***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 1of 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 be Released Prior to Payment of FLP Loan | 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 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. |