

Form RD 1940-3  
(Rev. 3-98)

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT  
FARM SERVICE AGENCY

REQUEST FOR OBLIGATION OF FUNDS  
GUARANTEED LOANS

INSTRUCTIONS—TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( | | | | )  
Complete Items 1 through 25 and applicable Items 26 through 35. See FMI.

1. CASE NUMBER S T C O BORROWER ID		2. LOAN NUMBER	3. FISCAL YEAR	4. SOURCE OF FUNDS <i>(See FMI)</i>
5. BORROWER NAME				
6. NUMBER NAME FIELDS <i>(1, 2, or 3 from Item 5)</i>				
7. STATE NAME			8. COUNTY NAME	
9. RACE CODE 1—WHITE 4—HISPANIC 2—BLACK 5—API 3—AMN	10. EMPLOYEE RELATIONSHIP CODE <i>(See FMI)</i>	11. SEX CODE 1—MALE 2—FEMALE 3—FAMILY UNIT	4—ORGANIZATION—MALE OWNED 5—ORGANIZATION—FEMALE OWNED 6—PUBLIC BODY	12. MARITAL STATUS 1—MARRIED 2—SEPARATED 3—UNMARRIED <i>(INCLUDES WIDOWED OR DIVORCED)</i>
13. VETERAN CODE 1—YES 2—NO	14. TYPE OF PAYMENT 1—MONTHLY 3—SEMI-ANNUALLY 2—ANNUALLY 4—QUARTERLY		15. COMMUNITY SIZE 1—10,000 OR LESS (FOR SFH ONLY) 2—OVER 10,000	
16. TYPE OF ASSISTANCE <i>(See FMI)</i>	17. PURPOSE CODE	18. GUARANTEE PERCENT OF LOAN		
19. TERM OF INTEREST ASSISTANCE	20. SUBMISSION CODE 1—INITIAL 2—SUBSEQUENT	21. AMOUNT OF LOAN		
22. APPROVAL DATE MO DA YR	23. NOTE INTEREST RATE %	24. BORROWER EFFECTIVE INTEREST RATE %		
25. REPAYMENT PERIOD	26. INCOME CATEGORY 1—VERY LOW 2—LOW 3—MODERATE	27. ADJUSTED FAMILY INCOME		
28. TYPE OF UNIT 1—FARM TRACT 2—NON-FARM TRACT	29. DWELLING TYPE USE OF FUNDS CODE <i>(See FMI)</i>	30. INTEREST ASSISTANCE CODE 1—ELIGIBLE FOR INTEREST ASSIST PROGRAM 2—INELIGIBLE FOR INTEREST ASSIST PROGRAM		
31. PERCENT OF INTEREST ASSISTANCE %	32. HIGH COST AREA Y = YES N = NO	33. BORROWER HISTORY CODE <i>(See FMI)</i>		
34. AMOUNT AGENCY DIRECT DEBT REFINANCE		35. OBLIGATION DATE <i>(Finance Office use only)</i> MO DA YR		
36. BEGINNING FARMER/RANCHER <i>(See FMI)</i>				

ORIGINAL - Borrower's Case Folder

COPY 1 - Applicant

COPY 2 - Lender

COPY 3 - State Office

Position 2

(05-27-98) PN 291

Reissued (06-24-98) PN 292

**PAGE 2 OF FORM RD 1940-3**

**CERTIFICATION APPROVAL**

APPROVAL CONDITIONS:

(1) (Farm Loan Programs Only) This loan guarantee is approved subject to the availability of funds. If this loan guarantee is not issued for any reason within 90 calendar days from the date of approval on this document, the approval official may request updated information concerning the lender and the loan applicant. The approval official will have 14 working days to review any updated information and decide whether to submit this document for obligation of funds.

(2) This loan guarantee is approved subject to the conditions on the Conditional Commitment.

37. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

38. I HEREBY CERTIFY that all determinations and certifications required by the respective United States Department of Agriculture (USDA) Agency regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, subject to the availability of funds, and subject to conditions prescribed by Agency regulations applicable to this type of assistance.

I further certify that USDA has complied with the applicable provisions of Title XI, Public Law 95-630, seeking financial information regarding the applicant.

\_\_\_\_\_  
(Signature of Approval Official)

Date Approved \_\_\_\_\_

Title: \_\_\_\_\_

39. TO THE APPLICANT/LENDER: As of this date \_\_\_\_\_, this is notice that your application for the above loan guarantee/Interest Assistance from USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the respective USDA Agency. If you have any questions contact the Approval Official.

- PROCEDURE FOR PREPARATION : RD Instructions 1980-A, 1980-D, and 1980-I and HB-1-3565, FSA Transferred Instruction 1980-B.
- PREPARED BY : Initiated by applicable Field Office. Entries will be made by the approval official.
- NUMBER OF COPIES : Original and three copies for all guaranteed loan programs. Additional copies will be made as needed by the servicing office.
- SIGNATURES REQUIRED : Original and copy by approval official. Other copies conformed.
- DISTRIBUTION OF COPIES : Original retained in borrower's case folder.  
Signed copy to applicant/lender.  
Copy to State Office.

GENERAL INSTRUCTIONS

- A. This form is used to make corrections and to request:
  1. A liability to be established for guaranteed loans.
  2. A liability to be established for Single Family Housing (SFH) guaranteed loans and Interest Assistance.
  3. A liability to be established for Farm Loan Programs (FLP) guaranteed loans with Interest Assistance or for FLP Interest Assistance only.
- B. A form will be completed for each note or commitment requiring an obligation of funds.
- C. Appeal actions relative to loan decisions reversed in accordance with 7 CFR Part 11 require the effective date of the action to be taken will be the originally proposed date of the initial decision from which the appeal was taken. For all loan approvals based on the reversal of an initial decision, the date in Item 22 will be the effective date the initial action would have been taken, and the interest rate (Item 23) is the rate in effect as of the date indicated in Item 22. The date to be inserted in Item 38 will be the date this form is signed by the approval official who will be the official reversing the appeal action.

INSTRUCTIONS FOR PREPARATION

Item 1 Enter Borrower's Case Number

For individuals (who are not business applicants), show the State and County code numbers followed by the Social Security Number (SSN).

For organizations and individual business applicants, show the State and County code numbers followed by the taxpayer's identification number (ID No.). When an applicant has not received a taxpayer ID No., a temporary number from the block of numbers assigned to each State Office by the Finance Office will be used. Any temporary number assigned must be replaced by the taxpayer's ID No. Form RD 450-10, "Advice of Borrower's Change of Address, Name, Case Number, or Loan Number," must be processed through the field official terminal system, prior to loan closing or issuance of a loan note guarantee or a contract of guarantee. Only one case number will be assigned to each borrower regardless of the types of loans or number of separate facilities unless an exception is authorized by the National Office. When an applicant has an existing case number other than its taxpayer ID No., all existing case numbers will be changed to the taxpayer ID No. In this case, new loan number(s) will be assigned to the loan(s) of the borrower in order of closing dates starting with the earliest at the same time the existing case numbers are being changed to the taxpayer ID No. This should be accomplished prior to the assigning of the loan number(s) for the new obligation(s). Follow the format shown below to complete the borrower's case number.

Example: Assigned Identification Number  
Social Security or Tax ID

3	0	0	1	2	0	0	0	0	3	4	5	6	7	
3	0	0	1	2	0	1	2	3	4	5	6	7	8	9



Item 9 Enter applicable code for all guaranteed applicants.

- 1 - White, not of Hispanic Origin
- 2 - Black, not of Hispanic Origin
- 3 - American Indian or Alaskan Native
- 4 - Hispanic
- 5 - Asian or Pacific Islander

For Individual Type applicants enter applicable code 1 through 5.

For All Other Organization (Entity) Type applicants enter major portion of the organization - over 51 percent owned, operated, and managed on a day-to-day basis.

Example: 2

Item 10 Leave blank if none, or enter the Employee Relationship Code.

- 1 - Employee
- 2 - Member of family
- 3 - Close relative
- 4 - Associate

Item 11 Enter applicable code for all guaranteed loan applicants.

- 1 - Male (sole applicant)
- 2 - Female (sole applicant)
- 3 - Family unit (male-female as co-applicants, not counted under code 1 or 2)
- 4 - Organization - Male-owned (over 51 percent male-owned, operated, and managed on a day-to-day basis)
- 5 - Organization - Female owned (over 51 percent female owned, operated, and managed on a day-to-day basis)
- 6 - Public Body

For Individual Type applicants enter applicable code 1 through 3.

For All Other Organization (Entity) Type applicants enter major portion of the organization - over 51 percent owned, operated, and managed on a day-to-day basis.

Example: 2

Item 12 Enter applicable code:

- 1 - Married
- 2 - Separated
- 3 - Unmarried (included widowed or divorced)

Complete for guaranteed loans to individuals only.

Example: 1

Item 13 Enter applicable code.

- 1 - Yes
- 2 - No

Complete for guaranteed loans to individuals only.

Example: 1

Item 14 Enter the applicable code.

- 1 - Monthly
- 2 - Annually
- 3 - Semiannually
- 4 - Quarterly

Item 15. Enter applicable code for Single Family Housing (SFH) loan only.

- 1 - Housing assistance is made in a community with a population of 10,000 or less
- 2 - Housing assistance is made in a community with a population over 10,000

Example:   1  

Item 16. Enter applicable code from the tables below:

**FARM OWNERSHIP AND RELATED LOANS**

Farm Enterprise Loans:

*Regular:*

- 036 FO-FE- Regular
- 031 FO-FE Regular-SDA-Ethnic
- 124 FO-FE-Regular-SDA-Gender

*Beginning Farmer:*

- 203 FO-FE-Beginning Farmer-Regular
- 205 FO-FE-Beginning Farmer-Regular-SDA-Ethnic
- 206 FO-FE-Beginning Farmer-Regular-SDA-Gender

*Other Farm Enterprise Loans:*

- 033 FO-FE-Debt Adjusted

Non-Farm Enterprise:

- 037 FO-NFE-Regular
- 044 FO-NFE-SDA-Ethnic
- 126 FO-NFE-SDA-Gender

Other Loan Programs:

- 038 Soil and Water

**OPERATING TYPE CREDIT**

Beginning Farmer Loans:

- 209 OL-Beginning Farmer-Regular-1 Year
- 210 OL-Beginning Farmer-Regular-1 Year-SDA
- 211 OL-Beginning Farmer-Regular-7 Year
- 212 OL-Beginning Farmer-Regular-7 Year-SDA
- 225 OL-Beginning Farmer-Line of Credit
- 226 OL-Beginning Farmer-Line of Credit-SDA

Non-Beginning Farmer Loans:

- 153 OL-Regular (Except Youth)- 1 Year
- 154 OL-Regular (Except Youth)- 1 Year-SDA
- 051 OL-Regular (Except Youth)- 7 Year
- 108 OL-Regular (Except Youth)- 7 Year-SDA
- 048 OL-Line of Credit
- 103 OL-Line of Credit-SDA
- 046 OL-Disaster Assistance
- 101 OL-Disaster Assistance-SDA
- 049 OL-Debt Adjusted
- 104 OL-Debt Adjusted-SDA

**FOOTNOTES:**

1/ The National Office must be notified for these loan types as required by RD Instruction 2015-C.

2/ Requires a 6-working day reservation period.

Example:  1|0|0 

**INDIVIDUAL HOUSING**

- 001 502 Loan - General-Subsidized
- 002 502 Loan - Senior Citizen-Subsidized
- 096 502 Loan - General-Nonsubsidized

**ASSOCIATION PROJECTS**

- 061 Domestic Water Only 1/2/
- 062 Waste Disposal and/or Sewage Treatment Only 1/2/
- 063 Combination Water and Waste Projects 1/2/

**COMMUNITY FACILITY**

- 075 Community Facility Loan 1/2/
- 077 Community Health Center "HHS" 1/2/

**BUSINESS AND INDUSTRY**

- 076 Business and Industry Loan 1/2/
- 091 Drought and Disaster Guaranteed Loan 1/2/
- 094 Disaster Assistance for Rural Business Enterprise Guaranteed Loan 1/2/
- 187 Business and Industry Disaster Loan 1/

**NONPROFIT NATIONAL CORPORATION LOAN AND GRANT PROGRAM**

- 071 Nonprofit National Corporations (Loans) 1/2/

Item 17 Reserved for future use. Do not complete at this time.

Item 18 Enter the three-digit guaranteed percentage.

Example:

Item 19 Enter the code corresponding to the number of years which the Interest Assistance will be effective. (FLP guaranteed loans only.) The term should be for the life of the loan, not to exceed 10 years.

Example:

Item 20 Enter applicable code.

- 1 - Initial
- 2 - Subsequent

Enter code 1 when the borrower is not currently indebted for the same type of loan being made as appropriate for agreement with program instructions. Enter code 2 when: (1) the borrower is currently indebted for the same type of loan being made, or (2) an assumption agreement of the same type as the loan being made will be closed simultaneously with the loan. Leave blank when obligating funds for Interest Assistance only (Source of Funds in Item 4 input as 7).

Example:

Item 21 Enter the amount of loan/line of credit as follows:

(A) Enter the full amount of the loan/line of credit for new loans, new loans with Interest Assistance. New loans must be in increments of \$10.00.

(B) Enter the principal balance of an existing loan when establishing Interest Assistance only.

(C) Enter the full amount of an existing line of credit if the Interest Assistance is established during the time established for the period of advances. Otherwise, enter the principal balance.

Example:

Original Line of Credit Amount	\$ 100,000.00
Length of Loan	7 years
Period of Advances	3 years
Establishing Interest Assistance in Year 1 enter	\$100,000.00
Establishing Interest Assistance in Year 2 enter	\$100,000.00
Establishing Interest Assistance in Year 3 enter	\$100,000.00
Current Principal Balance in Year 4	\$76,450.00
Establishing Interest Assistance in Year 4 enter	\$76,450.00

Item 22 Enter the date of loan approval: month, day, year. See Paragraph C under General Instructions for cases involving appeals.

Example:

Item 23 Enter the lender's normal interest rate prior to any interest rate reduction due to Interest Assistance.

Example: 8 1/8 percent should be shown as 

0	8	1	2	5	0
0	8	0	0	0	0

  
8 percent should be shown as 

0	8	0	0	0	0
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For programs that allow differential interest rates on the guaranteed and nonguaranteed portions of the loan, show the blended interest rate.

Example: .90 (guaranteed portion) x .10 (int. rate) = .090  
.10 (nonguaranteed portion) x .12 (int. rate) = .012  
Blended Rate = .102

Shown as 

1	0	2	0	0	0
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Item 24 Enter the borrower's initial effective interest rate after adjustments have been made for any reduction due to Interest Assistance. If no adjustments were made, the effective interest rate will equal the lender's interest rate.

Example: 5 1/8 percent should be shown as 

0	5	1	2	5	0
0	5	0	0	0	0

  
5 percent should be shown as 

0	5	0	0	0	0
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Item 25 Enter the number of years over which the loan will be repaid. SFH loans will not exceed 30 years; FLP loans will not exceed 40 years; B&I loans will not exceed 30 years. CP loans will not exceed 40 years.

Example: 

3	0
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Item 26 Enter the applicable code for adjusted family income as defined in RD Instruction 1980-D for all guaranteed SFH loans. Leave blank for all other loans.

- 1 - Very Low
- 2 - Low
- 3 - Moderate

Example: 

2
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Item 27 Enter the adjusted family income as defined in RD instruction 1980-D for all Guaranteed SFH loans. For all other loans leave blank. Amounts must be in tens of dollars. If the borrower's adjusted family income is zero, enter one zero preceding the preprinted zero.

Example: 

	6	7	5	0	0	0
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Item 28 Enter applicable code to indicate location of the dwelling. (SFH loans only)

- 1 - Farm Tract
- 2 - Non-Farm Tract

Example: 

2
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Item 29 Enter applicable code to indicate primary purpose of the loan. (SFH and FLP loans only.)

For Single Family Housing Loans:

- 01 - Build
- 02 - Purchase New
- 03 - Purchase Old
- 04 - Reserved
- 05 - Reserved
- 06 - Purchase - Repair
- 07 - Reserved

“Build” means construction from the foundation up, including construction on existing foundation and basement houses. Sanitary facilities are appurtenances of the dwelling and should therefore be included in the cost. “Purchase New” means the purchase of a dwelling which is less than 1 year old and has not been previously occupied as a residence. “Purchase Old” means the purchaser of a dwelling which is more than 1 year old or has been previously occupied as a dwelling.

If the primary purpose of the loan is to purchase repairs are involved, enter only code 6.

For Farm Loan Programs loans:

- 08 - Annual Living and or Operating Expenses
- 09 - Equipment-Livestock-Chatel Purchase
- 10 - Farm Loan Programs Real Estate Purchase
- 11 - Capital Improvements/Construction Costs
- 12 - Refinance FSA Direct Farm Loan Programs Debt
- 13 - Refinance Debt with this Lender
- 14 - Refinance Debt from a Different Creditor

Example:

Item 30 Enter the applicable Interest Assistance code. Used for Single Family Housing loans only. This code will always equal 2 unless Interest Assistance funds are appropriated. When such funds are authorized, use the following:

- 1 - Eligible for Interest Assistance Program
- 2 - Ineligible for Interest Assistance Program

NOTE: Only enter 2 if the borrower does not qualify for the Interest Assistance Program at the time of loan obligation, and the borrower will not be eligible for Interest Assistance during the remaining life of the loan. You should enter 1 if the borrower is eligible to participate in the Interest Assistance Program even though he/she may not be receiving Interest Assistance at the time of loan obligation. You must enter 1 if you entered Source of Fund as 8 (New Guaranteed SFH Loan with Interest Assistance).

Item 31 Enter the Percent Interest Assistance Granted from the Calculation Worksheet for SFH Interest Assistance or the Calculation Worksheet for FLP Interest Assistance.

Example:

Item 32 Complete this item for Guaranteed SFH Loan program only, or else leave blank. Enter Y if the county has been designated a High Cost Area by the State Director as authorized in RD Instruction 1980-D. If the county has not been classified as a High Cost Area, enter N.

Item 33 Enter the applicable codes:

- 01 - Current/Former Agency Direct Loan Borrower Only
- 02 - Current/Former Agency Guaranteed Loan Borrower Only
- 03 - Current/Former Borrower of both Agency Guaranteed and Direct Loans
- 04 - Borrower who has never had an Agency Guaranteed or Direct Loan

Item 34 Complete this item only if Item 29 was input as 12 - Refinance FSA Direct Farm Loan Programs Debt.

Item 35 Leave blank. This field will be completed by the Finance Office.

Item 36 This item will be completed to track loans made to Beginning Farmers/Ranchers. Enter the applicable code. If the applicant is not a Beginning Farmer/ Rancher, leave blank.

- A - This is a guaranteed FO loan made in conjunction with a Down Payment FO loan to finance the purchase of real estate. A State Beginning Farmer Program also provided assistance.
- B - This is a guaranteed FO loan made in conjunction with a Down Payment FO loan to finance the purchase of real estate. No assistance was provided by a State Beginning Farmer Program.
- C - Reserved for direct loans only.
- D - Reserved for direct loans only.
- E - This is a Beginning Farmer/Rancher receiving guaranteed FLP assistance (other than in conjunction with a Down Payment FO loan), and assistance was provided by a State Beginning Farmer Program.
- F - This is a Beginning Farmer/Rancher receiving guaranteed FLP assistance (other than in conjunction with a Down Payment FO loan), and no assistance was provided by a State Beginning Farmer Program.
- G - This is a Beginning Farmer/Rancher receiving guaranteed FLP assistance under the Guaranteed Special Operating Loan program. May or may not involve another type of assistance described in items A through F.

Item 37 Approval official will enter appropriate certification, comments, and requirements.

Indicate in this space the specific purpose for which the loan is to be used and any conditions that must be met at or before the loan is closed.

If more space is needed the form will be supplemented by a memorandum.

Item 38 Title and signature of approving officer and approval date must be shown. For both programs this must be the same as in Item 22.

Item 39 Enter the date this notice is sent to the applicant/lender. For FLP and SFH loans this must be the same date entered in Items 22 and 38.

It is mandatory for all loan programs to obtain initials on the original (above and to the right of the date) by an employee(s), designated by the State Director, to indicate that a copy of Form RD 1940-3 was sent to the applicant. Initials on the original indicate that a notification copy of Form RD 1940-3 was distributed to the applicant/lender on the date indicated in accordance with Agency Instructions.