

**USDA**  
Form RD 440-22  
(Rev. 6-06)

**PROMISSORY NOTE**  
(ASSOCIATION OR ORGANIZATION)

KIND OF LOAN:  
 ASSOCIATION- ORGANIZATION  
 HOUSING-ORGANIZATION  
 PUBLIC BODY  
 OTHER

State <b>(1)</b>			
County <b>(1)</b>			
Case No. <b>(1)</b>			
<b>FINANCE OFFICE USE ONLY</b>			
F	LN	LC	IA

Date **(2)**

FOR VALUE RECEIVED, **(3)**  
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in **(4)**, or at such other place as the Government may hereafter designate in writing, the principal amount of **(5a)** dollars (\$ **(5b)**), plus interest on the unpaid principal balance at the rate of **(6a)** percent (**(6b)** % per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ <b>(7)</b>	on	<b>(8)</b>	,
\$ <b>(9)</b>	on	<b>(10)</b>	,
\$ <b>(11)</b>	on	<b>(12)</b>	,
\$ <b>(13)</b>	on	<b>(14)</b>	, and
\$ <b>(15)</b>	thereafter on the	<b>(16)</b>	of each <b>(16)</b>

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable **(17a)** (**(17b)**) years from the date of this note, and except that prepayments may be made as provided below. The consideration heretofore shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Position 2

Used for direct or insured loans to tax exempt or non-tax exempt Associations or Organizations under Community Program (CP), Water and Waste (WW), Resource Conservation and Development (RCD), or Watershed (WS). This note may be modified, with OGC concurrence, in those instances where necessary to conform with state law.

**(see reverse)**

- PROCEDURE FOR PREPARATION : RD Instructions 1942-A and 1940-G and RUS Instruction 1780.
- PREPARED BY : Agency official.
- NUMBER OF COPIES : Original and two for each note.
- SIGNATURES REQUIRED : The original of each note will be signed by association or organization officials authorized by the Governing Board to sign documents and instruments required for obtaining a loan at the time of loan closing.
- DISTRIBUTION OF COPIES : The original note will be retained in the Agency Field Office which originated the loan; a conformed copy to the Finance Office for association type loans, renewal notes, and credit sales; copy to borrower.

INSTRUCTIONS FOR PREPARATION

- (1) Insert name of State and County in which headquarters of borrower is located; insert borrower's case number.
- (2) Insert date on which loan is closed.
- (3) Insert official name of borrower.
- (4) Insert location (town and state) of headquarters office of the Agency office originating the loan or the Finance Office as appropriate.
- (5) Insert amount of note in (a) words and (b) figures.
- (6) Insert the appropriate interest rate (see appropriate Exhibit of RD Instruction 440.1) in (a) words and (b) figures.
- (7) through (17) - use A, B, C, or D as appropriate: (In those cases where principal payments are deferred, all interest payments will be scheduled annually; after the deferment period, all amortized payments will be scheduled either monthly, semi-annually or annually, as appropriate. When the note is dated the 29th, 30th, or 31st day of a month, the payment date shown in items 8, 10, 12, 14 and 16 will be the 28th day of the month.)

A If first three annual installments will be interest only:

- (7) Insert the words "Interest Only."
- (8) Insert the due date of the first interest installment which will be one full year from the date of loan closing, i.e., if the loan is closed July 5, the first interest payment will be due July 5 of the following year.
- (9) Insert the words "Interest Only."
- (10) Insert the due date of the second interest installment which will be twelve full months from the due date of the first installment, i.e., if the payment date shown in item 8 is July 5, item 10 will read July 5 of the following year.
- (11) Insert the words "Interest Only."
- (12) Insert the due date of the third interest installment which will be twelve full months from the due date of the second installment.
- (13) Insert, in figures, the amount of the first amortized installment. Compute amortized installments as follows:
  - (a) Annual payments - Subtract the due date of the last annual interest only installment from the due date of the final installment to determine the number of annual payments applicable. When there are no interest only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the amount of the note by the applicable amortization factor shown in RD Amortization Tables and round to the next higher dollar. Example of Computation of Number of Annual Payments:  
Date of Loan: 7-5-1996  
Amortization Period: 40 years  
Interest Only Installments: 7-5-1997 and 7-5-1998  
First Regular Installment: 7-5-1999  
Final Installment: 7-5-2036  
Computation: 2036 - 1998 = 38 annual payments
  - (b) Semiannual payments - Multiply by two the number of years between the due date of the last annual interest only installment and the due date of the final installment to determine the correct number of semiannual periods applicable. When there are no interest only installments, multiply by two the number of years over which the loan is amortized. Then multiply the amount of the note by the applicable amortization factor shown in RD Amortization Table and round to the next higher dollar.  
Example of Computation of Semiannual Periods:  
Date of Loan: 7-5-1996  
Amortization Period: 40 years  
Interest Only Installments: 7-5-1997 and 7-5-1998  
First Regular Installment: 1-5-1999  
Final Installment: 7-5-2036  
Computation: 2036 - 1998 = 38 x 2 = 76 semiannual periods
  - (c) Monthly payments - Multiply by twelve the number of years between the due date of the last annual interest only installment and the final installment to determine the number of monthly payments applicable. When there are no interest only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the amount of the note by the applicable amortization factor shown in RD Amortization Table and round to the next higher dollar.  
Date of Loan: 7-5-1996  
Amortization Period: 40 years  
Interest Only Installments: 7-5-1997 and 7-5-1998  
First Regular Installment: 8-5-1998  
Final Installment: 7-5-2036  
Computation: 2036 - 1998 = 38 x 12 = 456 monthly payments
- (14) Insert due date of first amortized installment (monthly, semi-annual, or annual), i.e., deferment period ends July 5:
  - (a) Monthly Payments - First payment due August 5 of same year.
  - (b) Semi-annual Payments - First payment due January 5 of following year.
  - (c) Annual Payment - Payment due July 5 of following year.
- (15) Insert, in figures, the amount of each subsequent amortized installment (monthly, semi-annually, annually). The amount will be the same as shown in item 13.

**REVERSE OF FORM RD 440-22**

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

**(18)**

\_\_\_\_\_  
*(Name of Borrower)*

**(19)**

\_\_\_\_\_  
*(Signature of Executive Official)*

(CORPORATE SEAL)

**(20)**

\_\_\_\_\_  
*(Title of Executive Official)*

ATTEST:

**(22)**

\_\_\_\_\_  
*(Signature of Attesting Official)*

**(21)**

\_\_\_\_\_  
*(Post Office Box No. or Street Address)*

**(23)**

\_\_\_\_\_  
*(Title of Attesting Official)*

**(21)**

\_\_\_\_\_  
*(City, State, and Zip Code)*

**RECORD OF ADVANCES**

AMOUNT	DATE	AMOUNT	DATE
(1) \$ <b>(24a)</b>	<b>(24b)</b>	(6) \$ <b>(24a)</b>	<b>(24b)</b>
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL			

PAY TO THE ORDER OF \_\_\_\_\_

UNITED STATES OF AMERICA

\_\_\_\_\_  
*(Name of Agency)*

BY \_\_\_\_\_

INSTRUCTIONS FOR PREPARATION (continued)

- (16) Insert due date of each subsequent amortized installment, i.e.:
- (a) Monthly payments - One full month after the date shown in item 14. (If item 14 shows a due date of August 5, then item 16 would read "fifth day" of each "month.")
  - (b) Semiannual payments - Each full six month period after the date shown in item 14. (If item 14 shows a due date of July 5, then item 16 would read "fifth day" of each "January and July.")
  - (c) Annual payments - One full year after the date shown in item 14. (If item 14 shows a due date of July 5, then item 16 would read "fifth day" of each "July.")
- (17) Insert (a) in words and (b) in figures the total repayment period of the note.

B If first two annual installments will be interest only:

- (7) - (10) - Complete same as for subparagraph A above.  
(11) - (12) - Delete with "X's".  
(13) - (17) - Complete same as for subparagraph A above.

C If the first installment will be interest only:

- (7) - (8) - Complete same as for subparagraph A above.  
(9) - (12) - Delete with "X's".  
(13) - (17) - Complete same as for subparagraph A above.

D If first installment will be an amortized installment:

- (7) - (12) - Delete with "X's".  
(13) - (17) - Complete same as for subparagraph A above.

- (18) Insert official name of association or organization as shown in item 3.
- (19) The executive official authorized by the Governing Board of the association or organization to obtain the loan will sign in the space provided and his or her name will be typed below his or her signature.
- (20) Insert title of executive official who signed on previous line.
- (21) Insert complete address of headquarters of borrower.
- (22) The secretary of the association or organization will sign as attesting official in the space provided and his or her name will be typed below his or her signature.
- (23) Insert title of attesting official who signed on previous line.
- (24) Complete for a loan with multiple advances:
- (a) The originating office will insert the actual amount of each advance (the entire amount of the loan when the entire loan is advanced at loan closing) on the original note retained in the originating office and the borrower copy.
  - (b) Insert the actual date of each advance. The date to be entered for each advance will be the date the loan check is delivered to the borrower or deposited in the supervised bank account.
- (25) For a loan to an Indian Tribe or Tribal Corporation, if the borrower's farm property contains highly erodible land or wetland as defined in Exhibit M of RD Instruction 1940-G, Environmental Program, type "See Addendum." Type in the following addendum to be attached to the promissory note and complete the blanks and have the borrower sign. (Also, in consultation with the Office of General Counsel, ensure that an additional covenant is added to the mortgage, deed of trust, or security agreement which reads as specified in paragraph 7(a)(2) of Exhibit M.)

Addendum for Highly Erodible and Wetland Conservation

Addendum to promissory note dated \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ at an annual interest rate of \_\_\_\_\_ percent. This agreement supplements and attaches to the above note. Borrower recognizes that the loan described on the above note will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. If the term of the loan exceeds January 1, 1995, Borrower further agrees that Borrower must demonstrate prior to January 1, 1995, that any production after that date of an agricultural commodity on highly erodible land will be done in compliance with a conservation system approved by the Natural Resource and Conservation Service (NRCS) or the appropriate conservation district in accordance with NRCS's requirements.