

**NOTICE OF INTEREST IN LAND CONTRACT GUARANTEE**

**Part 1. Types of Guarantee**

Please designate the type of guarantee in which you are interested.

A. Prompt Payment Guarantee

Participating sellers are provided a 10-year guarantee. In the event the buyer does not pay an annual installment due on the contract, or pays only part of an installment, FSA will provide the scheduled payment to the seller through an escrow agent. This escrow agent must provide evidence of being a bonded title insurance company, attorney, financial institution or fiscally responsible institution. The guarantee is limited to the total monetary amount of three annual installments, plus up to three years' unpaid real estate taxes and insurance incurred during period covered by missed installments.

B. Standard Guarantee

Participating sellers are provided a 10-year guarantee of an amount up to 90% of the outstanding principal under the land contract. This guarantee does not cover interest.

The use of an FSA approved, third party servicing agent is required for the standard guarantee plan. This servicing agent must provide evidence of being a bonded commercial lending institution or similar entity that is registered and authorized to provide escrow and collection services in the State in which the real estate is located.

**Part 2. General Eligibility Information**

Under both the Prompt Payment Guarantee and the Standard Guarantee, buyers must meet certain eligibility criteria as set forth at 7 C.F.R. §763.5 or its successor regulation, some of which are:

- The buyer must be a beginning farmer or socially disadvantaged farmer (SDA) engaged primarily in farming after the guarantee is issued.
- The buyer must be the owner and operator of a family farm after the contract is completed.
- The buyer must have participated in the business operations of a farm for at least three out of the last 10 years.
- The buyer must have an acceptable credit history demonstrated by satisfactory debt repayment.
- The buyer must be unable to obtain sufficient credit elsewhere without a guarantee to finance actual needs at reasonable rates and terms.
- The buyer must not have received debt forgiveness from the FSA through write-down, write-off, compromise, adjustment, reduction, charge-off, paying a loss on a guarantee, or bankruptcy.

**Part 3. Escrow/Service Agent and Buyer Information**

Please provide the name, address and phone number of your chosen escrow or servicing agent and provide the buyer's name, address and phone number.

	Name	Phone number
A Escrow/Service Agent:	_____	
	Address	
	_____	
	Name	Phone number
B Buyer:	_____	
	Address	
	_____	

**Part 4. Purchase Price, Loan Rates, Terms and Fees**

The purchase price of the farm cannot exceed the lesser of \$500,000 or the current market value of the property as determined by FSA. A guarantee will not be issued if the appraised value is greater than \$500,000. The buyer must provide a minimum down payment of five percent of the purchase price.

The interest rate charged to the buyer for the 10-year term of the guarantee must be at a fixed rate and cannot exceed FSA’s direct farm ownership (FO) loan interest rate in effect at the time the guarantee is issued, plus three percentage points. The FSA’s direct loan interest rates may be obtained in any FSA office. Following the expiration of the guarantee, the seller and the buyer may renegotiate the interest rate.

Contract payments must be amortized for a minimum of 20 years. Balloon payments are prohibited during the 10-year term of the guarantee, and payments on the contract must be of equal amounts during the term of the guarantee.

The seller and buyer will be responsible for payment of any fees necessary to process the land contract agreement.

**Part 5. Issuing the Guarantee**

After being determined eligible for the Land Contract Guarantee Program, you and the buyer, along with the escrow or servicing agent and FSA, will execute either the Land Contract Agreement for Prompt Payment Guarantee (FSA-2681) or the Land Contract Agreement for Standard Guarantee (FSA-2682). The agreements outline the terms of the guarantee and the responsibilities of each party. The guarantee becomes effective the date the agreement is executed by the parties involved.

**Part 6. Terminating the Guarantee**

The guarantee will terminate at the earliest of the following circumstances:

1. full payment of the land contract;
2. FSA payment of three annual installments plus property taxes and insurance under the Prompt Payment Guarantee;
3. FSA payment of a loss claim under the Standard Guarantee Plan;
4. sale of real estate without guarantee being properly assigned;
5. the seller terminates the land contract for reasons other than monetary default;
6. if for any reason the contract becomes null and void; or
7. 10 years from the effective date of the guarantee.

**Part 7. Environmental Information**

Please answer the following questions:

		YES	NO
A.	Floodplains: Does the property contain any existing structures ( <i>i.e. farm dwellings or service buildings</i> ) located within the 100-year floodplain as defined by FEMA floodplain maps, NRCS soil surveys, or other documentation?		
B.	Historical and Archaeological Sites: Does the property contain structures over 50 years old, structures with significant architectural features, or does the property have any historical significance which may make it eligible for the National Register of Historic Places?		
C.	Wetlands and Highly Erodible Land: Does the property contain Highly Erodible Land or converted wetlands; OR has it been drained, dredged, filled, or otherwise manipulated to reduce the flow, circulation, or reach of water?		
D.	Hazardous Substances: Does the property have underground storage tanks or any contamination from hazardous substances?		
E.	Are there any environmental liens or judgments filed against the property as a result of not complying with Federal or State environmental laws?		
F.	Is the property involved in any lawsuits regarding environmental compliance issues?		

**Part 8. Notifications and Certifications**

Please answer the following questions:

		YES	NO
A.	Are you, or in the case of an entity, any member of the entity, an FSA employee or related to or closely associated with an FSA employee? If "YES", provide details in Part 9.		
B.	Do you, as seller, have title to the subject land contract property? Loss claim will not be paid if seller does not have proper title to the property.		

**Part 9. Additional Information**

Enter detailed answers. Write the Item number to which each answer applies. If you need additional space, use sheets of paper the same size as this page and write your name on each additional sheet.

**Part 10. ACKNOWLEDGMENT**

I certify that I will not enter into a land contract without an FSA guarantee.

I certify that the statements made by me in this application are true, complete, and correct to the best of my knowledge and belief and made in good faith to obtain assistance. I understand that the approval period will not begin until a complete application has been filed. (Warning: section 1001 of Title 18, United States Code provides for criminal penalties to those who provide false statement on loans. If any information on this application is found to be false or incomplete, such finding may be grounds for denial of the requested credit and civil prosecution.)

A. SELLER'S NAME <i>(please print)</i>	B. SELLER'S SOCIAL SECURITY NUMBER <i>(if entity, provide Federal Tax ID Number)</i>
C. SELLER'S SIGNATURE	D. DATE

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 *et. seq.*). The information will be used to determine eligibility and feasibility for loans and loan guarantees, and servicing of loans and loan guarantees. The information collected on this form may be disclosed to other Federal, State, and local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in the applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information may result in a denial for loans and loan guarantees, and servicing of loans and loan guarantees. The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not 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 0560-0279. The time required to complete this information collection is estimated to average 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. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

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