

U.S. DEPARTMENT OF AGRICULTURE

Farm Service Agency

Position 5

FSA-2062

(02-06-24)

APPLICATION FOR SUBORDINATION OF SECURITY FOR COMMERCIAL CREDIT

PART A BORROWER REQUEST

1. The undersigned (a) _____

("Borrower") in accordance with the terms of the security instruments now held by the United States, acting through U.S. Department of Agriculture, Farm Service Agency (called "Government") on the property, applies for a subordination.

(b) Name of lender receiving proposed subordination

(c) Amount of subordination requested

(d) Proceeds from the subordination will be used as follows:

(e) Legal description of security to be subordinated (*attach description if more space needed*)

2. For security to be subordinated, name of lienholder, approximate amount of each lien, including FSA in the order of lien priority:

A. Security	B. Name of Lienholder(s)	C. Approximate Amount of Lien	D. Lien Priority
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

Initials: _____ Date: _____

2. For security to be subordinated, name of lienholder, approximate amount of each lien, including FSA in the order of lien priority:
(Continuation)

A. Security	B. Name of Lienholder(s)	C. Approximate Amount of Lien	D. Lien Priority
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

3. Complete application for subordination of FSA security to a commercial lender:

With subordinations, FSA and the lender essentially partner in providing joint financing to you and share applicable financial and loan information.

FSA may accept the following items from you, or directly from the lender who may submit documents on your behalf, to support subordination requests using this form:

- ☐ written request or confirmation (e-mail) from the lender detailing the loan rate, term, purposes, security requirements, and what the lender specifically needs from FSA
- ☐ current financial statement from the borrower and all entity members or FSA-2037(s)
- ☐ the farm's operating plan, including a projected cash flow budget reflecting production, income, expenses, and debt repayment plan or FSA-2038
- ☐ loan agreements or other documentation outlining the approval, loan advance, and closing requirements
- ☐ copies of appraisals used by the lender (if necessary, FSA may obtain its own appraisal)
- ☐ copies of any construction and/or environmental documents, title opinions, and/or lien search used by the lender
- ☐ copy of credit report used by the lender. FSA will order credit report for you if necessary.
- ☐ Verification of nonfarm income such as 2 recent earnings statements or last year's tax forms
- ☐ AD-1026

Initials: _____ Date: _____

PART B NOTIFICATIONS, CERTIFICATIONS AND ACKNOWLEDGMENT

	YES	NO
1. Are you currently or have you ever, and in the case of an entity any member of the entity, conducted business under any other name? If "YES," list names in Item 10.		
2. Have you ever, or in the case of an entity any member of the entity, obtained a direct or guaranteed farm loan from FSA or Farmers Home Administration?		
3. If Item 2 is "YES," did you receive any debt forgiveness through write-down, write-off, compromise, adjustment, reduction, charge-off, paying a loss on a guarantee, or bankruptcy? If "YES," provide details in Item 10.		
4. Are you, or in the case of an entity any member of the entity, delinquent on any Federal debt or have any outstanding Federal judgments? If "YES," provide details in Item 10.		
5. Are you, or in the case of an entity any member of the entity, involved in any pending litigation? If "YES," provide details in Item 10.		
6. Have you, or in the case of an entity any member of the entity, ever been in receivership, discharged in bankruptcy, or filed a petition for reorganization in bankruptcy? If "YES," provide details in Item 10.		
7. Are you, or in the case of an entity any member of the entity, an FSA employee or related to or closely associated with an FSA employee? If "YES," provide details in Item 10.		
8. Are you now or have you ever, operated a farm? If "YES," provide number of years and details in Item 10.		
9. Have you, or any entity members if applicable, ever been: (If "YES", provide details in Item 10)		
(a) Convicted under any Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance within the previous 5 crop years? (See the Food Security Act of 1985, Pub. Law. 99-198)		
(b) Determined ineligible for Federal benefits based on a conviction for the distribution of controlled substances or any offense involving the possession of a controlled substance under 21 U.S.C. 862?		
(c) Determined ineligible for Federal benefits based on Federal Crop Insurance Corporation fraud? (See 7 U.S.C. 1515)		
10. Additional answers. Write the Item number to which each answer applies. If you need additional space, use sheets of paper the same size as this page and write the applicant's name on each additional sheet.		

11. SPECIAL PROGRAM INFORMATION.

Certain FSA programs are, by law, designed to reach targeted applicants. If you are interested in any of the programs described here or have questions about these programs and whether you may qualify for a specific program, the FSA office processing your application will help you.

- A. SOCIALLY DISADVANTAGED APPLICANTS:** A portion of FSA farm ownership, operating, and conservation loan funds are, by law, targeted to applicants who have been subjected to racial, ethnic or gender prejudice because of their identity as a member of a group, without regard to individual qualities. Under the applicable law, groups meeting this condition are: American Indians/Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians/Other Pacific Islanders, Hispanics and women. In addition, FSA has a down payment program, which receives special funding.
- B. BEGINNING FARMER ASSISTANCE:** FSA has the authority to assist beginning farmers through the farm ownership, operating, and conservation loan programs. A portion of FSA farm ownership, operating, and conservation loan funds are, by law, targeted to beginning farmers. In addition, FSA has a down payment program, which receives special funding. In some States, FSA has agreements with State beginning farmer programs to help meet the credit needs of beginning farmers.
- C. LIMITED RESOURCE LOANS:** Limited resource farm ownership and operating loans are available to qualified applicants. This program provides loans at reduced interest rates to low-income farmers whose operations and resources are so limited that they cannot pay the regular rates for FSA loans. The program is also intended to provide beginning farmers the opportunity to start a successful farming operation.

12. RIGHTS AND POLICIES.

- A. RIGHT TO FINANCIAL PRIVACY ACT OF 1978 (Public Law 95-630):** FSA has a right of access to financial records held by financial institutions in connection with providing assistance to you as well as collecting on loans made to you or guaranteed by the Government. Financial records involving your transaction will be available to FSA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required by law.

Initials: _____ Date: _____

PART B – NOTIFICATIONS, CERTIFICATIONS AND ACKNOWLEDGMENT (Continued)

- B. THE FEDERAL EQUAL CREDIT OPPORTUNITY ACT:** Prohibits creditors from discriminating against applicants on the basis of race, color, religion, sex, national origin, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or a part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.
- C. ECOA – RIGHT TO RECEIVE APPRAISAL:** As part of the assistance provided by FSA, an appraisal report or written real estate valuation may be required to determine the value of the property you intend to pledge as security. If FSA orders an appraisal or completes a written real estate valuation, you will receive a copy at no cost. You will receive a copy at least three business days prior to the closing of your loan or servicing action. On occasion, the three-day waiting period could cause a delay in loan closing. If you so choose, you have a right to waive this waiting period and a copy will be provided to you no later than the time of loan closing.
- D. FEDERAL COLLECTION POLICIES:** Delinquencies, defaults, foreclosures and abuses of loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation; (7) Take action to offset your salary, or retirement benefits; (8) Refer your debt to the Department of the Treasury for cross-servicing and offset against any amount owed to you by any Federal Agency such as an income tax refund; and (9) Report any resulting written-off debt to the Internal Revenue Service as taxable income. All of these actions can and will be used to recover debts owed to the Federal Government when in its best interests.

13. RESTRICTIONS AND DISCLOSURE OF LOBBYING ACTIVITIES:

- A.** The applicant:
- (1) Certifies that if any funds, by or on behalf of the applicant, have been or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or loan, the applicant shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
 - (2) Shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including contracts, subcontracts, and subgrants, under grants and loans) and that all subrecipients shall certify and disclose accordingly.
- B.** This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this statement is a prerequisite for making or entering into this transaction. Any person who fails to file the required statement shall be subject to a civil penalty imposed by 31 U.S.C. 1352.

14. DISQUALIFICATION DUE TO FEDERAL CROP INSURANCE FRAUD:

The applicant certifies that as an individual or any member of the entity, has not been disqualified for Federal benefits as provided in Section 515(h) of the Federal Crop Insurance Act (FCIA). Applicants who willfully and intentionally provide false or inaccurate information to the Federal Crop Insurance Corporation (FCIC) or to an approved insurance provider with respect to a policy or plan of FCIC insurance, after notice and an opportunity for a hearing on the record, will be subject to one or more of the sanctions described in section 515(h)(3) of FCIA.

15. PERMISSION TO FILE FINANCING STATEMENT:

Under the Uniform Commercial Code, you do not have to sign the financing statement which allows FSA to obtain a security interest in your property. If the loan is approved and funded, FSA will file a financing statement at the earliest possible date, before you enter into a **SECURITY AGREEMENT**. **BY SIGNING BELOW, I GIVE FSA PERMISSION TO FILE A FINANCING STATEMENT PRIOR TO THE EXECUTION OF THE SECURITY AGREEMENT AS WELL AS TO FILE AMENDMENTS AND CONTINUATIONS OF THE FINANCING STATEMENT THEREAFTER.**

PROCEED TO PART C

PART C CERTIFICATION AND SIGNATURES

I understand that until FSA executes a separate written instrument for subordination FSA's approval of this application will merely constitute and evidence FSA's consent, as lienholder, to the proposed transaction without in any way subordinating its liens, modifying the payment terms of my loans, or otherwise affect any FSA rights. If this application is approved, I agree to comply with such terms as may be set by FSA and to dispose of the proceeds as required.

I agree that none of the funds obtained as a result of this subordination will be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agriculture commodity as provided in 7 CFR part 12 or will adversely affect compliance with any of the environmental requirements of 7 CFR part 799.

The statements and representations made above are made in connection with the request for a subordination of the loan security. The making of any false statement or misrepresentations herein may be a crime punishable under the Title 18 U.S.C. 1001. I certify that the statements made are true, complete, and correct to the best of my knowledge and belief. Note: Whoever signs below should also initial and date each preceding page.

Additional pages should be added for additional signatures if needed.

1A. Signature of Individual Applicant, Spouse or Entity Member	1B. Capacity ☐ Self ☐ Entity Representative	1C. Date Signed (MM-DD-YYYY)
2A. Signature of Individual Applicant, Spouse or Entity Member	2B. Capacity ☐ Self ☐ Entity Representative	2C. Date Signed (MM-DD-YYYY)
3A. Signature of Individual Applicant, Spouse or Entity Member	3B. Capacity ☐ Self ☐ Entity Representative	3C. Date Signed (MM-DD-YYYY)
4A. Signature of Individual Applicant, Spouse or Entity Member	4B. Capacity ☐ Self ☐ Entity Representative	4C. Date Signed (MM-DD-YYYY)
5A. Signature of Individual Applicant, Spouse or Entity Member	5B. Capacity ☐ Self ☐ Entity Representative	5C. Date Signed (MM-DD-YYYY)
6A. Signature of Individual Applicant, Spouse or Entity Member	6B. Capacity ☐ Self ☐ Entity Representative	6C. Date Signed (MM-DD-YYYY)

PART D FSA USE ONLY

1. Date FSA-2062 Received	2. Date Application Complete
3. Comments on recommendation and approval or denial of the subordination have been entered in FBP credit presentation titled (a) _____ and dated: (b) _____. The transaction was approved or rejected in the FBP.	

NOTE: **Privacy Act Statement:** 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 764, 7 CFR Part 765, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine borrower eligibility for the requested FSA Farm Loan Programs action. 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 action.

Public Burden Statement (Paperwork Reduction Act): 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 0560-0230, 0560-0236. The time required to complete this information collection is estimated to average 30 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. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden by emailing to: askusda@usda.gov.

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

Non-Discrimination Statement: 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, 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 State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). 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 <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> 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, Mail Stop 9410, 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.~~