

INSTRUCTIONS FOR PREPARATION

Used by County Supervisor or District Director when the farm income from which payment is to be made will be received by the borrower substantially before the installation due date, and when appropriate to obtain an agreement for making payments on a Farm Ownership, Farm Ownership-Nonfarm Enterprise, Recreation, Rural Housing, Labor Housing, Soil and Water, Operating, Emergency or Economic Opportunity loan. Ordinarily, the form should be used in the following situations (1) for an applicant, it should be executed in connection with making the loan when the applicant receives regular off-farm income, (2) for other applicants, it should be executed in connection with making the loan when the County Supervisor or loan approval official believes such an agreement will facilitate the servicing of the account, and (3) for a borrower who does not have a Form RD 440-9 in effect, it should be used when the borrower has failed to make payments or the County Supervisor or District Director has had difficulty in collecting such payments because the dates income is available does not coincide with the installment due date on the note.

The County Supervisor or District Director may change or cancel Form RD 440-9; however, if Form RD 440-9 was executed in connection with make the loan and the loan approval official make the use of the form a special loan approval condition, the concurrence of the loan approval official should be obtained before cancelling the agreement.

- (1) Insert (a) State and (b) County in which farm or building site located, and (c) borrower's case number. When multi-housing projects are involved also insert the project number immediately after the case number.
- (2) When used in connection with new loan, the form will be executed and dated at the time of loan closing. When used subsequent to loan closing, insert date form is executed.
- (3) Check type of loan involved. For RRH, LH, OL, EM or EO loan check "other" and "RRH, LH, OL, EM or EO" as appropriate.
- (4) Insert date of promissory note or other debt instrument. When used in connection with new loan, date of note will be inserted at the time of loan closing.
- (5a) Insert (1) month and year in which payments will begin, (2) amount per month and (3) the number of months remaining in that year in which payments will be made.
- (5b) Insert year which will be the first full year after year above in (5a) and amount of proposed payments each month. Usually, no payments should be scheduled for December for loans to individuals and whenever practicable, payments also should be omitted for November. If necessary to help a family receiving regular nonfarm income budget its operating expenses, loan payments, may, in lieu of omitting the November payment, be omitted for the month or months in which taxes and insurance before due.
- (6) Monthly payments should, whenever possible, be scheduled on the same day of the month as the loan closing date with the exception that payments on loans closed after the 24th of a month will be scheduled during the first five days of a month.

When used in connection with new loans, insert this information prior to action on loan by loan approval official. When occasions occur to change existing supplementary payment agreements they should be revised in accordance with this policy.

When used for multi-housing loans insert installment amounts in accordance with the borrower's repayment ability. The installment amounts should be based on adjustments to the installments set out in the note, and any interest credit agreement in effect, taking into consideration that payments will be applied in the normal manner. Therefore the installment amounts to be recorded should *not* reflect adjustments for rental assistance or overage/surcharge.

- (7) Type names exactly as typed on promissory note.
- (8) Signatures will be the same as typed below the line.
- (9) Insert mailing address of the Servicing Office to which payment is to be made. If Direct Payment borrower, insert "Direct Payment."