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Farm Real Estate Debt

Economic Research Service

UNITED STATES DEPARTMENT OF AGRICULTURE

The farm real estate debt in the United States is estimated to have been \$13.1 billion on January 1, 1961. This type of farm debt increased 6.5 percent in 1960, compared with 9.2 percent in 1959. Despite these increases, the farm real estate debt represented only 9.6 percent of the value of all farm real estate at the beginning of 1961.

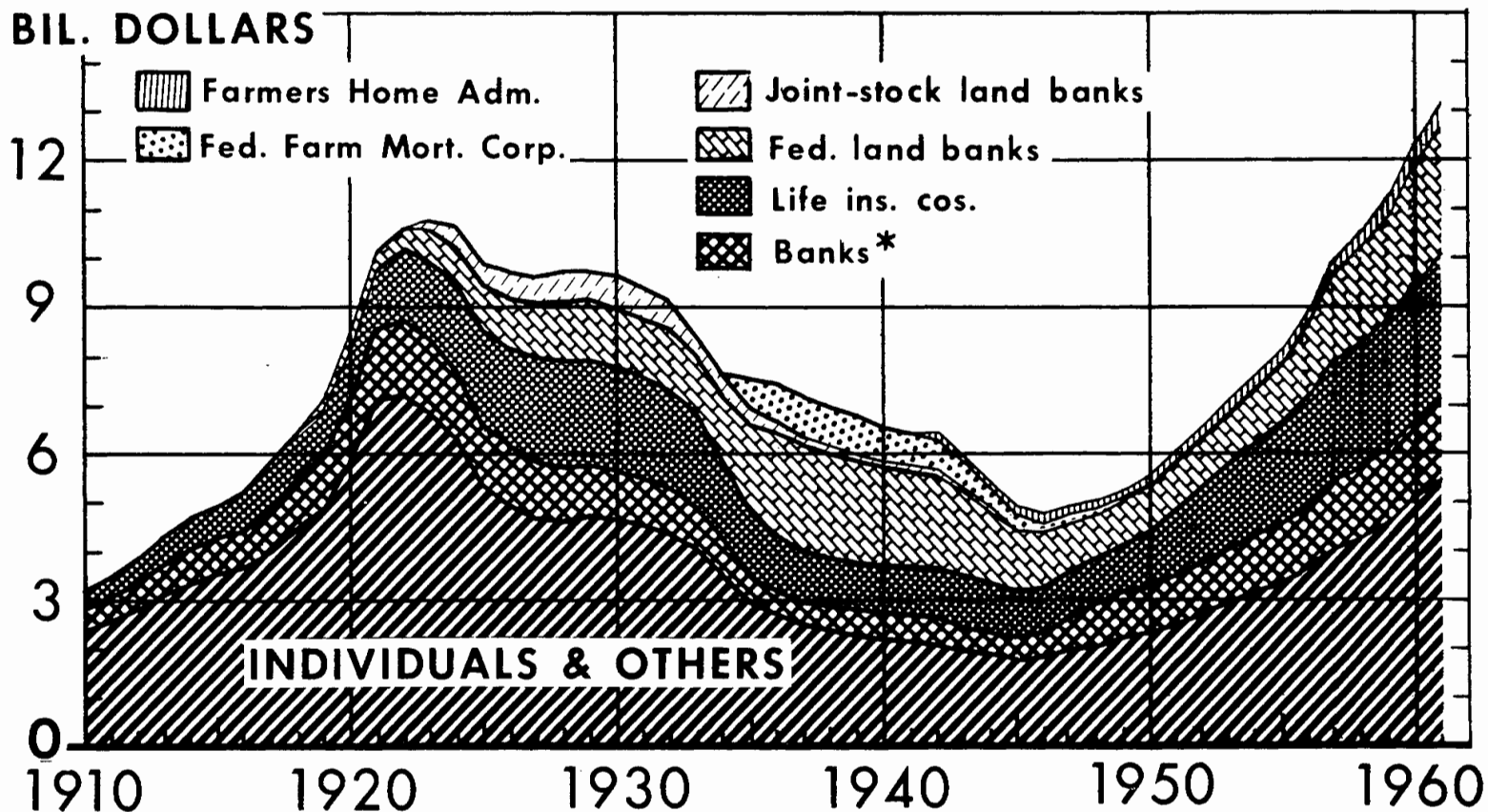
All major lender groups increased their holdings of farm real estate debt obligations in 1960. Percentagewise, the holdings of the Farmers Home Administration increased most (10 percent); the holdings of banks increased least (4 percent). The holdings of the Federal land banks increased nearly 9 percent; those of life insurance companies and "other" lenders nearly 6 percent. Probably the high loan-to-deposit ratios at many banks were responsible for the relatively low rate of increase in the farm-mortgage holdings of banks.

The farm real estate debt decreased in 1960 in New Hampshire, Massachusetts, Rhode Island, and New Jersey. Incomplete data for Hawaii indicate a decline in that State also. In all other States, the farm real estate debt increased. Among the States showing exceptionally large percentage increases were Delaware, North Dakota, Montana, Idaho, Nevada, and Washington. In each of these States, most of the lender groups increased their outstanding real estate loans by percentages exceeding the national averages.

Although outstanding farm real estate debt increased in 1960, both the volume of mortgage loans made and the volume of payments on mortgage loans were lower than in 1959, according to combined data for the life insurance companies, the Federal land banks, and the Farmers Home Administration. The life insurance companies and the Farmers Home Administration, which collect data on the uses to be made of the loans they approve, report that the percentage of loans used to refinance existing debts rose in 1960.

The lower volume of mortgage loans made in 1960 probably resulted from reduced activity in the market for farm real estate. The lower volume of payments and the increased proportion of loans made to refinance existing debts suggest that farmers may have been in a tighter cash position in 1960 than in 1959. This conclusion is supported by the drop in farmer-owned demand deposits reported by the Board of Governors of the Federal Reserve System and by a reduction in farmers' expenditures for motor vehicles and farm machinery.

FARM MORTGAGE DEBT HELD BY MAJOR LENDERS



*1910-34, OPEN STATE AND NATIONAL BANKS; 1935-47, INSURED COMMERCIAL BANKS; 1948-, ALL OPERATING BANKS. EXCLUDES ALASKA AND HAWAII. DATA FOR 1961 ARE PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

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Figure 1

Table 1.- Farm-mortgage debt: Total amount outstanding and amounts held by principal lender groups, United States, 1940-61

Year beginning Jan. 1	Federal land banks 1/	Federal Farm Mortgage Corporation 1/ 2/	Joint-stock land banks 1/ 3/	Farmers Home Administration: 4/	Life insurance companies 5/	Commercial and savings banks 6/	Individuals and others	Total
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
1940-----	2,009,820	713,290	91,726	32,178	984,290	534,170	2,220,925	6,586,399
1941-----	1,957,184	685,149	73,455	65,944	1,016,479	543,408	2,151,908	6,493,527
1942-----	1,880,784	634,885	55,919	115,629	1,063,166	535,212	2,090,485	6,376,080
1943-----	1,718,240	543,895	37,015	159,053	1,042,939	476,676	1,978,640	5,956,458
1944-----	1,452,886	429,751	10,097	173,695	986,661	448,433	1,894,148	5,395,671
1945-----	1,209,676	347,307	5,455	195,519	938,275	449,582	1,795,101	4,940,915
1946-----	1,078,952	239,365	3,208	184,091	891,263	507,298	1,856,287	4,760,464
1947-----	976,748	146,621	1,641	191,954	888,665	683,229	2,008,112	4,896,970
1948-----	888,933	107,066	645	197,927	959,715	840,647	2,069,312	5,064,245
1949-----	868,156	77,920	462	192,328	1,036,383	900,843	2,212,239	5,288,331
1950-----	906,077	58,650	270	193,301	1,172,326	937,144	2,311,510	5,579,278
1951-----	947,431	44,008	---	220,104	1,352,635	1,008,359	2,545,822	6,118,359
1952-----	994,128	32,778	---	240,809	1,541,874	1,046,923	2,819,107	6,675,619
1953-----	1,071,358	23,899	---	268,257	1,716,022	1,105,096	3,078,568	7,263,200
1954-----	1,169,418	17,628	---	282,098	1,892,773	1,131,214	3,279,073	7,772,204
1955-----	1,266,953	12,834	---	287,171	2,051,784	1,210,676	3,459,419	8,288,837
1956-----	1,480,204	---	---	277,869	2,271,784	1,346,287	3,690,009	9,066,153
1957-----	1,722,381	---	---	289,546	2,476,543	1,386,270	4,032,883	9,907,623
1958-----	1,897,187	---	---	339,865	2,578,958	1,414,207	4,276,815	10,507,032
1959-----	2,065,372	---	---	388,010	2,661,229	1,511,859	4,627,794	11,254,264
1960:								
48 States-----	2,334,795	---	---	437,016	2,819,542	1,625,024	5,072,382	12,288,759
50 States 7/-----	2,335,124	---	---	439,269	2,819,542	1,631,271	8/ 5,072,382	12,297,588
1961:								
48 States-----	2,538,425	---	---	481,610	2,974,609	1,686,139	5,408,493	13,089,276
50 States 7/-----	2,539,044	---	---	483,985	2,974,609	1,691,239	8/ 5,408,493	13,097,370

1/ Federal land bank and Federal Farm Mortgage Corporation mortgages in process of foreclosure were estimated for 1951 and 1952.

2/ Loans held by Corporation were made on its behalf by Land Bank Commissioner. Authority to make new loans, except incidental to liquidation, expired July 1, 1947. On June 30, 1955, loans of the Federal Farm Mortgage Corporation were sold to the 12 Federal land banks.

3/ Liquidation of the joint-stock land banks began May 12, 1933, and was completed April 26, 1951. Data include banks in receivership.

4/ Data for 1940-41 include only tenant-purchase loans and direct soil and water conservation loans to individuals. Thereafter, data also include farm-development (special real estate) loans beginning 1942; farm-enlargement loans beginning 1944; project-liquidation loans beginning 1945; farm-housing loans beginning July 1950; and building-improvement loans beginning 1955. Data also include loans for these purposes from State Corporation trust funds.

5/ Estimates based on direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," "Spectator Life Insurance Yearbook," and data from Life Insurance Association of America and Institute of Life Insurance. Includes legal reserve companies only.

6/ 1940-47 includes insured commercial banks and 1948 to date, all operating commercial and savings banks. Beginning 1956, includes soil and water conservation loans insured by the Farmers Home Administration.

7/ Includes Alaska and Hawaii.

8/ Data for Alaska and Hawaii not available.

Table 2.- Farm-mortgage debt: Total amount outstanding and amounts held by principal lender groups, by States, Jan. 1, 1961

State and region	Principal lender groups					All operating banks ^{5/}
	Total	Federal land banks ^{1/}	Farmers Home Administration ^{2/}	Life insurance companies ^{3/}	Others ^{4/}	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine-----	37,100:	4,317	5,483	461	26,839:	8,536
New Hampshire-----	29,979:	2,178	594	62	27,145:	6,334
Vermont-----	47,079:	10,106	1,159	1,599	34,215:	18,228
Massachusetts-----	51,661:	8,845	684	675	41,457:	8,763
Rhode Island-----	5,304:	1,387	66	8	3,843:	1,691
Connecticut-----	51,710:	10,750	345	2,090	38,525:	8,264
New York-----	304,426:	57,208	4,128	13,803	229,287:	61,065
New Jersey-----	94,420:	14,992	2,532	12,931	63,965:	14,672
Pennsylvania-----	267,990:	29,284	6,666	10,054	221,986:	90,088
Delaware-----	19,131:	3,261	380	561	14,929:	12,051
Maryland ^{6/} -----	104,041:	13,001	2,690	7,345	81,005:	30,183
Northeast-----	1,012,841:	155,329	24,727	49,589	783,196:	259,875
Michigan-----	352,958:	85,081	7,884	21,330	238,663:	59,450
Wisconsin-----	489,487:	66,804	12,274	31,580	378,829:	93,365
Minnesota-----	633,848:	129,182	10,306	148,695	345,665:	66,176
Lake States-----	1,476,293:	281,067	30,464	201,605	963,157:	218,991
Ohio-----	505,214:	87,333	7,334	82,733	327,814:	112,370
Indiana-----	444,414:	80,860	7,493	142,115	213,946:	75,009
Illinois-----	563,530:	137,809	7,510	219,452	198,759:	73,335
Iowa-----	880,568:	172,977	12,330	350,213	345,048:	73,372
Missouri-----	395,680:	66,258	22,649	129,288	177,485:	66,553
Corn Belt-----	2,789,406:	545,237	57,316	923,801	1,263,052:	400,639
North Dakota-----	200,799:	44,099	13,793	13,289	129,618:	15,091
South Dakota-----	187,110:	74,249	9,380	50,340	53,141:	6,815
Nebraska-----	379,098:	108,181	8,536	128,620	133,761:	13,080
Kansas-----	351,611:	96,937	10,121	112,469	132,084:	29,439
Northern Plains-----	1,118,618:	323,466	41,830	304,718	448,604:	64,425
Virginia-----	189,704:	23,169	7,156	26,153	133,226:	49,805
West Virginia-----	40,576:	7,050	5,431	2,219	25,876:	14,175
North Carolina-----	293,447:	56,107	22,377	36,883	178,080:	43,095
Kentucky-----	219,963:	35,430	11,282	52,175	121,076:	78,915
Tennessee-----	210,838:	35,928	20,296	23,519	131,095:	60,894
Appalachian-----	954,528:	157,684	66,542	140,949	589,353:	246,884
South Carolina-----	122,553:	29,571	15,542	12,428	65,012:	14,225
Georgia-----	241,416:	57,136	24,493	33,216	126,571:	50,795
Florida-----	250,111:	30,222	12,926	70,815	136,148:	26,384
Alabama-----	211,449:	56,748	23,784	20,637	110,280:	31,569
Southeast-----	825,529:	173,677	76,745	137,096	438,011:	122,973
Mississippi-----	293,147:	50,848	33,876	80,405	128,018:	38,140
Arkansas-----	253,745:	29,481	15,173	108,681	100,410:	31,123
Louisiana-----	165,173:	37,269	13,214	26,813	87,877:	27,749
Delta States-----	712,065:	117,598	62,263	215,899	316,305:	97,012

See footnotes at end of table.

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Table 2.- Farm-mortgage debt: Total amount outstanding and amounts held by principal lender groups, by States, Jan. 1, 1961 -Continued

State and region	Principal lender groups					All operating banks ^{5/}
	Total	Federal land banks ^{1/}	Farmers Home Administration ^{2/}	Life insurance companies ^{3/}	Others ^{4/}	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Oklahoma-----	244,934:	39,959	16,030	81,861	107,084:	24,384
Texas-----	856,238:	235,903	27,664	305,380	287,291:	48,512
Southern Plains-----	1,101,172:	275,862	43,694	387,241	394,375:	72,896
Montana-----	240,082:	53,883	5,828	47,864	132,507:	5,422
Idaho-----	284,646:	66,364	15,411	62,480	140,391:	2,897
Wyoming-----	88,175:	22,275	4,462	33,984	27,454:	2,767
Colorado-----	238,579:	47,839	4,035	72,777	113,928:	8,107
New Mexico-----	108,701:	18,177	3,430	44,715	42,379:	3,975
Arizona-----	133,273:	17,247	1,934	47,903	66,189:	2,499
Utah-----	95,927:	18,026	9,226	12,167	56,508:	7,418
Nevada-----	45,234:	4,619	632	14,042	25,941:	1,136
Mountain-----	1,234,617:	248,430	44,958	335,932	605,297:	34,221
Washington-----	330,803:	46,173	17,999	47,646	218,985:	21,313
Oregon-----	272,370:	42,490	6,665	45,239	177,976:	15,909
California-----	1,261,034:	171,412	8,407	184,894	896,321:	131,001
Pacific-----	1,864,207:	260,075	33,071	277,779	1,293,282:	168,223
48 States-----	13,089,276:	2,538,425	481,610	2,974,609	7,094,632:	1,686,139
Alaska-----	1,451:	619	526	0	7/ 306:	306
Hawaii-----	6,643:	0	1,849	0	7/ 4,794:	4,794
United States-----	13,097,370:	2,539,044	483,985	2,974,609	7,099,732:	1,691,239

^{1/} Includes regular mortgages, purchase-money mortgages, and sales contracts. State distribution of loans in process of foreclosure estimated.

^{2/} Includes tenant-purchase, farm-enlargement, farm-development, project-liquidation, farm-housing, and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds.

^{3/} Estimates based on direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," "Spectator Life Insurance Year-book," and data from Life Insurance Association of America and Institute of Life Insurance.

^{4/} Estimated total loans held by all operating banks, individuals, and miscellaneous lenders. State estimates are approximate and should be used only as general indicators of the amount of farm-mortgage debt held by this group.

^{5/} Includes national and State commercial, mutual and stock savings, and private banks, Mortgage loans held by banks are classified according to location of bank and, therefore, are not strictly comparable by States with mortgage loans for other lenders, which are classified according to location of security or borrower.

^{6/} Includes District of Columbia.

^{7/} Data for individual and miscellaneous lenders not available.

Table 3.- Farm-mortgage debt: Total amount outstanding and amounts held by principal lender groups, by States, Jan. 1, 1960

State and region	Principal lender groups					All operating banks <u>5/</u>
	Total	Federal land banks <u>1/</u>	Farmers Home Administration <u>2/</u>	Life insurance companies <u>3/</u>	Others <u>4/</u>	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine-----	35,857	4,415	4,702	469	26,271	8,581
New Hampshire-----	30,823	2,207	508	69	28,039	6,642
Vermont-----	45,483	9,786	1,057	1,393	33,247	17,802
Massachusetts-----	53,971	8,755	678	713	43,825	9,669
Rhode Island-----	5,782	1,319	32	9	4,422	2,076
Connecticut-----	51,621	9,965	291	2,099	39,266	9,057
New York-----	281,499	52,010	3,827	14,173	211,489	55,936
New Jersey-----	95,477	14,268	2,433	13,514	65,262	15,417
Pennsylvania-----	252,439	27,839	6,032	9,475	209,093	84,849
Delaware-----	16,836	2,921	348	396	13,171	10,638
Maryland <u>6/</u> -----	98,061	11,987	2,634	7,066	76,374	28,473
Northeast-----	967,849	145,472	22,542	49,376	750,459	249,140
Michigan-----	332,997	79,061	7,026	20,800	226,110	57,032
Wisconsin-----	461,227	65,032	11,132	30,098	354,965	85,982
Minnesota-----	599,456	120,258	9,545	139,005	330,648	66,324
Lake States-----	1,393,680	264,351	27,703	189,903	911,723	209,338
Ohio-----	479,220	78,554	6,434	78,993	315,239	110,880
Indiana-----	421,706	73,417	6,790	137,696	203,803	71,965
Illinois-----	521,672	124,719	6,469	204,826	185,658	69,550
Iowa-----	840,574	158,214	11,195	336,760	334,405	75,068
Missouri-----	375,104	59,640	20,888	124,874	169,702	64,539
Corn Belt-----	2,638,276	494,544	51,776	883,149	1,208,807	392,002
North Dakota-----	172,943	36,889	11,625	12,455	111,974	13,335
South Dakota-----	172,385	66,974	7,784	48,562	49,065	6,385
Nebraska-----	362,587	102,287	7,904	122,842	129,554	14,129
Kansas-----	338,009	92,963	9,069	108,859	127,118	28,444
Northern Plains-----	1,045,924	299,113	36,382	292,718	417,711	62,293
Virginia-----	181,797	21,481	6,626	24,982	128,708	48,764
West Virginia-----	38,131	6,911	5,163	1,660	24,397	13,401
North Carolina-----	267,969	47,557	19,388	35,785	165,239	41,974
Kentucky-----	203,950	31,768	9,571	49,906	112,705	73,613
Tennessee-----	194,816	32,564	17,750	23,634	120,868	56,002
Appalachian-----	886,663	140,281	58,498	135,967	551,917	233,754
South Carolina-----	111,771	26,103	13,516	12,764	59,388	13,069
Georgia-----	219,921	49,660	22,389	31,504	116,368	47,339
Florida-----	237,426	26,801	11,419	68,589	130,617	26,420
Alabama-----	192,537	51,305	21,356	18,709	101,167	29,496
Southeast-----	761,655	153,869	68,680	131,566	407,540	116,324
Mississippi-----	271,709	48,031	31,311	74,410	117,957	34,652
Arkansas-----	231,333	26,737	13,316	99,985	91,295	28,128
Louisiana-----	150,311	33,132	12,396	24,061	80,722	26,004
Delta States-----	653,353	107,900	57,023	198,456	289,974	88,784

See footnotes at end of table.

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Table 3.- Farm-mortgage debt: Total amount outstanding and amounts held by principal lender groups, by States, Jan. 1, 1960 -Continued

State and region	Principal lender groups					All operating banks ^{5/}
	Total	Federal land banks ^{1/}	Farmers Home Administration ^{2/}	Life insurance companies ^{3/}	Others ^{4/}	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Oklahoma-----	236,186:	38,939	14,635	80,202	102,410:	22,664
Texas-----	825,306:	226,537	27,238	293,978	277,553:	47,400
Southern Plains-----	1,061,492:	265,476	41,873	374,180	379,963:	70,064
Montana-----	210,020:	45,448	5,007	43,221	116,344:	5,172
Idaho-----	257,455:	58,444	14,895	56,813	127,303:	2,943
Wyoming-----	82,589:	19,995	4,331	32,382	25,881:	2,758
Colorado-----	228,088:	44,012	3,938	71,075	109,063:	7,895
New Mexico-----	103,495:	17,076	3,470	42,871	40,078:	3,513
Arizona-----	126,152:	16,334	1,928	43,532	64,358:	4,071
Utah-----	91,804:	17,064	8,097	12,269	54,374:	5,394
Nevada-----	38,368:	3,977	605	12,248	21,538:	498
Mountain-----	1,137,971:	222,350	42,271	314,411	558,939:	34,244
Washington-----	300,541:	41,942	15,985	41,849	200,765:	21,176
Oregon-----	257,204:	38,090	6,150	42,398	170,566:	17,523
California-----	1,184,151:	161,407	8,133	165,569	849,042:	130,382
Pacific-----	1,741,896:	241,439	30,268	249,616	1,220,373:	169,081
48 States-----	12,288,759:	2,334,795	437,616	2,019,542	6,697,466:	1,025,024
Alaska-----	991:	329	367	0	7/ 295:	295
Hawaii-----	7,638:	0	1,886	0	7/ 5,052:	5,952
United States-----	12,297,588:	2,335,124	439,269	2,819,542	6,703,653:	1,631,271

^{1/} Includes regular mortgages, purchase-money mortgages, and sales contracts. State distribution of loans in process of foreclosure estimated.

^{2/} Includes tenant-purchase, farm-enlargement, farm-development, project-liquidation, farm-housing, and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds.

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