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MORTGAGE

ECONOMIC RESEARCH SERVICE • UNITED STATES DEPARTMENT OF AGRICULTURE

no. 5 Farm mortgage debt reached \$21.2 billion on January 1, 1966, compared with \$18.9 billion as of January 1, 1965--an increase of \$2,293 million or 12.1 percent (fig. 1 and table 1). Although the increase in 1965 was greater than in 1964--\$2,293 million compared with \$2,091 million, the rate of increase of 12.1 percent was slightly smaller than the rate of increase of 12.4 percent for 1964. Farm mortgage debt increased relatively more during 1965 than did the total value of farmland and buildings. The ratio of farm mortgage debt to the value of farmland and buildings increased from 11.9 percent on January 1, 1965, to 12.6 percent on January 1, 1966.

Farm mortgage debt increased in all farming regions; however, in only three regions--Corn Belt, Lake States, and the Pacific--were the 1965 increases relatively larger than the 1964 increases (tables 2 and 3). The 1965 increase was significantly smaller than the 1964 increase in the Southeast (9.6 percent compared with 14.3 percent), in the Northeast (5.9 percent compared with 10.8 percent), and in the Southern Plains (12.0 percent compared with 15.8 percent).

Mortgage Debt by Type of Lender

All major lender groups increased their holdings of farm mortgages during 1965; however, for each lender group, except the Federal land banks, the size of the increase relative to total loans outstanding was less for 1965 than for 1964 (table 1). Farmers Home Administration (FHA) holdings increased 1.9 percent in 1965 compared with 2.3 percent in 1964, the life insurance companies' holdings increased 12.0 percent compared with 13.4 percent, and holdings of commercial and savings banks increased 10.1 percent compared with 13.1 percent. For the Federal land banks, however, the increase of \$553 million in farm mortgage debt represented an increase of 15.0 percent compared with an increase of 12.3 percent for 1964 and 8.5 percent for 1963.

The rate of the yearly increase in the amount of farm mortgage loans held by commercial and savings banks has been decreasing each year since 1962. In that year, the volume of commercial and savings bank loans outstanding increased by 15 percent. In 1965 the increase was 10.1 percent.

Based on data submitted by the Federal land banks, 20 life insurance companies, and the FHA, repayments of their combined farm mortgage loans in 1965 represented 9.7 percent of the amount outstanding at the beginning of the year, compared with 1964 repayments of 10.0 percent.

Interest Rates on New Loans

For 1965 as a whole there was a minor increase in interest rates on new farm mortgage loans. The Federal land banks made no change in their rates

except for a temporary reduction from 5.75 to 5.50 percent by the Springfield bank. Loans made by the FHA continued at the statutory rate of 5 percent for direct farm-ownership loans and 4 percent for direct farm and nonfarm rural-housing loans. The weighted average interest rate on loan commitments of 20 reporting life insurance companies averaged 5.78 percent for 1965 compared with 5.73 percent for 1964.

Interest rates started to rise during the last half of 1965. For the first 6 months of 1966 the weighted average rate for 20 reporting life insurance companies increased to 6.02 percent. All except one of the Federal land banks (Baltimore) had increased rates on new loans to 6.00 percent by the end of July 1966.

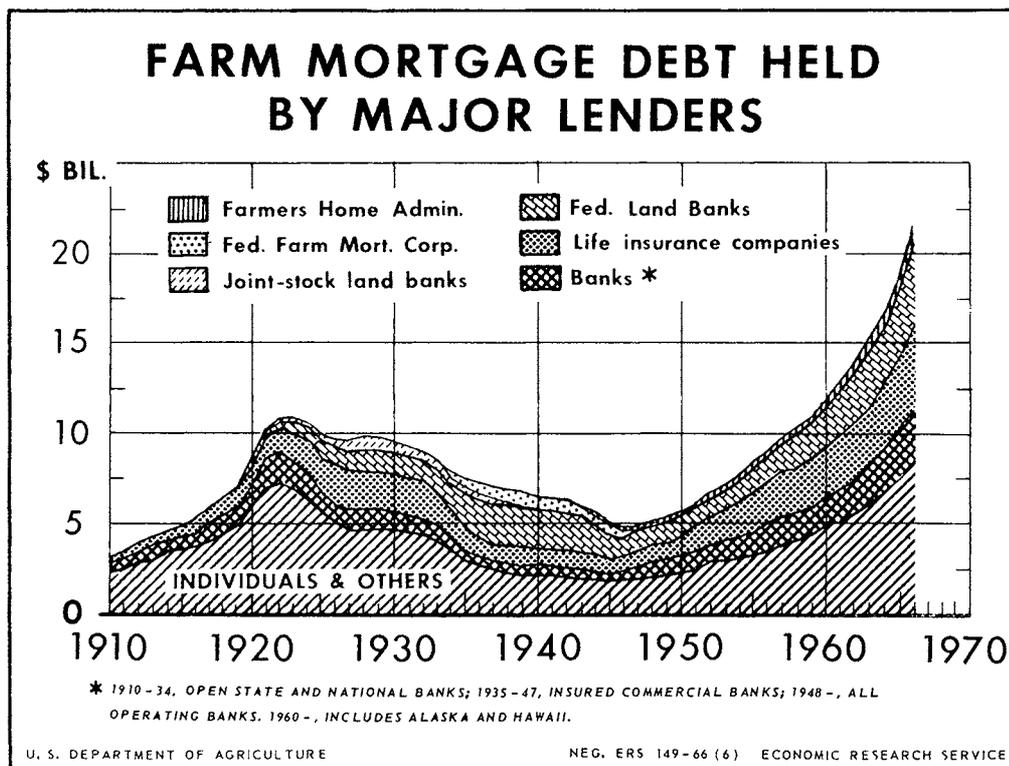


Figure 1

Table 1.--Farm mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, United States, specified dates, 1910-66 1/

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

1/ Data for 48 States only, except as indicated in footnote 9. 2/ 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. 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 the joint-stock land banks began May 12, 1933, and was completed Apr. 26, 1951. Data include banks in receivership. 5/ Data for 1940-41 include only tenant-purchase loans and direct 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 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. 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. 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/ 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. 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, 1966

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		
Maine-----	3,894	8,219	286	7,831	23,329	43,559
New Hampshire-----	2,593	706	11	6,988	10,999	21,297
Vermont-----	11,582	1,646	1,365	22,810	17,838	55,241
Massachusetts-----	8,979	691	277	9,095	22,999	42,041
Rhode Island-----	1,982	67	3	947	1,408	4,407
Connecticut-----	13,499	321	1,113	8,392	18,365	41,690
New York-----	77,925	7,110	11,670	99,028	193,631	389,364
New Jersey-----	17,752	2,456	8,307	20,134	30,260	78,909
Pennsylvania-----	43,350	7,769	13,014	133,023	172,151	369,307
Delaware-----	5,587	392	865	15,363	6,700	28,907
Maryland <u>6/</u> -----	25,777	2,275	7,978	57,947	72,136	166,113
Northeast-----	212,920	31,652	44,889	381,558	569,816	1,240,835
Michigan-----	143,765	9,748	39,891	98,085	281,595	573,084
Wisconsin-----	98,981	19,282	52,101	142,425	364,300	677,089
Minnesota-----	198,731	17,631	205,115	90,949	412,734	925,160
Lake States-----	441,477	46,661	297,107	331,459	1,058,629	2,175,333
Ohio-----	144,639	8,446	118,094	154,124	248,041	673,344
Indiana-----	159,095	9,027	192,051	120,499	268,587	749,259
Illinois-----	222,771	10,683	306,385	163,886	267,167	970,892
Iowa-----	245,782	20,333	443,126	100,832	326,313	1,136,386
Missouri-----	114,786	28,777	201,609	134,558	266,278	746,008
Corn Belt-----	887,073	77,266	1,261,265	673,899	1,376,386	4,275,889
North Dakota-----	99,504	21,056	22,160	47,008	190,143	379,871
South Dakota-----	126,147	17,661	78,981	15,085	118,530	356,404
Nebraska-----	157,680	13,210	196,583	27,790	146,241	541,504
Kansas-----	147,202	12,516	183,283	62,094	144,616	549,711
Northern Plains-----	530,533	64,443	481,007	151,977	599,530	1,827,490
Virginia-----	50,720	8,385	42,361	80,880	101,095	283,441
West Virginia-----	10,223	5,794	1,626	23,098	25,204	65,945
North Carolina-----	98,890	28,440	48,146	67,096	164,655	407,227
Kentucky-----	77,673	16,490	68,339	121,672	74,691	358,865
Tennessee-----	81,384	28,309	31,419	108,335	123,635	373,082
Appalachian-----	318,890	87,418	191,891	401,081	489,280	1,488,560
South Carolina-----	50,746	17,983	23,893	21,063	56,061	169,746
Georgia-----	111,767	27,352	48,769	97,837	72,985	358,710
Florida-----	63,470	14,642	164,854	61,448	293,600	598,014
Alabama-----	83,154	34,309	32,894	57,495	58,225	266,077
Southeast-----	309,137	94,286	270,410	237,843	480,871	1,392,547

Mississippi-----	72,100	36,730	149,245	79,536	50,414	388,025
Arkansas-----	60,157	19,498	202,303	76,860	66,245	425,063
Louisiana-----	68,407	13,642	71,838	47,733	94,876	296,496
Delta States-----	200,664	69,870	423,386	204,129	211,535	1,109,584
Oklahoma-----	73,375	20,129	-148,274	60,924	169,142	471,844
Texas-----	375,476	34,097	523,261	117,473	548,563	1,598,870
Southern Plains-----	448,851	54,226	671,535	178,397	717,705	2,070,714
Montana-----	114,088	9,479	81,799	10,991	161,270	377,627
Idaho-----	113,876	18,938	103,743	5,410	146,136	388,103
Wyoming-----	40,291	5,406	50,219	7,032	70,145	173,093
Colorado-----	95,087	9,681	124,385	19,095	202,369	450,617
New Mexico-----	35,791	3,883	75,013	6,650	100,596	221,933
Arizona-----	26,555	1,973	91,441	8,108	99,455	227,532
Utah-----	27,964	10,906	13,473	9,222	74,581	136,146
Nevada-----	10,089	1,069	32,267	1,102	28,046	72,573
Mountain-----	463,741	61,335	572,340	67,610	882,598	2,047,624
Washington-----	76,090	23,308	94,966	28,001	300,741	523,106
Oregon-----	70,740	8,209	80,274	26,118	275,213	460,554
California-----	273,905	8,435	409,900	251,742	1,612,485	2,556,467
Pacific-----	420,735	39,952	585,140	305,861	2,188,439	3,540,127
48 States-----	4,234,021	627,109	4,798,970	2,933,814	8,574,789	21,168,703
Alaska-----	926	1,236	0	529	---	7/ 2,691
Hawaii-----	5,280	2,802	2,707	4,703	---	17 15,492
United States-----	4,240,227	631,147	4,801,677	2,939,046	8,574,789	21,186,886

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 loans to individuals, and loans for these purposes from State Corporation trust funds. 3/ Includes regular mortgages and purchase-money mortgages. 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 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, 1965

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		
Maine-----	3,768	7,931	426	7,834	23,016	42,975
New Hampshire-----	2,408	779	31	6,928	10,837	20,983
Vermont-----	10,701	1,372	1,548	22,260	17,112	52,993
Massachusetts-----	8,310	700	355	8,577	21,670	39,612
Rhode Island-----	1,943	68	3	1,116	1,469	4,599
Connecticut-----	12,751	336	1,294	8,025	17,641	40,047
New York-----	71,710	6,662	12,343	99,961	188,628	379,304
New Jersey-----	16,576	2,701	9,226	18,597	29,297	76,397
Pennsylvania-----	38,469	7,622	12,572	124,701	160,108	343,472
Delaware-----	4,812	377	464	14,841	6,183	26,677
Maryland <u>6/</u> -----	19,086	2,535	7,605	52,577	62,791	144,594
Northeast-----	190,534	31,083	45,867	365,417	538,752	1,171,653
Michigan-----	127,304	9,700	33,195	90,626	251,972	512,797
Wisconsin-----	90,452	17,791	42,684	129,940	327,121	607,988
Minnesota-----	178,845	16,638	193,063	83,116	379,901	851,563
Lake States-----	396,601	44,129	268,942	303,682	958,994	1,972,348
Ohio-----	125,525	8,518	110,157	141,642	225,027	610,869
Indiana-----	130,864	8,983	179,870	102,613	235,987	658,317
Illinois-----	199,395	10,073	273,850	134,047	234,381	851,746
Iowa-----	222,003	18,645	417,021	90,886	301,532	1,050,087
Missouri-----	98,491	27,321	180,929	116,224	234,770	657,735
Corn Belt-----	776,278	73,540	1,161,827	585,412	1,231,697	3,828,754
North Dakota-----	84,615	20,525	20,137	44,670	170,319	340,266
South Dakota-----	110,660	15,912	71,039	13,194	105,042	315,847
Nebraska-----	141,060	11,646	176,816	25,420	131,323	486,265
Kansas-----	130,226	11,744	158,931	58,391	128,265	487,557
Northern Plains-----	466,561	59,827	426,923	141,675	534,949	1,629,935
Virginia-----	40,603	8,520	34,317	70,874	85,554	239,868
West Virginia-----	9,345	5,984	1,544	20,871	23,350	61,094
North Carolina-----	86,363	28,214	45,933	60,772	150,204	371,486
Kentucky-----	62,375	15,934	65,391	115,215	68,052	326,967
Tennessee-----	65,730	27,874	29,519	97,981	109,587	330,691
Appalachian-----	264,416	86,526	176,704	365,713	436,747	1,330,106
South Carolina-----	44,019	18,714	20,032	19,462	50,411	152,638
Georgia-----	91,705	28,493	46,222	83,711	63,893	314,024
Florida-----	52,989	15,103	163,647	52,310	273,959	558,008
Alabama-----	76,048	34,650	31,005	50,652	53,884	246,239
Southeast-----	264,761	96,960	260,906	206,135	442,147	1,270,909

Mississippi-----	64,299	37,906	124,516	67,138	43,881	337,740
Arkansas-----	49,810	19,308	178,674	68,117	58,323	374,232
Louisiana-----	58,245	14,173	55,647	43,317	80,647	252,029
Delta States-----	172,354	71,387	358,837	178,572	182,851	964,001
Oklahoma-----	64,073	20,193	129,857	52,629	149,054	415,806
Texas-----	330,458	32,524	463,869	114,271	491,537	1,432,659
Southern Plains-----	394,531	52,717	593,726	166,900	640,591	1,848,465
Montana-----	100,164	8,850	66,491	10,016	138,285	323,806
Idaho-----	102,014	18,489	94,274	7,297	134,122	356,196
Wyoming-----	34,982	5,121	48,123	6,912	64,824	159,962
Colorado-----	77,660	8,906	111,181	17,697	175,628	391,072
New Mexico-----	27,622	3,662	67,510	6,298	87,128	192,220
Arizona-----	22,066	2,133	79,597	6,767	85,855	196,418
Utah-----	25,161	11,054	12,401	9,568	70,485	128,669
Nevada-----	7,709	1,045	30,979	1,368	25,888	66,989
Mountain-----	397,378	59,260	510,556	65,923	782,215	1,815,332
Washington-----	67,682	23,228	82,693	25,633	269,460	468,696
Oregon-----	60,839	7,918	72,237	27,773	250,602	419,369
California-----	233,566	8,888	325,703	229,644	1,362,782	2,160,583
Pacific-----	362,087	40,034	480,633	283,050	1,882,844	3,048,648
48 States-----	3,685,501	615,463	4,284,921	2,662,479	7,631,787	18,880,151
Alaska-----	923	1,156	0	456	---	7/ 2,535
Hawaii-----	331	2,873	2,750	5,600	---	7/ 11,554
United States-----	3,686,755	619,492	4,287,671	2,668,535	7,631,787	18,894,240

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 loans to individuals, and loans for these purposes from State Corporation trust funds. 3/ Includes regular mortgages and purchase-money mortgages. 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 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.

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