

122 OL Purposes**E Refinancing**

When a guaranteed operating loan (OL-G) is being proposed to refinance a lender's debt, the original loan purposes of the funds being refinanced needs to be documented.

In accordance with Par. 122B and Par 122E of 2-FLP, refinancing with guaranteed operating funds is authorized if the original loans were made for operating loan purposes. OL-G funds should not be used to refinance a note, or a portion of an existing note, that was originally made for real estate purposes. Debt incurred for real estate purposes can be refinanced with a Farm Ownership Guarantee.