

**RURAL FINANCE AUTHORITY LOAN AGREEMENT AND NOTE
for RFA STOCK LOAN PARTICIPATION PROGRAM (only)**

Lender: _____ Lender Loan # _____

Lender address: _____

Borrower(s): _____

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

1.2 **PARTICIPATION.** The RFA may be participating in this Stock Loan Program with you, to the extent of the lesser of: 45% of the principal in 1.3 or \$40,000 max.

1.3 **LOAN TERMS.** I have borrowed from you and agree to repay you the principal sum of \$ _____ with interest on the unpaid balance of that sum. (If the RFA participates, the pro-rata sharing of the loan shall be as follows:

A. Lender: Loan amount: \$ _____
 Regular payment: \$ _____
 Initial interest rate: _____% and

Terms: _____

_____ (or attach schedule)

B. RFA: Loan 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 its portion of the loan shall be fixed at the initial interest rate for the term of the participation.

Loan payments of interest only are permitted for up to two years, with a fully amortized repayment schedule of interest and principal calculated for the remaining years.

1.4 **REPAYMENT SCHEDULE.** I agree to repay the borrowed amount plus interest on a _____ year amortization schedule (8 year max). The participation loan will be due and payable in full (any unpaid balance and accrued interest) on _____. The first payment shall be due _____ and (circle) annually, monthly, quarterly, or semi-annually thereafter on the _____ of the month.

Unless I am in default, all repayments shall be applied first to interest and then to principal. If I am in default, you may apply the repayments in any manner you choose. Payments received by the lender or the RFA 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 additional principal payments at any time or pay the entire principal balance without paying a prepayment penalty. Any additional principal payments or payments which you receive by the terms of the mortgage securing 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.

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 loan, 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 if the RFA participates in my loan 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 **COLLATERAL.** As security for the debt and any other obligations to you under this agreement or the covenants of the loan, I am signing today and granting to you a lien on said stock and other collateral as agreed upon 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. I fail to perform any promise contained in this Agreement including section 1.7 above; the Loan I am signing today; or any other agreement relating to this debt or the program in which I am participating.
 - C. Any statement made by me in connection with the loan proves to have been misleading when it was made.
- 2.0 **PAYMENT DUE UPON DEFAULT.** If you or the RFA declare that I am in default, the entire balance of the debt will become immediately due and payable. 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.
- 2.1 **FAILURE TO PERFORM.** If I fail to perform any of my promises in this Agreement or the Loan, 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 Loan.
- 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 may become a participant in my loan and I hereby consent to you sharing information about me (including but not limited to my financial statements) and about my loan 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 loan that I may have with you even though the RFA may not have any interest in such loans. I understand that the RFA's authorized employees or agents are required by law to keep certain information about me private or confidential.
- 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 full amount of this debt and all other amounts secured by the Loan. 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.

This note is secured by stock/collateral lien(s) dated: _____, 20____.

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