

Form RD 4274-4 (9-97)	UNITED STATES DEPARTMENT OF AGRICULTURE RURAL BUSINESS-COOPERATIVE SERVICE	FORM APPROVED OMB NO. 0570-0021
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**INTERMEDIARY RELENDING PROGRAM
LOAN AGREEMENT**

This agreement dated as of _____ is between the United States of America, acting through the U.S. Department of Agriculture (USDA), and _____ (hereinafter called "Intermediary"). In consideration of the mutual covenants and agreements contained herein, parties agree as follows:

1. Loan Terms:

USDA agrees to loan the principal sum of _____ (hereinafter referred to as "Loan"), to be disbursed as hereinafter provided, bearing interest at the fixed rate of 1 percent per annum from the date funds are advanced as more specifically set forth in paragraph 2 below. The term of the loan is for _____ years from _____.

This loan is evidenced by a promissory note of even date herewith made payable to the USDA. Intermediary agrees to use the loan and its proceeds solely for activities as set forth in its Intermediary Relending Program (IRP) application including the "work plan" submitted to USDA (including any supplements or modifications thereof agreed to by both parties) and in accordance with the loan terms and conditions, the terms and conditions of this Loan Agreement and the rules and regulations (as they may be amended) governing the IRP (7 CFR Part 4274, subpart D and 7 CFR Part 1951, subpart R).

2. Repayment:

Repayment of this loan shall be made as follows:

2.1 Interest only will be paid on the unpaid balance for the first _____ years.

2.2 Principal and interest will be paid in _____ equal annual amortized installments beginning on _____ with any remaining balance due and payable _____ years from the date of the note.

2.3 Intermediary shall pay a late charge of 4% of the payment due of principal or interest if payment for any of these installments is not received within 15 calendar days following the due date. The late charge shall be considered unpaid if not received within 30 calendar days of the missed due date for which it was imposed. Any unpaid late charge shall be added to principal and bear interest at the same rate as noted above for said principal. Acceptance of a late charge by USDA does not constitute a waiver of default.

3. Organization:

Intermediary shall not change its articles of incorporation, or charter, or by-laws without the written consent of USDA.

4. Disbursement Procedure:

4.1 Disbursement shall take place after this Loan Agreement and the promissory note are executed, and any other conditions precedent to disbursement of funds under this award are fully satisfied. The Intermediary may not make a loan commitment from USDA IRP loan funds to a project without first receiving USDA's written concurrence in the proposed use of loan funds.

4.2 The Intermediary may draw down up to 25 percent of the USDA IRP loan funds at loan closing. Thereafter, the intermediary may draw down under this award only such funds as are necessary to cover a 30-day period in implementing its approved work plan. Advances will be requested by the Intermediary in writing. The date of such drawdown shall constitute the date the funds are advanced under this Loan Agreement for purposes of computing interest payments.

4.3 Intermediary shall maintain a separate ledger and segregated bookkeeping and bank accounts for IRP funds as required in 7 CFR Part 4274.

According to the Paperwork Reduction Act of 1995, no persons are 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 0570-0021. The time required to complete this information is estimated to average 1 1/2 hours 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.

Used at loan closing with Intermediary Relending Program loans to intermediaries to document certain agreements. This Loan Agreement may be modified, with OGC concurrence, where necessary to conform with State statutes.

(see reverse)

- PROCEDURE FOR PREPARATION : RD Instructions 4274-D.
- PREPARED BY : Loan Processing Officer.
- NUMBER OF COPIES : Original and one.
- SIGNATURES REQUIRED : Loan Processing Officer, RBS and Responsible Official, Borrower on original and one copy.
- DISTRIBUTION OF COPIES : Original to RBS case file, signed copy to Borrower.

PAGE 2 OF FORM RD 4274-4

5. Reporting Requirements:

Intermediary shall provide USDA with the following reports as required by law or as deemed appropriate by USDA, plus any other report as USDA shall from time to time require:

- 5.1 Annual audit; dates of audit report period need not necessarily coincide with other reports on the IRP program. Audits must cover all of the Intermediary's activities and shall be due 90 days following the audit period.
- 5.2 Quarterly reports (done 30 days after the end of the period) on Form RD 1951-4, "Report of IRP/RDLF Lending Activity." This report will include information on the Intermediary's lending activity, income and expenses, and financial condition, and a summary of names and characteristics of the ultimate recipients the Intermediary has financed.
- 5.3 An annual budget for the following year.
- 5.4 These reports shall contain information only on the IRP loan funds, or if other funds are included, the IRP loan program portion shall be segregated from the others; and in the case where the Intermediary has more than one IRP loan, from USDA, a separate report shall be made for each of these IRP loans, if USDA has issued a requirement, in writing, that separate revolving funds be maintained.

6. Relending:

- 6.1 Before the first relending of USDA funds, Intermediary must obtain written USDA approval of:
 - A. All forms to be used for relending purposes, including application forms, loan agreements, promissory notes, and security instruments; and
 - B. Intermediary's binding policy with regard to the amount and form of security to be required.
- 6.2 Intermediary must obtain USDA approval before making any major changes in forms or policy including its work plan.
- 6.3 It is the responsibility of the Intermediary to make and service loans to ultimate recipients in such a manner that will fully protect the interests of the Intermediary and the USDA.
- 6.4 Intermediary will strive to use the proceeds of this loan promptly in accordance with work plan. If any part of the loan has not been used by a date three years from the date of this agreement, USDA may cancel the approval of any funds not yet delivered to the intermediary and demand the return, as an extra payment on the loan, of any funds delivered to the Intermediary that have not been used by the Intermediary in accordance with the work plan.

7. Default:

On the occurrence of any event of default, USDA may declare all or any portion of the debt and interest created hereby to be immediately due and payable and may proceed to enforce its rights under this Loan Agreement or any other instruments securing or relating to this Loan and in accordance with the law and regulations applicable hereto.

Any of the following may be regarded as an "event of default" in the sole discretion of the USDA:

- (A) Failure, inability or unwillingness of Intermediary to carry out or comply with the specific activities in its loan application as approved by USDA, or Loan Terms and Conditions, or any terms or conditions of this Loan Agreement, or any applicable Federal or State laws, or with such USDA regulations as may become generally applicable at any time.
- (B) Failure of Intermediary to pay any installment of principal or interest on its promissory note to USDA when due as specified in paragraph 2 above.

PAGE 3 OF FORM RD 4274-4

- (C) The occurrence of: (1) Intermediary's becoming insolvent, or ceasing, being unable, or admitting in writing its inability, to pay its debts as they mature, or making a general assignment for the benefit of, or entering into any composition or arrangement with creditors; (2) proceedings for the appointment of a receiver, trustee or liquidator of Intermediary, or of a substantial part of its assets, being authorized or instituted by or against it.
- (D) Submission or making of any report, statement, warranty, or representation by Intermediary or agent on its behalf to USDA in connection with the financial assistance awarded hereunder which is false, incomplete or incorrect in any material respect.
- (E) Failure of Intermediary to remedy any material adverse change in its financial or other condition (such as the representational character of its board of directors or policymaking body) arising since the date of USDA's award of assistance hereunder, which condition was an inducement to USDA's original award.

8. Collateral:

- 8.1 The Intermediary shall pledge as collateral its IRP Revolving Fund, including its portfolio of investments derived from the proceeds of this loan award. It shall also pledge real and personal property, and other rights and interests USDA may require. Intermediary shall execute any instruments, delivery any documents and take any action necessary or convenient to perfect a security interest in such collateral.
- 8.2 In the event the Intermediary's financial condition deteriorates or the Intermediary takes action detrimental to prudent fund operation or fails to take action required of a prudent lender, the Intermediary shall provide additional security, execute any additional documents, and undertake any reasonable acts as USDA may request, to protect USDA's interest or to perfect a security interest in any assets, including physical delivery of assets and specific assignments. All debt instruments and collateral documents used by the Intermediary in connection with loans to ultimate recipients will be assignable.

9. Other Parties:

This Loan Agreement is not for the benefit of third parties. USDA shall not be under any obligation to any such parties, whether directly or indirectly interested in the Loan Agreement, to pay any charges or expenses incident to compliance by Intermediary with any of the duties or obligations imposed hereby.

10. Successors and Assigns:

The Loan Agreement shall be binding upon Intermediary and its successors and assigns and upon USDA and its successors and assigns, and shall survive the closing of the loan and disbursement of proceeds.

11. Insurance Requirements:

- 11.1 The Intermediary will require each ultimate recipient to provide hazard insurance with a standard mortgage clause naming the Intermediary as beneficiary in an amount that is at least the lesser of the depreciated replacement value of the property being insured or the amount of the loan. Hazard insurance includes fire, windstorm, lightning, hail, business interruption, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk, public liability, property damage, flood or mudslide, or any other hazard insurance that may be required to protect the security. The Intermediary's interest in the insurance will be assigned to the USDA, upon USDA's request, in the event of default under this Agreement by The Intermediary.
- 11.2 Ordinarily, the Intermediary will require ultimate recipients to provide life insurance, which may be decreasing term insurance, for the principals and key employees of ultimate recipients and such life insurance will be assigned or pledged to the Intermediary and subsequently, in the event of request by USDA following default by the Intermediary, to USDA.
- 11.3 The Intermediary will require each ultimate recipient to provide workmen's compensation insurance in accordance with State law.
- 11.4 The Intermediary is responsible for determining if a Intermediary-financed project is located in a special flood or mudslide hazard area anytime USDA loan funds are involved. If the Intermediary-financed project is in a flood or mudslide area, then flood or mudslide insurance must be provided.
- 11.5 The Intermediary will acquire and maintain such insurance coverage, including fidelity bonds, as may be required by USDA.

PAGE 4 OF FORM RD 4274-4

12. Applicable Laws:

Interpretation of this Loan Agreement shall be governed and enforced in accordance with applicable Federal Law.

IN WITNESS WHEREOF, USDA and Intermediary have executed this Agreement as of the date first above-mentioned.

INTERMEDIARY

USDA

BY: _____
(Signature)

BY: _____
(Signature)

(Name typed or printed)

(Name typed or printed)

Title: _____

Title: _____

Date: _____

Date: _____