

**RURAL FINANCE AUTHORITY
STANDARD LOAN AGREEMENT AND NOTE
for RFA LOAN PARTICIPATION PROGRAMS**

Lender: _____ Lender Loan #: _____

Lender Address: _____

Borrowers: _____

1.1 **PARTIES.** In this Agreement, the words “I”, “my”, and “me” refer to the Borrower(s) named above. If more than one Borrower is named, “I” shall mean “we”, “my” shall mean “our”, and “me” shall mean “us”. “You” means the Lender named above. “RFA” means the State of Minnesota, through the Minnesota Rural Finance Authority, which shall be participating with the Lender in this debt.

1.2 **PARTICIPATION.** The RFA shall be participating in this debt with you, to the extent of the lesser of: (check program request)

_____ Beginning Farmer Loan Program: 45% of the Total Amount in Section 1.3 or \$400,000 maximum.

_____ Seller Assisted Program: 45% of the Total Amount in Section 1.3 or \$400,000 maximum.

_____ Ag Improvement Program: 45% of the Total Amount in Section 1.3 or \$400,000 maximum.

_____ Restructure II Program: 45% of the Total Amount in Section 1.3 or \$525,000 maximum.

_____ Livestock Expansion Program: 45% of the Total Amount in Section 1.3 or \$525,000 maximum.

1.3 **LOAN TERMS.** I have borrowed from you and agree to repay to you the principal sum of \$ _____ with interest on the unpaid balance of that sum (the “Total Amount”).

The Total Amount is secured by a mortgage dated: _____, 20 _____ (the “Mortgage”).

The pro-rata sharing of the Total Amount of the debt shall be as follows:

A. **Lender:** Participation Amount: \$ _____ (“Lender Amount”)

Terms: ____ **Check here if the Lender interest is evidenced by a separate document. In which case, a copy of the document evidencing the Lender interest is attached hereto as EXHIBIT A and is incorporated herein by reference.**

Regular payment: \$ _____

Initial interest rate: _____% and

(or attach Exhibit A)

B. **RFA:** Participation amount: \$ _____ (“RFA Amount”)

Regular payment: \$ _____

Initial interest rate: _____%

Interest is computed on a 365/365 or 360/360 (**circle one**) simple interest basis.

The RFA's interest rate on the RFA Amount shall be fixed for the period of the participation. However, said rate may be increased at any time during the period of participation (which is a maximum of 10 years unless approved in writing by RFA) if I am found to be in default (see sections 1.7 and 1.9 below).

1.4 **RFA REPAYMENT SCHEDULE.** I agree to repay the RFA Amount plus interest on a _____ year amortization schedule. However, the RFA Amount will be due and payable in full (principal balance + accrued interest) on _____. I acknowledge and understand that the final payment may be a “balloon payment” and, thereby, such payment may be much larger than the preceding regular payments.

The first payment of the RFA Amount shall be due _____, with an additional _____ (#) payments due _____ (type in annually/monthly/quarterly/semi-annually) thereafter on the _____ day of the corresponding month.

Unless I am in default, all repayments of the RFA Amount shall be applied first to interest and then to principal. If I am in default, you may apply the repayments of the RFA Amount in any manner you choose. Payments received by you more than fifteen (15) days after the due date shall incur a late fee penalty. The RFA late fee is 1.0% per month of the payment due.

I may make an additional annual principal payment (not to exceed 10% of my outstanding principal balance of the RFA Amount) without any penalty. Any additional principal payments which you receive by the terms of this Agreement will not reduce the amount of the scheduled repayments, but will operate to repay the entire indebtedness at an earlier date by reducing the number of future principal installments. However, you or the RFA may charge me a pre-payment penalty (equal to 10% of the outstanding principal balance of the RFA Amount) when paying my debt in full, without prior written consent, during the first five years of the debt (the prepayment penalty will be reduced annually by 2.0%).

- 1.5 **RECORDS.** Your records on what I owe are binding upon me and may be admitted in a legal proceeding against me.
- 1.6 **FINANCIAL INFORMATION.** Annually, upon the anniversary of this Agreement, I agree to mail to you signed and updated financial statements as agreed upon. Further, at any other time requested, with 30 days written notice, I will sign and deliver to you current financial statements (not to exceed 60 days in age).
- 1.7 **CERTIFICATION.** I understand that because the RFA participates in my debt there are certain specific eligibility requirements which must be met by me and certified by me in the application to the RFA. If I fail to remain in compliance with any state statute or rules governing my specific program, you or the RFA may declare my participation to be in default (see section 1.9 below).
- 1.8 **MORTGAGE.** As security for the debt and any other obligations to you under this Agreement or the covenants of the Mortgage, I have granted to you and the RFA a 1st Mortgage lien on real property approved by you and the RFA.
- 1.9 **DEFAULT.** You or the RFA may declare that I am in default if:
 - A. I fail to pay any of the principal or interest on the debt when properly demanded by you, in accordance with my repayment obligations.
 - B. Any statement made by me in connection with the debt proves to have been misleading when it was made.
 - C. I fail to perform any promise contained in this Agreement including section 1.7 above; the Mortgage I am signing today; or any other agreement relating to this debt or the program in which I am taking part.
 - a. Failure to bring this Agreement into compliance within 30 days upon receiving a written notice from you or the RFA may, at the RFA's sole discretion, result in the forfeiture of the initial RFA participation interest rate. The new RFA penalty rate, if imposed by the RFA, shall be equal to the lower of: (i) the highest interest rate currently being charged on its participations plus 0.5% (also see section 2.0); or (ii) the highest amount allowed by law.

- 2.0 **PAYMENT DUE UPON DEFAULT.** If you or the RFA declare that I am in default, the entire balance of the debt may become immediately due and payable, at either's option. No written notice to me is required of you or the RFA. I agree to pay any and all expenses, including reasonable attorneys' fees, incurred in enforcing this Agreement, plus accrued interest at the penalty rate (see section 1.9 above).
- 2.1 **FAILURE TO PERFORM.** If I fail to perform any of my promises in this Agreement or the Mortgage, you may perform for me if you choose. I will pay you upon demand all reasonable expenses you incur in performing for me, plus interest at the same rate applied to the principal I owe you.
- 2.2 **NO WAIVER.** Any failure or delay on your part in exercising any of your rights will not prohibit you from exercising them at a later time or exercising any other right or remedy. You may extend the time for payment of my debt or release any security (including security pledged by any guarantor of my debt) without affecting your rights under this Agreement or the Mortgage.
- 2.3 **INTERPRETATION OF OUR UNDERSTANDING.** This Agreement expresses our entire understanding. I have read this Agreement and rules for my program fully and am not relying on any oral or other written statements by you or your agents. Any previous statements, whether oral or in writing, are superseded by this Agreement. Any amendment to this Agreement must be done in writing. If there are two or more borrowers named in this Agreement, obligations of this Agreement are joint and several (which means you may enforce all the obligations against any one of the borrowers or against all of them).
- 2.4 **SHARING OF INFORMATION AND CONSENT TO REVIEW RECORDS.** I acknowledge that the RFA shall become a participant in my debt and I hereby consent to you sharing information about me (including but not limited to my financial statements) and about my debt with its authorized employees or agents. In addition, I consent to and authorize you to allow the RFA, by and through its employees and authorized agents, to inspect and review any and all information that you may have regarding any debt that I may have with you even though the RFA may not have any interest in such debt. I understand that the RFA's authorized employees or agents are required by law to keep certain information about me private or confidential, or may be required by law to make certain information public.
- 2.5 **HEADINGS.** The headings contained in this Agreement are for convenience only and shall not affect the interpretation of any provisions of this Agreement.
- 2.6 **EFFECTIVENESS.** This Agreement will continue until I pay the amount of this debt and all other amounts secured by the Mortgage. If any part of this Agreement is declared invalid, the rest of the Agreement will remain in effect.
- 2.7 **LAW OF MINNESOTA TO GOVERN.** This Agreement and the rights and duties described in this Agreement will be governed by, and interpreted in accordance with the laws of Minnesota.

I sign certifying that I understand and agree to all the provisions of this Agreement.

Dated: _____, 20_____

Borrower

Borrower

Address

City/State/Zip

Co-signer

(if required) Co-signer

In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651/201-6000. TTY users can call the Minnesota Relay Service at 711. The MDA is an equal opportunity employer and provider.