

**137 Loan Term and Payment Schedules****E Loan Note Guarantee Balloon Payments**

Under special circumstances, balloon payments are authorized for a new operating loan guarantees (OL-G).

Repayment should be for the shortest time period necessary and still provide for a feasible plan.

If chattels are being purchased with an OL-G, the repayment of those funds will be limited to 7-years or the useful life of the security being purchased, whichever is the lesser. In unique circumstances or situations due to a natural disaster, a longer amortization can be allowed, if the loan is adequately secured. Prior to approval of any guaranteed loan in which chattels are being purchased and in which the amortization factor exceeds 7-years, review and concurrence from the MT State Office – Farm Loan Division is required.

For farm ownership guarantees (FO-G's) the minimum repayment period with a balloon payment should be at least 5-years. Terms of less than 5-years are allowable under extenuating circumstances. In situations where the proposed term is for less than 5-years, concurrence from the MT State Office – Farm Loan Division is required, prior to loan approval.