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FARM MORTGAGE DEBT

ECONOMIC RESEARCH SERVICE • UNITED STATES DEPARTMENT OF AGRICULTURE
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Farm-mortgage debt in the United States on January 1, 1963, was estimated at \$15,168 million. ^{1/} This was \$1,269 million or 9 percent higher than on January 1, 1962. Farm-mortgage debt had increased \$1.1 billion or 8 percent during 1961. On January 1, 1963, farm-mortgage debt was \$4.8 billion or 46 percent higher than on January 1, 1958, 5 years earlier.

All major lender groups increased their holdings of farm mortgages during 1962. Commercial and savings banks increased holdings by 15 percent, the Federal land banks by 8 percent, the life insurance companies by 7 percent, and the Farmers Home Administration by 3 percent (excluding housing loans on nonfarm tracts). A large inflow of savings into financial institutions, and continued generally favorable returns and repayments on farm mortgages, were factors in the rise in mortgage debt during the year.

Some of the rise in farm-mortgage loans held by commercial and savings banks was due to the increase in insured Farmers Home Administration loans held by banks. The total outstanding amount of such insured loans to individuals reached \$413 million on January 1, 1963, --\$179 million or 76 percent higher than a year earlier. This included loans held by banks and by all other holders of these loans.

Each lender group, except the Federal land banks and the Farmers Home Administration, increased its outstanding loans by a greater amount during 1962 than in 1961. While Farmers Home Administration direct loans for farm housing and farm ownership increased less during 1962 than in 1961, the volume of insured loans outstanding increased more rapidly.

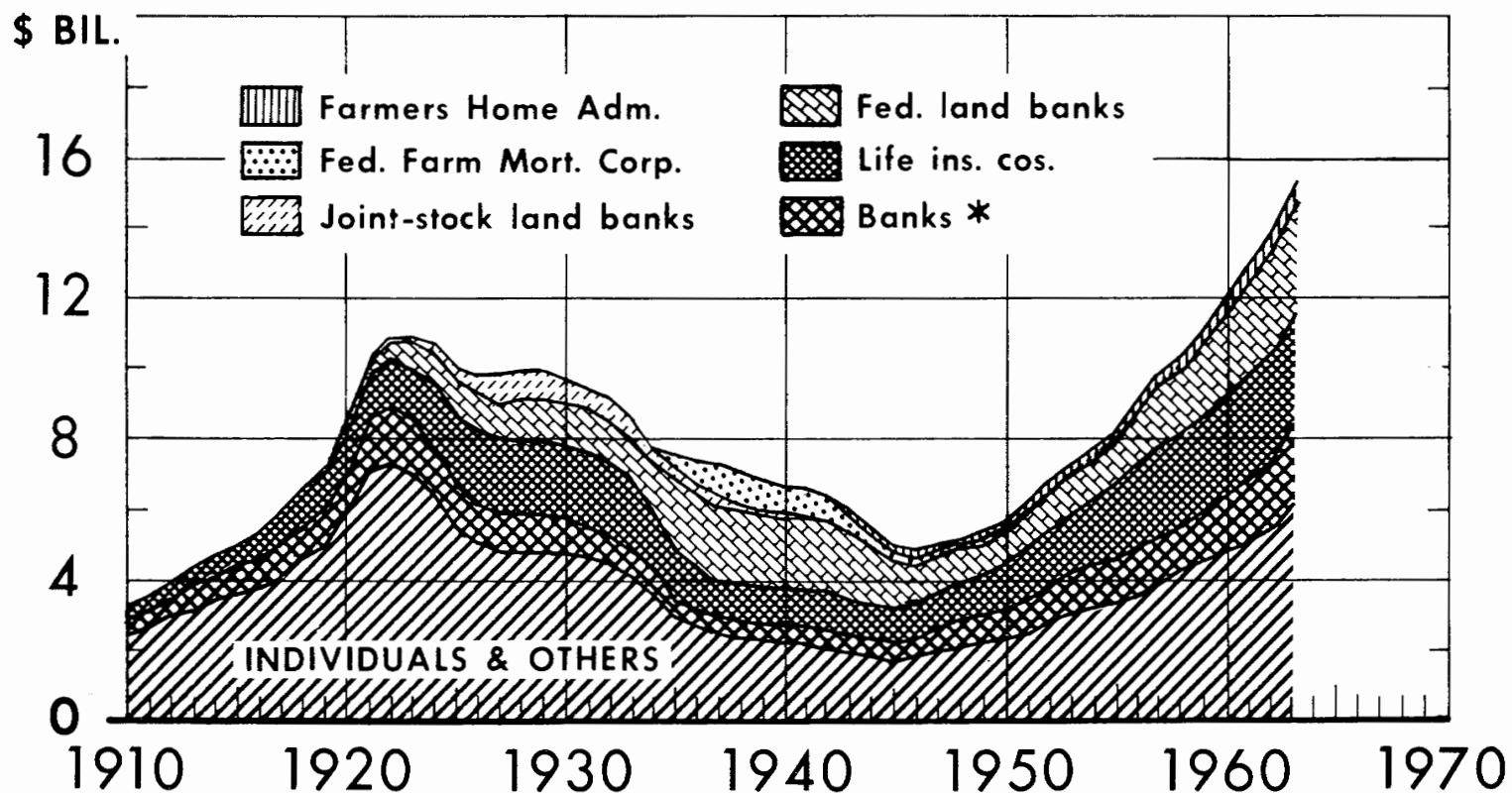
Interest rates on new farm-mortgage loans drifted slightly lower during 1962. Rates charged by life insurance companies on their farm-mortgage loan commitments averaged 5.81 percent compared with 5.87 percent in 1961. Near the end of 1962, 2 of the Federal land banks reduced their rates to 5.00 percent and 5.20 percent, respectively. Rates at the other 10 banks continued unchanged during 1962: 8 charged 5.50 percent, 1 charged 5.75 percent, and 1 charged 6.00 percent.

Farmers' demand for mortgage credit to enlarge and improve their operations also appeared to be an important factor in the increase in mortgage debt during 1962. With the continued rise in prices of farm real estate, aggregate debt/value ratios increased only moderately. The ratio of farm-mortgage debt to the total value of farm land and buildings was 10.6 percent on January 1, 1963; 5 years earlier it had been 9 percent. The ratio on January 1, 1940, was 20 percent.

Regionally, the Southeast and the Pacific States showed the largest increases in farm-mortgage debt during 1962--14 and 12 percent, respectively. Increases in the Corn Belt, the Lake States, and the Northeast were smaller than average.

^{1/} The estimate is approximately \$200 million less than the figure published in "The Balance Sheet of Agriculture - 1963." The reduced estimate was primarily due to a change in the figure shown for Farmers Home Administration farm-mortgage loans. The Farmers Home Administration for a number of years has made mortgage loans to farmers to purchase land or to build or improve housing. The rural-housing part of the program, broadened in October 1961, authorized housing loans to nonfarm residents living in rural areas. FHA loans to nonfarm residents, totaling \$126 million on January 1, 1963, were subtracted from the total of FHA direct farm-ownership and rural-housing loans. The estimate of "other farm-mortgage debt," calculated as a fixed portion of the total farm mortgage for inter-census years, was also lowered because of the changed figures used for FHA loans.

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. DATA FOR 1951-62 ARE REVISED.

U. S. DEPARTMENT OF AGRICULTURE

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Figure 1

Table 1.--Farm-mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, United States, specified dates, 1910-63 ^{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		
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	2/6,112,286
1952-----	994,128	32,778	---	240,809	1,541,874	1,046,923	2,805,815	2/6,662,327
1953-----	1,071,358	23,899	---	268,257	1,716,022	1,105,096	3,056,305	2/7,240,937
1954-----	1,169,418	17,628	---	282,098	1,892,773	1,131,214	3,246,800	2/7,739,931
1955-----	1,266,953	12,834	---	287,171	2,051,784	1,210,676	3,415,860	2/8,245,278
1956-----	1,480,204	---	---	277,869	2,271,784	1,346,287	3,635,872	2/9,012,016
1957-----	1,722,381	---	---	289,546	2,476,543	1,386,270	3,946,785	2/9,821,525
1958-----	1,897,187	---	---	339,865	2,578,958	1,414,207	4,152,258	2/10,382,475
1959-----	2,065,372	---	---	388,010	2,661,229	1,511,859	4,464,920	2/11,091,390
1960 ^{10/} ----	2,335,124	---	---	439,269	2,819,542	1,631,271	4,857,203	2/12,082,409
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

^{1/} Data for 48 States only, except as indicated.

^{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 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.

^{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. 1930 to date includes regular mortgages, purchase-money mortgages, and unpaid principal sales contracts; before 1930, regular mortgages only.

^{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 conservation 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. Figures for 1951-61 have been revised.

^{9/} Revised. The figure for total farm-mortgage debt for Jan. 1, 1961, is a new benchmark estimate based on a cooperative survey conducted by the Farm Production Economics Division, Economic Research Service, USDA, and the Bureau of the Census. Estimates of total debt for the years 1951 through 1960 were adjusted to the new benchmark estimate for Jan. 1, 1961.

^{10/} 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, 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—	3,531	5,963	539	8,456	22,590	42,179
New Hampshire—	2,316	710	42	5,633	10,361	20,062
Vermont—	10,120	1,315	2,006	19,386	15,655	48,482
Massachusetts—	8,534	686	504	8,650	22,194	40,570
Rhode Island—	1,808	55	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	148,672	298,959
New Jersey—	15,593	2,760	11,294	16,066	28,447	74,160
Pennsylvania—	32,744	7,766	10,593	103,216	134,747	289,066
Delaware—	3,744	427	399	12,568	5,170	22,308
Maryland 6/	15,980	3,201	7,734	36,455	47,107	106,477
Northeast—	169,226	29,451	48,197	268,430	454,369	635,685
Michigan—	104,255	10,005	23,736	69,586	200,537	408,119
Wisconsin—	77,034	15,603	35,763	104,650	271,663	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	795,073	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	194,634	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	150,096	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	9,542	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	50,793	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—	47,496	26,925	24,277	74,577	85,882	259,159
Appalachian—	196,407	64,407	157,941	265,164	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

Alabama	65,114	32,111	23,792	38,851	44,784	204,652
Southeast	209,271	95,224	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	140,496
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	2,391,859
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

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, 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 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. 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, 1962

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/		
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
Maine-----	4,179	6,910	411	8,478	23,039	43,017
New Hampshire-----	2,263	665	56	6,523	10,154	19,661
Vermont-----	10,110	1,278	1,999	19,120	15,502	48,009
Massachusetts-----	8,892	714	587	8,819	22,962	41,974
Rhode Island-----	1,626	61	8	1,501	1,500	4,696
Connecticut-----	11,300	421	1,827	7,965	16,938	38,451
New York-----	62,205	4,976	13,337	59,721	138,732	278,971
New Jersey-----	15,171	2,852	11,837	14,918	27,853	72,631
Pennsylvania-----	31,110	7,869	10,470	96,316	127,278	273,043
Delaware-----	3,442	440	434	11,866	4,882	21,064
Maryland 6/-----	13,739	3,269	7,567	32,131	43,527	100,233
Northeast-----	164,037	29,455	48,533	267,358	432,367	941,750
Michigan-----	94,471	9,714	23,082	63,628	184,416	375,311
Wisconsin-----	71,681	14,873	33,440	98,085	253,993	472,072
Minnesota-----	142,709	11,912	156,076	65,970	303,387	680,054
Lake States-----	308,861	36,499	212,598	227,683	741,796	1,527,437
Ohio-----	97,414	8,567	86,310	114,745	179,066	486,102
Indiana-----	90,129	9,069	147,757	79,167	182,229	508,351
Illinois-----	158,500	9,009	227,995	77,489	179,571	652,564
Iowa-----	185,288	15,301	356,263	72,978	253,708	883,538
Missouri-----	76,017	25,967	135,771	71,616	171,719	481,090
Corn Belt-----	607,348	67,913	954,096	415,995	966,293	3,011,645
North Dakota-----	56,877	16,685	13,676	19,745	107,217	214,200
South Dakota-----	82,465	11,078	52,363	7,336	76,359	229,601
Nebraska-----	114,740	9,267	135,779	13,940	101,274	375,000
Kansas-----	103,387	11,259	118,304	34,112	95,339	362,401
Northern Plains-----	357,469	48,289	320,122	75,133	380,189	1,181,202
Virginia-----	25,766	8,579	29,003	53,317	64,681	181,346
West Virginia-----	7,548	6,441	2,057	14,874	19,129	50,049
North Carolina-----	63,186	28,606	38,447	42,884	117,514	290,637
Kentucky-----	40,317	13,937	54,540	82,567	50,297	241,658
Tennessee-----	41,979	26,308	23,929	64,426	77,637	234,279
Appalachian-----	178,796	83,871	147,976	258,068	329,258	997,969

South Carolina-----:	32,422	18,940	13,329	15,000	39,298	118,989
Georgia-----:	64,908	29,653	34,626	53,065	46,554	228,806
Florida-----:	34,712	14,995	86,477	29,100	159,413	324,697
Alabama-----:	60,921	29,480	21,638	35,450	41,316	188,805
Southeast-----:	192,963	93,068	156,070	132,615	286,581	861,297
Mississippi-----:	53,068	38,840	87,881	43,327	33,317	256,433
Arkansas-----:	35,175	17,760	119,865	37,798	38,881	249,479
Louisiana-----:	41,294	14,780	29,415	29,007	53,878	168,374
Delta States-----:	129,537	71,380	237,161	110,132	126,076	674,286
Oklahoma-----:	44,890	18,087	86,849	27,299	98,973	276,098
Texas-----:	248,836	29,337	321,652	51,512	340,186	991,523
Southern Plains-----:	293,726	47,424	408,501	78,811	439,159	1,267,621
Montana-----:	63,739	7,517	52,954	5,512	96,693	226,415
Idaho-----:	76,109	16,845	68,274	3,137	99,269	263,634
Wyoming-----:	26,428	4,720	34,536	6,600	49,252	121,536
Colorado-----:	53,129	4,917	80,729	8,306	119,900	266,981
New Mexico-----:	20,114	3,495	47,471	4,396	62,575	138,051
Arizona-----:	18,146	1,967	51,352	4,138	58,707	134,310
Utah-----:	19,770	10,906	11,690	7,960	60,966	111,292
Nevada-----:	5,052	660	15,824	1,802	14,700	38,038
Mountain-----:	282,487	51,027	362,830	41,851	562,062	1,300,257
Washington-----:	51,965	20,517	54,379	21,270	200,342	348,473
Oregon-----:	47,919	7,177	50,731	17,099	182,533	305,459
California-----:	187,167	9,555	208,760	138,604	929,393	1,473,479
Pacific-----:	287,051	37,249	313,870	176,973	1,312,268	2,127,411
48 States-----:	2,802,275	566,175	3,161,757	1,784,619	5,576,049	13,890,875
Alaska-----:	828	773	0	201	---	7/ 1,802
Hawaii-----:	0	2,145	0	4,283	---	7/ 6,428
United States-----:	2,803,103	569,093	3,161,757	1,789,103	5,576,049	13,899,105

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, project-liquidation, rural-housing, and direct soil and water conservation loans to individuals, and loans for these purposes from State Corporation trust funds. Includes a few nonfarm rural-housing loans made from the beginning of the program in October 1961, through December 1961. 3/ Compiled from 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. 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.

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