§ 771.13 Loan closing.

(a) Conditions. The applicant must meet all conditions specified by the loan approval official in the notification of loan approval prior to closing.

(b) Loan instruments and legal documents. The borrower, through its authorized representatives will execute all loan instruments and legal documents required by FSA to evidence the debt, perfect the required security interest in property and assets securing the loan, and protect the Government’s interest, in accordance with applicable State and Federal laws.

(c) Loan agreement. A loan agreement between the borrower and FSA will be required. The agreement will set forth performance criteria and other loan requirements necessary to protect the Government’s financial and programmatic interest and accomplish the objectives of the loan. Specific provisions of the agreement will be developed on a case-by-case basis to address the particular situation associated with the loan being made. However, all loan agreements will include at least the following provisions:

1. The borrower must submit audited financial statements to FSA at least annually;
2. The borrower will immediately notify FSA of any adverse actions such as:
   (i) Anticipated default on FSA debt;
   (ii) Potential recall vote of an assessment referendum; or
   (iii) Being named as a defendant in litigation;
3. Submission of other specific financial reports for the borrower;
4. The right of deferral under 7 U.S.C. 1981a; and
5. Applicable liquidation procedures upon default.

(d) Fees. The borrower will pay all fees for recording any legal instruments determined to be necessary and all notary, lien search, and similar fees incident to loan transactions. No fees will be assessed for work performed by FSA employees.