

**UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT**

**LOAN NOTE GUARANTEE**

(Business and Industry and Section 9006 Program)

7 CFR Part 4279  
7 CFR Part 4280

State Iowa	County Anycounty	Date of Note 07-01-2013
Borrower Doe Lumber Corporation		USDA Loan Identification Number 12-034-567891011
Lender National Bank		Lender's IRS Tax ID Number 12-345678
Lender's Address 4321 Main Avenue, Anytown, IA 56789		Principal Amount of Loan \$ 1,000,000.00

The guaranteed portion of the loan is \$ 800,000.00 which is Eighty ( 80 %)

percent of loan principal. The principal amount of loan is evidenced by one notes (includes bonds as appropriate) described below. The guaranteed portion of each note is indicated below. This instrument is attached to note

65432-1 in the face amount of \$ 1,000,000.00 and is number one of one

<i>Lender's</i> <u>Identifying Number</u>	<u>Face Amount</u>	<i>Percent of Total</i> <u>Face Amount</u>	<u>Amount Guaranteed</u>
65432-1	\$ 1,000,000.00	100 %	\$ 800,000.00

TOTAL \$ 1,000,000.00 100% \$ 800,000.00

In consideration of the making of the subject loan by the above named Lender, the United States of America, acting through the United States Department of Agriculture ("USDA"), pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq), does hereby agree that in accordance with and subject to the conditions and requirements herein, it will pay to:

- A. Any Holder 100 percent of any loss sustained by such Holder on the guaranteed portion and on interest due on such portion.
- B. The Lender the lesser of paragraph 1 or 2 below:
  - 1. Any loss sustained by such Lender on the guaranteed portion including:
    - a. Principal and interest indebtedness as evidenced by said notes or by assumption agreements, and
    - b. Principal and interest indebtedness on secured protective advances for protection and preservation of collateral made with USDA's authorization, including but not limited to, advances for taxes, annual assessments, any ground rents, and hazard or flood insurance premiums affecting the collateral, or
  - 2. The guaranteed principal advanced to or assumed by the Borrower under said notes or assumption agreements and any interest due thereon.

If USDA conducts the liquidation of the loan, loss occasioned to a Lender by accruing interest after the date USDA accepts responsibility for liquidation will not be covered by this Loan Note Guarantee. If Lender conducts the liquidation of the loan, accruing interest shall be covered by this Loan Note Guarantee to 30 days after liquidation of collateral when the lender conducts the liquidation expeditiously in accordance with the liquidation plan approved by USDA.

Definition of Holder.

The Holder is the person or organization ("investor") other than the Lender who owns all or part of the guaranteed portion of the loan with no servicing responsibilities. Holders are prohibited from obtaining any parts of the guaranteed portion of the loan with proceeds from any obligation, the interest on which is excludable from income, under section 103 of the Internal Revenue Code of 1954, as amended (IRC). When the single note option is used and the Lender assigns a part of the guaranteed loan to an assignee, the assignee becomes a Holder only when USDA receives notice and the transaction is completed through use of Form 4279-6, "Assignment Guarantee Agreement."

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

ASSIGNMENT GUARANTEE AGREEMENT  
(Business and Industry and Section 9006 Program)

Type of Loan Business & Industry

USDA Loan Identification Number

7 C.F.R. part 4279, subparts A and B  
7 C.F.R. part 4287, subpart B  
7 C.F.R. part 4280, subpart B

12-034-567891011

National Bank of Anytown, IA

(Lender) has made a loan to Doe Lumber Corporation

in the principal amount of \$ 1,000,000.00 as evidenced by a note dated 07-01-2013.  
The United States of America, acting through the U.S. Department of Agriculture (USDA) entered into a Loan Note Guarantee  
(Form 4279-5 ) with the Lender applicable to such loan to guarantee the loan not to exceed 80 % of the amount of the principal  
advanced and any interest due thereon as provided therein.

Farmer Mac II LLC of Washington, DC

(Holder) desires to purchase from Lender 100 % of the guaranteed portion of such loan. Copies of Borrower's  
note and the Loan Note Guarantee are attached hereto as a part hereof.

**NOW, THEREFORE, THE PARTIES AGREE:**

**1.** The principal amount of the loan now outstanding is \$ 1,000,000.00 . Lender hereby assigns to Holder  
100 % of the guaranteed portion of the loan representing \$ 800,000.00 of such loan

now outstanding in accordance with all of the terms and conditions hereinafter set forth. The Lender and USDA certify to the Holder that  
the Lender has paid and USDA has received the guarantee fee in exchange for the issuance of the Loan Note Guarantee.

**2. Loan Servicing.** The Lender will be responsible for servicing the entire loan and will remain mortgagee and secured party of record.  
The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan.

The Lender will receive all payments on account of principal of, or interest on, the entire loan and shall promptly remit to the  
Holder its pro rata share thereof determined according to their respective interests in the loan, less only the Lender's servicing fee.

**3. Servicing Fee.** Holder agrees that Lender will retain a servicing fee of 1.5000 percent per annum of the  
unpaid balance of the guaranteed portion of the loan assigned hereunder.

**4. Purchase by Holder.** The Holder will hereby succeed to all rights of the Lender under the Loan Note Guarantee to the extent of the  
assigned portion of the loan. The Lender, however, will remain bound by all obligations under the Loan Note Guarantee and the program  
regulations found in 7 C.F.R. parts 4279 and 4287 and for the Section 9006 Program, 7 C.F.R part 4280, now in effect and future USDA  
program regulations not in conflict with the provisions hereof.

**5. Full Faith and Credit.** The Loan Note 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 the Holder has actual knowledge at the time of this assignment, or  
which it participates in or condones. The guarantee will be unenforceable to the extent that any loss is occasioned by a provision for  
interest on interest.

**6. Rights and Liabilities.** The guarantee and right to require purchase will be directly enforceable by Holder notwithstanding any  
fraud or misrepresentations by Lender or any unenforceability of the Loan Note Guarantee by Lender. Nothing contained herein shall  
constitute any waiver by USDA of any rights it possesses against the Lender, and the Lender agrees that Lender will be liable and will  
promptly reimburse USDA for any payment made by USDA to Holder which, if such Lender had held the guaranteed portion of the  
loan, USDA would not be required to make. The Holder upon written notice to the Lender and USDA may resell the unpaid balance of  
the guaranteed portion of the loan assigned hereunder.

*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 0570-0017. The time required to complete this information is estimated to average 20 minutes 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.*

# PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call/Coll	Account	Officer	Initials
\$1,000,000.00	7-01-2013	7-01-2043	65432-1	30/28		J. Smith	JS
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** Doe Lumber Corporation  
567 Industrial Drive  
Anytown, IA 56789

**Lender:** National Bank  
4321 Main Avenue  
Anytown, IA 56789

**Principal Amount:** \$1,000,000.00

**Initial Rate:** 2.95%

**Date of Note:** July 1, 2013

**PROMISE TO PAY.** John R. Doe, Jr. ("Borrower") promises to pay to National Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Hundred Thousand & 00/100 Dollars (\$1,000,000.00), together with interest on the unpaid principal balance from July 1, 2013, until paid in full.

**PAYMENT.** Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 360 payments of \$4,189.12 each payment. Borrower's first payment is due August 1, 2013, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on July 1, 2043, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the FARMER MAC 3-MONTH COST OF FUNDS INDEX (COFI) NET YIELD (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than the first day of each calendar quarter (January 1, April 1, July 1, October 1). Borrower understands that Lender may make loans based on other rates as well. The Index currently is 1.45% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.50 percentage point over the Index, resulting in an initial rate of 2.95% per annum. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$36.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: National Bank, 123 Main Street, Anytown, IN 54321.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged \$50.00.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the total sum due under this Note will bear interest from the date of acceleration or maturity at the variable interest rate on this Note. The interest rate will not exceed the maximum rate permitted by applicable law.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note: **Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after

<p>Doe Lumber Corporation 567 Industrial Drive Anytown, IA 56789</p> <p><b>BORROWER'S NAME AND ADDRESS</b> "I" includes each borrower above, joint and severally.</p>	<p>National Bank 4321 Main Avenue Anytown, IA 56789</p> <p><b>LENDER'S NAME AND ADDRESS</b> "You" means the lender, its successors and assigns.</p>	<p>Loan Number <u>65432-1</u> Date <u>7/1/2013</u> Maturity Date <u>7/1/2043</u> Loan Amount \$ <u>1,000,000.00</u> Renewal Of _____</p>
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For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of \_\_\_\_\_  
One million and 00/100 Dollars \$ 1,000,000.00

**Single Advance:** I will receive all of this principal sum on \_\_\_\_\_. No additional advances are contemplated under this note.

**Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On \_\_\_\_\_  
I will receive the amount of \$ \_\_\_\_\_ and future principal advances are contemplated.

**Conditions:** The conditions for future advances are \_\_\_\_\_

**Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on \_\_\_\_\_.

**Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

**INTEREST:** I agree to pay interest on the outstanding principal balance from 7/1/2013 at the rate of 2.95 %  
per year until 10/1/2013.

**Variable Rate:** This rate may then change as stated below.

**Index Rate:** The future rate will be 1.50% over \_\_\_\_\_ the following index rate: \_\_\_\_\_  
Farmer Mac 3-Month Cost of Funds Index Net Yield

**No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

**Frequency and Timing:** The rate on this note may change as often as 10/1/2013 and quarterly thereafter  
A change in the interest rate will take effect same day.

**Limitations:** During the term of this loan, the applicable annual interest rate will not be more than \_\_\_\_\_ % or less than \_\_\_\_\_ %.  
The rate may not change more than \_\_\_\_\_ % each \_\_\_\_\_.

**Effect of Variable Rate:** A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change.  The amount of the final payment will change.

\_\_\_\_\_

**ACCRUAL METHOD:** Interest will be calculated on a Actual/365 basis.

**POST MATURITY DATE:** I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

On the same fixed or variable rate basis in effect before maturity (as indicated above).

At a rate equal to \_\_\_\_\_.

**LATE CHARGE:** If a payment is made more than \_\_\_\_\_ days after it is due, I agree to pay a late charge of \_\_\_\_\_.

**ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges with  are  are not included in the principal amount above: \_\_\_\_\_.

**PAYMENTS:** I agree to pay this note as follows:

Interest: I agree to pay accrued interest \_\_\_\_\_.

Principal: I agree to pay the principal \_\_\_\_\_.

**Installments:** I agree to pay this note in 360 payments. The first payment will be in the amount of \$ 4,189.12  
and will be due 8/1/2013. A payment of \$ 4,189.12 will be due \_\_\_\_\_  
1<sup>st</sup> day of each month thereafter. The final payment of the entire  
unpaid balance of principal and interest will be due 7/1/2043.

**ADDITIONAL TERMS:**

<p><input type="checkbox"/> <b>SECURITY:</b> This note is separately secured by (describe separate document by type and date): _____</p> <p>(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)</p>	<p><b>PURPOSE:</b> The purpose of the loan is _____.</p> <p><input type="checkbox"/> <b>CONFESSION OF JUDGMENT:</b> I agree to the terms of the "Confession of Judgment" paragraph on page 2.</p> <p><b>SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2).</b> I have received a copy on today's date.</p>
<p>Signature for Lender</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>