

Farm Mortgage Debt

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On January 1, 1968, the farm mortgage debt reached \$25.5 billion--an increase of 9.4 percent over January 1, 1967, compared with a 10-percent gain a year earlier (fig. 1 and table 1). Prior to World War II the farm mortgage debt had reached a peak of \$10.8 billion in 1923. Then it declined to a low of \$4.8 billion in 1946. Since 1946 the debt has increased fivefold.

Regionally, the 1967 farm mortgage debt was up from 7.6 percent in the Southern Plains and Mountain regions to 16.7 percent in the Northeast. Gains for the Corn Belt, Northern Plains, and Appalachian regions were fractionally below the overall 9.4 percent increase.

The ratio of farm mortgage debt to the value of farmland and buildings was 13.2 percent on January 1, 1968, up 0.4 percentage point from a year earlier. This compares with increases of 0.5 percentage point on January 1, 1967, and 0.6 percentage point on January 1, 1966.

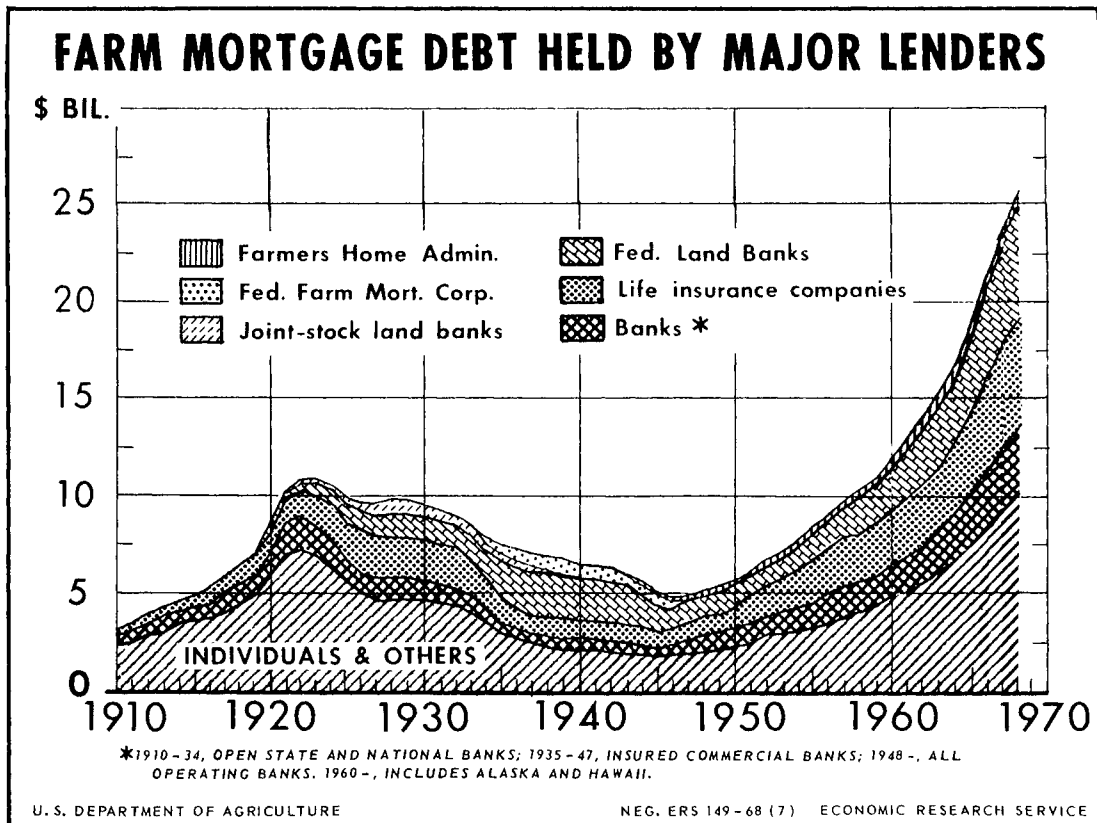


Figure 1

Mortgage Debt by Type of Lender

All major lender groups except the Farmers Home Administration (FHA) increased their holdings of farm mortgage loans during 1967 (table 1). However, the rate of increase for each lender except all operating banks was lower than in 1966. Holdings were up 13.2 percent for the Federal land banks, 11.8 percent for operating banks, and 6.3 percent for life insurance companies. As in 1966, a volume decline occurred in farm mortgage loans held by the Farmers Home Administration. The 1967 volume held dropped 8.4 percent, from \$585 million to \$536 million. FHA's volume of insured farm mortgage loans (not included in this report) increased 17 percent--from \$1,005 million on January 1, 1967, to \$1,177 million on January 1, 1968.

Total repayments during 1967 on loans held by Federal land banks, 19 life insurance companies, and FHA represented 7.7 percent of the amount outstanding at the beginning of the year, compared with 1966 repayments of 8.7 percent. The loans held by these three groups of lenders represent three-fourths of total loans held by the institutional lenders.

Interest Rates

Interest rates charged on new farm mortgage loans during 1967 increased, following the general upward trend in the cost of money. On January 1, 1967, all Federal land banks were charging the 6.00 percent legal maximum rate. In the last half of 1967, following passage of legislation permitting Federal land banks to charge interest rates higher than 6.00 percent, nine of the individual banks increased rates. Seven banks increased the rate to 6.50 percent and two banks to 6.75 percent.

The average interest rate charged by life insurance companies during 1967 was 6.74 percent, compared with 6.20 percent for 1966. Their interest rate for loans made during the last half of 1967 was 6.81 percent, up 0.17 percentage point from the first half.

Loans made by the FHA continued at the statutory rate of 5 percent for direct farm-ownership loans and at 4 percent for direct farm and nonfarm rural-housing loans.

More detailed statistics on the farm mortgage debt in the United States are available in two publications of the Economic Research Service--"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, 1910-68 ^{1/}

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

^{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, 1968

State and region	Outstanding loans reported by--				Other	Total
	Federal land banks <u>1/</u>	Farmers Home Administration <u>2/</u>	Life insurance companies <u>3/</u>	All operating banks <u>4/</u>	farm mortgage debt <u>5/</u>	farm mortgage debt
	<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-----	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 <u>6/</u> -----	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
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	---	7/2,733
Hawaii-----:	9,375	2,428	2,600	4,098	---	7/18,501
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.

Table 3.--Farm mortgage debt: Amount of outstanding loans reported by principal lenders, other debt, and total debt, by States, Jan. 1, 1967

State and region	Outstanding loans reported by--				Other	Total
	Federal land banks 1/	Farmers Home Administration 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-----	4,335	7,584	188	8,443	23,698	44,248
New Hampshire-----	2,849	668	10	7,174	11,429	22,130
Vermont-----	13,021	1,510	1,071	22,384	18,116	56,102
Massachusetts-----	9,977	634	224	9,155	24,144	44,134
Rhode Island-----	1,820	67	0	867	1,293	4,047
Connecticut-----	15,490	277	1,105	8,073	19,641	44,586
New York-----	87,692	6,678	10,993	115,070	218,066	438,499
New Jersey-----	21,708	2,198	8,269	20,196	32,575	84,946
Pennsylvania-----	50,068	7,185	14,676	139,525	184,636	396,090
Delaware-----	6,953	358	1,230	15,948	7,388	31,877
Maryland 6/-----	35,332	1,933	7,603	64,043	83,599	192,510
Northeast-----	249,245	29,092	45,369	410,878	624,585	1,359,169
Michigan-----	162,289	8,942	42,566	112,541	315,261	641,599
Wisconsin-----	109,731	18,004	57,136	152,701	393,164	730,736
Minnesota-----	225,461	16,537	215,955	97,395	447,305	1,002,653
Lake States-----	497,481	43,483	315,657	362,637	1,155,730	2,374,988
Ohio-----	170,193	7,763	122,499	168,511	273,506	742,472
Indiana-----	194,459	8,354	199,260	138,122	301,847	842,042
Illinois-----	257,077	9,938	329,290	172,162	291,746	1,060,213
Iowa-----	281,348	19,004	469,836	110,067	354,584	1,234,839
Missouri-----	140,680	26,751	212,948	148,613	293,621	822,613
Corn Belt-----	1,043,757	71,810	1,333,833	737,475	1,515,304	4,702,179
North Dakota-----	113,777	19,394	25,520	50,383	209,531	418,605
South Dakota-----	140,153	16,671	84,124	17,779	128,921	387,648
Nebraska-----	179,721	12,662	214,500	28,180	160,966	596,029
Kansas-----	172,222	11,859	202,823	66,474	161,853	615,231
Northern Plains-----	605,873	60,586	526,967	162,816	661,271	2,017,513
Virginia-----	63,256	8,154	48,195	77,871	109,483	306,959
West Virginia-----	10,919	5,272	1,536	24,660	26,222	68,609
North Carolina-----	113,774	26,443	49,046	68,962	175,280	433,505
Kentucky-----	95,828	15,380	72,599	131,158	82,784	397,749
Tennessee-----	98,263	25,890	33,822	120,120	137,834	415,929
Appalachian-----	382,040	81,139	205,198	422,771	531,603	1,622,751

South Carolina-----:	59,063	16,842	27,600	23,075	62,420	189,000
Georgia-----:	136,906	24,721	51,395	114,126	83,566	410,714
Florida-----:	78,658	13,460	182,177	62,804	325,124	662,223
Alabama-----:	91,932	32,131	34,705	69,851	64,042	292,661
Southeast-----:	366,559	87,154	295,877	269,856	535,152	1,554,598
Mississippi-----:	85,164	33,406	166,873	89,910	56,050	431,403
Arkansas-----:	74,522	17,565	221,959	90,186	74,629	478,861
Louisiana-----:	77,468	12,396	101,083	53,685	115,116	359,748
Delta States-----:	237,154	63,367	489,915	233,781	245,795	1,270,012
Oklahoma-----:	86,575	18,384	158,596	67,833	185,171	516,559
Texas-----:	412,100	31,903	556,653	126,247	588,568	1,715,471
Southern Plains-----:	498,675	50,287	715,249	194,080	773,739	2,232,030
Montana-----:	130,120	8,852	94,521	11,913	182,923	428,329
Idaho-----:	126,930	17,826	109,165	5,341	156,581	415,843
Wyoming-----:	45,754	5,013	54,966	7,852	77,393	190,978
Colorado-----:	117,037	9,375	136,652	17,967	229,093	510,124
New Mexico-----:	46,180	3,513	78,503	7,190	112,244	247,630
Arizona-----:	32,390	1,742	103,114	9,623	114,047	260,916
Utah-----:	32,434	10,034	15,051	9,468	81,149	148,136
Nevada-----:	12,652	1,146	34,028	1,590	31,125	80,541
Mountain-----:	543,497	57,501	626,000	70,944	984,555	2,282,497
Washington-----:	85,220	21,737	107,237	29,654	329,796	573,644
Oregon-----:	80,567	7,676	87,854	27,361	302,115	505,573
California-----:	318,026	7,757	461,759	241,970	1,758,586	2,788,098
Pacific-----:	483,813	37,170	656,850	298,985	2,390,497	3,867,315
48 States-----:	4,908,094	581,589	5,210,915	3,164,223	9,418,231	23,283,052
Alaska-----:	1,023	1,198	0	503	---	7/2,724
Hawaii-----:	5,405	2,639	2,672	4,743	---	7/15,459
United States-----:	4,914,522	585,426	5,213,587	3,169,469	9,418,231	23,301,235

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