

Farmers Home Administration News

The basic objectives of Recreation Loans by the Farmers Home Administration are to assist eligible farm and ranch owners or tenants to convert all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises. Loans to establish recreation enterprises are made to eligible applicants in order to supplement or supplant their farm or ranch income.

To qualify for a FHA Recreation loan, the applicant must be an individual regularly engaged in farming at the time he applies for the initial

loan; be the manager and operator of the recreation enterprise after the loan is made; be unable with his own resources, or be unable to obtain sufficient credit elsewhere, to finance his own actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which he resides for loans for similar purposes and periods of time; be an applicant who does not have a reliable income, including that of the spouse, which provides a net income equivalent to that of reasonably successful farm families in the

area; be at least 18 years old and a citizen of the U.S.

If the applicant has a reliable income, including that of the spouse, which provides a net income equivalent to that of reasonably successful farm families in the area he does not qualify for a Recreation Loan because he is already successfully established, except that a successfully established full-time farmer may qualify for a Recreation loan to convert his total farming operation to a recreation enterprise.

The applicant also must have the character, ability, and industry to carry out the proposed operation and honestly

endeavor to carry out the undertakings and obligations required of him in connection with the loan.

The applicant should have the training and experience necessary to give reasonable assurance of success in the proposed operation and if the applicant is a tenant, he should have a satisfactory written lease for a sufficient period of time and under terms that will enable him to obtain reasonable return on the improvements made with the Recreation Loan.

The interest rate on the unpaid principal balance of the

Recreation Loan is 5 percent annually. Loans secured by real estate or a lease hold will be scheduled for payment over a period not to exceed 40 years or such shorter periods as may be necessary to assure the loan is adequately secured.



SEPT. 30 - OCT. 7

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