

247 Actions Before Issuing FSA-1980-27

(file with page 12-10 -- bullet regarding promissory notes)

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Lender's Actions

Guaranteed Line of Credits (LOC's) are "revolving lines" and in accordance with Par.137(C) all advances must be made within 5 years from the date of the guarantee. Certain Montana lenders do not wish to use a revolving note on agricultural operating loans.

In these situations and with a guaranteed LOC, the lender can use a Master Note and then issue "annual" hand or advance notes as specified by the master note or use a Line of Credit Agreement. MT Exhibit 14 is an example of a minimally acceptable Line of Credit Agreement which has been reviewed by OGC and National Office.

Whether the lender uses a master note or a line of credit agreement, the document must specifically address that individual or "annual" notes in set amounts, will be used annually to advance that production year operating and living expenses..

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