

Rural Bankers Reveal Farm Loan Guides

How does a banker size up potential agricultural borrowers?

Commercial bankers in the South Central Great Plains, according to a recent survey, determine an individual's loan limit by measuring his: current financial situation; past repayment performance; available collateral; and purpose of the loan.

Bankers were asked if a farmer's participation in Government programs also affected his loan limit. Some bankers replied that if participation is a farmer's most profitable alternative, it should be a requirement for securing a loan.

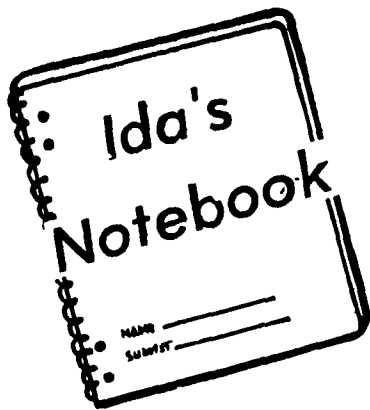
Though the bankers indicated they didn't analyze the effects of Government programs on individual situations, most said they considered Government payments when projecting the gross income of the borrower.

Land was generally not used as collateral on short- or intermediate-term loans. However, bankers said they allowed substantially higher loan limits on full and part owners than on full tenants. Full tenants must secure loans with machinery and equipment or a compensating balance.

Bankers felt that the borrower's tenure status, loan purpose, and overall financial condition were more important in setting collateral requirements than size of the loan request. Nevertheless, some banks required that collateral equal at least 30 percent of the loan value.

The prevailing interest rate in the South Central Plains was 8 percent at the time of the survey (February 1972), though 9 percent was generally quoted in the western part.

Individuals who ranked in the bankers' "best risk" category could secure loans at 7½ percent annual interest. Borrowers that were considered poor risks were often charged at least 9 percent. Some of the banks reported outstanding loans carrying a 10-percent annual interest charge.



Ida Risser

It seems that this year the weather has been the subject of much discussion between farmers. We had the flood in June, dry weather in August, and yet a record rainfall for the year.

Our lives seem to be like the weather—sunny days, rainy days, and some so-so days. When a cow is lost, the feeder chain breaks, the vacuum pump stops, and your little girl steps on a nail, it is surely a dismal day. But then there is the day when the milk inspector says everything is okay, your husband praises your apple pie, your children get mostly A's on their reports and your Christmas cactus blooms on time.

So, as we come to the end of another year, we are glad to have our health and our families. We remember the past but look to the future.

xxx

I've been doing some more painting. The trouble with this work is that one thing leads to another. After the new wallpaper is hung, the woodwork doesn't look so good. Then when the new stair rail is painted and in place, the steps need a new coat of varnish.

Much as I enjoy painting, I'm hoping to lay down my brushes for a few weeks at least and do some embroidery again.

xxx

Often we become so staid in our ways that we really resist change. Yet, I've often found that when I must substitute an ingredient in a recipe it turns out to be a better dish than usual.

Children aren't set in their

ways and the other day when Cindy could not find her pocketbook when it was time to leave for the school bus, she found another place for her lunch money. She simply took off her stocking cap and dropped the change down into the tip of the cap and off she went.

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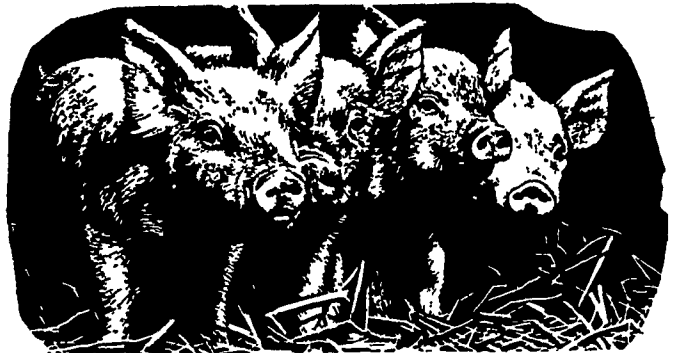
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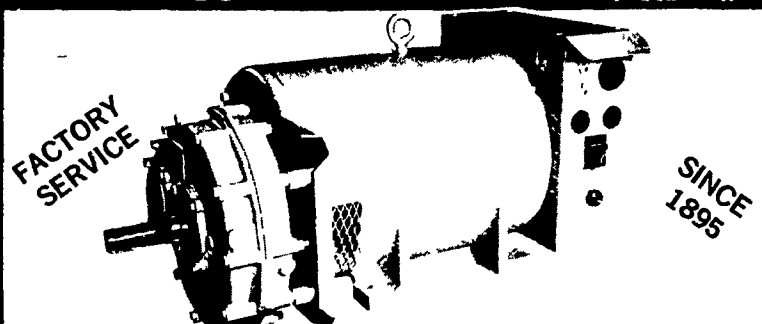
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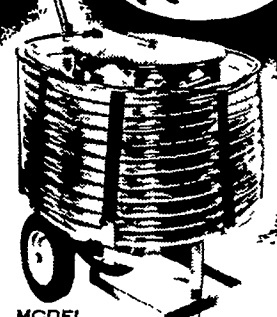
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