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# FARM MORTGAGE

ECONOMIC RESEARCH SERVICE • UNITED STATES DEPARTMENT OF AGRICULTURE

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Farm-mortgage debt reached \$16.8 billion on January 1, 1964, \$1.6 billion or 11 percent higher than a year earlier (fig. 1 and table 1). Farm-mortgage debt during 1962 increased \$1.3 billion, and in 1961, \$1.1 billion.

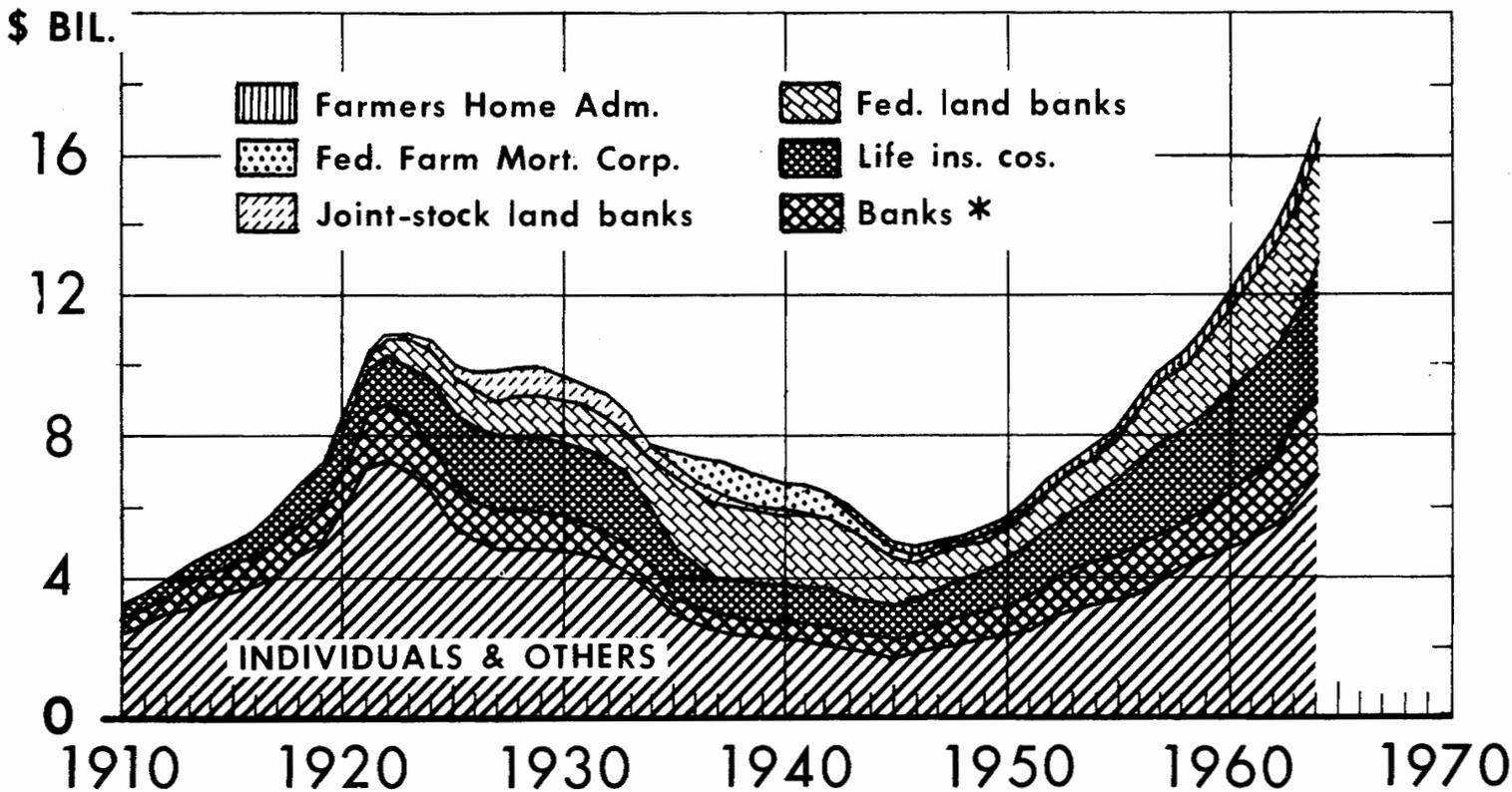
Farm-mortgage debt held by all operating banks increased 15 percent during 1963, that held by life insurance companies 11 percent, by the Federal land banks 9 percent, and by the Farmers Home Administration (direct loans) 3 percent. These rates of increase were similar to those during 1962 for each of the lender groups except life insurance companies. Debt held by the life insurance companies increased 7 percent in 1962.

The Farmers Home Administration insures most of its farm-mortgage loans and sells them to commercial banks and other investors. The outstanding volume of these insured loans (to individuals) on January 1, 1964, was \$553 million. This was an increase of \$140 million during 1963; in 1962, the increase was \$179 million. Most of these loans were to purchase farmland or to refinance debts.

Interest rates charged on farm-mortgage loans were slightly lower in 1963 than in 1962. Two of the 12 Federal land banks lowered their rates. Most of the land banks charged 5.50 percent on their loans in 1963. Rates on farm-mortgage loan commitments of the major life insurance companies averaged 5.75 percent in 1963 compared with 5.81 percent in 1962. Farmers Home Administration rates continued at 5 percent for direct and insured farm-ownership loans, and at 4 percent for rural-housing loans.

Both mortgage debt and farm real estate market values continued to rise in 1963. The overall debt-to-value ratio increased from 10.6 percent on January 1, 1963, to 11.1 percent on January 1, 1964. On January 1, 1959, the ratio was 8.9 percent.

# FARM MORTGAGE DEBT HELD BY MAJOR LENDERS



\* 1910-34, OPEN STATE AND NATIONAL BANKS; 1935-47, INSURED COMMERCIAL BANKS; 1948-, ALL OPERATING BANKS. 1960-, INCLUDES ALASKA AND HAWAII.

Figure 1

Table 1.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, United States, specified dates, 1910-64 <sup>1/</sup>

Year	Outstanding loans reported by--						Other farm- mortgage debt <sup>8/</sup>	Total farm- mortgage debt
	Federal land banks <sup>2/</sup>	Federal Farm Mortgage Corporation <sup>2/ 3/</sup>	Joint-stock land banks <sup>2/ 4/</sup>	Farmers Home Administra- tion <sup>5/</sup>	Life insurance companies <sup>6/</sup>	Commercial and savings banks <sup>7/</sup>		
	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 <sup>9/-</sup>	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

<sup>1/</sup> Data for 48 States only, except as indicated in footnote 9. <sup>2/</sup> Starting with 1930 the 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. <sup>3/</sup> 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. <sup>4/</sup> Liquidation of the joint-stock land banks began May 12, 1933, and was completed Apr. 26, 1951. Data include banks in receivership. <sup>5/</sup> 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, 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 in 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. <sup>6/</sup> 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. 1930 to date includes regular mortgages, purchase-money mortgages, and unpaid principal sales contracts; before 1930, regular mortgages only. <sup>7/</sup> 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 conservation loans and farm-ownership loans insured by the Farmers Home Administration. <sup>8/</sup> 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. <sup>9/</sup> 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, 1964

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>		
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>		
Maine-----	3,383	7,471	467	8,140	22,442	41,903
New Hampshire-----	2,306	797	33	7,118	10,952	21,206
Vermont-----	9,972	1,339	1,907	20,940	16,290	50,448
Massachusetts-----	8,049	701	438	10,471	23,744	43,403
Rhode Island-----	1,899	69	6	1,145	1,464	4,583
Connecticut-----	11,845	355	1,547	7,955	17,087	38,789
New York-----	67,555	5,752	13,244	72,243	157,088	315,882
New Jersey-----	16,287	2,690	10,113	17,735	29,126	75,951
Pennsylvania-----	34,118	7,662	11,527	116,032	147,862	317,201
Delaware-----	3,963	374	480	13,881	5,641	24,339
Maryland <u>6/</u> -----	14,941	2,787	7,594	44,671	53,726	123,719
Northeast-----	174,318	29,997	47,356	320,331	485,422	1,057,424
Michigan-----	113,988	9,986	27,358	77,920	221,471	450,723
Wisconsin-----	83,097	17,046	38,564	117,429	298,317	554,453
Minnesota-----	164,689	14,867	179,992	77,557	352,067	789,172
Lake States-----	361,774	41,899	245,914	272,906	871,855	1,794,348
Ohio-----	112,599	8,594	98,903	130,380	204,401	554,877
Indiana-----	111,169	8,893	163,000	92,431	209,816	585,309
Illinois-----	181,264	9,755	256,719	117,516	214,597	779,851
Iowa-----	209,539	16,486	389,121	84,647	281,890	981,683
Missouri-----	88,957	26,537	161,474	101,266	209,942	588,176
Corn Belt-----	703,528	70,265	1,069,217	526,240	1,120,646	3,489,896
North Dakota-----	71,381	19,147	16,946	38,347	146,140	291,961
South Dakota-----	98,909	14,155	60,627	11,304	92,181	277,176
Nebraska-----	129,215	10,277	156,171	24,283	118,375	438,321
Kansas-----	117,066	11,571	138,456	48,894	112,805	428,792
Northern Plains-----	416,571	55,150	372,200	122,828	469,501	1,436,250
Virginia-----	32,239	8,685	32,220	65,643	76,946	215,733
West Virginia-----	8,633	6,126	1,793	18,450	21,654	56,656
North Carolina-----	77,406	27,764	43,609	52,320	136,504	337,603
Kentucky-----	51,737	14,959	60,813	103,891	60,820	292,220
Tennessee-----	54,931	27,499	27,841	84,590	96,580	291,441
Appalachian-----	224,946	85,033	166,276	324,894	392,504	1,193,653
South Carolina-----	38,959	19,048	16,932	17,802	45,733	133,474
Georgia-----	79,163	28,636	42,954	73,602	57,309	281,664
Florida-----	45,871	15,649	132,087	43,458	228,644	465,709

Alabama-----	69,753	33,888	28,272	44,499	49,418	225,830
Southeast-----	233,746	97,221	220,245	179,361	381,104	1,111,677
Mississippi-----	58,412	39,097	106,942	57,325	39,090	300,866
Arkansas-----	43,261	18,666	151,856	57,113	50,013	320,909
Louisiana-----	48,599	14,885	45,025	37,721	68,811	215,041
Delta States-----	150,272	72,648	303,823	152,159	157,914	836,816
Oklahoma-----	55,055	20,048	110,924	44,386	128,749	359,162
Texas-----	290,595	31,989	393,761	96,000	424,278	1,236,623
Southern Plains-----	345,650	52,037	504,685	140,386	553,027	1,595,785
Montana-----	84,943	8,583	59,109	8,509	120,115	281,259
Idaho-----	91,804	18,141	83,135	7,322	121,033	321,435
Wyoming-----	31,627	4,989	43,878	6,454	59,244	146,192
Colorado-----	66,185	7,754	97,088	14,766	151,457	337,250
New Mexico-----	21,526	3,687	58,390	6,131	74,395	164,129
Arizona-----	20,350	2,078	62,921	6,902	71,635	163,886
Utah-----	22,754	11,146	11,835	8,409	65,591	119,735
Nevada-----	6,883	897	26,167	1,008	22,017	56,972
Mountain-----	346,072	57,275	442,523	59,501	685,487	1,590,858
Washington-----	59,872	22,523	71,421	23,165	239,361	416,342
Oregon-----	53,742	7,791	67,249	25,208	228,660	382,650
California-----	210,351	9,558	267,628	209,151	1,190,063	1,886,751
Pacific-----	323,965	39,872	406,298	257,524	1,658,084	2,685,743
48 States-----	3,280,842	601,397	3,778,537	2,356,130	6,775,544	16,792,450
Alaska-----	930	1,136	0	352	---	7/ 2,418
Hawaii-----	25	2,774	2,000	3,838	---	7/ 8,637
United States-----	3,281,797	605,307	3,780,537	2,360,320	6,775,544	16,803,505

1/ Includes regular mortgages, purchase-money mortgages, and sales contracts. State distribution of loans in process of foreclosure are estimated. 2/ Includes tenant-purchase, farm-enlargement, farm-development and loans primarily for refinancing purposes, project-liquidation, rural-housing (excludes nonfarm), and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds. 3/ Compiled from direct reports of life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," and data from Life Insurance Association of America and 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 conservation 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, 1963

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	3,631	6,963	539	8,456	22,590	42,179
New Hampshire	2,316	710	42	6,633	10,361	20,062
Vermont	10,120	1,315	2,006	19,386	15,655	48,482
Massachusetts	8,534	688	504	8,650	22,194	40,570
Rhode Island	1,808	56	7	1,351	1,512	4,734
Connecticut	12,027	380	1,608	8,737	17,914	40,666
New York	64,729	5,175	13,471	66,912	146,672	298,959
New Jersey	15,593	2,780	11,294	16,066	28,447	74,160
Pennsylvania	32,744	7,766	10,593	103,216	134,747	289,065
Delaware	3,744	427	399	12,568	5,170	22,308
Maryland 6/	13,980	3,201	7,734	36,455	47,167	108,477
Northeast	169,226	29,451	48,197	288,430	454,369	936,683
Michigan	104,255	10,005	23,736	69,586	200,537	408,119
Wisconsin	77,034	15,808	35,763	104,650	271,668	504,923
Minnesota	153,601	13,139	165,409	69,946	323,668	725,953
Lake States	334,890	38,952	224,908	244,182	796,073	1,639,005
Ohio	105,659	8,522	91,869	118,945	189,540	514,535
Indiana	99,929	8,935	153,991	85,557	194,684	543,096
Illinois	169,596	9,184	239,170	98,313	195,998	712,261
Iowa	197,028	15,855	367,831	77,973	265,332	924,019
Missouri	83,004	26,408	146,620	86,447	190,096	532,575
Corn Belt	655,216	68,904	999,481	467,235	1,035,650	3,226,486
North Dakota	64,888	17,368	15,340	30,314	128,190	256,100
South Dakota	90,800	12,271	54,845	8,937	83,141	249,994
Nebraska	122,232	9,642	142,308	21,736	109,485	405,403
Kansas	108,690	11,422	125,083	41,212	102,245	388,652
Northern Plains	386,610	50,703	337,576	102,199	423,061	1,300,149
Virginia	27,673	8,801	30,994	57,396	69,227	194,091
West Virginia	7,748	6,320	1,927	16,157	19,891	52,043
North Carolina	68,865	27,938	42,844	46,268	126,197	312,112
Kentucky	44,623	14,423	57,899	90,766	54,594	262,305
Tennessee	47,498	26,925	24,277	74,577	85,682	259,159
Appalachian	196,407	84,407	157,941	285,164	355,791	1,079,710
South Carolina	34,273	19,199	14,718	16,033	41,533	125,756
Georgia	69,565	29,231	38,296	63,179	51,157	251,428
Florida	40,319	15,683	110,323	34,939	194,115	395,379

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Alabama	65,114	32,111	23,792	38,851	44,784	204,652
Southeast	209,271	96,224	187,129	153,002	331,589	977,215
Mississippi	56,726	39,018	95,354	49,127	35,872	276,097
Arkansas	38,700	18,409	132,288	45,599	43,385	278,381
Louisiana	44,228	15,127	32,243	34,197	59,195	184,990
Delta States	139,654	72,554	259,885	128,923	138,452	739,468
Oklahoma	48,834	19,622	95,115	36,991	112,069	312,631
Texas	263,134	31,463	341,219	78,709	373,188	1,087,713
Southern Plains	311,968	51,085	436,334	115,700	485,257	1,400,344
Montana	73,218	8,237	55,040	7,010	106,967	250,472
Idaho	85,135	17,698	74,558	6,706	111,186	295,283
Wyoming	29,649	4,833	34,595	5,859	51,059	125,995
Colorado	60,389	6,005	86,011	12,536	134,459	299,400
New Mexico	21,051	3,546	50,403	5,563	66,792	147,355
Arizona	18,736	2,080	55,132	3,138	61,412	140,498
Utah	20,733	10,849	11,623	7,790	61,776	112,771
Nevada	5,694	703	18,370	2,315	17,058	44,140
Mountain	314,605	53,951	385,732	50,917	610,709	1,415,914
Washington	56,492	21,837	62,611	21,924	220,268	383,132
Oregon	50,338	7,267	58,174	21,837	204,346	341,962
California	198,472	9,918	233,215	173,856	1,051,314	1,666,775
Pacific	305,302	39,022	354,000	217,617	1,475,928	2,391,869
48 States	3,023,149	585,263	3,391,183	2,053,369	6,106,879	15,159,843
Alaska	864	987	0	346	—	7/ 2,197
Hawaii	0	2,552	0	3,229	—	7/ 5,781
United States	3,024,013	588,802	3,391,183	2,056,944	6,106,879	15,157,821

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