G. Submit a copy of an evaluation of collateral from standard eligible lenders or micro lenders if not previously submitted. If an appraisal is completed instead of an evaluation, the lender must retain a copy of the appraisal in their file, but the lender is not required to submit a copy to FSA.

8. **GENERAL REQUIREMENTS**

Lender agrees that any provisions in its security instruments, including promissory notes, security agreements, financing statements, deeds of trust, or other forms used by the lender to evidence or secure a guaranteed loan, which do not comply with 7 C.F.R. Part 762, are unenforceable by the lender without the written concurrence of FSA. Such provisions and enforcement are waived by the lender.

The lender agrees that FSA has not nor will not certify to the validity, accuracy, legality, or enforceability of any note, security agreement, financing statement, deed of trust or other forms which lender may have provided to FSA, the providing of such forms being for informational purposes only.

9. **INTEREST ASSISTANCE REQUIREMENTS**

If the subject guaranteed loan has been approved for participation in the interest assistance program, FSA will reimburse interest to the lender at a maximum of 4 percent per annum of average outstanding principal, subject to limitations in FSA regulations. Interest assistance is available under this commitment for a period not to exceed _____ years or the term of the loan, whichever is less, subject to limitations in FSA regulations. Availability of interest assistance is subject to the loan being closed in accordance with the conditions of this commitment and with FSA regulations. Interest assistance availability is subject to the execution of FSA-2221, Interest Assistance Agreement, and compliance with the conditions of the agreement.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

10. REQUIREMENTS FOR LOANS SECURED BY CHATTELS

As required in 7 CFR Part 762.140, yearly accounting and reconciliation with the security agreement is required for all chattel loan collateral, i.e., livestock, farming and other equipment, crops, other farm products, supplies, inventory, accounts and contract rights, and general intangibles. An assignment will be obtained on all USDA crop and livestock program payments and all crop insurance proceeds when required as security. All collateral pertains to that now owned and hereafter acquired.

11. OPERATING LINE OF CREDIT REQUIREMENTS

- A. The total principal balance owed at any one time on advances made within an approved line of credit may not exceed the line of credit ceiling.
- B. The total amount of line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's plan, unless the plan is revised and continues to reflect a feasible plan.
- C. Prior to any future year advances, standard eligible lenders must submit a copy of the borrower's income and expenses for the previous year, the projected cash flow for the borrower's operation for the upcoming operating cycle, a current balance sheet, and a certification that the borrower is in compliance with the provisions of the line of credit agreement and the income and loan proceeds for the previous year have been accounted for. All of the above items are to be submitted for FSA written approval before future year's advances are made.

12. HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION

- A. This commitment is conditional upon loan proceeds not being used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.
- B. All guaranteed lenders will be required to monitor compliance of these requirements as part of their servicing responsibilities. During loan servicing contacts the borrower's compliance is to be reviewed and analyzed. If the borrower violates 7 CFR Part 12 the loan will be in default.
- C. If loan applicants' farm properties contain any highly erodible land, wetland, or converted wetland, the lender will include the following provisions in its debt and security instruments:

"Default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetland to produce or to make possible the production of an agricultural commodity, as provided by 7 CFR Part 12."

13. CROP INSURANCE

The loan applicant will obtain at least catastrophic risk protection insurance coverage or sign a benefits waiver for each of their economically significant crops, for which coverage is offered or reinsured by the Federal Crop Insurance Corporation.

14. LOAN PURPOSE

List approved loan purposes and amounts below. The total amount to be advanced on a line of credit will not exceed the projected credit needs for the operating cycle:

15. INTEREST RATE AND TERMS

The interest rate on both the guaranteed portion and the nonguaranteed portion will not exceed the maximums established in 7 C.F.R. Part 762.124(a). This loan will have the following interest rate and terms: *(If rate is variable, indicate basis only.):*

16. SECURITY

This loan will be secured by the collateral listed below: If an evaluation or appraisal was not completed at the time of the request for guarantee, this loan is approved subject to the lender obtaining an evaluation or appraisal, prior to loan closing completed in accordance with 7 C.F.R. Part 762, to support the following estimated values. Standard eligible lenders or micro lenders must submit an evaluation of collateral, acceptable to FSA, prior to receiving FSA-2235, Loan Guarantee. If an appraisal is completed instead of an evaluation, the lender must certify the appraisal is in their files.

Required Security:

| A. Item Description | B. Lien Position | C. Estimated Value | D. Amount of Prior Lien | E. Collateral Value |
|------------------------|---------------------|-----------------------|----------------------------|------------------------|
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| | | \$ | \$ | \$ |
| TOTALS: | | \$ | \$ | \$ |

OTHER

17. Other requirements: (Insert any additional conditions or on an attachment referred to in this space; otherwise insert "NONE").

PART C – AGENCY SIGNATURE

18. This conditional commitment becomes null and void unless the lender accepts the conditions, closes the loan, and requests the guarantee within _____ days, unless this time is extended in writing by FSA, or upon the lender's earlier notification to FSA that it does not desire to obtain an FSA guarantee. Any negotiations concerning these conditions must be completed by that time.

| | |
|--|------------------------|
| 19A. Signature of Authorized Agency Official | 19B. Date (MM-DD-YYYY) |
| 19C. Name (Printed) | 19D. Title |

PART D – ACCEPTANCE OR REJECTION OF CONDITIONS

20. To: Farm Service Agency (FSA)

The conditions of FSA-2232, Conditional Commitment, outlined on previous pages:

- A. are acceptable and the undersigned lender intends to proceed with the loan transaction and to request issuance of the guarantee at the appropriate time.
- B. are acceptable, but for other reasons, the undersigned lender does not desire a guarantee and withdraws the application.
- C. are not acceptable, and for that reason the undersigned lender does not desire a guarantee and withdraws the application.
- D. are not acceptable but would be acceptable if the following changes were made:

21. Lender hereby certifies that it will comply with the requirements and regulations of 7 CFR Part 762, and FSA-2201, Lender's Agreement.

If Item 20A above is checked:

- A. It is understood that the following information may now be released upon request: Name and address of applicant, name and address of lender, amount of loan, and general purpose of loan.
- B. It is anticipated that the loan will be closed in approximately _____ days.

22. **NOTE TO LENDER:** Complete and execute the Acceptance or Rejection of Conditions as indicated above on the copy of this form and return completed form to the FSA Office address provided:

| | |
|---|------------------------|
| 23A. Signature of Lender Representative | 23B. Date (MM-DD-YYYY) |
| 23C. Name (Printed) | 23D. Title |

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 762, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Agricultural Act of 2014 (Pub. L. 113-79) and 7 CFR Part 762. The information will be used to establish the lender's agreement to the terms and conditions for obtaining the requested FSA Farm Loan Programs benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information may result in a denial of the requested FSA Farm Loan Programs benefits.*

The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

*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 0560-0155. The time required to complete this information collection is estimated to average 18 minutes 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. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***