

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE  
COOPERATIVE STOCK LOAN GUARANTY PROGRAM  
APPLICATION FORM**

**Date** \_\_\_\_\_

<b>Applicant</b>	<b>Lender</b>
Name:	
Address:	
City/State/Zip:	
Phone:	

**LOAN INFORMATION**

Co-op Name:	Guaranty amount: \$ (lesser of 50% or \$10,000)
Number of shares:	Interest rate per annum:
Purchase price per share: \$	Repayment term:
Principal amount of loan: \$	Other collateral used in addition to stock purchased: _____ _____ _____
	Value of other collateral used: _____ _____

**APPLICANT'S OPERATION AND ELIGIBILITY CRITERIA**

	YES:	NO:
Applicant is age 18 or older.		
Applicant is a resident of South Dakota prior to loan closing.		
Applicant derives 60% or more of GROSS income from farming/ranching.		
Majority of Applicant's farm operation is located in South Dakota.		
Applicant produces the agricultural product to be processed by the coop.		

**ATTACHMENTS**

Applicant's current financial statement signed and dated within 30 days of the application date.  
Applicant's 1040 and 1040F Federal Income Tax Returns for two most recent years.  
Applicant's repayment plan.

The information provided is for the sole purpose of determining eligibility of the loan for guarantee under the Cooperative Stock Loan Guaranty program and will be for the sole use of the South Dakota Department of Agriculture. All information will be treated in a confidential manner pursuant to SDCL 38-6-12, and will not be for public disclosure unless specifically authorized by the borrower.

I certify that this application and attachments were completed with information that is correct and truthful.

**Applicant's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

<b>LENDER SECTION</b>	<b>DEPARTMENT OF AG SECTION</b>
Loan Officer: Title:	Date Received: Date Reviewed:
Previous experience with Applicant:	Estimated Loan Amount: \$  Estimated Guaranty Amount: \$
Is Applicant current with other creditors?	Approved Loan Amount: \$ Approved Guaranty Amount: \$ Disapproved:
The Applicant would not qualify for a cooperative stock purchase loan as requested without a Cooperative Stock Loan Guaranty. Reason:	Comments:
<b>Lender's Signature:</b> _____	<b>Department's Signature:</b> _____
<b>Date:</b> _____	<b>Date:</b> _____

# CERTIFICATE OF GUARANTY

## Terms and Conditions of Guaranty

### SAMPLE – SAMPLE - SAMPLE

This Certificate of Guaranty represents an agreement between the South Dakota Department of Agriculture, by and through its Agriculture Enterprise program (hereinafter "Guarantor") to guarantee an amount of money not to exceed that which is set forth below, to the undersigned financial institution (hereinafter "Lender") under the terms and conditions numbered 1 through 6 included herein.

By its execution of this Certificate of Guaranty, the Lender agrees to adhere to the terms and conditions of this Guaranty and to take all reasonable actions necessary to minimize the Guarantor's exposure to losses suffered which are within the realm of controls that the Lender has over the Borrower.

Name of Borrower	Loan No.
\$ _____ % _____	Interest Rate _____ %
Loan Inception date: _____	Loan Guaranty Maturity date: _____
	Guaranty Expires: _____

### Terms and Conditions

1. **Loan Servicing.**  
Lender will be responsible for servicing the entire loan and Lender will remain the secured party of record notwithstanding the fact that another party may hold a portion of the loan.
  - A. The Lender's servicing responsibilities include, but are not limited to:
    1. Obtaining compliance with the covenants and provisions in the note, loan agreement, security instruments, and any supplemental agreements and notifying in writing the Guarantor and the Borrower of any violation. None of the aforesaid instruments will be altered without the Guarantor's prior written concurrence. The Lender must service the loan in a reasonable and prudent manner.
    2. Receiving all payments on principal and interest on the loan as they fall due and promptly remitting and accounting to any assignee(s) of their pro rata share thereof determined according to their respective interests in the loan. The loan may be re-amortized or renewed with agreement of the Lender and assignee(s) of the guaranteed portion of the loan, only with the Guarantor's written concurrence.
    3. Inspecting the collateral as often as necessary to properly service the loan and verify that collateral is properly identified and marked.
    4. Assuring that: the loan and collateral are protected in foreclosure, bankruptcy, receivership, insolvency, or other litigation; insurance loss payments or similar proceeds are applied on debts in accordance with lien priorities on which the Guaranty was based, or similar based, or to acquiring the needed replacement collateral with the written approval of the Guarantor; proceeds from the sale or other disposition of collateral are applied in accordance with lien priorities on which the Guaranty is based.
    5. Obtaining the lien coverage and lien priorities specified by the Lender and agreed to by the Guarantor; properly recorded or filed lien priorities during the existence of the Guaranty by the Guarantor.
    6. Assuring that the Borrower obtains and maintains marketable title to the collateral except for the security interest created by the loan.
2. **Priorities.**  
The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan.
3. **Obligation of Guarantor.**  
This Guaranty constitutes a limited obligation of the SD Department of Agriculture, and is payable only from the Department of Agriculture Loan Guarantee Reserve Fund (the "Reserve Fund"), and shall not be payable out of other revenues or property of the Guarantor. The obligations of the Guarantor hereunder shall never constitute an indebtedness of the Guarantor or the State of South Dakota within the meaning of any State constitutional provision or statutory limitation and shall never give rise to a pecuniary liability of the Guarantor or charge against the general credit or taxing power of the State.  
  
The Reserve Fund constitutes the sole source of funds for payments of guarantees and is the exclusive remedy available for this Certificate of Guaranty. The Guarantor will make payment as described in this Certificate of Guaranty unless either: (1) Guarantor acquires knowledge that a loss is occasioned by (a) negligent servicing, (b) misrepresentations contained in the Application Form or accompanying materials, (c) failure to obtain or reasonably maintain the required security, or (d) loan funds being used for purposes other than those specifically approved by the Guarantor through this Guaranty, or (2) Lender fails to make good faith efforts to secure repayment of principal upon default. In case of any of these events, the Guaranty will be unenforceable by the Lender. Further, this Guaranty does not constitute an obligation to make any payments directly to the Borrower for any reason whatsoever or imply that the Borrower has any remedies against the Guarantor.
4. **Payments.**  
The Lender will receive all payments of principal and interest, and provide written confirmation of said payments to the Guarantor within a reasonable amount of time. All payment schedules providing for periodic installment payments of principal and interest shall be submitted to the Guarantor in addition to all other requested application materials.
5. **Default.**
  - A. The Lender will notify the Guarantor when the note reaches maturity and any principal amount remains unpaid or if the Borrower is otherwise in default or insolvent. Lender will make notification in writing within 30 days after maturity, or default, whichever occurs first. Lender will keep the Guarantor informed as to the actions taken by it with regard to its securing repayment of the loan subject to this Guaranty.
  - B. The Lender will negotiate in good faith in an attempt to resolve any problem to permit the Borrower to cure default, where reasonable. Such methods of resolution with the Borrower may include deferment of principal payments, interest payments, or rescheduling payment of the principal and interest. Such methods of resolution requiring extension beyond the maturity date of the loan also require a written extension of this Guaranty. Extensions of this Guaranty are subject to determination of the Guarantor.
  - C. Should all reasonable attempts at re-negotiation be unsuccessful and the Lender deems liquidation the only means of recovery, the Lender will notify the Guarantor of its action in writing ten (10) days of the date it takes such action, and include with it the proposed method of liquidation.
  - D. During any period of liquidation, the Lender will account for funds during the time of liquidation and provide the Guarantor with periodic reports.
  - E. The Lender will immediately notify the Guarantor in writing of any and all proceeds recovered by the Lender subject to this Guaranty.
  - F. The Lender will use all proceeds received through settlement of liquidation to pay first all allowable interest accrued under the terms of the loan guaranteed by this agreement, with the remaining proceeds applied to the principal. Allowable interest shall include all interest accrued under the original terms of the loan up to and including one hundred five (105) days past due.
  - G. Payments made by the Guarantor under the terms of this Guaranty will be applied to the remaining principal deemed unrecoverable from the Borrower. This Guaranty is made for \_\_\_\_\_% of the original loan amount and will be reduced on a pro rata basis as the remaining principal balance is reduced. Accordingly, \_\_\_\_\_% of the outstanding principal amount at the time of default is the maximum amount that will be paid by Guarantor upon default.
6. **Termination of Guaranty.**  
This Guaranty will terminate automatically (a) upon full payment of the guaranteed loan; or (b) upon full payment of any loss obligation under the terms of the Guaranty; or (c) failure of Lender to provide written notice of default to Guarantor within 30 days after the loan maturity date or default; whichever occurs first.

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Lender  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
City State Zip

STATE OF SOUTH DAKOTA  
DEPARTMENT OF AGRICULTURE  
(Guarantor)  
Foss Building  
523 E. Capitol  
Pierre SD 57501

By: \_\_\_\_\_ Signature BY: \_\_\_\_\_ Signature

PRINT NAME and TITLE

\_\_\_\_\_  
\_\_\_\_\_