



Loan Closing and Issuance of the Loan Note Guarantee Rural Energy for America (Section 9007)

Loan Closing

- Use the attachment to the Conditional Commitment (Form RD 4279-3) as checklist to ensure that all conditions are met prior to closing the loan

Closing documents

- Lender can use their closing documents but must also execute and include certain USDA RD forms

RD Closing Forms

- **Form 4279-4**, “Lender’s Agreement,” must be signed by lender
- **Form 1980-19**, “Guaranteed Loan Closing Report,” must be completed and signed by lender
- After all closing documents are received, the Loan Note Guarantee (**Form RD 4279-5**) is issued
- If selling the note, complete Assignment Guarantee Agreement (**Form RD 4279-6**)
- **Form RD 4279-7**, “Certificate of Incumbency”
 - If requested by lender, not required

Closing Documents

- Provide the forms listed above along with:
 - Lender certification (7 CFR 4280.146)
 - Settlement statement
 - Signed copy of the loan agreement and/or bond documents
 - Borrower(s) balance sheet as of loan closing demonstrating equity requirement met
 - Disbursement plan, if working capital is a purpose of the project

Closing Documents – continued

- Forms, documents, and guarantee fee payment must be submitted to RD office

Loan Note Guarantee

- Loan Note Guarantee will be provided at or immediately after loan closing once all loan conditions are met and the Agency fee and closing documents are provided
 - Property acquisitions and development must be performing at a steady state operating level
- Agency must be satisfied that all conditions for the guarantee have been met

Issuing the Loan Note Guarantee

- After all closing documents are received, the Loan Note Guarantee ([Form](#) RD 4279-5) is issued
- If selling the note:
 - complete Assignment Guarantee Agreement ([Form](#) RD 4279-6)
 - ([Form](#) RD 4279-7), “Certificate of Incumbency”
If requested by lender, not required

Guarantee

- Full faith and credit of the U.S. government
- Incontestable except for fraud or misrepresentation
- Unenforceable to the extent any loss is due to violation of usury laws, negligent servicing, failure to obtain required collateral, or use of funds for purposes other than those approved

Selling the loan

- May sell all or part of guaranteed portion
- Must retain at least 5% of non-guaranteed portion of the loan
- Single note or multi-note options
- Lender earns a premium for selling the loan and retains a servicing fee