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Farm Mortgage Debt

Farm Production Economics Division, Economic Research Service, USDA DECEMBER 1969

no 8
1969

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Farm-mortgage debt on January 1, 1969, totaled \$27.1 billion. This represents an increase of 6.5 percent from January 1, 1968, and contrasts with the 9.4-percent advance recorded a year earlier (fig. 1 and table 1). At \$1.7 billion, the volume increase for 1968 was below the preceding year's \$2.2-billion gain. Despite periodic slowdown in volume gains, the farm-mortgage debt has increased precipitously each year during the last two decades. Earlier there had been a gradual decline from the 1923 peak of \$10.8 billion to \$4.8 billion for 1946.

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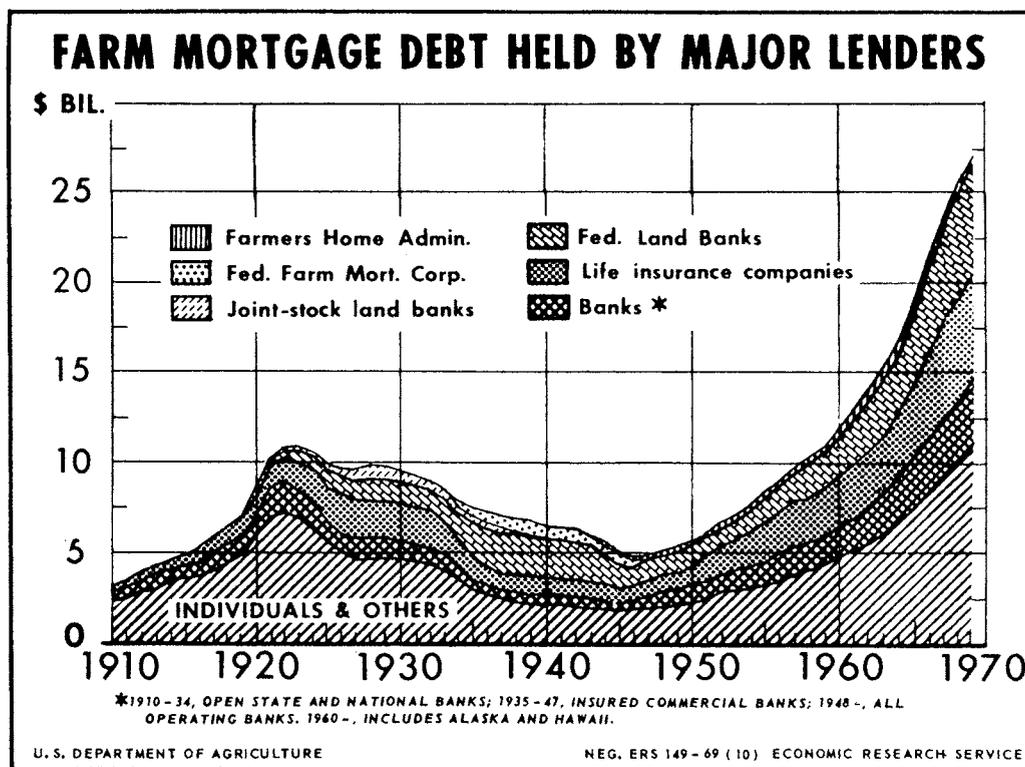


Figure 1

Regionally, the 1968 increase in farm-mortgage debt was lowest in the Northeast, highest in the Delta States. Otherwise, the decline in the rate of increase was about the same for each region. For the Northeast region, the rate of increase fell from 16.7 percent in 1967 to 4.4 percent for 1968. There was little change in the Delta States' rate of increase--11.3 percent for 1967 compared with 10.8 percent for 1968.

The preliminary estimate for the farm-mortgage debt outstanding January 1, 1970, is \$28.7 billion--an increase of 5.7 percent. This rate is lower than that recorded a year earlier, largely due to the decreased activity of life insurance companies in the farm-mortgage field.

The ratio of farm debt to the value of farmland and buildings was 13.4 percent on January 1, 1969, up 0.2 percentage point from a year earlier. This compares with over-the-year recorded increases of 0.4 percentage point on January 1, 1968, and 0.5 percentage point on January 1, 1967.

Mortgage Debt by Type of Lender

Although all major lender groups except the Farmers Home Administration increased their holdings of farm-mortgage loans during 1968 (table 1), the rate of increase for each lender was less than in 1967. Holdings were up 9.3 percent for Federal land banks, 4.0 percent for life insurance companies, and 8.9 percent for all operating banks. The reduced rate of increase in farm-mortgage holdings by the life insurance companies was largely due to their nonfarm investments yielding the highest return. Banks in general increased their farm-mortgage loan holdings significantly in regions where life insurance company holdings decreased or changed little.

As in other recent years, the volume of farm-mortgage loans held by the Farmers Home Administration dropped significantly. FHA's volume of insured farm-mortgage loans (not included in this report) increased 12.6 percent--from \$1,177 million on January 1, 1968, to \$1,326 million on January 1, 1969.

Total repayments during 1968 on loans held by the Federal land banks, 19 life insurance companies, and FHA represented 7.6 percent of the amount outstanding at the beginning of the year, compared with 1967 repayments of 7.7 percent. Holdings by these three groups represent three-fourths of total loans held by institutional lenders.

Interest rates

Interest rates on new farm-mortgage loans followed the general uptrend in interest rates. As of December 1, 1969, 11 Federal land banks were charging up to 8.5 percent and only one was charging 8 percent. Interest rates on new life insurance company farm-mortgage loan commitments made during the third quarter of 1969 averaged 8.72 percent. On January 1, 1969, eight Federal land banks made loans at 7 percent interest. Only one bank was charging a rate as low as 6 percent. A year earlier only three banks were charging as much as 6.75 percent. The average interest charge in 1968 by the reporting life insurance companies on new loan commitments was 7.35 percent, compared with 6.74 percent for 1967 and 6.2 percent for 1966.

The average interest rate on all farm-mortgage loans outstanding on January 1, 1969, was 5.7 percent. By major lender group, rates on loan holdings averaged 5.7 percent for Federal land banks, 5.8 percent for life insurance companies, 6.3 percent for banks, and 5.2 percent for individuals.

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, 1910-69 ^{1/}

Year	Outstanding loans reported by--						Other farm mortgage debt ^{8/}	Total farm mortgage debt
	Federal land banks ^{2/}	Federal Farm Mortgage Corporation ^{2/ 3/}	Joint-stock land banks ^{2/ 4/}	Farmers Home Administration ^{5/}	Life insurance companies ^{6/}	Commercial and savings banks ^{7/}		
	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	4,675,340	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	449,582	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
1951----	947,431	44,008	---	220,104	1,352,635	1,008,359	2,539,749	6,112,286
1952----	994,128	32,778	---	240,809	1,541,874	1,046,923	2,805,815	6,662,327
1953----	1,071,358	23,899	---	268,257	1,716,022	1,105,096	3,056,305	7,240,937
1954----	1,169,418	17,628	---	282,098	1,892,773	1,131,214	3,246,800	7,739,931
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 ^{9/} ----	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

^{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. Includes bank holdings of soil and water loans and farm-ownership loans insured by the Farmers Home Administration. ^{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, 1969

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-----	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	35,089	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-----	<u>311,607</u>	<u>24,095</u>	<u>44,200</u>	<u>509,077</u>	<u>767,019</u>	<u>1,655,998</u>
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-----	<u>583,028</u>	<u>36,623</u>	<u>321,200</u>	<u>441,809</u>	<u>1,313,854</u>	<u>2,696,514</u>
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-----	<u>1,295,226</u>	<u>62,164</u>	<u>1,381,900</u>	<u>974,889</u>	<u>1,767,773</u>	<u>5,481,952</u>
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-----	<u>727,933</u>	<u>52,703</u>	<u>598,300</u>	<u>205,809</u>	<u>770,275</u>	<u>2,355,020</u>
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-----	<u>503,445</u>	<u>67,803</u>	<u>218,200</u>	<u>475,696</u>	<u>616,001</u>	<u>1,881,145</u>
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-----	<u>496,905</u>	<u>70,795</u>	<u>350,000</u>	<u>329,196</u>	<u>657,046</u>	<u>1,903,942</u>
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-----	<u>331,735</u>	<u>51,542</u>	<u>581,600</u>	<u>292,525</u>	<u>308,202</u>	<u>1,565,604</u>
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-----	<u>588,391</u>	<u>43,114</u>	<u>785,400</u>	<u>248,563</u>	<u>884,025</u>	<u>2,549,493</u>

Table 2.--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 ^{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
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	---	^{7/} 2,676
Hawaii-----	9,695	2,205	2,300	4,509	---	^{7/} 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.

Table 3.--Farm mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1968

State and region	Outstanding loans reported by--				Other	Total
	Federal land banks 1/	Farmers Home Admin- istration ^{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-----	5,221	6,819	400	8,381	24,011	44,832
New Hampshire-----	3,271	607	100	6,910	11,629	22,517
Vermont-----	14,705	1,315	900	22,167	18,641	57,728
Massachusetts-----	12,641	564	200	11,186	29,701	54,292
Rhode Island-----	2,416	56	0	827	1,549	4,848
Connecticut-----	18,100	269	1,000	7,812	21,402	48,583
New York-----	97,489	6,433	10,600	183,515	294,837	592,874
New Jersey-----	26,955	1,925	7,600	21,697	36,186	94,363
Pennsylvania-----	56,903	6,479	15,000	150,143	199,542	428,067
Delaware-----	7,698	337	1,200	15,480	7,456	32,171
Maryland ^{6/} -----	42,909	1,700	7,600	64,515	89,596	206,320
Northeast-----	288,308	26,504	44,600	492,633	734,550	1,586,595
Michigan-----	178,580	7,906	45,500	124,149	344,047	700,182
Wisconsin-----	120,908	16,340	56,800	170,318	424,371	788,737
Minnesota-----	247,600	15,475	218,600	110,243	476,760	1,068,678
Lake States-----	547,088	39,721	320,900	404,710	1,245,178	2,557,597
Ohio-----	192,754	7,078	126,500	184,093	297,685	808,110
Indiana-----	229,033	7,392	196,300	156,714	329,363	918,802
Illinois-----	285,527	9,102	340,300	216,070	323,079	1,174,078
Iowa-----	321,736	17,519	481,000	116,972	377,533	1,314,760
Missouri-----	161,036	24,509	221,600	180,063	325,934	913,142
Corn Belt-----	1,190,086	65,600	1,365,700	853,912	1,653,594	5,128,892
North Dakota-----	127,513	17,505	26,500	61,395	233,422	466,335
South Dakota-----	148,624	15,863	87,500	19,082	135,071	406,140
Nebraska-----	197,776	11,956	228,300	31,315	173,650	642,997
Kansas-----	198,249	10,854	224,100	73,509	180,893	687,605
Northern Plains-----	672,162	56,178	566,400	185,301	723,036	2,203,077
Virginia-----	80,002	7,727	47,400	80,547	119,573	335,249
West Virginia-----	11,576	4,844	2,400	27,411	28,600	74,831
North Carolina-----	134,568	23,947	53,300	72,022	192,665	476,502
Kentucky-----	110,945	14,098	78,300	141,682	90,685	435,710
Tennessee-----	112,970	23,292	35,100	130,794	149,760	451,916
Appalachian-----	450,061	73,908	216,500	452,456	581,283	1,774,208
South Carolina-----	70,577	15,374	28,800	24,209	68,525	207,485
Georgia-----	161,941	21,453	56,700	128,183	94,072	462,349
Florida-----	100,252	12,122	198,500	73,330	370,556	754,760
Alabama-----	106,474	29,437	38,400	72,703	69,195	316,209
Southeast-----	439,244	78,386	322,400	298,425	602,348	1,740,803
Mississippi-----	100,441	30,419	177,600	102,472	61,363	472,295
Arkansas-----	88,321	15,739	240,200	100,141	82,045	526,446
Louisiana-----	91,097	11,172	118,500	61,003	132,593	414,365
Delta States-----	279,859	57,330	536,300	263,616	276,001	1,413,106
Oklahoma-----	99,322	16,728	171,000	76,143	202,943	566,136
Texas-----	439,471	29,813	594,100	142,025	629,571	1,834,980
Southern Plains-----	538,793	46,541	765,100	218,168	832,514	2,401,116

Table 3.--Farm mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1968--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-----	142,534	8,098	103,900	13,238	199,593	467,363
Idaho-----	141,933	16,646	122,200	6,354	173,414	460,547
Wyoming-----	48,636	4,678	58,100	8,189	81,493	201,096
Colorado-----	134,403	8,723	142,000	21,397	249,874	556,397
New Mexico-----	51,780	3,226	79,800	8,236	118,591	261,633
Arizona-----	36,255	1,681	104,500	9,376	117,885	269,697
Utah-----	33,682	9,182	14,700	10,410	82,345	150,319
Nevada-----	13,271	1,354	36,800	2,597	34,026	88,048
Mountain-----	602,494	53,588	662,000	79,797	1,057,221	2,455,100
Washington-----	92,166	19,861	119,400	31,216	355,216	617,859
Oregon-----	89,271	7,128	95,800	24,637	321,980	538,816
California-----	363,312	7,957	521,900	232,301	1,922,499	3,047,969
Pacific-----	544,749	34,946	737,100	288,154	2,599,695	4,204,644
48 States-----	5,552,844	532,702	5,537,000	3,537,172	10,305,420	25,465,138
Alaska-----	985	1,091	0	657	---	<u>7/</u> 2,733
Hawaii-----	9,375	2,428	2,600	4,098	---	<u>7/</u> 18,501
United States-----	5,563,204	536,221	5,539,600	3,541,927	10,305,420	25,486,372

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 and loans primarily for refinancing purposes, project-liquidation, rural-housing (excludes nonfarm), and 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/ Amounts 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.