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FSA-2235
(09-03-10)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 2

LOAN GUARANTEE

1. Lender's Name and Address: ABC Bank Street Address City, State, Zip Code Telephone Number: XXX-XXX-XXXX	2. Borrower's Name and Address: John Smith Street Address City, State, Zip Code Telephone Number: XXX-XXX-XXXX
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3. Loan Type: <input checked="" type="checkbox"/> FO <input type="checkbox"/> OL <input type="checkbox"/> LOC <input type="checkbox"/> CL	4. FSA Account Number: <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">A. State Code</td> <td style="width:33%;">B. County Code</td> <td style="width:33%;">C. FSA ID Number</td> </tr> <tr> <td>01</td> <td>01</td> <td>0001</td> </tr> </table>	A. State Code	B. County Code	C. FSA ID Number	01	01	0001
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01	01	0001					

5. Loan Amount or Line of Credit Ceiling \$ 100,000.00	6. Guarantee Percent 90 %	7. Date of Promissory Note or Line of Credit Agreement 5/01/2009
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8. The loan is evidenced by (a) ONE notes described below. This instrument is attached to note (b) Note #
 in the principal amount of (c) \$ 100,000.00 and is number (d) ONE of (e) ONE

9. Lender Note ID Number	10. Principal Amount	11. Percent of Total Principal Amount	12. Guaranteed Amount
Note #	\$ 100,000.00	100%	\$ 90,000.00
	\$		\$
	\$		\$
	\$		\$
TOTALS:	13. Total Principal Amount of Column 10 Equals Loan Amount in Item 5 \$ 100,000.00	14. Total Percentage of Column 11 must Equal 100% 100%	15. Total Guaranteed Amount of Column 12 must Equal Item 5 Multiplied by Item 6 \$ 90,000.00

NOTE: Copy of Note covered by this agreement must be attached.

16. In consideration of the lender making the listed loans or line of credit advances, the United States of America, acting through the Farm Service Agency of the United States Department of Agriculture (hereafter called "Government"), pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et. seq.), agrees that in accordance with and subject to the conditions and requirements in this Loan Guarantee, it will pay to:
- A. Any holder, 100 percent of any loss on the guaranteed portion held by such holder and on interest due on such portion.
 - B. The lender, any loss sustained by such lender on the guaranteed portion including:
 - (1) Principal and interest indebtedness as evidenced by the notes or by assumption agreements,
 - (2) Any loan subsidy due and owing, and
 - (3) Principal and interest indebtedness on authorized protective or emergency advances for protection and preservation of collateral.
17. If the Government conducts the liquidation of the loan, loss occasioned to a lender by accruing interest after the date the

Government accepts responsibility for liquidation will not be covered by this Loan Guarantee. The lender will discontinue interest accrual on the defaulted loan at the time the estimated loss claim is paid by the Agency. The Agency will not pay interest beyond 210 days from the payment due date.

In the case of a Chapter 7 bankruptcy, in cases where the lender filed an estimated loss claim, the Agency will pay the lender interest which accrues during and up to 45 days after the date of discharge on the portion of the chattel only secured debt, that was estimated to be secured but was found to be unsecured upon final disposition, and up to 90 days after the date of discharge on the portion of real estate secured debt that was estimated to be secured but was found to be unsecured upon final disposition. The Agency will pay the lender interest which accrues during and up to 90 days after the time period the lender is unable to dispose of the acquired property due to state imposed redemption rights on any unsecured portion of the loan during the redemption period, if an estimated loss claim was paid by the Government during the liquidation action.

CONDITIONS OF GUARANTEE	
Loan or Line of Credit Servicing	The lender will be responsible for servicing the entire loan and will remain the secured party of record. The lender agrees that, if liquidation of the account becomes imminent, the lender will consider the borrower for interest assistance under 7 C.F.R. Part 762 and will not initiate foreclosure action until 60 days after a determination has been made with respect to the eligibility of the borrower to participate in the interest assistance program.
Lien Priorities	The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions. The unguaranteed portion will not be paid first nor given any preference or priority over the guaranteed portion.
Full Faith and Credit	The Loan Guarantee constitutes an obligation supported by the full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which lender or any holder has actual knowledge at the time it became such lender or holder or which lender or any holder participates in or condones. Any losses occasioned will be unenforceable to the extent that loan funds are used for purposes other than those specifically approved by the Government in its conditional commitment for guarantee. In addition, the Loan Guarantee will be unenforceable by lender to the extent any loss is occasioned by the violation of usury laws, negligent servicing, or failure to obtain the required security regardless of the time at which Government acquires knowledge of the foregoing. Negligent servicing is defined as the failure to perform those services which would be considered normal industry standards of loan management or failure to comply with any servicing requirement of 7 C.F.R. Part 762 or the lender's agreement or the Loan Guarantee. The term includes the concept of failure to act or failure to act timely consistent with actions of a reasonable lender in loan making, servicing, and collection.
Rights and Liabilities	The Loan Guarantee and right to require purchase will be directly enforceable by holder notwithstanding any fraud or misrepresentation by the lender or any unenforceability of this Loan Guarantee by lender. Nothing contained herein will constitute any waiver by Government of any rights it possesses against the lender. Lender will be liable for and will pay to the Government any payment made by Government to holder, which if the lender had held the guaranteed portion of the loan, the Government would not be required to make.
Payments	Lender will receive all payments of principal, or interest, and any loan subsidy on account of the entire loan and will promptly remit to the holder the holder's pro rata share thereof determined according to its respective interest in the loan, less only lender's servicing fee.
Protective and Emergency Advances	Authorized protective and emergency advances made by the lender will be guaranteed against a percentage of loss to the same extent as provided in this Loan Guarantee. Protective and emergency advances not authorized by 7 C.F.R. Part 762 will not be guaranteed.
Custody of Unguaranteed Portion	The lender must retain the unguaranteed portion of the loan in its portfolio.
Termination of Guarantee	The Loan Guarantee will terminate automatically (a) upon full payment of the guaranteed loan, (b) upon full payment of any loss obligation under this Loan Guarantee, (c) upon denial of the lender's claim and expiration of appeal rights, or (d) upon written notice from the lender to the Government that the Loan Guarantee will terminate 30 days after the date of notice, provided the original Loan Guarantee is returned to the Government to be canceled.
Settlement	The amount due under this Loan Guarantee will be determined and paid as provided in 7 C.F.R. Part 762.

Interest Capitalization	Lender and holder may capitalize interest only when the note is restructured. When delinquent interest is capitalized and treated as principal, the new principal amount may exceed the principal amount of the loan listed herein, but may not exceed statutory loan limits. The new loan principal amount and new guaranteed portion will be identified as restructuring in an addendum to this Loan Guarantee. Such capitalized interest will be covered by this Loan Guarantee. Reference to principal and interest and principal advanced herein, shall include any capitalized interest on the guaranteed portion of the loan resulting from the restructuring of a guaranteed farm loan and not exceeding statutory loan limits.
Regulation	This Loan Guarantee and all action hereunder are governed by and must be in compliance with the statutory authority and regulation issued thereunder at 7 C.F.R. Part 762 in effect on the date of this instrument, and future amendments not inconsistent with this instrument.
18A. Name of Agency Official (<i>Print</i>)	18B. Title
18C. Signature of Approval Official	18D. Date

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