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Farm Mortgage Debt

no. 9
1970 Economic Research Service, U.S. Department of Agriculture

NOVEMBER 1970

Prepared by Forest G. Warren and Nan P. Mitchem
Farm Production Economics Division

Farm mortgage debt on January 1, 1970, totaled \$28.4 billion (fig. 1 and table 1). Debt rose 4.7 percent (\$1.3 billion) during 1969, the lowest percentage increase in 20 years (fig 2), reflecting tight money and record interest rates.

Interest rates charged by life insurance lenders for new farm mortgage loans averaged 9.27 percent during January-June 1970. Rates charged by the 12 Federal land banks at midyear ranged from 8 to 9 percent, with half charging the higher rate.

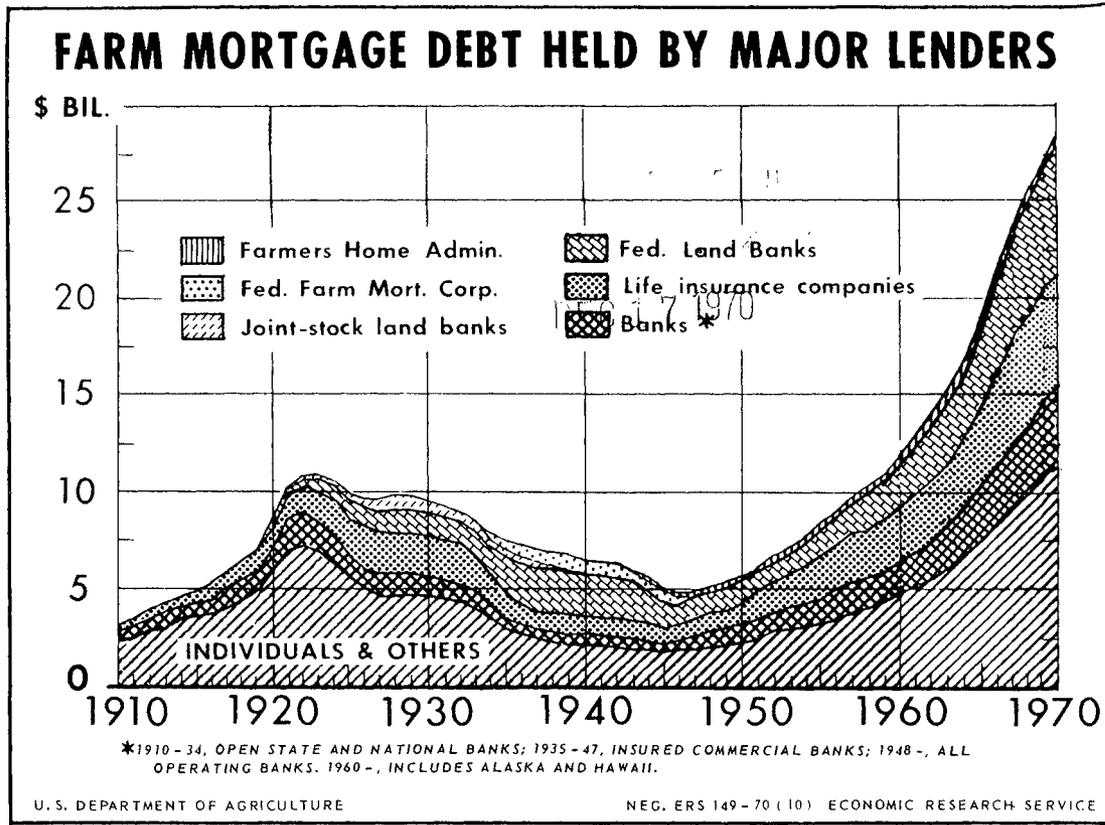


Figure 1

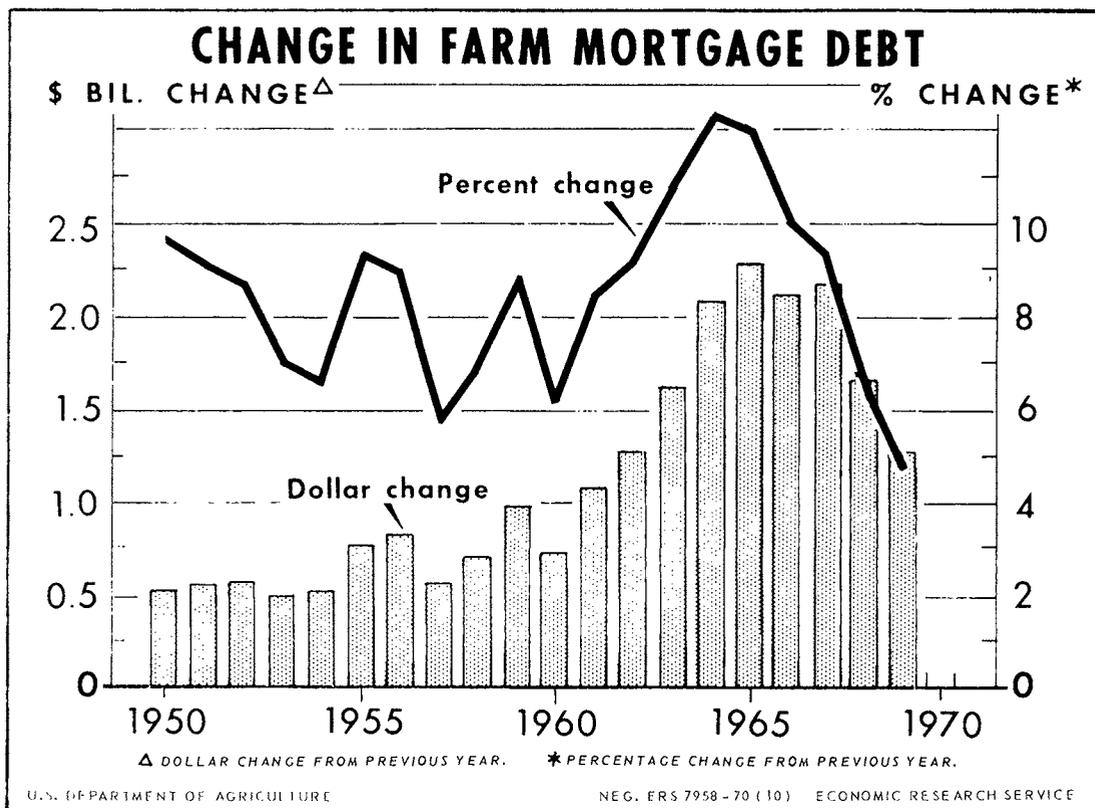


Figure 2

Annual increases in U.S. farm mortgage debt grew steadily larger to a peak of 12.4 percent in 1964. The size of annual increases has since declined as tight money, caused by rising interest rates, dampened growth in U.S. farm mortgage debt. Interest rates charged by life insurance companies and Federal land banks have risen significantly since 1966. Current rates charged by life insurance lenders are 3.5 percent higher than the 1963-65 average.

Estimated farm mortgage debt outstanding for January 1, 1970 is \$29.2 billion--an increase of 3.0 percent. This rate of increase is less than for 1969, due to a smaller volume of new loans from the three major lender groups, Federal land banks, life insurance companies, and commercial banks. The lower volume of new loans probably was due to borrower resistance to the high cost of money and usury laws in certain States which limit lending at high rates.

Farm mortgage debt increased least during 1969 in the Corn Belt, Lake States, and Mountain regions, and most in the Northeast and Delta regions.

Farm mortgage debt increased less than in 1968 in each region except the Northeast. Northeast debt increased 9.9 percent--significantly larger than the 4.7-percent U.S. average, and the reverse of 1968, when debt in the Northeast had increased relatively little.

The ratio of farm mortgage debt to the value of farmland and buildings on January 1, 1970, was 13.6 percent compared with 13.4 percent a year earlier.

Mortgage Debt by Type of Lender

The Federal land banks continued dominant among farm real estate lenders. Loans held by the Federal land banks on January 1, 1970, totaled \$6.7 billion--23.5 percent of all loans outstanding. Life insurance companies held \$5.7 billion, a 20.2-percent share and banks held \$4.1 billion or 14.5 percent of the total. Except for a small amount held by the Farmers Home Administration, the balance of the farm mortgage debt was held by nonreporting lenders such as individuals, trusts, and retirement funds.

The volume of loans held by Federal land banks increased 9.7 percent in 1969, slightly more than in 1968. Loans held by banks increased 6.7 percent in 1969, 2.2 percent less than the preceding year. For the first time in 20 years, the volume of farm loans held by life insurance companies declined. The volume of direct farm mortgage loans held by the Farmers Home Administration continued the downward trend which started in 1966. The January 1, 1970 volume held, \$455 billion, compares with a peak volume outstanding of \$631 million on January 1, 1966. FHA's volume of insured farm mortgage loans (included in loans held by other lender groups in this report) increased 13.5 percent to \$1,505 million on January 1, 1970.

More detailed statistics on farm mortgage debt in the United States are available in two Economic Research Service publications--Farm Mortgage Lending, published semiannually, and the statistical supplement to the Agricultural Finance Review, published annually.

Table 1.--Farm mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, United States, specified dates, 1910-70 1/

Year	Outstanding loans reported by--						Other	Total
	Federal land banks <u>2/</u>	Federal Farm Mortgage Corporation: <u>2/ 3/</u>	Joint-stock: land banks: <u>2/ 4/</u>	Farmers Home Administra- tion <u>5/</u>	Life insurance companies <u>6/</u>	Commercial and savings: banks <u>7/</u>	farm mortgage debt <u>8/</u>	farm mortgage debt
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910----	---	---	---	---	386,961	406,248	2,414,654	3,207,863
1920----	293,595	---	60,038	---	974,826	1,204,383	5,915,930	8,448,772
1930----	1,201,732	---	637,789	---	2,118,439	997,468	6,675,340	9,630,768
1935----	1,947,442	616,737	277,020	---	1,301,562	498,842	2,942,856	7,584,459
1940----	2,009,820	713,290	91,726	32,178	984,290	534,170	2,220,925	6,586,399
1945----	1,209,676	347,307	5,455	195,519	938,275	49,582	1,795,101	4,940,915
1950----	906,077	58,650	270	193,301	1,172,326	937,144	2,311,510	5,579,278
1955----	1,266,953	12,834	---	287,171	2,051,784	1,210,676	3,415,860	8,245,278
1956----	1,480,204	---	---	277,869	2,271,784	1,346,287	3,635,872	9,012,016
1957----	1,722,381	---	---	289,546	2,476,543	1,386,270	3,946,785	9,821,525
1958----	1,897,187	---	---	339,865	2,578,958	1,414,207	4,152,258	10,382,475
1959----	2,065,372	---	---	388,010	2,661,229	1,511,859	4,464,920	11,091,390
1960 <u>9/</u> ----	2,335,124	---	---	439,269	2,819,542	1,631,271	4,857,203	12,082,409
1961----	2,539,044	---	---	483,985	2,974,609	1,691,239	5,131,427	12,820,304
1962----	2,803,103	---	---	569,093	3,161,757	1,789,103	5,576,049	13,899,105
1963----	3,024,013	---	---	588,802	3,391,183	2,056,944	6,106,879	15,167,821
1964----	3,281,797	---	---	605,307	3,780,537	2,360,320	6,775,544	16,803,505
1965----	3,686,755	---	---	619,492	4,287,671	2,668,535	7,631,787	18,894,240
1966----	4,240,227	---	---	631,147	4,801,677	2,939,046	8,574,789	21,186,886
1967----	4,914,522	---	---	585,426	5,213,587	3,169,469	9,418,231	23,301,235
1968----	5,563,204	---	---	536,221	5,539,600	3,541,927	10,305,420	25,486,372
1969----	6,081,229	---	---	493,522	5,763,500	3,856,514	10,944,544	27,139,309
1970----	6,671,222	---	---	455,338	5,733,900	4,113,251	11,433,580	28,407,291

1/ Data for 48 States only, except as indicated in footnote 9. 2/ Starting with 1930, data include regular mortgages, purchase-money mortgages, and sales contracts; before 1930 they include regular mortgages only. Federal land bank and Federal Farm Mortgage Corporation mortgages in process of foreclosure were estimated for 1951 and 1952. 3/ Loans held by Corporation were made on its behalf by the 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. 4/ Liquidation of joint-stock land banks began May 12, 1933, and was completed Apr. 26, 1951. Data include banks in receivership. 5/ Direct farm loans only. Data for 1940-41 include only farm-purchase loans and soil and water 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, rural-housing loans beginning July 1950, and building-improvement loans beginning 1955. Data also include loans for these purposes from State Corporation trust funds. Beginning October 1961, rural-housing loans were made on nonfarm tracts; these loans are included in the amount outstanding reported for 1962, but excluded for 1963 to date. 6/ 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. Beginning 1965, data from Institute of Life Insurance only. Includes legal reserve companies only. Before 1930, includes only regular mortgages; beginning 1930, includes regular mortgages, purchase-money mortgages, and prior to Jan. 1, 1965, sales contracts. 7/ Before 1935, open State and national banks; 1935-47, insured commercial banks; and 1948 to date, all operating banks. 8/ Amounts in this column are residuals or differences between amounts reported by institutional lenders and estimates of total farm mortgage debt. Amounts shown are a rough measure of the farm mortgage debt held by individuals and other nonreporting lenders. 9/ Beginning in 1960, data for reporting lending institutions in Alaska and Hawaii are included. No estimates of total farm mortgage debt for these States are available.

Table 2.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1970

State and region	Outstanding loans reported by--				Other farm-mortgage debt ^{5/}	Total farm-mortgage debt
	Federal land banks ^{1/}	Farmers Home Administration ^{2/}	Life insurance companies ^{3/}	All operating banks ^{4/}		
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine-----	7,124	5,761	300	7,747	24,139	45,071
New Hampshire-----	3,096	465	1,400	6,106	11,820	22,887
Vermont-----	17,591	1,082	500	21,891	19,583	60,647
Massachusetts-----	13,289	462	200	11,477	30,712	56,140
Rhode Island-----	2,594	44	0	601	1,521	6,760
Connecticut-----	18,803	175	1,400	6,685	21,309	48,332
New York-----	111,361	5,192	9,300	241,610	363,518	730,981
New Jersey-----	32,427	1,624	6,100	20,470	37,706	98,327
Pennsylvania-----	68,374	5,279	14,700	164,091	220,428	472,872
Delaware-----	12,762	283	1,100	15,552	8,959	38,656
Maryland ^{6/} -----	57,228	1,350	6,700	70,835	104,479	240,592
Northeast-----	344,649	21,717	41,700	567,065	844,174	1,819,305
Michigan-----	204,981	6,328	38,200	130,826	367,426	747,761
Wisconsin-----	141,001	13,820	50,100	205,806	478,367	889,094
Minnesota-----	274,725	13,765	214,800	132,907	512,425	1,148,622
Lake States-----	620,707	33,913	303,100	469,539	1,358,218	2,785,477
Ohio-----	212,156	5,608	110,300	211,888	314,906	854,858
Indiana-----	276,512	6,171	187,100	189,217	368,232	1,027,232
Illinois-----	340,387	7,944	336,500	261,512	359,276	1,305,619
Iowa-----	402,041	15,024	479,800	134,323	415,382	1,446,570
Missouri-----	184,272	24,102	222,700	225,697	364,545	1,021,316
Corn Belt-----	1,415,368	58,849	1,336,400	1,022,637	1,822,341	5,655,595
North Dakota-----	146,665	14,863	26,100	69,334	257,523	514,486
South Dakota-----	158,824	14,297	86,400	29,470	144,001	432,992
Nebraska-----	223,664	10,792	244,700	39,051	191,727	709,934
Kansas-----	250,350	9,289	242,500	100,814	215,250	818,203
Northern Plains-----	779,503	49,241	599,700	238,669	808,502	2,475,615
Virginia-----	107,183	6,747	36,200	83,565	129,563	363,258
West Virginia-----	12,091	4,105	2,200	31,716	31,001	81,113
North Carolina-----	175,011	20,265	59,400	74,908	223,717	553,301
Kentucky-----	134,664	11,906	75,800	165,725	102,005	490,100
Tennessee-----	139,252	18,951	33,900	141,839	165,514	499,456
Appalachian-----	568,201	61,974	207,500	497,753	651,800	1,987,228
South Carolina-----	101,021	12,797	26,300	27,084	82,451	249,653
Georgia-----	218,649	17,107	64,000	160,550	117,580	577,886
Florida-----	137,552	9,169	202,800	76,607	410,991	837,119
Alabama-----	126,857	24,820	47,500	83,478	79,179	361,834
Southeast-----	584,079	63,893	340,600	347,719	690,201	2,026,492
Mississippi-----	138,516	25,353	203,000	122,797	73,120	562,786
Arkansas-----	107,791	12,647	266,300	122,514	94,017	603,269
Louisiana-----	138,410	8,970	139,100	70,675	168,066	525,221
Delta States-----	384,717	46,970	608,400	315,986	335,203	1,691,276
Oklahoma-----	126,226	14,006	174,300	94,414	228,508	637,454
Texas-----	501,720	25,902	610,600	196,257	696,982	2,031,461
Southern Plains-----	627,946	39,908	784,900	290,671	925,490	2,668,915

Table 2.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1970--Continued

State and region	Outstanding loans reported by--				Other	Total
	Federal land banks 1/	Farmers Home Administra- tion 2/	Life insurance companies 3/	All operating banks 4/	farm- mortgage debt 5/	farm- mortgage debt
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Montana-----	175,759	6,468	110,300	15,226	229,396	537,149
Idaho-----	162,357	15,217	128,800	6,749	189,111	502,234
Wyoming-----	54,133	4,104	60,000	9,271	86,879	214,387
Colorado-----	161,061	7,137	153,200	23,263	280,963	625,624
New Mexico-----	58,437	2,703	83,400	8,653	127,007	280,200
Arizona-----	36,413	1,689	104,500	8,892	117,638	269,132
Utah-----	33,277	7,794	15,400	10,294	80,881	147,646
Nevada-----	14,084	1,362	34,300	2,429	32,863	85,038
Mountain-----	695,521	46,474	689,900	84,777	1,144,738	2,661,410
Washington-----	114,636	16,576	142,400	31,020	412,005	716,637
Oregon-----	101,564	5,853	92,200	24,619	332,968	557,204
California-----	423,384	7,044	584,900	218,703	2,107,940	3,341,971
Pacific-----	639,584	29,473	819,500	274,342	2,852,913	4,615,812
48 States-----	6,660,275	452,412	5,731,700	4,109,158	11,433,580	28,387,125
Alaska-----	935	992	0	779	---	7/ 2,706
Hawaii-----	10,012	1,934	2,200	3,314	---	7/ 17,460
United States-----	6,671,222	455,338	5,733,900	4,113,251	11,433,580	28,407,291

1/ Includes regular mortgages, purchase-money mortgages, and sales contracts. State distributions are estimated for loans in process of foreclosure.

2/ Direct farm loans only. Includes farm-purchase, farm-enlargement, farm-development, project-liquidation, rural-housing (excludes nonfarm), and direct soil and water loans to individuals, and loans for these purposes from State Corporation trust funds.

3/ Includes regular mortgages and purchase-money mortgages. Data from Institute of Life Insurance.

4/ 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 reporting lenders, which are classified according to location of security or borrower.

5/ The amounts shown in this column are residuals or differences between the amounts reported by institutional lenders and the estimates of total farm mortgage debt. The amounts shown may be taken as a rough measure of the farm mortgage debt held by individuals and other nonreporting lenders.

6/ Includes District of Columbia.

7/ Total for reporting lending institutions. Estimate of total farm mortgage debt not available.

Table 3.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1969

State and region	Outstanding loans reported by--				Other	Total
	Federal land banks 1/	Farmers Home Administra- tion 2/	Life insurance companies 3/	All operating banks 4/	farm- mortgage debt 5/	farm- mortgage debt
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine-----	5,956	6,282	400	7,472	23,191	43,301
New Hampshire-----	3,135	528	1,300	6,751	12,511	24,225
Vermont-----	16,140	1,197	700	22,160	19,170	59,367
Massachusetts-----	13,243	522	200	10,454	29,493	53,912
Rhode Island-----	2,632	55	0	739	1,609	5,035
Connecticut-----	18,801	201	1,100	7,536	21,762	49,400
New York-----	103,179	5,886	10,000	194,625	310,322	624,012
New Jersey-----	28,817	1,784	6,700	19,113	35,989	91,503
Pennsylvania-----	61,063	5,877	15,300	157,295	209,156	448,691
Delaware-----	8,699	284	1,200	15,212	7,661	33,056
Maryland 6/-----	49,942	1,479	7,300	67,720	97,055	223,496
Northeast-----	311,607	24,095	44,200	509,077	767,019	1,655,998
Michigan-----	189,853	7,007	43,200	134,931	362,263	737,254
Wisconsin-----	130,801	14,990	56,900	186,928	453,783	843,402
Minnesota-----	262,374	14,626	221,100	119,950	497,808	1,115,858
Lake States-----	583,028	36,623	321,200	441,809	1,313,854	2,696,514
Ohio-----	200,125	6,329	125,000	200,546	310,268	842,268
Indiana-----	255,655	6,731	193,600	177,948	354,226	988,160
Illinois-----	311,430	8,440	345,400	252,506	348,431	1,266,207
Iowa-----	354,363	16,370	490,400	125,186	397,308	1,383,627
Missouri-----	173,653	24,294	227,500	218,703	357,540	1,001,690
Corn Belt-----	1,295,226	62,164	1,381,900	974,889	1,767,773	5,481,952
North Dakota-----	139,305	16,116	26,900	63,678	246,537	492,536
South Dakota-----	152,823	15,132	88,100	22,428	138,765	417,248
Nebraska-----	209,996	11,507	243,100	33,202	184,179	681,984
Kansas-----	225,809	9,948	240,200	86,501	200,794	763,252
Northern Plains-----	727,933	52,703	598,300	205,809	770,275	2,355,020
Virginia-----	91,004	7,251	39,200	81,621	121,458	340,534
West Virginia-----	11,757	4,450	2,400	28,901	29,390	76,898
North Carolina-----	152,119	22,200	60,700	73,786	209,613	518,418
Kentucky-----	123,510	13,042	79,500	154,770	97,465	468,287
Tennessee-----	125,055	20,860	36,400	136,618	158,075	477,008
Appalachian-----	503,445	67,803	218,200	475,696	616,001	1,881,145
South Carolina-----	82,688	14,016	27,300	25,812	73,878	223,694
Georgia-----	185,609	19,157	60,700	146,483	105,228	517,177
Florida-----	114,310	10,661	214,900	78,068	403,093	821,032
Alabama-----	114,298	26,961	47,100	78,833	74,847	342,039
Southeast-----	496,905	70,795	350,000	329,196	657,046	1,903,942
Mississippi-----	116,974	27,599	189,900	113,741	66,930	515,144
Arkansas-----	101,518	14,079	258,500	113,773	90,070	577,940
Louisiana-----	113,243	9,864	133,200	65,011	151,202	472,520
Delta States-----	331,735	51,542	581,600	292,525	308,202	1,565,604
Oklahoma-----	112,026	15,289	176,500	84,580	217,025	605,420
Texas-----	476,365	27,825	608,900	163,983	667,000	1,944,073
Southern Plains-----	588,391	43,114	785,400	248,563	884,025	2,549,493

Table 3.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1969--Continued

State and region	Outstanding loans reported by--				Other farm-mortgage debt <u>5/</u>	Total farm-mortgage debt
	Federal land banks <u>1/</u>	Farmers Home Administration <u>2/</u>	Life insurance companies <u>3/</u>	All operating banks <u>4/</u>		
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Montana-----	158,373	7,169	109,400	14,262	215,570	504,774
Idaho-----	154,213	15,909	128,600	6,318	184,229	489,269
Wyoming-----	50,722	4,381	61,600	8,216	85,115	210,034
Colorado-----	148,055	7,959	148,800	22,496	266,819	594,129
New Mexico-----	55,343	2,962	83,600	7,566	123,921	273,392
Arizona-----	36,598	1,625	103,900	9,768	117,946	269,837
Utah-----	33,089	8,442	15,800	11,243	83,072	151,646
Nevada-----	13,428	1,313	35,400	2,930	33,427	86,498
Mountain-----	649,821	49,760	687,100	82,799	1,110,099	2,579,579
Washington-----	101,686	17,845	129,000	33,064	380,848	662,443
Oregon-----	95,092	6,404	100,000	26,000	337,809	565,305
California-----	385,750	7,416	564,300	231,870	2,031,593	3,220,929
Pacific-----	582,528	31,665	793,300	290,934	2,750,250	4,448,677
48 States-----	6,070,619	490,264	5,761,200	3,851,297	10,944,544	27,117,924
Alaska-----	915	1,053	0	708	---	<u>7/</u> 2,676
Hawaii-----	9,695	2,205	2,300	4,509	---	<u>7/</u> 18,709
United States-----	6,081,229	493,522	5,763,500	3,856,514	10,944,544	27,139,309

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

2/ Direct farm loans only. Includes farm-purchase, farm-enlargement, farm-development, project-liquidation, rural-housing (excludes nonfarm), and direct soil and water loans to individuals, and loans for these purposes from State Corporation trust funds.

3/ Includes regular mortgages and purchase-money mortgages. Data from Institute of Life Insurance.

4/ 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 reporting lenders, which are classified according to location of security or borrower. Includes bank holdings of farm-ownership and soil and water loans insured by the Farmers Home Administration.

5/ The amounts shown in this column are residuals or differences between the amounts reported by institutional lenders and the estimates of total farm mortgage debt. The amounts shown may be taken as a rough measure of the farm mortgage debt held by individuals and other nonreporting lenders.

6/ Includes District of Columbia.

7/ Total for reporting lending institutions. Estimate of total farm mortgage debt not available.