

Assignment and Servicing Agreement
USDA Government Guaranteed Loans Sold Through the Multi-Note Option

USDA Loan Identification Number

_____ of _____ (Lender) has made a loan to _____ in the principal amount of \$ _____ as evidenced by a note dated _____. The United States of America, acting through the U.S. Department of Agriculture (USDA), entered into a Loan Note Guarantee (Form # _____) with the Lender applicable to such loan on _____.

_____ of _____ (Holder) desires to purchase from Lender 100 percent of the note as documented by the attached original Borrower's note and original Loan Note Guarantee.

Now, therefore, the parties agree:

- 1) The principal amount of the loan now outstanding is \$ _____. Lender hereby assigns to the Holder 100 percent of the note in accordance with all the terms and conditions hereinafter set forth. The Lender and the USDA certify to the Holder that the Lender has paid and the 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 mortgagor 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 and 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 the Lender will retain a servicing fee of _____ percent per annum of the unpaid balance of the guaranteed loan assigned hereunder.
- 4) **Prepayment Penalty.** Lender agrees to pass through a prepayment penalty defined as follows: _____

- 5) **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 now in effect and future USDA program regulations not in conflict with the provision hereof.
- 6) **Full Faith and Credit.** The Loan Note Guarantee constitutes an obligation supported by the full faith and credit of the United States government and is incontestable except for fraud or misrepresentation of which the Holder has actual knowledge at the time of assignment, or which it participates in or condones.

- 7) **Rights and Liabilities.** The guarantee and the right to require purchase will be directly enforceable by the Holder notwithstanding any fraud or misrepresentation.
- 8) **Repurchase by the Lender (Defaults).** The Lender has the option to repurchase the unpaid guaranteed portion of the loan from the Holder within 30 days of written demand by the Holder when: (a) the Borrower is in default not less than 60 days on principal or interest due on the loan or (b) the Lender has failed to remit to the Holder its pro rata share of any payment made by the Borrower or any loan subsidy within 30 days of its receipt thereof. The repurchase by the Lender will be for an amount equal to the unpaid guaranteed portion of principal and accrued interest, less the Lender's servicing fee. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loan accruing after 90 days from the date of the demand letter to the Lender requesting the repurchase. Holder will concurrently send a copy of demand to USDA. The Lender will accept an assignment without recourse from the Holder upon repurchase. The Lender is encouraged to repurchase the loan to facilitate the accounting for funds, resolve the problem, and to permit the Borrower to cure the default, where reasonable. The Lender will notify the Holder and USDA of its decision.
- 9) **Purchase by USDA.** If Lender does not repurchase as provided by paragraph 8, USDA will purchase from Holder the unpaid principal balance of the guaranteed portion together with accrued interest to date of repurchase, less Lender's servicing fee, within 30 days after written demand to USDA from the Holder. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the original demand letter of the Holder to the lender requesting the repurchase. Such demand will include a copy of the written demand made upon the Lender. The Holder or its duly authorized agent will also include evidence of its right to require payment from USDA. Such evidence will consist of the original Loan Note Guarantee properly endorsed to USDA, including all rights, title and interest in the loan. USDA will be subrogated to all rights of Holder. The Holder will include in its demand the amount due, including unpaid principal, unpaid interest to date of demand and interest subsequently accruing from date of demand to proposed payment due. Unless otherwise agreed to by USDA, such proposed payment will not be later than 30 days from the date of demand.

USDA will promptly notify the Lender of its receipt of the Holder's demand for payment. The Lender will promptly provide USDA with the information necessary for USDA's determination of the appropriate amount due the Holder. Any discrepancy between the amount claimed by Holder and the information submitted by the Lender must be resolved before payment will be approved. USDA will notify both parties, who must resolve the conflict before payment will be approved. Such a conflict will suspend the running of the 30-day payment requirement. Upon receipt of the appropriate information, USDA will review the demand and remit the appropriate check to the Holder.

- 10) **Lender's Obligations.** Lender consents to the purchase by USDA and agrees to furnish on request by USDA a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and interest then owed by Borrower on the loan and the amount then owed to any Holder. Lender agrees that any purchase by USDA does not change, alter or modify any of the Lender's obligations to USDA arising from said loan or guarantee nor does it waive any of USDA's right against Lender, and that USDA shall have the right to set-off against Lender all rights inuring to USDA as the Holder of this instrument against USDA obligation to Lender under the Loan Note Guarantee.

- 11) **Repurchase by Lender for Servicing.** If, in the opinion of the Lender, repurchase of the assigned portion of the loan is necessary to adequately service the loan, the Holder will sell the assigned portion of the loan to the Lender for an amount equal to the unpaid principal and interest on such portion less Lender's servicing fee. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the demand letter of the lender or USDA to the Holder requesting the Holder to tender their guaranteed portion.
- a) The Lender will not repurchase from the Holder for arbitrage purposes or other purposes to further its own financial gain.
 - b) Any repurchase will only be made after the Lender obtains USDA's written approval.
 - c) If the Lender does not repurchase the portion from the Holder, USDA at its option may purchase such guaranteed portions for servicing purposes.
- 12) **Foreclosure.** The Lender is responsible for determining who the necessary parties are to any foreclosure action or who should be named on a deed of conveyance taken in lieu of foreclosure. When the conveyance is received and the property is liquidated, the net proceeds will be applied to the guaranteed loan debt. If USDA has repurchased the guaranteed portion of the loan from the Holder, the Lender must obtain USDA's concurrence to any foreclosure action to be taken by the Lender; however, USDA will not be considered to be a necessary party to the action or otherwise required to join in.
- 13) **Reassignment.** Holder, upon written notice to Lender and USDA, may reassign the unpaid guaranteed portion of the loan sold hereunder. Upon such notification, the assignee will succeed to all rights and obligations of the Holder hereunder.
- 14) **Notices.** All notices and actions will be initiated through the USDA _____ (state) with mailing address at the date of this assignment: _____
 _____ Dated this _____
 _____ day of _____, _____.

Lender: Address: _____

Attest: By: _____

_____ (seal) Title: _____

Holder: Address: _____

Attest: By: _____

_____ (seal) Title: _____