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FARM - MORTGAGE
CREDIT FACILITIES
in the UNITED STATES

MISCELLANEOUS PUBLICATION NO. 478

UNITED STATES DEPARTMENT OF AGRICULTURE

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FARM - MORTGAGE CREDIT FACILITIES *in the* UNITED STATES

By

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BUREAU OF AGRICULTURAL ECONOMICS



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UNITED STATES DEPARTMENT OF AGRICULTURE

ISSUED 1942

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

For sale by the Superintendent of Documents, Washington, D. C., Price 55 cents

Acknowledgments

THIS REPORT brings into compact form results of extensive farm-mortgage credit research conducted by the Bureau of Agricultural Economics over many years. Parts of the data used were compiled directly by the Bureau, a part was taken from published reports of the Bureau of the Census, and a part was either taken directly from the official reports of the agricultural credit agencies of the Department of Agriculture or was made available in special tabulations. The report represents an attempt to synthesize pertinent information so it will be more useful in the consideration of current problems relating to farm-mortgage credit facilities.

Acknowledgment is due to Harold T. Lingard and Willard O. Brown of the Bureau of Agricultural Economics who assisted in assembling and preparing statistical and other material; to W. J. Snow, Jr., Carl H. Schwartz, W. H. Snyder, M. E. Menk, and Martin M. Durrett, of the Farm Credit Administration, and Wilford E. Johns and Edward Stone, of the Farm Security Administration, who made available and checked data for their respective agencies; to E. C. Johnson and P. L. Gaddis, of the Farm Credit Administration, and Paul V. Maris and R. W. Hudgens, of the Farm Security Administration, who reviewed parts of the manuscript.

Foreword

DECISIONS BY FARMERS as to paying off old debts or taking on new ones, made now and during the next year or so, will profoundly affect their financial future. Likewise the policies of credit agencies including governmental institutions can help or hurt the farmers' long-time interest. While the Food for Freedom program will require additional working capital, careful consideration should be given to the most effective use of both credit and income. The realization of the obligations assumed in these decisions will help both farmers and lenders to do their part in the defense program without forcing farmers to take on unnecessary burdens of debt for the future.

Wise decisions as to financial policy are the joint responsibility of the lending agencies and their farmer borrowers. In translating this joint responsibility into practical action, it is necessary to consider carefully the experience of farm-mortgage borrowers and lenders especially during and since World War I.

Farmers of the present generation know by experience that farm debts have been of great social, economic, and political significance especially in such times as the early 1920's and the early 1930's. We all know now that our debt difficulties in the past would have been far less acute if, when we were getting good prices for our products, we had acted more wisely and planned more soundly for the future.

Ways of meeting farm-debt problems have varied with our changing concepts of the public interest and responsibility. Early methods were usually associated chiefly with general currency and banking measures, but, in later years, special emphasis has been placed on providing institutions under public sponsorship to deal specifically with problems of agricultural credit. As a result, many improvements have been made in the farm-mortgage credit system, but further improvements are needed and it is our

common duty to continue our effort in this direction.

Although the periods of most serious farm-debt distress have had much in common, they have differed sufficiently to require separate examination. Public outlook upon social and economic problems is subject to change with different social objectives and new concepts of public responsibility. But whatever the similarities or differences in the characteristics of serious debt distress from one time to another, the necessity for adequate facts as a basis for constructive action remains evident throughout.

As the Bureau of Agricultural Economics is the central agency for economic research and program planning in the Department of Agriculture, it is primarily the Bureau's responsibility to conduct research on economic problems of agriculture and to assist in formulating and improving programs designed to meet them. In publishing this research report, Farm-Mortgage Credit Facilities in the United States, the Bureau makes available for general use the results of a study designed to strengthen the factual basis for improving the farm-mortgage facilities and to stimulate thinking and further inquiry into this field.

Although this report does not emphasize specific recommendations, it will be helpful not only to those directly charged with responsibility for formulating agricultural-credit policies and administering agricultural-credit programs but also to a still wider group as a basis for a better appreciation of the many problems associated with farm-mortgage credit. The material should be especially valuable at this time because it furnishes a background against which emergency problems relating to the proper role of farm-mortgage credit institutions in the national defense effort can be appraised. It is planned that later studies will yield reports on other fields of agricultural credit.

Claude R. Wickard

Secretary of Agriculture.

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Introduction

FOR CONVENIENCE of presentation the subject matter of this report is divided into three parts. Part I surveys broadly the major developments in farm-mortgage credit from the period before the World War down to the present. Throughout this historical section emphasis is placed upon the reaction of the total volume of mortgage debt, the distribution of outstanding farm mortgages by lender groups, and the interest rates charged, to the economic developments of this period. The final chapter of part I intensively reviews the mortgage-credit developments of the last decade. Part II reviews the development of existing Federal farm-mortgage credit institutions. It presents systematically factual information relating to the Federal institutions that is believed to be essential to an understanding of the major trends and developments in the participation of the Federal Government in the

mortgage-credit field. Part III explores the major current issues and problems in farm-mortgage credit, primarily to lay bare the basic issues and problems involved and to indicate the interrelations between the several major groups of these issues and problems.

This publication is intended to serve a principal purpose of providing a compact summary and analysis of factual material on farm-mortgage credit heretofore available only in scattered sources. At the same time it is intended to orient the major current problems and public issues in the farm-mortgage credit field. As regards the latter purpose, more emphasis is placed upon identification of problems and issues, and upon exploration of their interrelationships in the light of alternative public objectives than upon formulation of specific recommendations.

Part I

Historical Background of Present Farm-Mortgage Credit Situation

Fluctuations in Outstanding Farm-Mortgage Debt, 1910-40

FLUCTUATIONS in the volume of outstanding farm-mortgage debt reflect the net effects of a wide variety of forces operating within the agricultural economy. At times, unfavorable agricultural conditions bring a rise of mortgage debt—farmers borrow additional amounts to tide over periods of low income and lenders require real estate security for previous non-

real estate debts. At other critical times mortgage debt is reduced, as foreclosures and forced liquidation of debt become widespread. On the other hand, favorable conditions may have the dominant effect of enabling farmers to repay debts or of stimulating a rise in land values and an increase in farm transfers and other transactions involving new borrowing.

TABLE 1.—*Estimated amount of farm-mortgage loans outstanding by geographic divisions, January 1, 1910-40*

Year	United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1910	3,207,863	70,202	269,716	807,008	1,276,944	130,334	108,777	260,505	99,455	184,922
1911	3,522,121	70,525	273,296	870,488	1,419,750	139,915	118,550	305,971	121,819	201,807
1912	3,929,758	75,032	289,728	949,313	1,570,971	118,502	171,871	371,857	142,891	240,740
1913	4,347,679	83,911	317,966	1,017,526	1,717,743	177,327	126,470	421,479	175,413	309,844
1914	4,707,358	91,057	337,557	1,083,543	1,870,562	184,816	145,667	448,243	191,829	354,084
1915	4,990,785	98,442	338,810	1,135,733	2,033,042	193,046	141,441	451,187	214,338	384,746
1916	5,256,425	102,586	326,437	1,181,374	2,202,430	197,310	138,805	478,016	233,826	395,641
1917	5,825,851	108,392	314,939	1,288,375	2,497,278	220,894	149,248	518,876	286,173	441,676
1918	6,536,860	109,405	341,481	1,398,655	2,793,831	231,019	187,247	598,134	375,001	502,087
1919	7,137,365	105,763	359,611	1,457,560	3,032,137	267,497	240,198	687,106	461,930	525,663
1920	8,448,772	114,757	406,047	1,662,678	3,506,470	391,069	358,440	805,184	592,675	611,452
1921	10,221,126	125,328	446,685	1,964,232	4,376,022	405,770	447,640	902,149	719,962	733,338
1922	10,702,257	133,054	459,197	2,039,436	4,591,790	548,372	445,402	978,472	759,065	747,469
1923	10,755,621	142,129	463,382	2,081,683	4,636,928	530,457	406,395	1,015,690	771,600	727,357
1924	10,664,919	146,810	459,773	2,100,145	4,629,411	504,705	394,909	1,000,372	695,467	733,327
1925	9,912,650	141,117	446,620	1,938,810	4,277,934	491,410	378,036	923,342	581,088	734,293
1926	9,713,213	142,860	457,527	1,887,197	4,008,648	555,490	399,881	963,988	533,710	763,912
1927	9,658,422	140,878	467,938	1,854,988	3,807,772	600,170	426,453	1,034,316	525,035	800,871
1928	9,756,957	152,607	473,185	1,880,987	3,778,713	588,726	446,916	1,092,225	529,509	814,089
1929	9,756,559	162,858	472,613	1,917,596	3,734,571	546,157	439,773	1,091,781	551,371	839,839
1930	9,630,768	171,708	456,463	1,883,614	3,570,279	519,348	432,732	1,109,328	575,012	912,284
1931	9,458,281	176,170	464,033	1,818,684	3,474,157	494,501	418,479	1,089,845	587,874	934,538
1932	9,214,004	184,500	469,020	1,757,767	3,342,008	465,927	401,762	1,081,423	577,436	934,161
1933	8,638,383	185,799	459,317	1,657,756	3,082,199	423,008	366,538	1,020,388	540,400	902,978
1934	7,887,119	176,969	424,824	1,522,624	2,760,665	401,704	341,806	941,117	481,768	835,642
1935	7,785,971	176,003	413,578	1,535,006	2,694,140	421,644	354,212	934,687	474,214	782,487
1936	7,638,867	177,571	411,207	1,517,589	2,610,766	418,166	348,800	906,683	476,788	771,297
1937	7,389,797	180,458	408,443	1,471,281	2,466,644	408,348	341,931	879,928	463,423	769,441
1938	7,214,138	183,099	404,345	1,433,019	2,376,056	401,799	339,730	852,785	453,855	769,450
1939	7,070,896	186,574	400,681	1,409,046	2,290,887	397,024	340,396	831,806	445,915	768,567
1940	6,909,794	188,325	395,857	1,383,877	2,189,825	392,066	345,939	811,873	437,624	764,408

Many kinds of forces have influenced the trend of mortgage debt during the last 30 years. Net effects vary by periods and within periods by regions. With the completion of a series of annual estimates of outstanding farm-mortgage debt for the period 1910-40, it is now possible to relate mortgage-credit movements more directly to other important movements in the agricultural economy. These new estimates are shown by geographic divisions in table 1.¹ The movements of mortgage debt for the country as a whole are shown in figure 1, together with data showing the trend of land values, the percentage of farms mortgaged, and the ratio of debt to value on mortgaged farms.

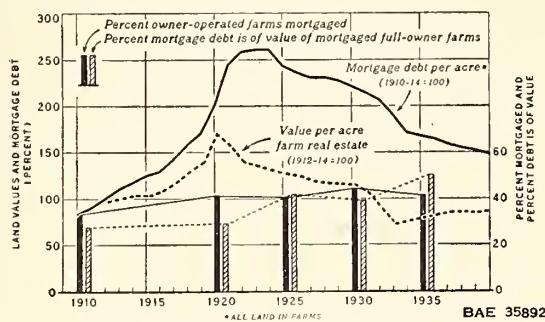


FIGURE 1.—FARM-MORTGAGE DEBT PER ACRE, VALUE PER ACRE FARM REAL ESTATE, PERCENTAGE OWNER-OPERATED FARMS MORTGAGED, AND PERCENTAGE DEBT IS OF VALUE OF MORTGAGED FULL-OWNER FARMS.

During the period 1910-20, farm-mortgage debt and land values followed similar patterns, but in the first 2 years of the 1920's mortgage debt continued to rise while land values were being greatly reduced. From about 1925 to 1933 the two series again followed parallel paths, but from 1933 to 1940 mortgage debt declined while land values rose. In 1935 the ratio of mortgage debt to value for mortgaged full-owner farms was substantially higher, and the percentage of owner-operated farms mortgaged was substantially lower than in 1930.

THE WAR AND POST-WAR RISE OF MORTGAGE DEBT

A substantial rise of farm-mortgage debt occurred even during the first half of the decade, 1910-20. This was associated largely with the

general expansion of agriculture that had been in progress for years. Farm-mortgage debt rose almost 57 percent during this part of the decade, although farm prices and land values rose little. For the country as a whole, farm prices were at about the same level in 1915 as in 1910, and gross income from farm production for 1915 was only about 11 percent above 1910.

Land values and prices for farm products experienced a sharp rise in 1916 and 1917, but even in these years the annual rate of growth of mortgage debt was only slightly higher than for the previous 6 years. The percentage increase of mortgage debt was about the same in 1918 as the average for 1910-15. But the absolute amount of debt increase for 1916, 1917, and 1918 was \$1,881,000,000 as compared with only \$2,049,000,000 for the entire 6-year period 1910-15.

Largest Increases in 1919 and 1920.—It was not until 1919 and 1920 that the largest annual increases in farm-mortgage debt occurred. In these years the total rose more than \$3,000,000,000, and in the next 2 years about \$565,000,000 was added. The total of \$10,786,000,000, reached near the beginning of 1923, was almost 3½ times the total in 1910 and more than double the amount at the beginning of 1916.

The large growth of mortgage debt in 1916-18 reflected mainly the increased use of mortgage credit to finance real estate transfers in a rising market, purchases of equipment, and other expenditures associated with the rising prices and wartime expansion of farm production. Outstanding mortgage credit would probably have risen even more rapidly had farmers not been able to meet their credit needs to considerable extent by borrowing on an unsecured basis. Personal and collateral loans to farmers by commercial banks increased 56 percent from the spring of 1914 to the middle of 1918. Farmers borrowed heavily on bases other than farm real estate; many of these loans were later funded into debt secured by real estate.

A continued rise of mortgage debt in 1919 reflected further borrowing to finance real estate transfers and farm improvements during the post-war boom. Although the rate of increase in farm prices and agricultural income slackened

¹ These series are revisions of the estimates of the Department of Agriculture for the census years 1910, 1920, 1925, 1930, and 1935, and new estimates for all other years of the period. The estimates by States are shown in Appendix table 64.

in 1918 and 1919, land values increased more rapidly than in the 2 preceding years.

One indication of the effect on mortgage debt of these rising land values and of large loans in relation to value is the sharp increase in the average size of farm mortgages recorded. For 1917 it is estimated at \$2,640. The average rose to \$2,880 for 1918, to \$3,460 for 1919, and by 1920 reached \$4,270.²

Continuation of the rise of farm-mortgage debt, after the break in farm prices and land values in 1920, resulted partly from the completion of real estate transactions already entered into, but also from the funding of unsecured debts. Distress borrowing to tide over the period of reduced income tended to increase the total outstanding mortgage debt. But many farm owners were forced to give up their farms to satisfy debts, thus tending to reduce the total. By the beginning of 1923, when the peak of mortgage debt was reached, the several factors of debt increase had become of diminished importance, whereas the volume of debt liquidation, mainly through foreclosures and related distress transfers of farms, had increased greatly.

Two Periods Involved.—The continuing rise of farm-mortgage debt from 1910 to 1923 thus included not only the years of war prosperity and post-war boom, but also 3 years immediately following the 1920 agricultural collapse. The significance of rising mortgage debt was quite different in the two periods. In the prosperity phase, farm owners incurred additional debts and lenders made loans with the expectation that present or future increases of income and land values would support the debt. The rise of mortgage debt from 1910 to 1920 was paralleled by a 90-percent rise in the value of farm real estate and 9-percent expansion of land in farms. Both the percentage of farms mortgaged and the ratio of debt to value for mortgaged farms rose from 1910 to 1920 (fig. 1). As the volume of agricultural loans made on an unsecured basis or on security other than farm real estate increased sharply, the trend of mortgage debt alone may not indicate the full extent of the growth of total farm debt during this decade.

² For information on the variations in the size of farm mortgages recorded in the period 1917-35 see Appendix table 71.

In the years immediately following the depression of 1920, many owners had to incur mortgage debt without regard to current levels of farm incomes and land values. The decline in land values, accompanied by distress borrowing and funding of unsecured debts, probably meant that by the beginning of 1923 both the ratio of debt to value for mortgaged farms and the percentage of farms mortgaged were substantially higher than in 1920. The character of this financing is suggested by the shifts that occurred in the relative importance of different lenders as sources of new loans and by the change in the average size of loans. In 1920 more than 59 percent of the amount of farm mortgages recorded were by individuals, but by 1923 this had fallen below 35 percent. Recordings by State and national banks rose from 18.3 percent of the total in 1920 to 25.2 percent in 1921 and there was a rise for miscellaneous local lenders after 1920. Thus a shift is indicated from mortgage financing arising chiefly out of voluntary farm sales to funding of non-real-estate debts. This is suggested also by the decline in the average size of mortgages recorded from \$4,270 in 1920, to \$3,190 in 1922.

Many mortgages taken during the post-1920 period were not regarded by the lenders as desirable new investments, but rather as improving the status of existing claims. Not all of the rise in mortgage debt represented a net increase in the total of farmers' debts, as it included a shift of some non-real-estate debt to the real-estate-secured classification. In this period, therefore, the trend of mortgage debt may give an exaggerated picture of the growth of total farm debt.

MORTGAGE-DEBT LIQUIDATION 1923-40

Adjustment to Decline of Land Values in 1920's.—The decrease in outstanding farm-mortgage debt during the 1920's, following the peak reached in 1922-23, was associated with a gradual decline of land values (fig. 1). The decrease of debt was moderate in 1923, but in 1924 the rate of decline was greatly accelerated. By 1924 and 1925 many owners who had retained their farms during years immediately after the 1920 collapse were forced to give them up to satisfy their

debts. Foreclosures and related distress transfers continued to be influential in reducing outstanding mortgage debt during the remainder of the 1920's.

In addition, some farm owners were able to reduce the principal amounts of their mortgages. Then many were refinanced, with the size of the mortgage reduced to a level more nearly in conformity with the reduced land values. The average size of farm mortgages recorded during the middle 1920's did not move closely with the trend of land values, indicating the influence of the large volume of loans refinanced that had been made earlier on a higher land-value level; but by the end of the decade the average size of new loans had become adjusted to the new lower level of land values. The debt declined very little in 1926 and increased slightly in 1927, but during the next 2 years the downward trend was resumed.

Developments After 1929 Different from Those After 1920.—The movement of mortgage debt following the 1929 financial collapse had some elements in common with that following the 1920 collapse, but in most respects it was markedly different.³ The sharp decline in mortgage debt came in 1932 and 1933, whereas the break in farm prices came much earlier, as was true in the mortgage movement after 1920. However, mortgage debt did not rise for the country as a whole following the 1929 collapse. In fact, the rate of decline was greater in 1930 and 1931 than for the years immediately preceding.

Certain factors accounting for the increases in mortgage debt in 1920 and 1921 were of much less importance in 1930 and 1931. Land values had been declining for the country as a whole during the decade, and the volume of transfers to be completed after the 1929 collapse was relatively small. The volume of non-real-estate credit to be funded into farm mortgages was relatively small as compared with 1920. The national financial system was much less able to finance distress borrowing in 1930 and 1931, and the long decline in land values had left many

³ The mortgage-credit developments of the last decade, and the forces operative, are considered more fully in relation to other developments in chapter 4. At this point only the major differences between the post-1920 and post-1929 periods are discussed.

farmers with little equity on which to borrow. In 1930 the ratio of debt to value for all mortgaged full-owner farms was 39.6 percent as compared with 29.1 in 1920, and the percentage of all owner-operated farms mortgaged was 44.6 percent in 1930 as compared with 41.1 in 1920.

Thus these periods, 1920-23 and 1930-33, well illustrate the observation that a period of reduced farm prices and incomes may result in either a rise or a fall of outstanding mortgage debt, depending on other prevailing conditions.

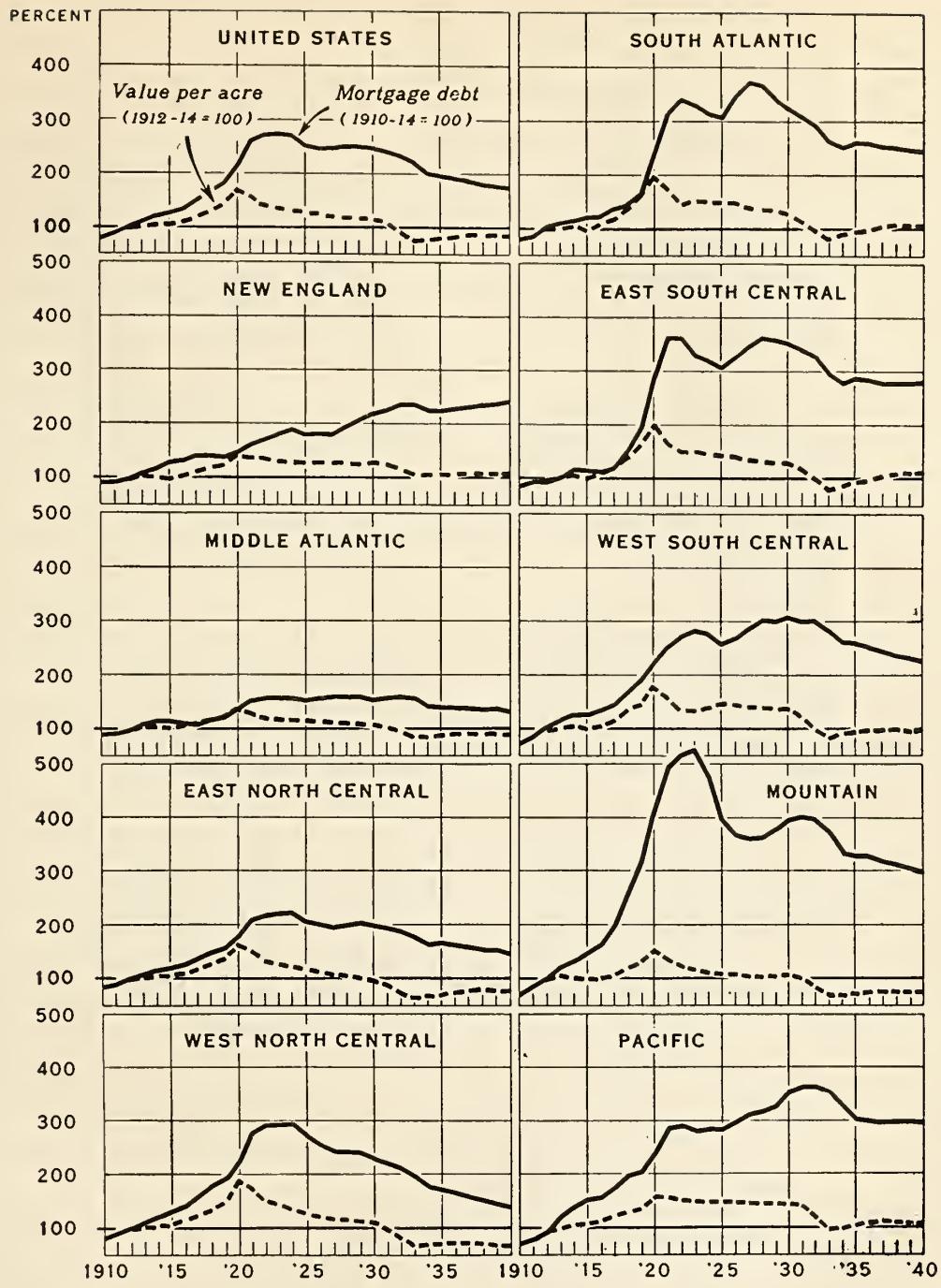
The general pattern of the movement of mortgage debt since 1931 has been similar in some respects to that from 1923 to 1930. In 1932 and 1933 mortgage liquidation was very rapid, the total falling about one-seventh. The large volume of distress transfers was a chief cause of the sharp decline of mortgage debt.

New Help Comes To Farmers.—With the large-scale refinancing program of the Farm Credit Administration which enabled many farm owners to refinance their debts, and the emergency debtor-relief laws enacted by several of the States which hindered foreclosure actions, the rate of decline was much reduced by 1934. After 1933, the rise in land values, the improved prospects for farm incomes and the improved position of private lenders, contributed to the reduction in the number of foreclosure actions. The steady decline of mortgage debt in the last few years of the decade reflects the continued liquidation of mortgages through foreclosures and the increase of principal repayments, especially on loans placed on an amortization basis in the period of large-scale refinancing.

REGIONAL VARIATIONS IN TRENDS OF MORTGAGE DEBT

Considerable regional variation in mortgage-credit trends is evident during certain periods. Figure 2 shows this clearly. As the movements of land values for different regions reflect regional differences in underlying agricultural conditions, the index of land values is shown for each geographic division.

Extent and Period of Debt Rise Varies.—All of the geographic divisions experienced a rise in mortgage debt from 1910 to 1920, although the extent of the rise and the period of greatest increase



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FIGURE 2.—FARM-MORTGAGE DEBT, 1910-40, AND VALUE PER ACRE OF FARM REAL ESTATE, 1912-40.

Variations in farm-mortgage debt by regions, 1910-40, are related to land-value movements of these regions, but reflect changes in acreage in farms, in the proportion of farms mortgaged, and in ratio of debt to value for mortgaged farms. These other factors affecting mortgage debt have been especially important in the newer areas during their developmental stages.

varied somewhat. The rise of mortgage debt from 1910 to 1920 in the New England and Middle Atlantic States was moderate, as was the rise of land values. Increase of mortgage debt in the East North Central States was less marked than in the Western and Southern States.

The largest percentage rise for any area was in the Mountain States. Average value per acre of farm real estate did not rise so much in the Mountain States as in several other areas that show much smaller increases in debt, but other factors were operative. Land in farms in that region increased about 97 percent from 1910 to 1920, the percentage of owner-operated farms mortgaged rose from 20.8 to 52.1, and the ratio of debt to value for mortgaged full-owner farms rose much more than for the country as a whole.

In the East South Central States the rate of increase in mortgage debt was moderate until about 1917, but for the remainder of the decade the rise was very rapid. In the North Central, Pacific, and West South Central States the rate of increase was fairly constant throughout, although, as in most of the other regions, the rate of increase in 1919 was greater than during the years of war activities.

Divergent Trends in 1920's.—The extent and duration of the further rise of mortgage debt in the early 1920's varied widely by regions. Regional differences in mortgage-debt movements also were marked in the period from the post-war debt peak through the early 1930's; some areas showed a sharp decline, whereas others showed a moderate change immediately after the post-war peak was reached. Continuation of the gradual decline of mortgage debt for the Nation as a whole during the latter part of the 1920's and the early 1930's reflects chiefly the importance of the North Central States in the national mortgage-debt total. The increases of mortgage debt in several other regions were not sufficient to offset the heavy decline in the North Central States.

Trends Since 1931 Not Uniform.—The regional movements of mortgage debt since about 1931 have had certain major characteristics in common, but there have been some differences of

trend. In all areas, there was a period of fairly rapid decline before the inauguration of the large-scale refinancing program of the Farm Credit Administration. The declines in 1932 and 1933 in the North and South Central States and in the South Atlantic States represented a continuation of a downward trend already in progress. In some areas the refinancing operations of the Farm Credit Administration funded large amounts of unsecured debts and past-due obligations into mortgage debts, partly accounting for the rise of mortgage debt in 1934 in certain regions.

From 1935 to 1940 the total declined at a moderate rate in most of the regions. But the New England and East South Central States alone show a significant upward trend in these years, and in the Pacific States the volume of debt has changed very little.

Shifts in Geographical Distribution of Debt.—Additional light is shed on the present status of the farm-mortgage debt by certain other comparisons on a regional basis. For example, at present a substantially larger proportion of the total farm-mortgage debt rests on farms in the West and South than was true 30 years ago. The North Atlantic States accounted for 10.6 percent of the entire farm-mortgage debt in 1910 as compared with 8.5 in 1940, and the North Central States accounted for 65 percent of the total in 1910 as compared with 51.7 in 1940. On the other hand, the Southern States, which accounted for only 15.6 percent of the total in 1910, now account for 22.4 percent of the total; and the Western States now account for 17.4 percent as compared with 8.8 in 1910.

The increased proportion of the mortgage debt resting on farms in the West and South reflects in part the greater agricultural expansion in these areas with a resulting increased debt-carrying capacity. The total value of farm real estate today for the entire country is only slightly larger than it was 30 years ago, but a greater proportion of the total is now accounted for by the West and the South. Moreover, the increase of mortgage debt there, relative to the increase in the value of farm real estate, has been greater than in the other parts of the country. For the country as a whole, mortgage debt per \$1,000 of

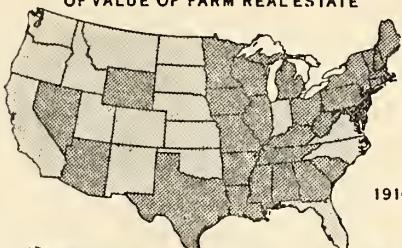
PERCENTAGE OF OWNER-OPERATED FARMS MORTGAGED AND PERCENTAGE MORTGAGE DEBT IS OF VALUE OF FARM REAL ESTATE FOR MORTGAGED FULL-OWNER FARMS

PERCENTAGE OF FARMS MORTGAGED

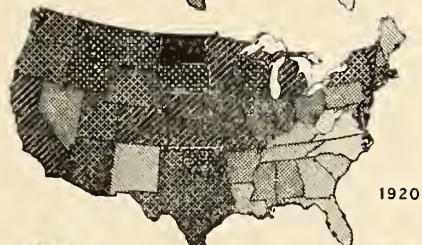


1910

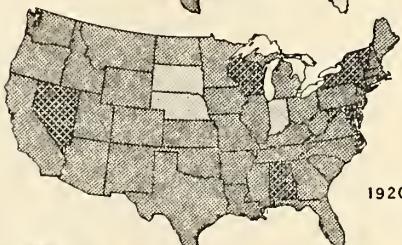
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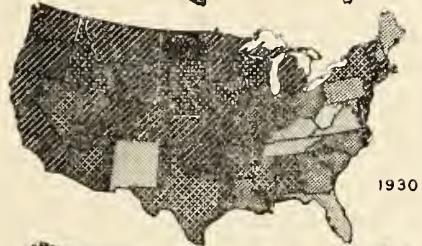
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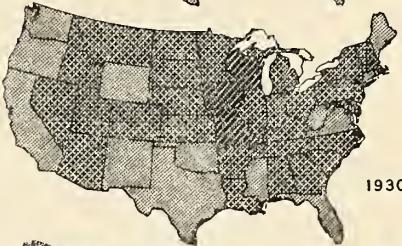
1920



1920



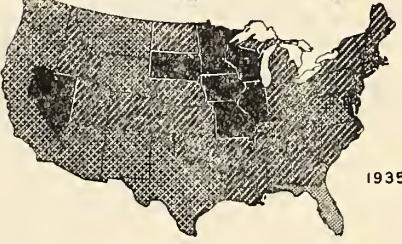
1930



1930



1935



1935

PERCENT

Under 20	40-49.9
20-29.9	50-59.9
30-39.9	60-69.9
40-49.9	70 and over

PERCENT

Under 26	35-44.9
26-34.9	45-54.9
35-44.9	55 and over

DISTRICT OF COLUMBIA INCLUDED IN MARYLAND IN 1930 AND 1935

BAE 35891

FIGURE 3.—In 1910 most of the States with relatively low percentages of owner-operated farms mortgaged were in the Mountain and Southeastern areas. By 1920 all of the Mountain States except New Mexico had experienced sharp increases in the percentage of farms mortgaged. Debt frequency in the Southeastern States has continued lower than for most of the other States. From 1910 to 1920 the ratio of mortgage debt to the value of mortgaged full-owner farms rose sharply in the Western States, and from 1920 to 1935 this ratio increased for almost all of the States, with an especially marked increase from 1930 to 1935, reflecting the sharp reduction in land values in this period.

farm real estate value was \$200 in 1939 as compared with \$92 in 1910. For the North Atlantic States, however, mortgage debt per \$1,000 of real estate value rose only from \$108 in 1910 to \$186 in 1939, whereas for the Western States it rose from \$75 in 1910 to \$223 in 1939.

Other Interrelationships Important.—These changes that have occurred in the volume of outstanding farm-mortgage debt have somewhat more meaning when they are related further to changes in the proportion of farms mortgaged, and to changes in the ratio of debt to value for mortgaged farms. For example, the increase in mortgage debt from 1910 to 1920 represented in some areas a marked increase both in the proportion of farms mortgaged and in the ratio of debt to value on mortgaged farms (fig. 3). This was especially true in the Mountain States. In general, there has been a tendency for variations among States as regards these two points to become less pronounced. In the southeast, however, the proportion of owner-operated farms mortgaged has continued lower than elsewhere, although for the farms under mortgage in the southeast the ratio of debt to value has been comparable with other areas.

It is noteworthy that for certain States a relatively high percentage of farms under mortgage and a relatively high debt-to-value ratio have prevailed over a long period. These underlying conditions help to explain the extent of debt

distress under adverse economic circumstances. Most of the States in the western Corn Belt and in the Great Plains, for example, entered the post-1929 depression with a relatively high percentage of farms mortgaged and with the ratio of debt to value of mortgaged farms higher than for the country as a whole. This, no doubt, aggravated the debt difficulties in these areas arising out of reduced farm income in the early 1930's.

This long-range review of historical trends in the volume of outstanding farm-mortgage debt indicates that the trend of mortgage debt reflects the operation of a wide variety of forces having their origin chiefly in the changes that have occurred in the economic position of agriculture. The major movements reflect mainly the operation of forces of national scope, as in the war and post-war rise of mortgage debt, the post-war liquidation, and the post-1929 liquidation. But national trends alone may be misleading. At times the national trend is merely the net effect of widely divergent regional trends.

These widely divergent regional trends emphasize the need for the consideration of agricultural credit problems on a regional basis. Even after 1929 regional differences were pronounced. Because of their significance in any consideration of public policy in this field, the developments in the post-1929 period are analyzed in more detail in chapter 4.

Sources of Farm-Mortgage Credit

TO REVIEW the changes in the relative importance of the several sources of mortgage credit and the circumstances surrounding them sheds light on the present situation in regard to mortgage-credit sources. But before summarizing the available information it may be helpful to consider briefly the principal lender groups and their economic characteristics as sources of farm-mortgage credit.

WIDE DIVERSITY OF TYPES AND SOURCES

Economic characteristics of farm-mortgage credit vary widely, not only geographically and by kind of farming, but also functionally within the same area and between different financing operations for the same general type of farming. The fact that a debt is secured by a lien against farm real estate provides a useful classification of farm debts for certain purposes, but frequently has no great significance as an indication of the fundamental nature of the financial operations involved.

Farm mortgages frequently arise out of diverse circumstances such as borrowing money to cover most of the purchase price of a farm, giving a mortgage merely as additional security for a loan to finance seasonal production costs or living expenses, or liquidating an inherited estate. From the standpoint of the lender, a farm-mortgage loan may range from a very conservative investment to a claim on a farm that will be worth something only if land values rise considerably or if the borrower can meet the loan from other resources.

Lenders Classified.—Types of funds that flow

into farm mortgages vary as widely as do the uses made of them. Certain general distinctions can be made by broad classes of lender groups, although within each group the considerations involved in making farm-mortgage loans differ considerably. One useful classification (which partly reflects fundamental differences in the considerations given most weight in making loans) can be made on the basis of whether the loans come from local funds or from funds pooled and loaned over a wide area. Those who make the former loans may be designated as local lenders and the latter as centralized lenders. The second group should be subdivided further into public and private lenders.

Local Sources.—Among the several local sources of farm-mortgage credit, individuals have been most important in the past and continue to be one of the principal sources. Individuals held about 25 percent of the farm-mortgage debt in 1935. Individual investors hold mortgages, in many cases, because they took real estate mortgages as a part of the sale price of farms, or of farm equipment and supplies. But many individual holders of local farm mortgages have merely selected this type of investment as the one most suitable to their needs; and some individual holders, not local residents, have purchased from an agent mortgages on farms in other parts of the country.

Since many mortgages held by individuals have originated in business transactions in which the lender is financially interested, the terms and conditions often have reflected considerations not involved in ordinary investment. These

considerations usually influence the interest rate charged, the security accepted, and other features of the loan contract. If, for example, a farm sale has been made at a price highly satisfactory to the seller, he may take a substantial junior mortgage as part of the sale price and grant more favorable terms than if only investment of funds were involved. If a farm is transferred to a relative, the mortgage-credit terms and conditions may reflect personal relationships.

Because they can keep well informed with regard to local farming conditions and the circumstances of particular borrowers, individuals and other local lenders often can be more flexible in making mortgages than is feasible for centralized lenders. This flexibility in terms and conditions and the personal relations between borrower and lender undoubtedly have great weight with many borrowers, and may outweigh certain advantages in regard to interest rates and other terms offered by other lenders.

Second in importance among the local lender groups are commercial and savings banks. This group has held about 10 percent of the total farm-mortgage debt in recent years. These institutions tend to follow lending policies similar to those of local individual lenders. But they are less likely than individuals to be influenced by a direct financial interest in related transactions, such as sales of farm real estate, equipment, and supplies. Moreover, the nature of their liabilities and the statutory and other restrictions under which they operate reduce the flexibility of their loan operations.

Banks, partly because of their demand liabilities, make many relatively short-term farm-mortgage loans to finance farm-equipment purchases and other operating-capital needs. In many cases a mortgage on farm real estate is taken only as additional security for a working-capital loan. At times banks have found it necessary to require a real estate mortgage as additional security for loans previously made on chattels or on personal security. Many of such loans have been junior liens and for relatively small amounts; often they have carried interest rates somewhat higher than those on well-secured first mortgages. Despite the restrictions

imposed on banks, to which individuals are not subject, they have generally furnished a more flexible and varied type of farm-mortgage credit than is furnished by nonlocal lenders.

Savings and loan associations in some sections have been and continue to be rather important. A variety of other mortgage and investment companies have made loans from their funds or have acted as agents in placing loans with other investors. To the extent that these specialized mortgage institutions have been local in character, their loan operations have been governed more largely by local standards and practices. But to the extent that they have acted as agents of other lenders, or have carried on operations over a wide area, their lending practices have been influenced more by requirements of greater standardization of loan terms and conditions.

Centralized Lenders.—Five principal groups of agencies may be classified as predominantly of the centralized-lender types: (1) Certain of the mortgage and investment companies, (2) life insurance companies, (3) the joint stock land banks, (4) the Federal land banks and other Federal mortgage-credit agencies, and (5) State credit agencies.

Some of the mortgage and investment companies obtain funds and make loans over extensive areas. Life insurance companies tend to concentrate their loans in areas where a substantial volume of fairly well-standardized loans permits economical operations. The joint stock land banks were designed chiefly to handle effectively functions similar to those performed by certain of the larger mortgage companies. None of these three groups of lending agencies has been well adapted to making a large volume of heterogeneous farm real estate loans such as the local agencies have made. Loans acceptable to the private centralized agencies have had to be such that detailed and continuous knowledge of specialized types of agriculture or of the special circumstances surrounding each loan was not so necessary for reasonably safe lending.

The Federal land banks and other federally sponsored farm-mortgage loan agencies (hereinafter referred to as Federal agencies) and the several State agencies for making farm loans,

have represented positive-action programs by the Federal and State Governments to meet certain farm-mortgage credit needs that were inadequately served by private lenders. To a considerable extent, especially in the period before 1933, the public policy with respect to these agencies may be characterized as an attempt to extend to a much wider group of borrowers certain advantages enjoyed by many borrowers who were obtaining credit from private centralized lending agencies. Both the direct and indirect effects on other lenders, through competition and the setting of standards, were expected to reduce interest rates and to provide a type of mortgage-credit service better suited to the special requirements of farmer-borrowers.

Each of the several types of farm-mortgage lenders thus has certain economic characteristics which influence the types of loans they are best adapted to make and their ability to make loans under varying economic conditions. These are underlying considerations to be borne in mind in the interpretation of the changes that have taken place in the sources of mortgage credit during the last 30 years.

CHANGES IN SOURCES OF OUTSTANDING FARM-MORTGAGE CREDIT, 1910-40

Increasing relative importance of institutional investors, evident for many years in the economy as a whole, has been a noteworthy tendency in the farm-mortgage field. There has also been a tendency, in the farm-mortgage field at least, for centralized types of investment institutions to expand their operations relative to those of the local types. The pooling of investment funds with centralized agencies and the investment of these funds in scattered areas have given greater mobility to loan capital and made borrowers less dependent on local savings. How far such a trend in farm-mortgage lending may be expected to go, and how far a continuation is desirable, depend on many considerations, including the character of the credit needs of farm-mortgage borrowers and the character and volume of the investment funds available from the several sources.

Dominant Institutional Sources Change.—Commer-

cial banks, life insurance companies, the Federal and joint stock land banks, and the Federal Farm Mortgage Corporation represent the principal institutional sources of farm-mortgage credit at present, although mortgage companies and other financial institutions have held a significant part of the total. The trend of the amount of farm-mortgage holdings of the several major groups of lenders for the last 31 years is shown in table 2, and the trend of the proportion held by each lender group is shown in figure 4.

The two periods in the last three decades in which the institutional lenders as a group be-

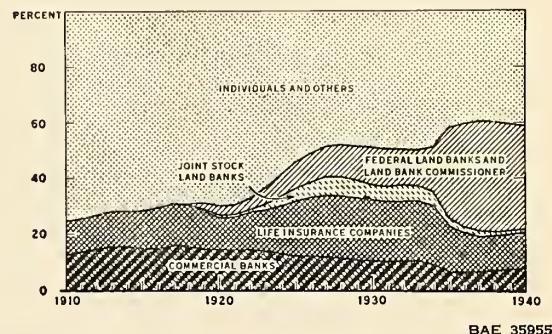


FIGURE 4.—OUTSTANDING FARM-MORTGAGE DEBT, PERCENTAGE HELD BY PRINCIPAL LENDER GROUPS, JANUARY 1, 1910-40.

In 1940, commercial banks, life insurance companies, the Federal and joint stock land banks, and the Land Bank Commissioner held almost 60 percent of the entire farm-mortgage debt. In the 1920's the Federal and joint stock land banks and life insurance companies increased, whereas commercial banks decreased, in relative importance as sources of farm-mortgage credit. Since 1932 the Federal land banks and the Land Bank Commissioner have been a major source of farm-mortgage credit.

came of greatly increased importance were from 1921 through 1926 and from 1933 through 1936. Both were periods in which much of the lending represented refinancing of loans held by other lenders. In the former period, the life insurance companies, joint stock land banks, and Federal land banks refinanced many mortgages held by commercial banks, individuals, and miscellaneous lenders. In the latter period, the increase in the relative importance of institutional credit sources represented a shift of mortgages from private-lender groups

TABLE 2.—*Estimates of total outstanding farm-mortgage debt, and amounts held by principal lender groups, 1910-40*

Beginning of year	Estimated total	Federal land banks ¹	Land Bank Commissioner ¹	Life insurance companies ²	Joint stock land banks ³	Commercial banks ⁴	Individuals and others ⁵
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	3,207,863			386,961		406,248	2,414,654
1911	3,522,121			423,454		477,568	2,621,099
1912	3,929,758			479,653		580,300	2,869,805
1913	4,347,679			550,158		673,752	3,123,769
1914	4,707,358			597,462		723,787	3,386,109
1915	4,990,785			669,984		746,111	3,574,690
1916	5,256,425			765,571		776,269	3,714,585
1917	5,825,851			861,144		933,990	4,030,717
1918	6,536,860	39,112		955,591	1,888	1,008,492	4,531,777
1919	7,137,365	157,021		1,018,163	8,384	1,030,240	4,923,557
1920	8,448,772	296,386		974,826	60,038	1,204,383	5,913,139
1921	10,221,126	356,010		1,205,778	77,959	1,447,483	7,133,896
1922	10,702,257	443,062		1,432,367	85,017	1,540,005	7,201,806
1923	10,785,621	655,681		1,556,203	218,775	1,506,467	6,848,495
1924	10,664,919	822,161		1,792,145	392,639	1,388,106	6,269,868
1925	9,912,650	923,077		1,942,624	446,429	1,200,456	5,400,064
1926	9,713,213	998,552		2,030,301	545,559	1,178,460	4,960,341
1927	9,658,422	1,068,642		2,123,664	632,574	1,143,595	4,689,947
1928	9,756,957	1,144,984		2,172,863	667,314	1,097,085	4,674,711
1929	9,756,559	1,182,813		2,138,980	656,516	1,046,624	4,731,626
1930	9,630,768	1,185,765		2,105,477	626,980	997,468	4,715,078
1931	9,458,281	1,175,832		2,059,221	590,811	946,876	4,685,641
1932	9,214,004	1,151,659		2,007,361	536,644	940,135	4,578,205
1933	8,638,383	1,105,610		1,869,160	459,183	889,083	4,315,347
1934	7,887,119	1,203,143	70,738	1,661,046	392,438	710,863	3,848,891
1935	7,755,971	1,885,087		616,737	2,258,900	255,931	498,842
1936	7,638,867	2,059,845		794,121	1,054,770	175,677	487,505
1937	7,389,797	2,053,105		835,807	936,454	133,499	3,066,949
1938	7,214,138	2,024,473		811,489	895,470	104,163	2,943,398
1939	7,070,896	1,971,630		751,392	887,336	87,362	2,877,093
1940	6,909,794	1,894,563		689,338	883,414	65,719	2,853,900

¹ Excluding Puerto Rico.

² Partially estimated.

³ Including banks in receivership.

⁴ 1935-39 insured commercial banks; before 1935 open State and national banks. Estimates prior to 1935.

⁵ Residual of estimated total not accounted for by designated lending agencies.

to the Federal land banks and the Land Bank Commissioner.⁴

Many factors have helped to account for the increased relative importance of the centralized types of lenders. It is difficult to distinguish from additional factors the extent to which this development is affected by a long-run historical trend associated with the gradual "coming of age" of the newer parts of the country and a gradual development of institutional lending agencies adapted to making the kinds of mortgage loans required by farm owners. The trend of institutional investment in farm mortgages has been accelerated by the positive action of the Federal Government in furnishing agricultural credit through federally sponsored agencies. The large volume of private savings which flowed into insurance policies and the investment funds that were available for the purchase

of Federal and joint stock land bank bonds in the 1920's also stimulated further institutional investment in farm mortgages at a time when banks and individuals in many rural areas were not in a position, or were unwilling, to carry a large volume of mortgages. How far the availability of these loan funds reflected general monetary and credit policy is difficult to say, but there is little doubt that this factor did affect the volume of such funds available to lending institutions for farm-mortgage investment.

Situation May Change.—In view of the presence of special financial circumstances in both of the periods of increased institutionalization of farm-mortgage credit—circumstances which were rather independent of the basic trends in agriculture—a question arises as to whether expansion of institutional lending will continue at the rate of the last two decades. This will depend, of course, on the character of future public policies with regard to the Federal mortgage-credit facilities and on other factors more directly related to the availability of private funds and the needs for mortgage credit.

⁴ The Land Bank Commissioner is directed by law to make loans on behalf of the Federal Farm Mortgage Corporation. See Chapter 7 for a discussion of Commissioner loans and the operations of the Federal Farm Mortgage Corporation.

REGIONAL VARIATIONS IN SOURCES

Consideration of the trends for different areas sheds additional light on the forces that have increased the farm-mortgage activity of public and private centralized lending institutions (fig. 5.)

Regional Specialization Evident.—Life insurance companies, for example, have never held a significant volume of farm mortgages in the New England and Middle Atlantic States, and only a relatively small part of the total in the Mountain and Pacific States. In the Northeastern States funds have been available from local sources at interest rates comparable to those charged elsewhere by life insurance companies. Furthermore, the agriculture in this area has not been homogeneous enough to permit the use of standardized loan procedures over an entire area. In the Mountain and Pacific States perhaps the latter factor has been most influential, although in California funds available from the branch-banking systems and specialized investment companies have met some of the credit needs that might have been suitable for centralized agency loan operations. The Corn Belt areas of the Middle West and the plantation areas of the South have been better suited to life insurance company lending, partly because a substantial volume of loans could be made in a comparatively small territory; fairly well-standardized loan procedures could be used and larger-than-average size loans could be made, all tending to reduce administrative costs per unit of loan volume.

The joint stock land banks (in liquidation since 1933) are not now a significant source of mortgage credit, but in the late 1920's they were important in certain areas. These institutions varied greatly in character and did not operate in all areas—for instance, the New England States, Delaware, Florida, or New Mexico. In some areas, although a considerable volume of mortgage debt was suited to this type of lender, the life insurance companies had taken over most of this type of financing before the joint stock land banks were organized, and so continued as a principal source. This was true, for instance, in certain parts of the Corn Belt and in cotton areas

of large-scale farming. However, the fact that neither the joint stock land banks nor the life insurance companies acquired a large part of the farm mortgages in certain areas indicates a large volume of mortgage credit that either was not adapted to this type of lending, or could be furnished by other lenders on terms as satisfactory to the borrower as those offered by these institutions.

As the Federal land bank system was designed partly to meet credit needs that were inadequately served by other agencies, the areas in which the Federal land banks came to hold a large part of the mortgage debt in the 1920's would be expected to be somewhat different from those occupied by the private centralized institutions. For example, in the New England and Middle Atlantic States these institutions acquired a somewhat larger part of the farm-mortgage debt than in the North Central States where the life insurance companies were active. In the latter States, as well as in several of the Southern States, life insurance companies held a substantial volume of mortgages before the Federal land banks were established. It was in the Southern and Mountain States, however, that the Federal land banks became relatively most important in the 1920's.

Figure 6 indicates in general the areas in which the centralized types of lenders had become most important before the post-1929 depression. The chart brings out several contrasts between areas that are obscured by the grouping of States by geographic divisions in figure 5. For example, in 1929, local credit sources were used more in Wisconsin and Michigan than in the other three East North Central States, and similar contrasts are evident in other areas.

By January 1, 1939, not only was a larger percentage of the total farm-mortgage debt held by the centralized types of agencies (including the Land Bank Commissioner) than in 1929, but the shifting of locally held mortgages to the Federal agencies had tended to make for less variations by States (fig. 7).

In many States, however, local lenders are still the outstanding sources. This is true especially in the North Atlantic, the Western, and certain other scattered States.

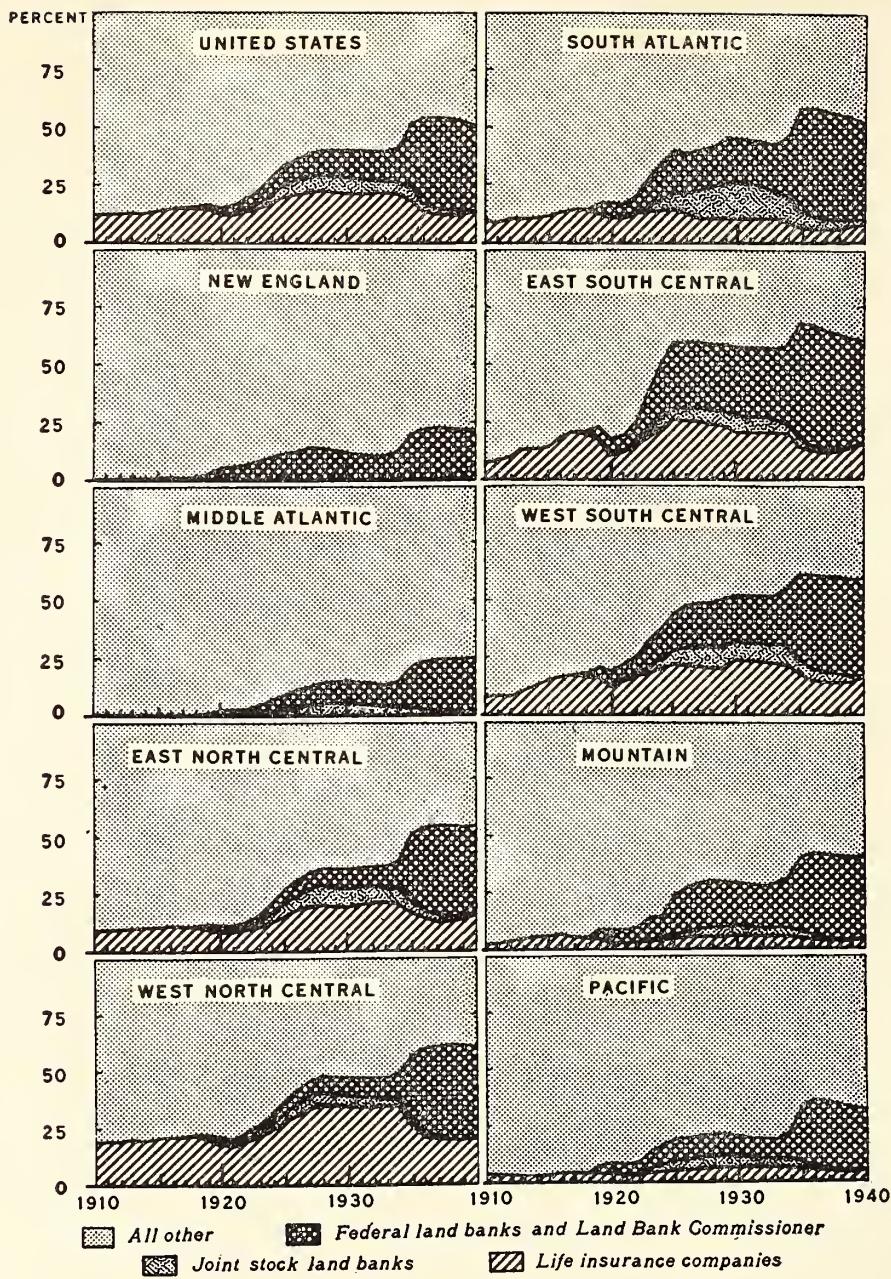
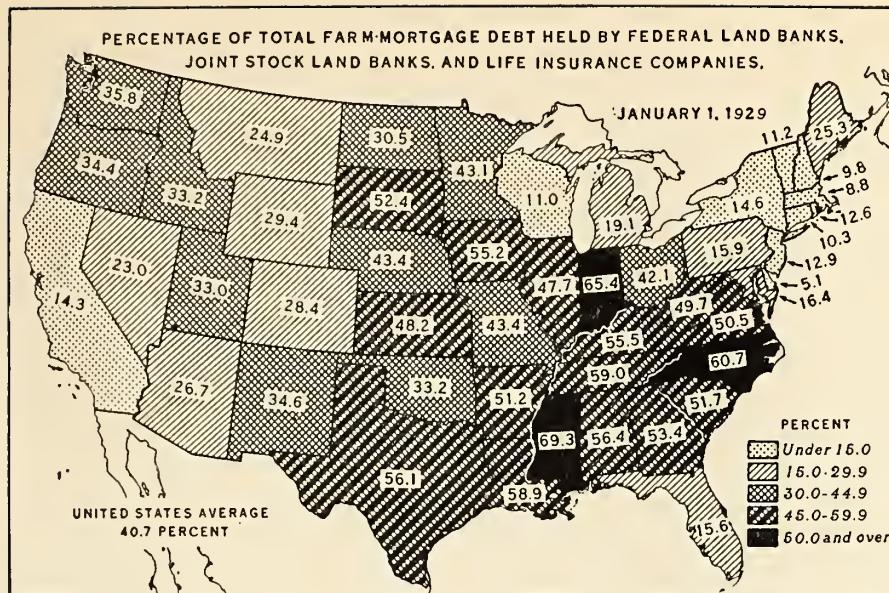


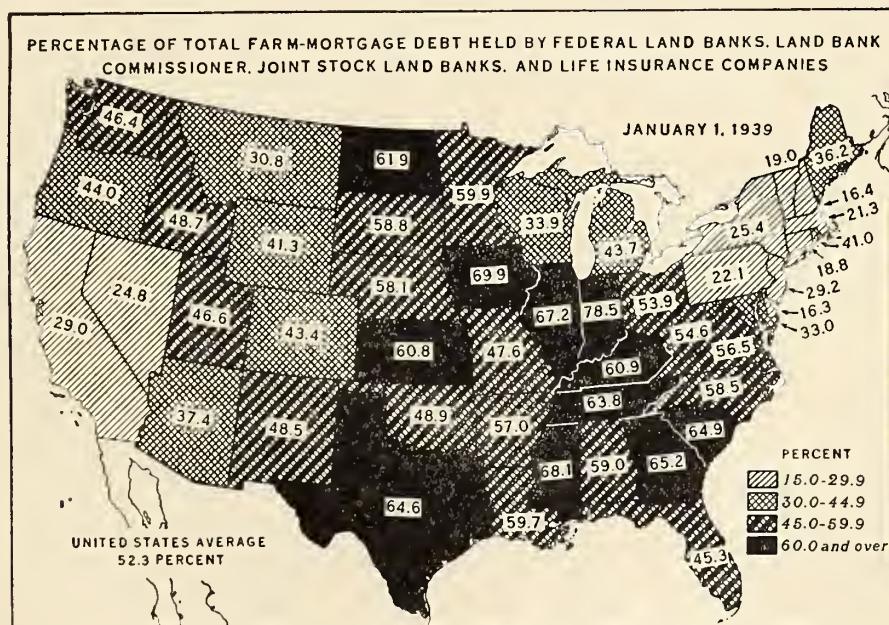
FIGURE 5.—PERCENTAGE OF TOTAL FARM-MORTGAGE DEBT HELD BY FEDERAL LAND BANKS AND LAND BANK COMMISSIONER, JOINT STOCK LAND BANKS, AND LIFE INSURANCE COMPANIES, BY GEOGRAPHIC DIVISIONS, JANUARY 1, 1910-40.

The relative importance of different lender groups as sources of farm-mortgage credit varied widely by regions in the period 1910-40. Life insurance companies have been relatively more important in the North and South Central States than in other geographic divisions. The Federal land banks became of considerable importance as sources of credit in the Mountain and Southern States even in the 1920's, but did not hold a very large part of the total in the North Central States until in the 1930's. In the 1920's the joint stock land banks came to hold a higher percentage of total farm-mortgage debt in the South Atlantic States than in any other geographic division.



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FIGURE 6.—On January 1, 1929, the three principal centralized lender groups together held more than 45 percent of the farm-mortgage debt of 17 States and less than 15 percent in 10 other States. See figure 7 for similar data for 1939.



BAE 35080

FIGURE 7.—On January 1, 1939, the three principal centralized lenders and the Land Bank Commissioner held more than 45 percent of the farm-mortgage debt in 28 States and in no State did they hold less than 15 percent. See figure 6 for similar data for 1929.

Additional Comparisons by States.—Figures 8, 9, 10, and 11 and table 3 supplement the data in figure 5 showing the trend of the percentage of farm-mortgage debt held by the centralized types of lenders as a group. In the main, life insurance companies in 1929 were most important in those areas in which the Federal land banks were less important. Although not without exceptions, life insurance companies were most prominent in the areas of higher land values and relatively large farm mortgages and in the areas of lower interest rates (figs. 12 and 13). The Federal land banks came to the fore principally in the areas of lower land values and higher interest rates. In 1929 the joint stock land banks were relatively more important in West Virginia, North Carolina, and South Carolina, and also held a substantial portion of the farm-mortgage debt in Arkansas, Indiana, Texas, Illinois, Virginia, Wyoming, and Ohio (table 3).

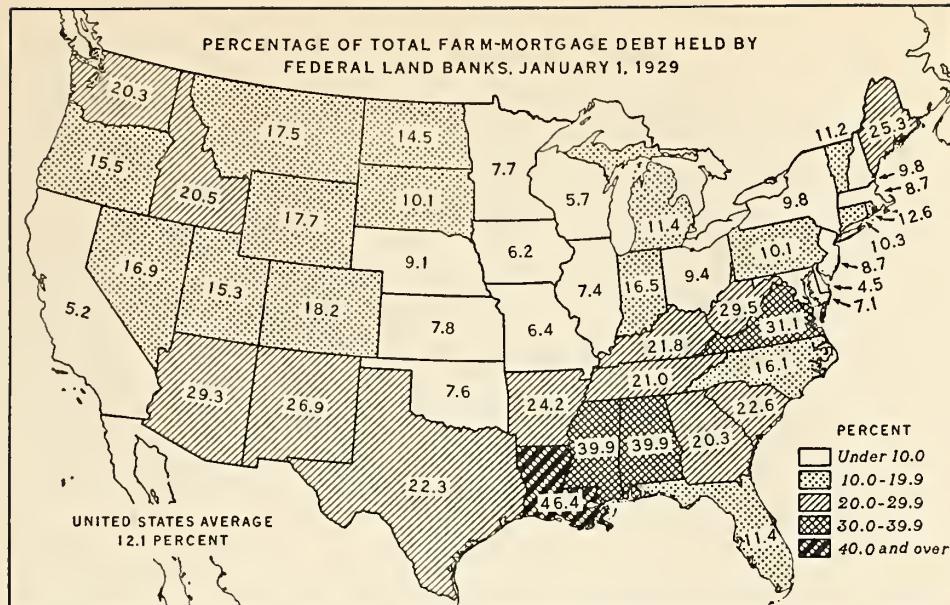
TABLE 3.—*Percentage of total farm-mortgage debt held by joint stock land banks, January 1, 1929 and 1939*

State and division	1929	1939
	Percent	Percent
Maine	0.0	0.0
New Hampshire	.0	.0
Vermont	.0	.0
Massachusetts	.0	.0
Rhode Island	.0	.0
Connecticut	.0	.0
New England	.0	.0
New York	4.7	1.2
New Jersey	4.0	.8
Pennsylvania	5.8	1.6
Middle Atlantic	5.0	1.3
Ohio	10.4	2.5
Indiana	13.0	5.8
Illinois	11.2	1.9
Michigan	4.2	.6
Wisconsin	.8	.0
East North Central	7.8	1.8
Minnesota	5.8	.1
Iowa	7.3	1.1
Missouri	4.5	.9
North Dakota	1.7	.0
South Dakota	3.4	.3
Nebraska	5.0	.5
Kansas	4.5	.8
West North Central	5.4	.6
Delaware	.0	.0
Maryland	8.0	.8
Virginia	11.2	2.1
West Virginia	18.4	3.2
North Carolina	34.6	7.3
South Carolina	19.9	2.5
Georgia	7.8	2.4
Florida	0	0
South Atlantic	15.1	3.0

TABLE 3.—*Percentage of total farm-mortgage debt held by joint stock land banks, January 1, 1929 and 1939—Continued*

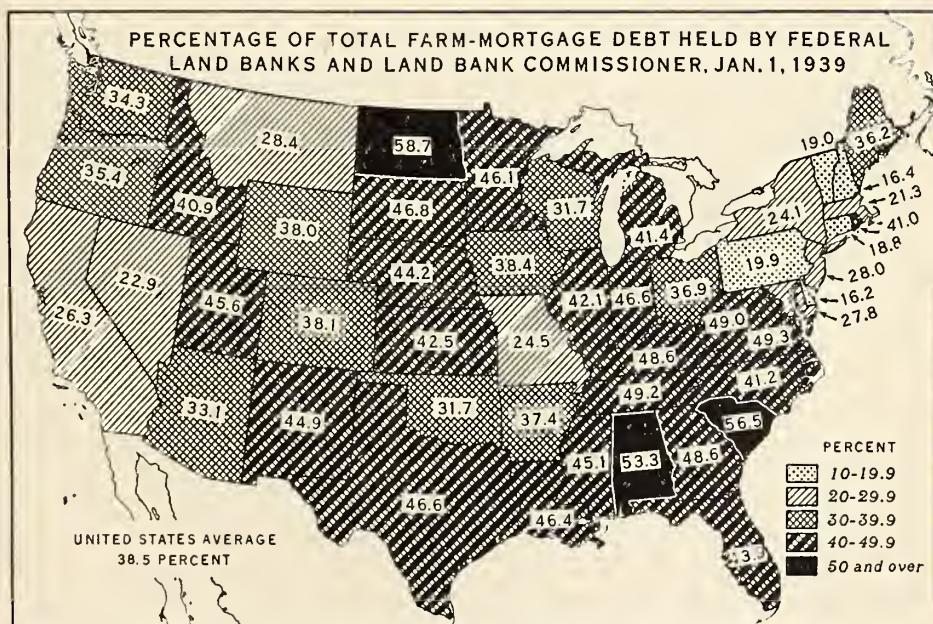
State and division	1929	1939
	Percent	Percent
Kentucky	9.7	1.1
Tennessee	2.6	.1
Alabama	6.4	1.7
Mississippi	6.7	1.0
East South Central	6.3	.9
Arkansas	13.4	2.8
Louisiana	1.9	.3
Oklahoma	1.8	.6
Texas	12.7	3.4
West South Central	9.4	2.6
Montana	1.3	.2
Idaho	3.6	.1
Wyoming	10.8	2.9
Colorado	6.7	1.7
New Mexico	0.0	0.0
Arizona	8.8	.0
Utah	1.3	.0
Nevada	4.0	0.0
Mountain	4.3	.7
Washington	1.3	.4
Oregon	9.4	1.4
California	5.4	.0
Pacific	5.2	.2
United States	6.7	1.2

The rather detailed data thus far presented still obscure many differences between these agencies with regard to the specific areas in which farm-mortgage loans were made before 1929. Inasmuch as life insurance companies often restricted their loan operations to certain groups of counties within a State, and the Federal land banks often made loans in counties where credit was not available from other sources except on unfavorable terms, a detailed map by counties similar to those shown by States would be necessary to bring out the most significant intrastate contrasts. Such data as are available indicate a tendency of the life insurance companies to confine loans to groups of counties where a substantial volume of fairly large loans could be made in a relatively small area, and where the agriculture was of such a character that specialized appraisal and loan servicing problems were not so numerous. The cooperative system of the Federal land banks, with local associations assuming some responsibility for the lending operations, was designed to be better adapted to making loans for which a knowledge of local conditions was essential to safe lending.



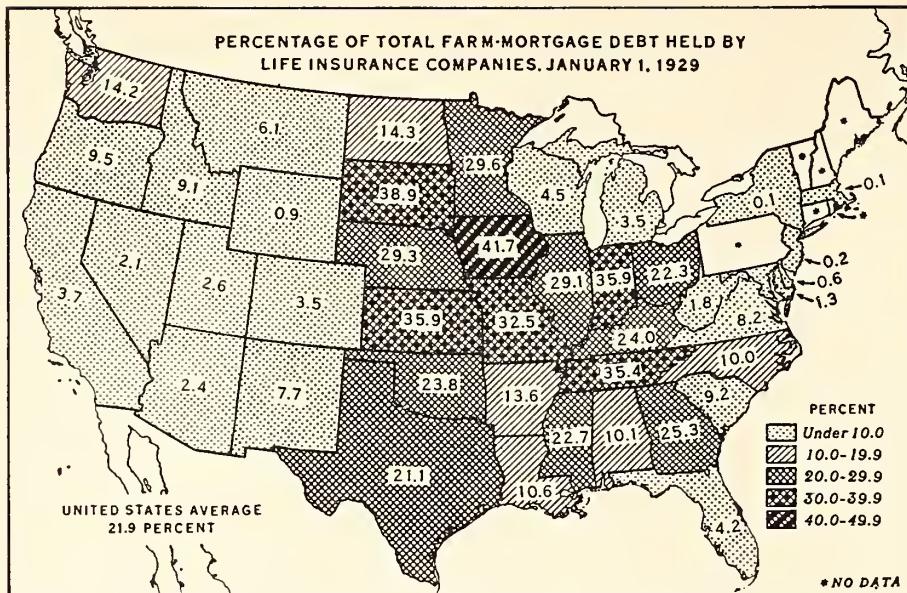
BAE 35956

FIGURE 8.—In 1929 the Federal land banks with few individual State exceptions held higher percentages of total farm-mortgage debt in the West and South than in other areas. See figure 9 for similar data for Federal land bank and Land Bank Commissioner loans on January 1, 1939.



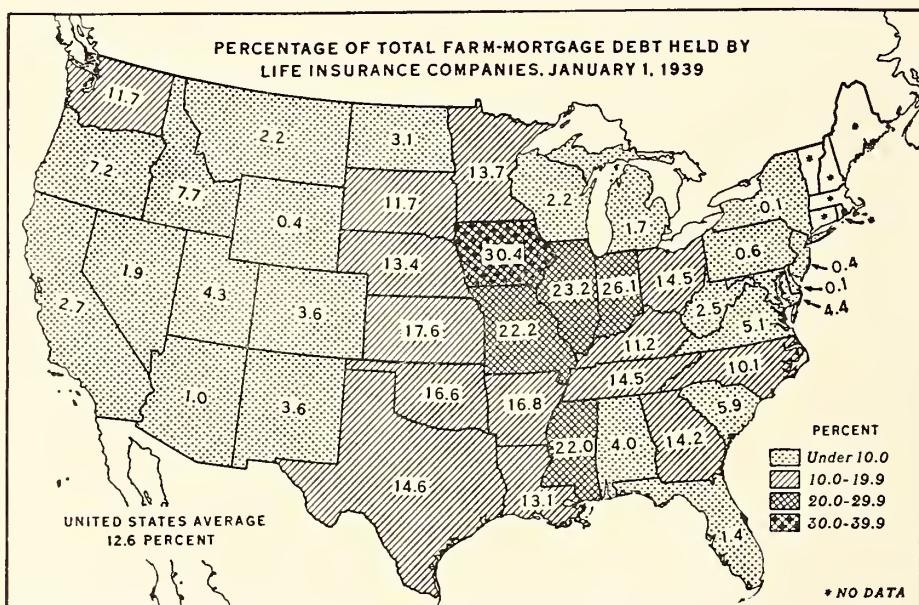
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FIGURE 9.—In 1939 the Federal land banks and the Land Bank Commissioner held substantial percentages of the farm-mortgage debt of most of the States. This is in sharp contrast to the percentages held by the Federal land banks in 1929 shown in figure 8.



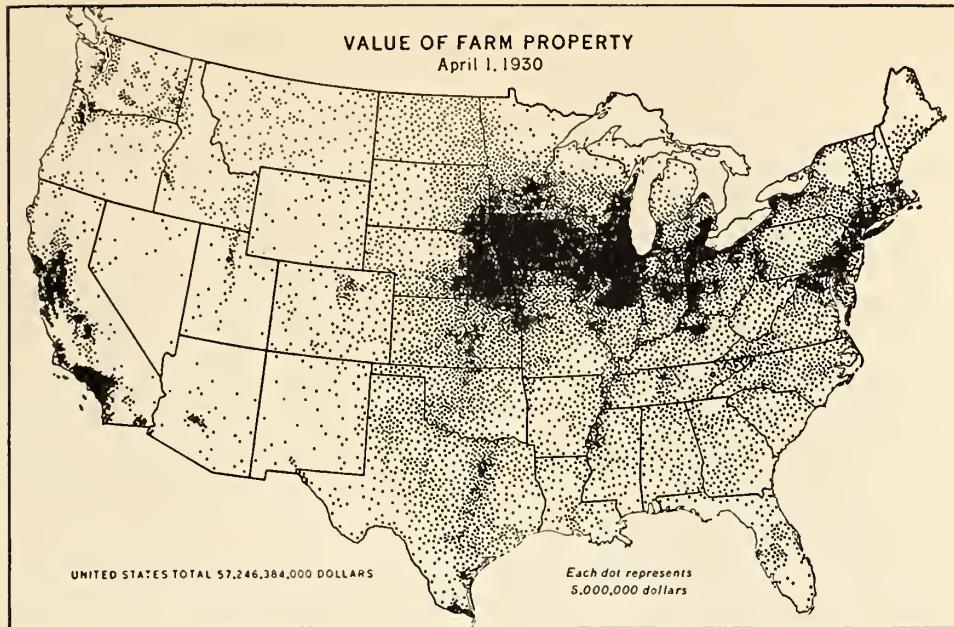
BAE 39184

FIGURE 10.—In 1929 life insurance companies held almost 22 percent of the farm-mortgage debt for the entire country, but in several areas, particularly the North Atlantic, Mountain, and Pacific States, these institutions held small percentages of the total. See figure 11 for similar data for 1939.



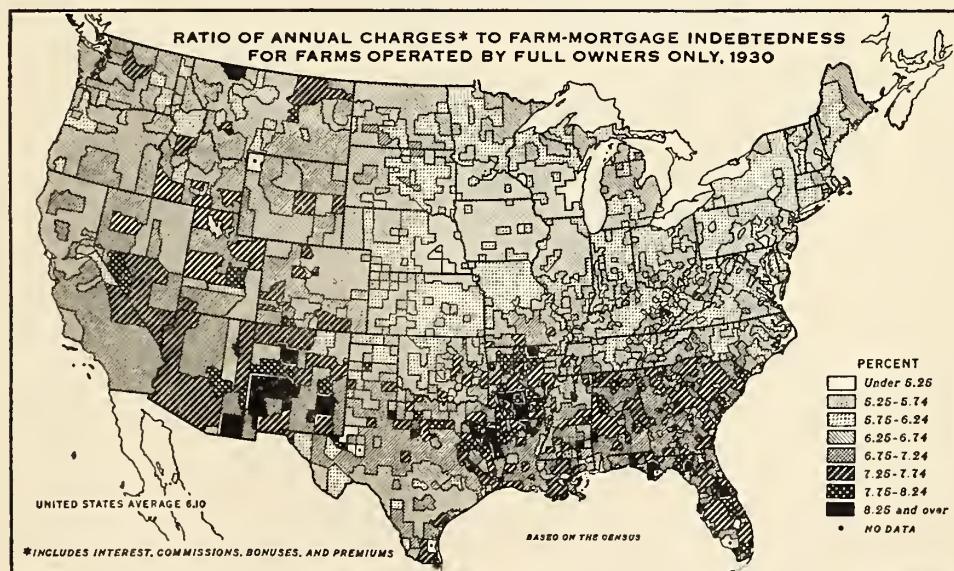
BAE 39183

FIGURE 11.—In 1939 life insurance companies held smaller percentages of total farm-mortgage debt in most States than in 1929 (fig. 10). These institutions held more than 30 percent of the total in only one State (Iowa) in 1939. In 1929 they held more than 30 percent in six States.



BAE 24773

FIGURE 12.—Most of the States in which life insurance companies held high percentages of total farm-mortgage debt in 1929 were States with high land values and high average value per farm. See also figure 10.



BAE 32842

FIGURE 13.—Relatively high farm-mortgage interest rates prevailed in 1930 in most of the States in which the Federal land banks held high percentages of total farm-mortgage debt. See also figure 8.

Situation Different by 1939.—At the beginning of 1939, life insurance companies held only about one-eighth of the farm-mortgage debt as compared with almost 22 percent of the much larger total 10 years earlier. The areas in which these companies now hold high percentages of the total as compared with other areas are much the same as in 1929 (figs. 10 and 11). With the liquidation of the joint stock land banks since 1933, these institutions hold few mortgages except in certain States (table 3), whereas the Federal land banks and the Land Bank Commissioner are now important sources of farm-mortgage credit in practically every State (fig. 9). Although in 1929 the Federal land banks held a comparatively small percentage in most of the Middle Western States, in 1939 the Federal land banks and the Land Bank Commissioner held a higher percentage in most of these States than for the country as a whole. All regions are now affected by the operating policies of Federal agencies, whereas before 1933 the effects of the Federal land banks were relatively minor in many areas.⁵

Local Sources Still Important.—In most areas a large part of the farm mortgages not held by the centralized lending institutions discussed above has been held by individuals and commercial and savings banks. As of January 1, 1935, commercial and savings banks held 9.1 percent of the farm-mortgage debt for the country as a whole. The largest percentage for any geographic division was 28.6 percent for the New England States, whereas in the West North Central States these banks held only 6.1 percent and in the Mountain States only 6.5. On the same date individuals held almost one-half of the farm-mortgage debt in the Middle Atlantic States and 35.5 and 28.8 percent in the New England and Mountain States, respectively. Individuals held only slightly more than one-seventh of the total in the East and West South Central States. Data on the relative importance of local lenders as sources of farm-mortgage credit in 1935 are summarized by geographic divisions and Farm Credit districts in table 4.

Mortgage Companies Continue.—Before the land

⁵ Additional data on the sources of farm-mortgage credit by regions are found in Appendix table 65.

bank system was developed, mortgage companies played a larger part in farm-mortgage lending, particularly in the West and Southwest, and in some areas these institutions still furnish a substantial volume of credit. They provide one of the financial mechanisms by which funds can be invested in farm mortgages in distant areas. Although the land bank system was designed to perform this function more effectively, as late as 1935 mortgage companies held almost 10 percent of the farm-mortgage debt of the Mountain States and more than 5 percent in the West South Central States (table 4). The amounts actually held by these institutions in their own portfolios, of course, represent only a part of the mortgage loans they have made.

TABLE 4.—*Estimated percentage of total farm-mortgage debt held by selected lender groups, by geographic divisions and Farm Credit districts, Jan. 1, 1935*

Geographic division or Farm Credit district ¹	Total farm-mortgage debt Jan. 1, 1935	Percentage held by—			
		Commercial and savings banks	Mortgage companies	Individuals	Miscellaneous other lenders ²
	1,000 dollars	Percent	Percent	Percent	Percent
New England	176,003	28.6	1.1	35.5	14.7
Middle Atlantic	413,578	13.4	.9	49.5	13.8
East North Central	1,535,006	11.5	1.5	26.8	8.6
West North Central	2,694,140	6.1	3.8	23.0	9.3
South Atlantic	421,644	8.6	1.2	22.4	8.8
East South Central	354,212	8.8	.5	15.4	6.0
West South Central	934,687	7.2	5.6	14.6	10.3
Mountain	474,214	6.5	9.5	28.8	14.8
Pacific	782,487	13.5	4.4	27.7	19.8
United States	7,785,971	9.1	3.4	25.1	10.8
Springfield	438,843	18.0	.8	46.0	13.6
Baltimore	302,124	16.0	.9	34.9	12.1
Columbia	270,258	5.2	1.8	19.6	9.4
Louisville	645,971	10.2	1.6	12.7	8.1
New Orleans	216,421	7.3	1.7	15.9	6.8
St. Louis	838,395	15.4	2.4	19.4	5.7
St. Paul	1,218,354	7.6	1.6	34.8	13.3
Omaha	1,472,146	4.3	3.6	22.8	8.5
Wichita	696,134	5.7	9.6	20.4	11.9
Houston	604,184	7.9	4.0	14.7	6.0
Berkeley	624,722	17.0	4.4	26.8	21.3
Spokane	458,419	5.3	7.6	28.4	15.2
United States	7,785,971	9.1	3.4	25.1	10.8

¹ See figure 34, p. 73, for States included in the several Farm Credit districts.

² Does not include Federal land banks, Land Bank Commissioner, joint stock land banks, nor life insurance companies.

In addition to the private institutions which have specialized in farm-mortgage loans, a group of general-investment companies hold farm mortgages along with other types of investments. Such institutions probably account for a sub-

stantial part of the mortgage loans which farm owners in the eastern part of the country report as held by mortgage companies.

In several States virtually the same considerations which eventually led to the establishment of the Federal land bank system brought into being specialized State institutions for making farm loans. Most noteworthy were those established in North Dakota, South Dakota, and Minnesota (table 5). Other States that have established such institutions include Wyoming and Oregon. In many of the States trust funds of both the States and the counties are invested in farm mortgages. With the farm-mortgage difficulties of the last decade the importance of State credit institutions, along with private lenders, has greatly diminished.

TABLE 5.—Outstanding farm-mortgage loans of three State credit agencies, Jan. 1, 1918-39

Year	Outstanding farm-mortgage loans held by—		
	Minnesota Rural Credit Bureau	Bank of North Dakota	South Dakota Rural Credit Board
1918			1,000 dollars
1919			(1) 2,386
1920			(1) 13,190
1921			(1) 25,395
1922			(1) 32,700
1923			(1) 35,942
1924	3,867	(1) 40,431	(1) 40,879
1925	32,296	(1) 40,471	(1) 40,395
1926	37,890	(1) 36,392	(1) 36,392
1927	42,517	(1) 30,782	(1) 26,705
1928	44,536	25,181	(1) 23,757
1929	44,985	25,690	
1930	44,125	26,365	22,785
1931	43,583	28,016	21,099
1932	43,480	31,185	18,348
1933	36,944	30,754	16,376
1934	35,139	28,898	15,537
1935	32,789	16,462	13,035
1936	27,390	11,250	9,450
1937	18,414	8,396	5,848
1938	11,934	7,348	5,375
1939	8,545	4,937	3,799

¹ Data unavailable.

² June 30.

Within the last few years Federal agencies other than the Federal land banks and the Land Bank Commissioner have acquired a substantial volume of farm mortgages. In the tenant-purchase program of the Farm Security Administration mortgages have been taken on farms, and some mortgages are held by other Federal agencies. Tenant-purchase loans outstanding on June 30, 1940, amounted to \$50,653,000. These loans are discussed on pages 133 to 139 in part II which deals specifically with the development of Federal farm-mortgage agencies.

Sources of farm-mortgage credit thus have been decidedly different in different periods and areas. These variations reflect differences in availability of funds and in the predominant types of credit used by borrowers. In times when credit is urgently needed, as in 1932 and later, and when the demand is largely for credit to fund and refinance debts, any agency that can perform this service is likely to become a substantial source of credit. But in a "borrowers' market," when lenders are seeking borrowers, the qualitative differences in credit needs of farmers may be far more effective determinants of the sources of credit used.

DISTRIBUTION OF MORTGAGE RECORDINGS BY LENDER GROUPS

Year-to-year changes in the relative importance of different lender groups, as indicated by mortgages recorded, give a more sensitive indicator of certain of the factors at work in the farm-mortgage structure over a period of years than do changes indicated by mortgages held. Figure 14 and tables 6 and 7 present

TABLE 6.—Percentage distribution of the total amount of farm-mortgage loans recorded by selected lender groups, United States, 1910-35

Year	Indi- viduals	Banks ¹	Insur- ance com- panies	Federal land banks and Land Bank Commis- sioner	Joint stock land banks	Others ²
				Percent		
1910	62.9	16.5	8.4	—	—	12.2
1911	59.9	19.2	9.0	—	—	11.9
1912	58.4	18.3	11.4	—	—	11.9
1913	61.7	17.8	8.7	—	—	11.8
1914	60.0	19.6	8.6	—	—	11.8
1915	64.9	21.0	12.4	—	—	11.7
1916	50.0	24.2	14.3	—	—	11.5
1917	53.7	20.0	12.9	2.0	0.1	11.3
1918	58.8	16.3	8.3	5.8	.4	10.4
1919	57.6	18.4	7.3	4.7	1.8	10.2
1920	59.3	18.3	10.7	1.7	.5	9.5
1921	46.5	25.2	11.5	3.8	.2	12.8
1922	37.5	23.0	13.5	9.0	5.7	11.3
1923	34.5	22.0	18.4	7.7	7.0	10.4
1924	37.2	23.0	16.7	7.8	3.5	11.8
1925	39.9	21.8	16.0	5.6	6.1	10.6
1926	39.4	21.3	16.5	6.8	5.8	10.2
1927	40.3	22.4	14.2	7.8	4.5	10.8
1928	42.9	23.9	13.4	6.2	2.2	11.4
1929	44.4	23.4	13.9	4.5	1.1	12.7
1930	44.9	25.8	12.9	4.0	.4	12.0
1931	44.6	27.2	10.6	3.9	.4	13.3
1932	45.0	28.7	8.2	4.1	.5	13.5
1933	31.4	18.5	5.1	33.3	.4	11.3
1934	14.4	7.6	3.1	68.3	.2	6.4
1935	26.6	16.6	6.8	40.4	.7	8.9

¹ Includes both open and closed commercial and mutual savings banks.

² Includes mortgage companies, State and county agencies, building and loan associations, and miscellaneous groups.

TABLE 7.—Percentage distribution of the total amount of farm-mortgage loans recorded by selected lender groups, United States, 1934-40

Year	Individuals	Commercial banks ¹	Insurance companies	Federal land banks and ² Land Bank Commissioner ²	Miscellaneous ³
	Percent	Percent	Percent	Percent	Percent
1934	12.6	6.4	2.6	73.7	4.7
1935	25.4	16.3	7.5	43.7	7.1
1936	31.8	23.2	14.4	23.1	7.5
1937	34.7	28.1	16.9	13.5	6.8
1938	32.4	29.0	19.0	11.1	8.5
1939	31.1	29.9	18.9	10.8	9.3
1940	29.2	28.5	18.8	13.0	10.5

¹ Includes only open commercial and mutual savings banks.

² Represents closings and not recordings.

³ Includes representatives of individuals, mortgage companies, State and county agencies, joint stock land banks, closed banks, building and loan associations, and miscellaneous groups.

Farm Credit Administration.

estimated percentages recorded each year by the principal types of lenders for the period

1910-39. As the data for the period 1934-39 are classified on a somewhat different basis, figure 14 is constructed to show both series for 1934 and 1935.⁴ The two series are sufficiently comparable, however, for certain general historical comparisons.

In the period 1910-20, farm mortgages recorded by individuals represented 50 to 63 percent of total farm mortgages recorded. In 1915, 1916, and 1917 the proportion was smaller than for the other years of the decade, and the proportion recorded by commercial and savings banks and life insurance companies was higher than for the other years. The increased importance of State and national

⁴ See footnotes to tables 6 and 7 for the principal differences in the two series. Data by geographic divisions for the period 1910-35 are given in Appendix table 66.

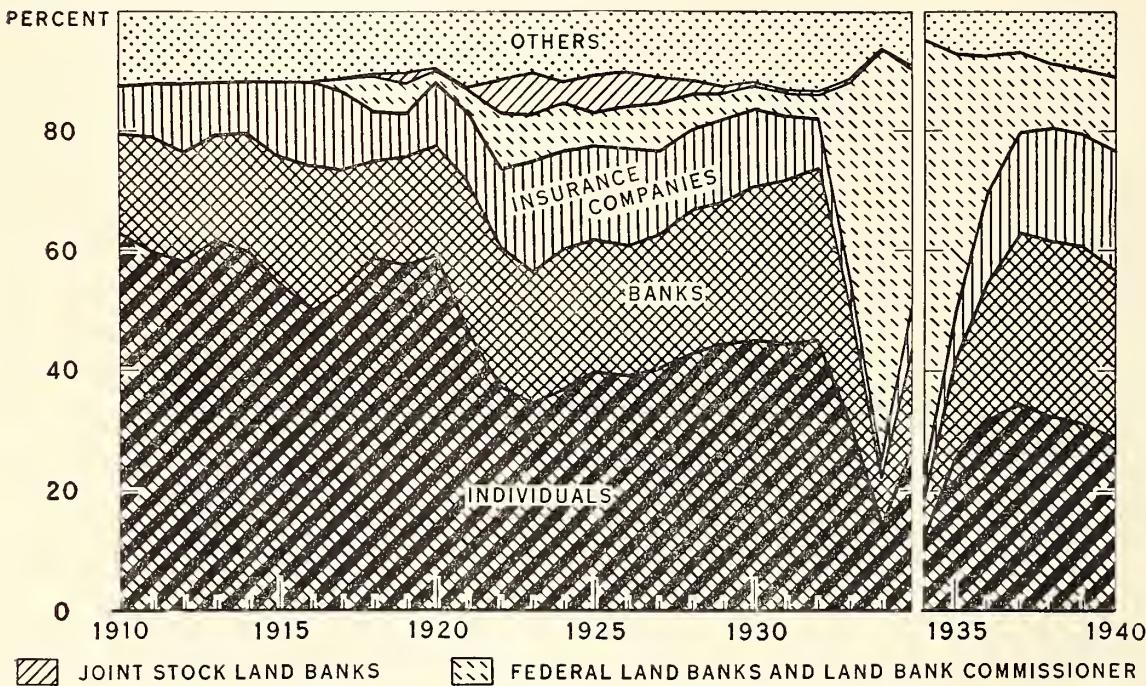


FIGURE 14.—PERCENTAGE OF FARM-MORTGAGE LOANS RECORDED BY SELECTED LENDER GROUPS, 1910-40. (Data for 1910-35 in first section of chart based on W. P. A. survey sponsored by Bureau of Agricultural Economics. Data for 1934-40 in second section of chart are estimates by the Farm Credit Administration. 1939 and 1940 data based on first 9 months only.)

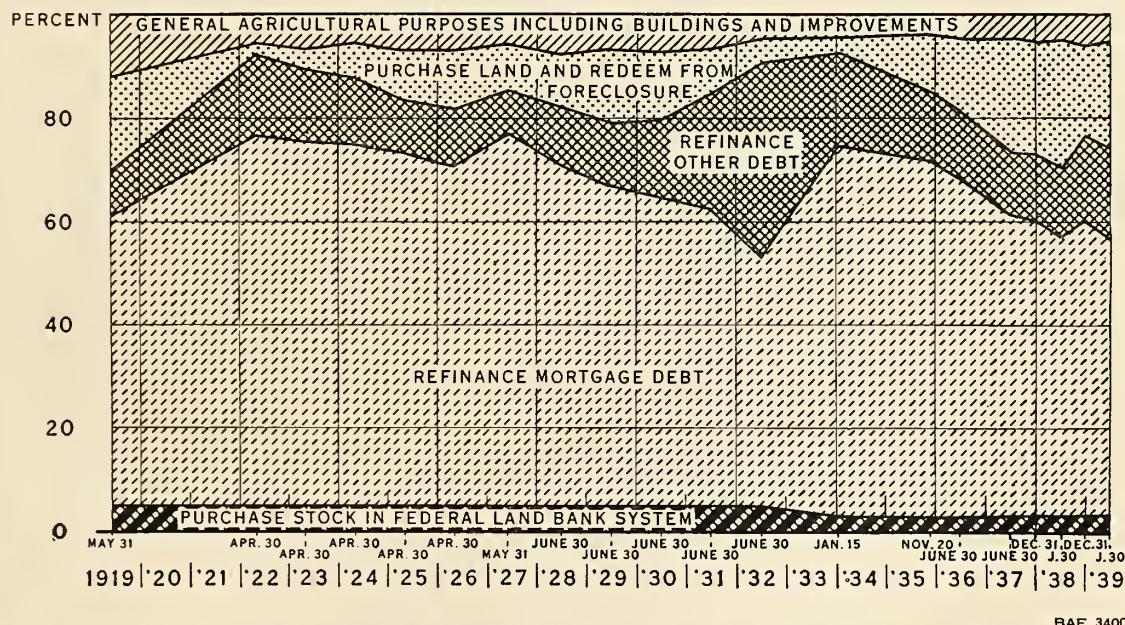
In the period 1910-20, individuals accounted for 50 to 63 percent of all farm mortgages recorded, banks from 16 to 24 percent, insurance companies from 7 to 14 percent and other private lenders around 12 percent in most years. In most of the 1920's the centralized lenders, such as insurance companies and the Federal and joint stock land banks, became of increased importance as sources of new mortgage loans. Although in the middle 1930's the Federal land banks and the Land Bank Commissioner recorded a high proportion of all farm mortgages made in that period, by 1940 the distribution of recordings by lenders had become similar to that of the middle 1920's.

banks as a source of new mortgage recordings was caused partly by the removal of certain restrictions on the making of real estate loans by national banks. The increased percentages of mortgages recorded by individuals in 1918, 1919, and 1920 reflect the large volume of farm transfers by individuals, including many in which a mortgage was accepted as part payment.

In 1918 and 1919 the newly established Federal land banks recorded about 5 percent of the total, but in 1920 their recordings fell off to 1.7 percent. The joint stock land banks accounted for 1.8 percent of the total in 1919, but in 1920 and 1921 recorded only a small volume of mortgages. The reduced relative importance of the two groups of land banks in 1920 and 1921 resulted chiefly from doubts as to the legality of the land bank system and from difficulties in selling their bonds. In some ways it was fortunate for the land banks that they were not in a position to make more loans on the inflated land values of the latter part of 1919 and the early part of 1920.

Character of Financing Changes.—The distribu-

tion of the new mortgage recordings by lender groups in the years immediately after 1920 suggests the character of financing that occurred then. With the collapse of the land boom in 1920, the percentage of mortgages recorded by individuals was sharply reduced. Commercial and savings banks, however, accounted for more than one-fourth of the mortgages recorded in 1921, which reflects the importance of the funding of non-real-estate obligations into mortgage debt in this period. By 1923, insurance companies recorded 18.4 percent of the total as compared with only 7.3 percent in 1919. Many of the mortgages taken over by insurance companies represented refinancing of mortgages that had come into existence in the war and post-war real estate boom and in the 1920-21 period of distress financing. The extensive refinancing operations in the period after 1921 are reflected also in the greater relative importance of the land banks. The extent to which Federal land bank and Land Bank Commissioner loan proceeds have been used for refinancing debts is evident from figure 15.



BAE 34006

FIGURE 15.—USE OF PROCEEDS OF FEDERAL LAND BANK AND LAND BANK COMMISSIONER LOANS.

Throughout the entire history of the Federal land banks a large proportion of the proceeds of their loans has been used to refinance mortgage and other farm debts. Land Bank Commissioner loans also have been used extensively for this purpose. Following 1933-34, when the amount of credit obtained from these institutions to refinance debts became smaller, the proportion of the reduced total used to purchase land and to redeem farms from foreclosure increased noticeably. Loan proceeds used for general agricultural purposes have represented a small but fairly constant proportion of total loans made.

Local lender groups increased in relative importance as sources of new mortgage loans in the decade 1923-32. Insurance companies and the two groups of land banks recorded about one-third of all mortgages recorded in 1923 but by 1932 they recorded only about one-eighth of the total. But even so, these institutions increased their share of the outstanding farm-mortgage debt during the first part of this period and maintained a fairly constant share of the total in the latter part (fig. 4). As the terms of these loans averaged much longer than those made by local lenders, and as foreclosures liquidated much locally held farm-mortgage debt in this period, a relatively small volume of mortgage recordings maintained and even increased their proportion of the total outstanding mortgage debt.

The rise of the percentage of mortgages recorded by individuals in the later 1920's reflects in part the increase in voluntary farm transfers in certain areas. The increased proportion of total recordings accounted for by individuals, commercial and savings banks, and miscellaneous lenders from 1929 through 1932 indicates only that these lender groups reduced their volume of new loans less rapidly than did other lenders. After 1929, as in the period after 1920, banks frequently took real estate mortgages as additional security for previous non-real-estate loans. Also, inasmuch as many of the real estate loans held by individuals, banks, and miscellaneous lenders were for short terms, much rewriting of mortgages occurred each year.

The extent to which the refinancing operations of the Federal agencies dominated the mortgage-recording situation in 1933-36 is brought out in figure 14. The Federal agencies are still of somewhat greater relative importance than were the Federal land banks during most of the 1920's.

About \$773,000,000 of farm mortgages were recorded in 1940 as compared with \$1,740,000,000 in 1934. In 1932, however, the total probably amounted to more than \$900,000,000. The largest annual volume of recordings was in 1920, when the total was more than \$3,500,000,000, or about twice the 1934 total. But it should be noted that the larger volume of recordings in 1920 was based on a higher level of land values

than in 1934. Then, too, in 1920 a substantial part of the recordings represented new mortgage debt, whereas, in 1934, mortgage recordings were chiefly in connection with refinancing operations. Such differences in the character of the mortgage lending in these two periods help to account for the fact that in 1920 the large volume of recordings was accompanied by a sharp increase in mortgage debt, whereas in 1934 the opposite was true.

Relationships are Significant.—Farm-mortgage recordings classified by different lender groups, in conjunction with the trends in mortgage holdings of different lender groups, prompt certain general observations which may have some bearing on questions relating to general mortgage-credit policy. These data illustrate, for example, the prominence of refinancing operations since 1920. An outstanding service performed by the land banks during the last two decades has been the refinancing of debts previously held by other agencies. Refinancing operations have also played a large part in the loan operations of insurance companies. The importance of the refinancing function of the Federal agencies may have a bearing on the significance to be attached to certain features of the present farm-credit system which had their origin in the desire to promote home ownership and to obtain lower interest rates through cooperative financing of farm ownership.

The farm-mortgage recording picture also suggests the existence of many diverse functional sectors in the farm-mortgage system that are partially identified with particular types of lenders. For example, it is suggested from the degree of activity of different lenders in different periods that country banks and individuals perform a function in farm-mortgage lending somewhat different from that of the centralized lenders. Local lenders apparently provide more of the initial credit to finance farm purchases and operating-capital needs, whereas the centralized lenders are more in the nature of funding and refinancing agencies.

From the data on sources of mortgage credit the suggestion also emerges that there may be varying limits to the proportion that can be supplied advantageously by centralized institu-

tions, and that these limits often are determined more by the nature of the credit needed than by the availability of funds from centralized sources. In distress periods it is refinancing credit that is needed most, whereas in other periods purchase money and operating credit are more likely to be in demand. If the Federal agencies are to be

major sources of farm-mortgage credit in periods of prosperity as well as in depression, it may be necessary to modify these institutions further so they can serve not only as refinancing and financial-adjustment agencies but also as continuous sources of both purchase-money and operating credit.

Farm-Mortgage Interest Rates and Interest Charges

IN THE CAMPAIGN for agricultural-credit reform before the enactment of the legislation establishing the Federal land bank system, emphasis was placed on the high interest rates prevailing in certain areas. Many expected that the Federal land bank system would bring appreciable improvements. As farm-mortgage interest rates are still an agricultural credit problem, a review of the historical developments and regional and lender-group relationships with regard to these rates is pertinent to the consideration of public policy in this field.

REGIONAL TRENDS IN FARM-MORTGAGE INTEREST RATES

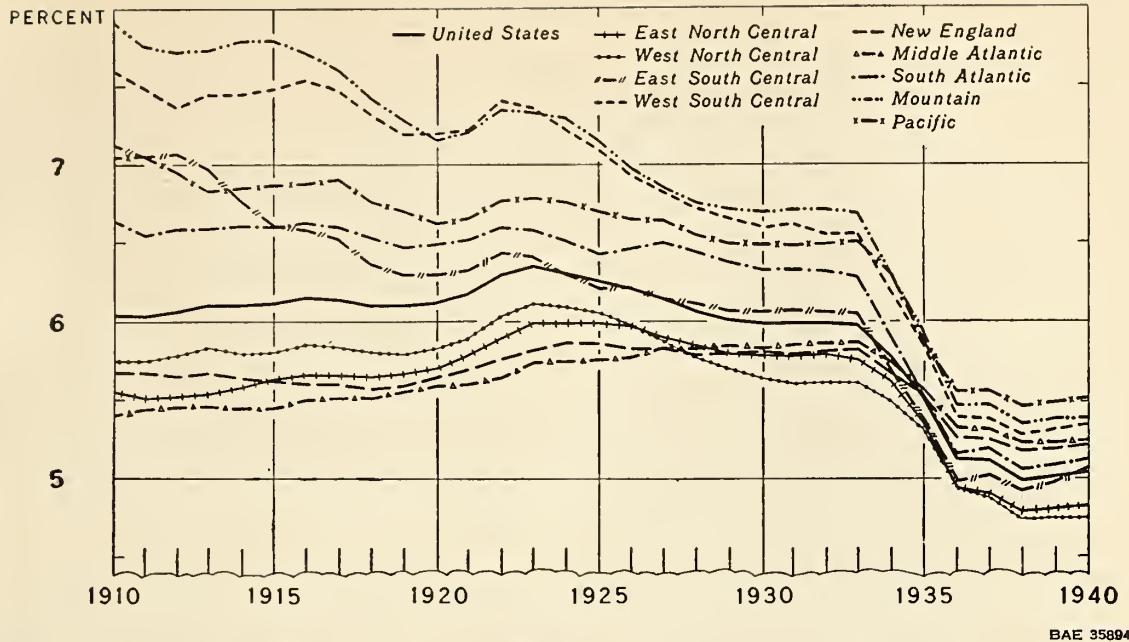
Major movements of average interest rates on outstanding farm mortgages, by regions, for the period 1910-40 are shown in figure 16. For the country as a whole the average interest rate on outstanding farm mortgages rose slightly from 1910 to 1916 and then remained relatively constant for the remainder of the decade. The average then rose to the beginning of 1923 and thereafter declined gradually for the remainder of the 1920's. From 1930 to 1933 there was little change. From 1933 to 1936 the average fell sharply, reflecting both the effects of the refinancing of a large volume of mortgages at reduced contract interest rates by the Federal land banks and the Land Bank Commissioner, and the further reductions of interest rates payable by the borrower for specified periods as

provided for in the Emergency Farm Mortgage Act of 1933 and later legislation. From 1936 to 1939 the average rate declined gradually.

The decline after 1936 shown in the chart reflects only the changes in rates payable on Federal land bank and Land Bank Commissioner loans, since in computing the average for all lenders the rates for the non-Federal groups are carried at the same level as for 1936. Data for some of the private lenders indicate a decline in interest rates since 1936 for these lenders also, although the effect on the average for all outstanding farm-mortgage debt probably has been small.⁷

Regional Differ From National Trends.—It is evident from figure 16 that the trend of average interest rates on farm-mortgage debt for the Nation as a whole is not representative of all regions. Average rates in the North Central and North Atlantic States, which were well below 6 percent in 1910, increased until 1923 in all four of the geographic divisions in this general part of the country. Moreover, the average rates in the North Atlantic States continued to rise gradually until 1933. The average rates in the North Central States showed a distinct downward tendency after the peak was reached in the early 1920's, the average rate for the West North Central States declining appreciably from 1923 to 1933. As the mortgage debt

⁷ See chapter 4, pp. 59-61.



BAE 35894

FIGURE 16.—AVERAGE INTEREST RATES ON OUTSTANDING FARM MORTGAGES, JANUARY 1, 1910-40. (Contract rates except for Federal Land Bank loans, 1934-40, and Land Bank Commissioner loans, 1938-40, which are included at temporarily reduced rates. Rates for other lenders subsequent to 1936 are assumed to be the same as those on January 1, 1936.)

Although the level of interest rates on outstanding farm mortgages changed little for the country as a whole during the period 1910-20, the variations by regions tended to become less pronounced. The narrowing of regional spreads continued gradually during the 1920's, and after 1933 regional differences became much less marked. One factor operating since 1933 to reduce the level of rates and their regional variations has been the increased importance of Federal institutions extending farm-mortgage credit at reduced and fairly uniform rates throughout the entire country.

for the North Central States constitutes a large part of the total, the rates for this area are heavily weighted in the national average.

Until 1933 average rates in the North Central and North Atlantic regions continued below the national average, but in recent years the rates for the latter region have been above it. In the North Atlantic States a much larger part of the mortgage debt is still held by private lenders than elsewhere; interest rates charged by these lenders are higher on the average than the present reduced rates charged by the Federal agencies.

In the West and in the South, average interest rates were quite high in the pre-war years. A substantial decline occurred throughout these regions from 1910 to 1920 except in the South Atlantic States and East South Central States, where the average rate is affected by maximum-

interest-rate laws in Maryland, Virginia, West Virginia, North Carolina, Kentucky, and Tennessee. The decline for the remainder of the South Atlantic and East South Central States was similar to that for the Mountain and West South Central States. The decreasing average rate from 1910 to 1920 in the high-interest-rate areas was similar to that for certain of the West North Central States in the latter part of the nineteenth century.

The average rates for all regions show a rise in the early 1920's. The large volume of second-mortgage and distress financing in the early 1920's, together with the general tightening of money markets, is reflected in the rise of interest rates in this period. The influence of the high-interest-rate mortgages recorded in 1921 and 1922 upon the average rate for outstanding farm mortgages is seen in figure 17.

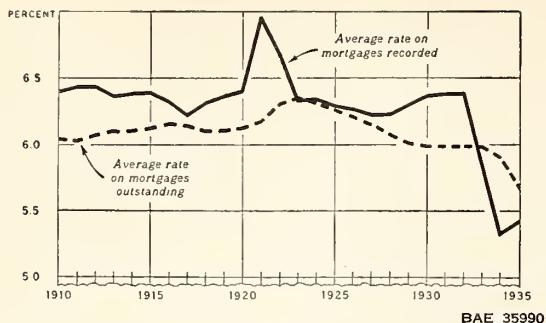


FIGURE 17.—AVERAGE CONTRACT INTEREST RATES ON FARM-MORTGAGE LOANS RECORDED, 1910-35, AND ON FARM-MORTGAGE DEBT OUTSTANDING, JANUARY 1, 1910-35.

For most of the years before 1933 the average interest rate on mortgages recorded during the year was higher than that on outstanding mortgages. As, in general, the high-rate lenders have loaned for relatively short terms, the rates for these lenders have had a greater influence on the average rate for mortgages recorded during the year than on that for all outstanding mortgages in that year.

Regional Spreads Narrow.—A tendency for regional spreads in interest rates to narrow was evidenced during the latter half of the 1920's, but from 1930 to 1933 the spread remained about the same as in 1929. The average interest rate on mortgages recorded during the year rose from 1928 to 1932, reflecting not only actual increases in rates charged by the several lender groups, but also increases in the importance of high-interest-rate lenders, such as individuals and commercial banks (fig. 14). The much narrower regional spread at the present time comes mainly from the leveling effect of the large volume of mortgages held by the Federal agencies at relatively uniform interest rates. Both the low levels and the narrow regional spread, at present, reflect the reduced uniform rates in effect on loans by the Federal agencies.

Figure 18 presents data showing interest rates on outstanding farm mortgages by States as of

AVERAGE INTEREST RATES ON OUTSTANDING FARM MORTGAGES, JANUARY 1, 1913, 1923, 1933, AND 1939

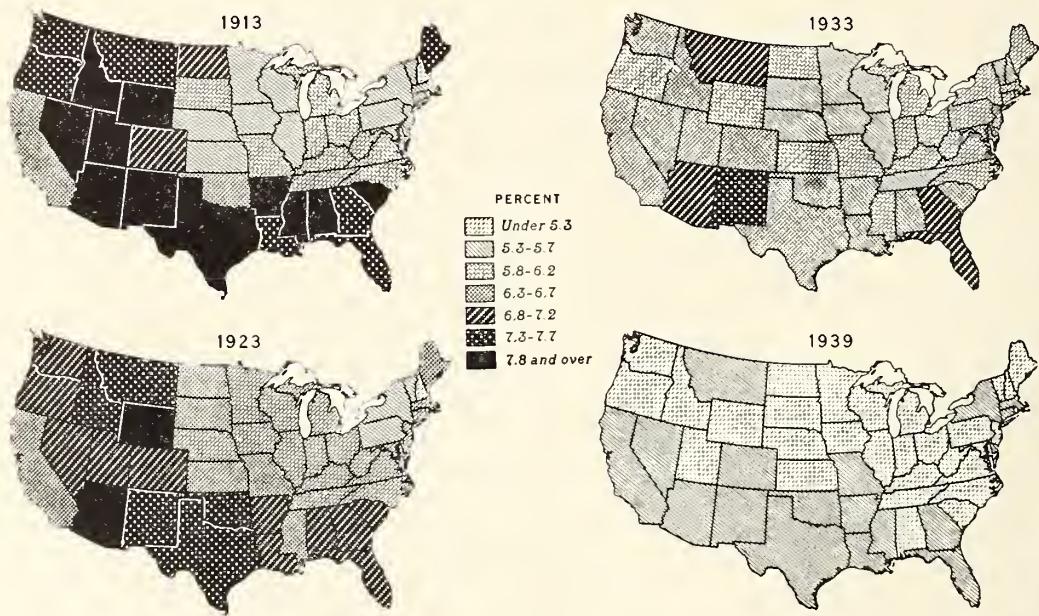


FIGURE 18.—In 1913 average interest rates on outstanding farm mortgages were much higher in the West and South than elsewhere. By 1923 similar regional differences were still present, but the variations were less marked. By 1933 regional differences had become much less than in 1923. In 1939 the level of interest rates was lower than in 1933 and the variations by regions had been still further reduced, reflecting the increased importance of Federal lending agencies extending credit at low and relatively uniform interest rates.

January 1, 1913, 1923, 1933, and 1939.⁸ By 1933 the regional differences were less marked than in 1923, but the rates for the West and South were still higher than for the North and East. The map for 1939 brings out the general decline of interest rates and the further narrowing of regional spreads.

VARIETY OF FACTORS AFFECTING TREND OF FARM-MORTGAGE INTEREST RATES

Several factors help to account for the trends of interest rates on farm mortgages during the last three decades. The substantial declines of interest rates in the West and South before the establishment of the Federal farm loan system suggests that additional influential factors were still operative after 1916. Much of the reduction during 1910-20 in the high-interest-rate areas probably represented a tendency for interest rates to decline as the agriculture of the area developed sufficiently to permit extensive lending on mortgage security.

Competitive Influences Analyzed.—For an analysis of the competitive influences in the trend of farm-mortgage interest rates by areas, a somewhat better basis of comparison is obtained if the three principal centralized lender types are combined into one group and all other lenders into another. This former group (comprising the insurance companies and the Federal and joint stock land banks) has usually loaned at rates lower than those of other agencies and any expansion of loans by this group would be expected to reduce the average rate of interest paid by farmers, even though local lenders continued to charge the same rates.

In figure 19 the average interest rates on outstanding farm mortgages held by the centralized-lender group are shown for three groups of States representing distinctly different types of farming areas. Data are shown for the period 1915-33 together with data on the proportion of total farm-mortgage debt held by this group. The rates shown for the centralized lenders before 1918 are for life insurance companies only. Data are included for 1915-17 to provide a basis for comparing the average rates

for life insurance companies before 1917 with those for all centralized lenders combined in later periods.

In the five Corn Belt States before the establishment of the land bank system the average interest rate on mortgages held by life insurance companies was substantially lower than on mortgages held by all other lenders, and these lower rates were applicable to a substantial part of the entire farm-mortgage debt in these States (fig. 19). Even at the beginning of 1917, life insurance companies held 23 percent of the farm-mortgage debt in these five States. From 1918 to 1933 the spread between interest rates charged by the centralized lenders and those charged by the local lenders changed very little. The rates on outstanding mortgages for both groups rose in the first half and declined in the last half of the decade 1920-29.

The trend of interest rates for local lenders from 1925 to 1930 in the Corn Belt States suggests that competition of the outside funds supplied by the centralized lenders may have been partially responsible for the decline. It must be borne in mind, however, that a part of the rise in the average rate for the local lenders immediately after 1920 resulted from the funding of non-real-estate loans into mortgage debt, frequently junior mortgages. In general, the distress financing in the early 1920's tended to bring into the real estate debt additional amounts of those types of debt usually carrying higher-than-average interest rates. Moreover, a part of the reduction of average interest rates shown for local lenders in the later 1920's represented the liquidation of many of these relatively high-interest-rate mortgages either through foreclosure or through shifting to centralized agencies. Evidently the reduction cannot be attributed entirely to the competitive influence of other lenders.

Although the effect of competition of outside lenders in the Corn Belt States is difficult to appraise in terms of rates charged by local lenders, it is clear from the chart that the increased importance of centralized lenders was influential in the decline of the all-lender average rate after about 1923. The decline of the average for all lenders began somewhat

⁸ Data by geographic divisions and States are shown in Appendix table 67.

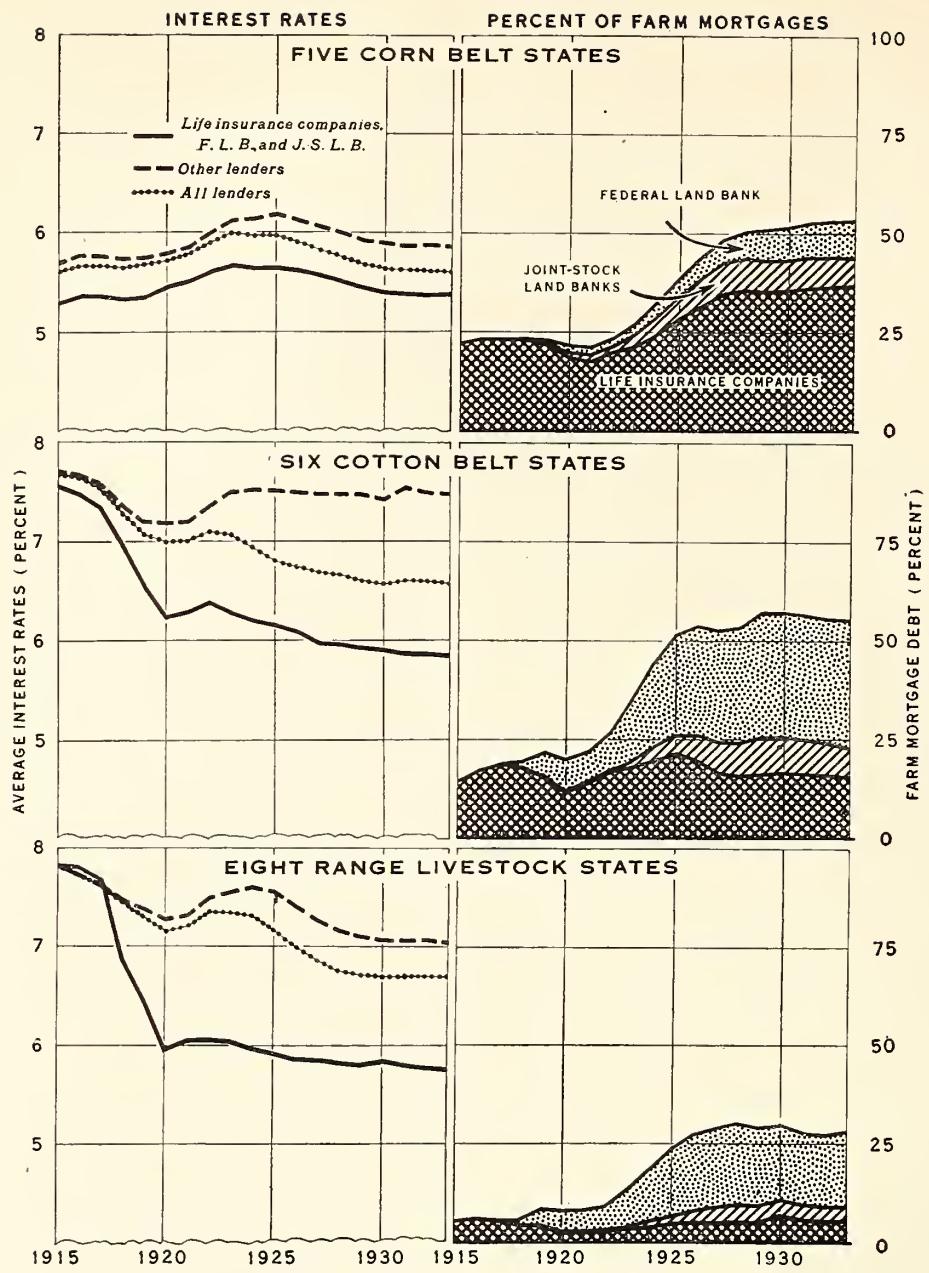


FIGURE 19.—AVERAGE INTEREST RATES ON OUTSTANDING FARM MORTGAGES AND PERCENTAGE OF TOTAL FARM MORTGAGES HELD BY SELECTED LENDER GROUPS, JANUARY 1, 1915-33. (The five Corn Belt States are Illinois, Indiana, Iowa, Missouri, and Nebraska. The six Cotton Belt States are Alabama, Arkansas, Georgia, Louisiana, Mississippi, and South Carolina. The eight Range Livestock States are Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.)

An important factor influencing the trend of average farm-mortgage interest rates in the period 1915-33 was the shifting of mortgages from local lenders to centralized institutions whose interest rates have averaged lower than those of local lenders. This is evident in the case of the Cotton Belt States.

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earlier than for either of the two groups, suggesting that the shift of mortgage debt from high- to low-interest-rate lenders alone had a very material influence on the average rate for the entire farm-mortgage debt. Although the Federal land banks never held a large proportion of the mortgages in this area during the 1920's, it is probable that the availability of funds from these institutions had some competitive influence on other lenders, including the life insurance companies. The changes in average interest rates on all farm mortgages in this area doubtless reflect an admixture of interest-rate competition and of the shifting of mortgage lending from the high- to low-rate lenders, mainly through refinancing of debts.

To appraise fully the significance of the trends of average interest rates charged by different lenders would require much additional information, especially on any changes in the nature of the financing accompanying the increased importance of the centralized lenders. Some evidence on this point is presented later in this report showing the average size and average term of loans recorded by different lenders.⁹

Effect on Rates Varies.—The average of interest rates charged in the eight Range States by insurance companies before 1918 apparently was about the same as for all other lender groups, but the proportion of total debt held by insurance companies was smaller (fig. 19). As some of these loans were made by relatively small local insurance companies, there is a question as to whether the average rates shown should be regarded as those charged by centralized lenders. By 1920 the average of rates charged by the centralized lenders was much lower than that of the local lenders. After that, a fairly wide differential was maintained between the rates charged by the two major lender groups. As in the Corn Belt States, the decline in the average for all lenders after the post-war rise reflects both the decline in the average for each of the groups and the increase in the relative importance of the centralized lenders.

For the Range States, however, the spread between the rates of local lenders and those of centralized lenders has been much wider than in either the Northern and Eastern States or the

Corn Belt States. This wide spread in interest rates for different lenders probably helps to explain the increase in the proportion of total mortgage debt held by the Federal land banks in this region during the 1920's. A region so diverse as the Mountain States has necessarily a large volume of mortgage loans for which there can be little direct competition between local and centralized sources. Substantial differentials tend to persist between the rates charged by different lenders wherever a functional division of the lending field exists, especially where the costs and risks are such that the centralized agencies cannot safely enter the field.

In the six Cotton Belt States, for which data are shown in figure 19, the trend in the rates charged by the centralized lenders was similar to that for the Range States. But the rise during the early 1920's of the rates on mortgages held by local lenders was not followed by a decline, as in the Corn Belt and Range States. Apparently there was little direct competition of the centralized lenders for certain types of mortgages made in these States by local lenders. Many of these mortgages were taken as partial security for production loans. In this area the decline in the average rate on all farm mortgages seems to be largely the direct effect of the increased uses of the low-interest-rate sources. Apparently those borrowers who could meet the credit standards of the centralized agencies obtained credit at reduced rates; but many others were paying as high a rate during the 1920's as in 1917.

These data regarding interest rates offer suggestions as to other differences in the terms and conditions of farm-mortgage lending. The security given for farm-mortgage credit often has little relation to the use made of the credit. During the 1920's the land banks and insurance companies evidently took over a substantial part of the farm-mortgage financing that was suited to their cost and risk standards. Before that time much of the farm-mortgage financing which later qualified under these standards was done on terms unsuited to the nature of agriculture.

The fact that a large part of all farm-mortgage credit continued to be furnished by local lenders even in the 1920's at rates well above those charged by the land banks and insurance companies, suggests that a substantial amount of credit was required by borrowers who could

⁹ See part III, chapter 11, pp. 161-163 and 167-168.

not meet the high lending standards of the centralized agencies or who needed types of credit different from those furnished by these agencies.

It is probable that the lending field during the 1920's was divided among the different lenders somewhat along functional lines. For certain classes of loans there was keen competition from outside funds, and borrowers who could qualify for this credit benefited by reduced interest rates. But for other types of loans the additional lending facilities apparently had little effect on average rates. Even with the large expansion of the Federal credit facilities since 1933 there may still be certain noncompetitive sectors in the mortgage-credit market which have not felt the influence of lower rates.

A point to be kept in mind, however, in these interpretations regarding interest rates is the fact that the data are for contract rates. Doubtless some of the effect of interest-rate competition was reflected in the reduction of loan fees and commissions by private lenders. Thus, it is possible that farmers benefited somewhat more from the competition of the centralized lenders than is indicated by the data.

AVERAGE INTEREST RATES ON MORTGAGES RECORDED BY DIFFERENT LENDER GROUPS

The effect of the increased activity of centralized lenders upon the average rate of interest paid by farmers is suggested further by the data shown in figure 20.¹⁰ The rates charged by different lenders on mortgages recorded have tended to follow similar trends, although at different levels. For most lender groups there was a rise during the latter part of the decade, 1910-19, which continued into the early 1920's, followed by a decline. Again in the late 1920's and early 1930's the rates rose, followed by a decline.

Money Market May Influence.—These broad movements in interest rates suggest that the general condition of the money market may have more significance for farmers who are borrowing on mortgages than is sometimes thought. Although deep-rooted customs probably cause farm-mortgage rates to react slowly to changes in money-market conditions, the data in figure 20 indicate that major changes in interest rates have occurred even for lender groups for which the factor of custom would appear to be very

¹⁰ Data for this chart and by geographic divisions are included as Appendix table 68.

important. Variations in rates charged on new loans are, of course, greater than variations in interest rates on outstanding loans (fig. 21).¹¹

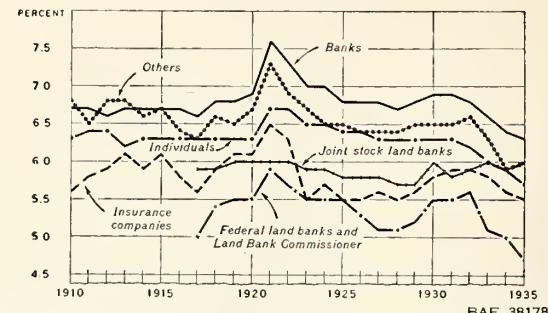


FIGURE 20.—AVERAGE RATES OF INTEREST CHARGED ON FARM-MORTGAGE LOANS RECORDED BY VARIOUS LENDER GROUPS, UNITED STATES, 1910-35.
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Interest rates charged on farm mortgages recorded by individuals, commercial and savings banks, and other miscellaneous local lenders have been higher than the rates on mortgages recorded by the land banks and insurance companies. The average rates charged by most of the lender groups rose in the early 1920's and again in the late 1920's and early 1930's, which reflects changes both in the character of the mortgage financing and in money-market conditions during these periods. The average interest rates charged by individuals and banks on mortgages recorded have been subject to fluctuations not unlike those for the centralized lenders.

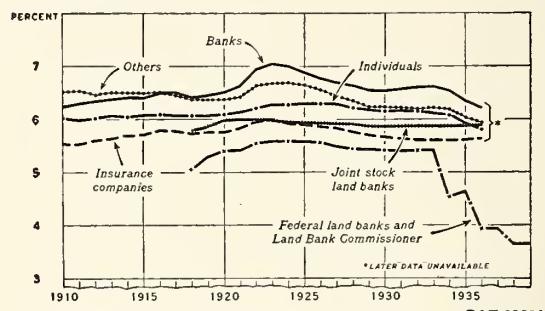


FIGURE 21.—AVERAGE RATES OF INTEREST CHARGED ON OUTSTANDING FARM-MORTGAGE LOANS OF VARIOUS LENDER GROUPS, UNITED STATES, JANUARY 1, 1910-39.
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Average interest rates on outstanding farm mortgages held by the several lender groups changed only moderately in the period 1910-35. The decline in average rates for the Federal land banks and the Land Bank Commissioner after 1932 reflects reductions in contract rates for new mortgage loans and later the temporary reductions for which these agencies have been compensated by the United States Treasury. Comprehensive data for other lenders are not available since 1936, but available information indicates some decline, especially in the rates charged by large life insurance companies.

¹¹ See Appendix tables 68 and 70 for data by geographic divisions.

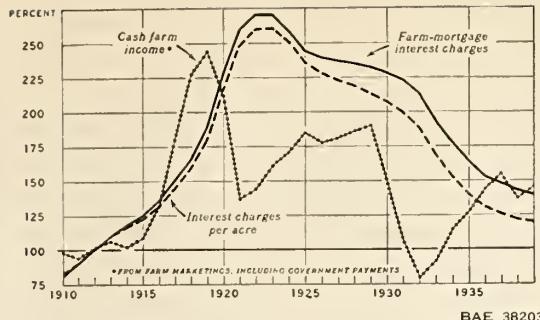


FIGURE 22.—FARM-MORTGAGE INTEREST CHARGES, CASH FARM INCOME, AND INTEREST CHARGES PER ACRE, 1910-39. INDEX NUMBERS (1910-14=100).

Both cash farm income and farm-mortgage interest charges rose sharply from 1915 to 1919, but in the next few years cash farm income was sharply reduced while farm-mortgage interest charges continued to rise. In the late 1920's and early 1930's cash farm income fell much more rapidly than farm-mortgage interest charges. Changes in farm-mortgage interest charges before 1932 reflect mainly changes in farm-mortgage debt; but since 1932 the reduction in farm-mortgage interest rates has also been an important independent factor in the decline of interest charges.

TABLE 8.—*Farm-mortgage interest charges and cash farm income, United States, 1910-39*

Year	Farm-mortgage interest charges ¹				Cash farm income ²				Interest charges as a percentage of cash farm income	
	Total		Per acre ³		Total		Per acre ³			
	Amount	Index (1910-14=100)	Amount	Index (1910-14=100)	Amount	Index (1910-14=100)	Amount	Index (1910-14=100)		
1910.....	Million dollars		Dollars		Million dollars		Dollars		Percent	
1911.....	203	81	0.230	83	5,785	98	6.54	99	3.5	
1912.....	225	90	.253	91	5,581	94	6.26	95	4.0	
1913.....	252	100	.280	101	5,966	101	6.63	101	4.2	
1914.....	276	110	.305	110	6,251	106	6.89	105	4.4	
1915.....	296	118	.324	116	6,015	102	6.58	100	4.9	
1916.....	314	125	.341	122	6,391	108	6.94	105	4.9	
1917.....	341	136	.366	131	7,755	131	8.34	127	4.4	
1918.....	378	151	.404	145	10,648	180	11.37	173	3.5	
1919.....	417	166	.442	159	13,464	227	14.26	217	3.1	
1920.....	476	190	.500	180	14,436	244	15.16	230	3.3	
1921.....	574	229	.603	217	12,553	212	13.18	200	4.6	
1922.....	653	260	.690	248	8,107	137	8.57	130	8.1	
1923.....	680	271	.723	260	8,518	144	9.06	138	8.0	
1924.....	679	271	.727	261	9,524	161	10.20	155	7.1	
1925.....	647	258	.698	251	10,150	171	10.95	166	6.4	
1926.....	612	244	.657	236	10,927	185	11.74	178	5.6	
1927.....	598	239	.634	228	10,529	178	11.16	170	5.7	
1928.....	593	237	.621	223	10,699	181	11.20	170	5.5	
1929.....	590	235	.609	219	11,024	186	11.39	173	5.4	
1930.....	582	232	.594	213	11,221	190	11.45	174	5.2	
1931.....	572	228	.576	207	8,883	150	8.94	136	6.4	
1932.....	559	223	.555	199	6,283	106	6.24	95	8.9	
1933.....	534	213	.523	188	4,682	79	4.59	70	11.4	
1934.....	483	193	.467	168	5,409	91	5.23	79	8.9	
1935.....	446	178	.425	153	6,720	114	6.41	97	6.6	
1936.....	411	164	.390	140	7,542	127	7.15	109	5.4	
1937.....	385	153	.364	131	8,499	144	8.05	122	4.5	
1938.....	370	148	.350	126	9,155	155	8.66	132	4.0	
1939.....	357	143	.337	122	8,134	137	7.68	117	4.4	
	351	140	.331	119	8,668	146	8.18	124	4.0	

¹ Excludes amounts paid by Secretary of the Treasury to Federal land banks, 1933-39, and Land Bank Commissioner, 1937-39, as reimbursement for interest reductions granted borrowers.

² From farm marketings, including Government payments.

³ Acreage based on census reports for census years and on straight-line interpolation for intercensal years.

FARM-MORTGAGE INTEREST CHARGES

The trend of farm-mortgage interest charges during the last three decades has followed closely the trend of farm-mortgage debt. Exceptions are found in the post-war period, when the rise of rates caused interest charges to rise more rapidly than mortgage debt, and in the post-1933 period when sharply reduced interest rates had an effect. The trend of farm-mortgage interest charges is shown in figure 22 along with the trend of cash farm income.¹²

The extent of the burden of mortgage interest charges in the periods of sharply reduced farm income in 1921 and 1922 and again in 1931-33 is apparent. Mortgage interest charges in 1921 were equal to 8.1 percent of cash farm income and in 1932 to 11.4 percent (table 8). As only about one-third of all farms are mortgaged, and as the debt burden varies widely for different farms, the strain placed on the agriculture of the

¹² See Appendix table 73 for data by geographic divisions.

country by these charges is much greater than the national percentages indicate.

During the last few years mortgage interest charges have been equal to about the same percentage of cash farm income as in the first half of the decade 1910-19, and a somewhat lower percentage than for the latter part of the decade 1920-29. But when making comparisons with

pre-war periods, it must be recognized that a much larger percentage of the farms are mortgaged now than in pre-war years, so the interest charges are distributed over a larger proportion of all farmers. Moreover, the interest charges today are distributed over a smaller proportion of the farmers than in the latter part of the decade 1920-29.

Major Developments in the Farm-Mortgage Credit Structure, 1929-39

ATTENTION is now turned specifically to the developments of the last decade—developments that have a somewhat more direct bearing than earlier factors on current problems and issues in this field.

Essential to an understanding of the present situation is an analysis of the regional deviations from national trends during the last decade. Effort is made in this chapter to give the analysis in enough detail to indicate variations among different sectors of the farm-mortgage structure that may have a bearing on the formulation of national agricultural-credit policy.

GENERAL CHARACTER OF MORTGAGE-CREDIT DEVELOPMENTS OF THE LAST DECADE

Farm-mortgage credit developments during the last few years have been less dramatic than those of the first half of the 1930's. During the first half, extensive foreclosures and the debt-relief measures in which the refinancing operations of the Farm Credit Administration occupied a prominent place, overshadowed all other developments. The next 4 years (1936-39) were characterized by a gradual reduction of such activity and the readjustment of farm-mortgage lending to a somewhat new social and economic environment created during the depression years. These gradual readjustments, not as yet so large nor so clearly defined as to stand out sharply when viewed against their immediate background of dramatic events, are

of considerable significance in appraising the present situation and the possible future trends with regard to farm-mortgage credit facilities.

Many Forces at Work.—Although throughout the period 1929-40 foreclosures and other distress transfers of mortgaged farms were the most prominent single factor in the downward trend of farm-mortgage debt, the effects of many other forces are evident. Some have operated to increase and others to reduce outstanding mortgage debt. For example, at the same time that unfavorable conditions have caused some owners to give up their mortgaged farms, the same conditions have caused other owners to incur new or additional mortgage debt.

At any one time the financial positions of farm owners usually range from ownership of a farm free of debt and possession of substantial outside resources to tide over bad times, to a situation involving heavy indebtedness with foreclosure imminent. Many owners who were in the worst position in 1929 had to give up their farms early in the depression. Others were able to retain possession, but sometimes only until a later date. Still others, although perhaps unable to increase their mortgage debt, accumulated other non-real-estate debts and delinquent-tax obligations. Some of these obligations may have been liquidated later by loss of the property or funded in the refinancing program of the Farm Credit Administration. But the depression forced some farm owners to borrow to the limit of their available resources, so that many shifted from a

relatively strong to a weaker financial position; the effect of the depression was to increase their mortgage debt. For still others the low land values during the depression, coupled with favorable credit terms, provided an opportunity to buy farms on mortgage credit.

With the general improvement in agricultural conditions since 1933, liquidation of mortgage debt through loss of title to the property has diminished, but has by no means disappeared. At the same time many more farm owners have been able to reduce their mortgage debt through normal principal repayments than in the preceding years. Voluntary debt adjustments have continued to be a factor in reducing debts to lower levels and reductions in interest rates have eased the debt burden. The improved agricultural conditions have been accompanied also by increased purchases of farms and by additions to the farm plant, which in many cases have been financed with mortgage credit. The continued downward trend of farm-mortgage debt within the last few years has thus represented the net result of many diverse movements—some have tended to reduce farm-mortgage debt and others to increase it—and the net effect has been quite different in different areas.

New Methods Tried.—A notable development growing mainly out of the distress of farmers has been the direct and indirect modifications of the traditional “bankruptcy” method of financial readjustment in agriculture. At times in the past, special public action has been taken to devise substitutes for and modifications of the foreclosure method of reducing excessive farm debts and reorganizing the financial aspects of farm enterprises, but such efforts have been particularly prominent in the last decade.

New methods have taken several forms. Efforts to raise the income of all farmers through public action have constituted one line of attack. As a result there has been less need to resort to foreclosure on some of the loans. Another line of attack has involved special assistance to farm owners who are in financial difficulties. The program of scaling down and refinancing debts, and adjusting other terms of the loans, including reductions in interest rates through public subsidies, has enabled many farm owners to readjust

their finances to a basis from which they have a better opportunity to work out of their difficulties. Amendments to the National Bankruptcy Act modified the legal procedures involved, thus mitigating the hardships of distressed farmers. In many States temporary relief was provided by debt moratoria, restrictions on deficiency judgments, extensions of redemption periods, and new legal processes for setting minimum sale prices for foreclosed properties.

Results Are Mixed.—Undoubtedly much has been achieved to ameliorate difficulties, to prevent foreclosures, and to prevent acquirement of farms by mortgagees, but it is probable that many desirable readjustments have been merely postponed. In avoiding some of the bad features of the traditional method of readjusting the financial structure of agriculture, it was almost inevitable that some of the social and economic benefits of that method would be sacrificed. For example, the bankruptcy method is based largely on the belief that, in the main, farm owners who get into financial difficulties are exceptions to the general rule and that it is desirable to “weed out” those who have not demonstrated ability to earn enough with the use of the land to pay the costs incident to ownership. This process tends to restrict ownership to those with capacity to assume that responsibility.

But when a large proportion of farm owners are in financial difficulties, there is a presumption that the cause is not entirely the incapacity of particular owners to assume that responsibility. Even so, there are many who are in trouble mainly for reasons other than reduced farm prices and incomes. In attempting to prevent the bankruptcy method from having certain undesirable consequences, it has been difficult to devise modifications that will not retard unduly the gradual working out of other desirable readjustments that are essential to a healthy agriculture.

Without attempting at this point to appraise the results of these debt-relief measures, it should be emphasized that the usual forces tending to modify the mortgage-debt structure in periods of depression have operated in a somewhat different environment during recent years than

during earlier periods. Both debtors and creditors have been affected by the public policies adopted in the agricultural field and elsewhere. The way in which they have been affected is difficult to measure precisely, but the existence of such policies must be recognized as an influential independent factor in the mortgage-credit developments.

MORTGAGE-DEBT DIFFICULTIES AND FORCED LIQUIDATION

Although distress transfers of farms are not the only result of debt difficulties, the record of such forced liquidation does provide a basis for the measurement of some of the forces operating to change the farm-mortgage debt structure. By relating the distress-transfer situation in different areas and periods to the trend of mortgage debt, it is possible to perceive more clearly to what extent this factor has dominated the trend. Such information also throws light on other developments like farm real estate requirements of lending agencies, debt-adjustment problems arising in different regions, and shifts in the storm centers of mortgage-debt difficulties.

Significance of Distress Farm Transfers in the Trend of Mortgage Debt

For the country as a whole the years of greatest reduction in farm-mortgage debt during the last decade were also those of most extensive distress transfers of farms. Outstanding farm-mortgage debt for the country as a whole declined moderately in 1929 and 1930, the average annual percentage decline for these 2 years being only about 1.6. For somewhat the same period (March 15, 1929 to March 15, 1931) the number of distress transfers per 1,000 of all farms averaged 23.4 per year. The rate of reduction of mortgage debt increased in 1931, and in 1932 and 1933 became far more rapid. For the 3-year period 1931-33, mortgage debt declined at an average annual rate of 5.8 percent. Also, from March 15, 1931, to March 15, 1934, the annual number of distress transfers averaged 45 per 1,000 of all farms, or about twice that for the 2 preceding years. During the next 5 years, 1934-38, the average annual decline of mortgage debt was 2.2 percent, and the average

number of forced sales per 1,000 of all farms per year was 22.2.

Significance Varies.—The percentage reduction of mortgage debt in the period 1931-33 was somewhat larger in relation to the volume of distress farm transfers than in either the preceding or subsequent period. This reflects mainly the lesser effect in 1931-33 of those forces that tended to increase mortgage debt. To measure the importance of these forces precisely from available data is not feasible, but from certain general relationships and trends (as revealed by land-value trends and the volume of voluntary farm transfers in different areas) it is clear that the significance of distress transfers, compared with other influences, has varied widely by regions and by periods.

For example, in some areas land values and voluntary sales of farms did not decline noticeably until 1931. With land values maintained for a time, not only were distress transfers less likely to occur, but an incentive was present to continue borrowing to buy farms. Moreover, this land-value situation provided a basis for further borrowing to fund non-real-estate loans into mortgage debt. There were also wide regional variations at the beginning of the decade 1929-39 in the volume of non-real-estate credit to be funded and in the proportion of farm owners with sufficient equity to carry additional mortgage debt. Apparently in some regions the first effect of the post-1929 decline in farm income was about the same as that following 1920—an immediate rise in the amount of farm-mortgage debt. The tendency of forced sales to reduce mortgage debt was offset for a time in these regions by the new forces tending to increase borrowing or to reduce cash principal repayments.

Relationship Not Definite.—Absence of any very definite relationship, by States, between the trend of farm-mortgage debt and the extent of distress farm transfers in 1929 and 1930 is illustrated by figure 23. Although the character of the data shown in this chart does not permit precise comparisons by States, it indicates that the trend of farm-mortgage debt for the several States in 1929 and 1930 was not closely correlated with the volume of distress transfers per

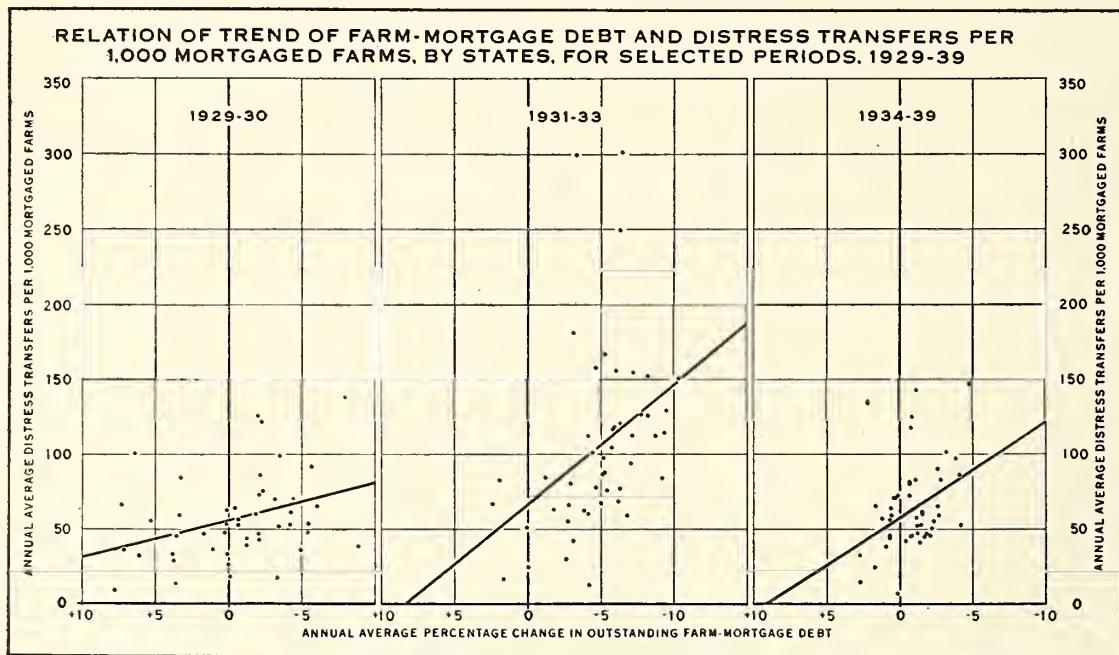
1,000 mortgaged farms.¹³ For example, 6 States—Maine, Montana, Idaho, Wyoming, New Mexico, and Arizona—in which mortgage debt rose by more than 5 percent in these 2 years, had distress transfers of more than 80 per 1,000 mortgaged farms, whereas 3 States—New York, New Jersey, and Florida—in which mortgage debt declined more than 5 percent had distress transfers of less than 80 per 1,000 mortgaged farms. It is probable that funding of non-real-estate debt in the former group of States was a noteworthy development in 1929 and 1930, whereas in the latter group cash prin-

cipal repayments may have occurred in substantial volume.

In the period 1931–33 not only was a given volume of distress transfers associated with a larger percentage decline or a smaller percentage increase of mortgage debt than in 1929–30, but in general there was a somewhat closer relationship among the States between the volume of distress transfers and the trend of mortgage debt (fig. 23). Even in this period, however, there were wide variations by States, which reflects, among other things, the varying volume of new debt created and of cash principal repayments in different States.

Figure 23 makes it evident that although in the period 1934–39 there was a tendency for States of high frequency of distress transfers to show relatively large percentage declines in mortgage debt, in a large group of States with either moderate increases or moderate decreases in outstanding debt, frequency of distress transfers differed little.

¹³ Percentage change in outstanding farm-mortgage debt is computed for the year beginning January 1. Distress transfers are computed for the year beginning March 16. In the computation of the distress-transfer data the published estimates of the Department of Agriculture based on all farms are converted to a base of mortgaged farms by means of estimates of the percentage of farms mortgaged. For the periods 1929–30 and 1931–33 the percentages of farms mortgaged as of January 1, 1930, are used, whereas for the period 1934–39 the 1935 percentages are used.



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FIGURE 23.—In 1929 and 1930 and in 1934–39 there was no very clear-cut tendency for States with relatively high frequency of distress farm transfers to show relatively large percentage reductions in farm-mortgage debt. This tendency was somewhat more in evidence in the period 1931–33, but even in that period, many exceptions are found. Many factors other than farm foreclosures and related distress transfers contributed to the changes in outstanding farm-mortgage debt in the period 1929–39, among which were cash principal repayments, voluntary debt reductions, new borrowing on mortgage security, and funding of previous non-real-estate debt.

These illustrations are inadequate to indicate the relative importance of the several factors (in addition to distress transfers) affecting the trend of mortgage debt in the last decade, but they do suggest caution against emphasizing forced liquidation as the sole factor in the trend of mortgage debt. It is not known accurately how much debt was liquidated by surrender of mortgaged farms, but rather rough estimates indicate that the amount of debt so liquidated exceeded the net decline of mortgage debt. In addition, considerable debt was liquidated by normal cash repayments; but also a large volume of new debt was created which tended to offset the reductions.

In appraising the current farm-mortgage situation, therefore, it would be erroneous to regard all debt outstanding in recent years as predepression debt. It is perhaps more reasonable to regard the mortgage-debt developments of the decade of the 1930's as involving somewhat less new borrowing (not associated with refinancing) and less cash principal repayments, and somewhat more distress liquidation of debt. In different periods during the decade and in different regions these various factors were compounded in widely different proportions.

Storm Centers of Farm-Debt Difficulties

In some quarters there is a tendency to regard the relatively heavy distress transfers of farms in certain areas as a development peculiar to

recent years. Data for adequate long-range historical comparisons on this point are not readily available, but some light is shed on the extent of distress transfers in the period 1925-29, as compared with the first and second parts of the decade 1930-39, by the data in table 9. The number of mortgaged farms per 1,000 of all farms in 1925 for the entire country is estimated at 348. This figure probably represents a minimum because of certain peculiarities of the census data for this year. The average annual number of distress transfers per 1,000 of all farms for the period 1925-29 is estimated at 21.6, making the annual average of distress farm transfers for the period 1925-29 equal to about 6.2 percent of the number of mortgaged farms in 1925. For the period 1930-34, this percentage, based on the estimated number of mortgaged farms in 1930, rose to 9.5, but for the period 1935-38 the percentage was again about 6. Thus, as related to the number of mortgaged farms at the beginning of each period, the annual average number of distress transfers for the period 1935-38 has been at about the same level as that for the last half of the 1920's.

In the period 1925-29 distress transfers of farms per 1,000 mortgaged farms were above the national average in the South Atlantic, East South Central, and Mountain States, and well below in the New England, Middle Atlantic, and Pacific States (table 9). The West North

TABLE 9.—*Estimated number of mortgaged farms per 1,000 of all farms, 1925, 1930, and 1935, and average annual number of distress farm transfers per 1,000 farms for selected periods, by geographic divisions*

Geographic division	Number per 1,000 farms		Percentage distress transfers of number of mortgaged farms	Number per 1,000 farms		Percentage distress transfers of number of mortgaged farms	Number per 1,000 farms		Percentage distress transfers of number of mortgaged farms
	Mortgaged farms 1925 ¹	Annual average distress transfers 1925-29 ²		Mortgaged farms 1930 ³	Annual average distress transfers 1930-34 ⁴		Mortgaged farms 1935 ³	Annual average distress transfers 1935-38 ⁴	
	No.	No.		No.	No.		No.	No.	
New England	332	11.8	3.6	452	16.8	3.7	434	14.3	3.3
Middle Atlantic	307	12.1	3.9	404	22.0	5.4	364	16.4	4.5
East North Central	375	20.3	5.4	453	31.5	7.0	354	17.0	4.4
West North Central	484	29.7	6.1	506	49.5	9.8	420	30.9	7.4
South Atlantic	234	22.0	9.4	282	40.8	14.5	242	16.5	6.8
East South Central	250	17.9	7.2	299	43.1	14.4	286	18.9	6.6
West South Central	360	17.8	4.9	409	34.2	8.4	340	18.6	5.5
Mountain	466	38.7	8.3	488	42.5	8.7	378	30.2	8.0
Pacific	437	18.7	4.3	518	33.7	6.5	446	21.4	4.8
United States	348	21.6	6.2	401	37.9	9.5	345	20.7	6.0

¹ Jan. 1. Figures represent the minimum.

² Mar. 15, 1925-Mar. 15, 1930.

³ Jan. 1.

⁴ Mar. 15, 1930-Mar. 15, 1935.

⁴ Mar. 15, 1935-Mar. 15, 1939.

Central States were at about the national average. As, in general, areas that experienced relatively heavy distress transfers in the post-1929 period are also those that experienced heavy distress transfers in the period 1925-29 (table 9), it seems probable that circumstances peculiar to certain regions may have been largely responsible for the greater farm-debt difficulties in those regions.

This situation may have considerable bearing on certain problems of agricultural-credit policy. If relatively heavy distress farm transfers in certain regions are associated only with special depression circumstances, then the situation might be expected to right itself automatically with the gradual disappearance of these special circumstances. But distress transfers have been relatively heavy in certain regions during periods of widely different economic conditions. Emphasis may need to be placed upon correction of the basic causes or on adaptation of credit arrangements to the peculiar conditions inherent in certain areas if a satisfactory solution is to be found.

Recent Trends in Farm-Foreclosure Sales and Farm-Mortgage Delinquency

Although in general the areas of relatively heavy farm-mortgage distress in the latter part of the 1930's also experienced relatively greater difficulties in the years immediately preceding 1929, certain regional shifts in the storm centers of farm-mortgage difficulties should not be overlooked. For the period 1934-39, estimates of foreclosure sales have been prepared by the Farm Credit Administration. These data are shown in table 10 by Farm Credit districts. As they include foreclosure sales only, the figures are much smaller than those that can be computed from table 9. The annual average computed from table 9 for the period 1935-38 would be about 60 per 1,000 mortgaged farms transferred as a result of all distress transfers. The estimates of the Farm Credit Administration for foreclosure sales alone for this period range from 26.1 to 16.4 per 1,000 mortgaged farms. From data for individual years it appears that foreclosure sales alone account for between one-third and one-half of total distress transfers,

which include farm foreclosures, deeding of farms to creditors, and tax sales.

In 1934 the number of foreclosure sales per 1,000 mortgaged farms was substantially higher than for the country as a whole in the Omaha, Wichita, St. Louis, and Columbia Farm Credit districts (table 10). By 1939 the Omaha and Wichita districts still had the highest foreclosure rates, but the Columbia district, in the meantime, had fallen below the national average. The St. Louis district was still slightly above the national average in 1939, but the St. Paul district had an even higher rate than the St. Louis district. The four districts with the lowest foreclosure rates in 1939 were the Louisville, New Orleans, Berkeley, and Spokane districts.

TABLE 10.—*Estimated number of farm-foreclosure sales, 1934-39, per 1,000 farms mortgaged on Jan. 1, 1935*

Farm Credit district ¹	1934	1935	1936	1937	1938	1939
	No.	No.	No.	No.	No.	No.
Springfield	18.7	16.2	14.0	13.9	12.9	12.0
Baltimore	24.3	26.0	25.9	20.2	15.0	14.4
Columbia	32.9	26.6	26.1	15.7	12.8	10.9
Louisville	22.7	18.4	13.3	9.2	7.9	6.5
New Orleans	17.8	21.2	18.5	11.1	7.7	7.2
St. Louis	39.5	36.1	29.6	24.8	19.9	15.5
St. Paul	22.8	23.6	25.6	23.1	23.8	24.3
Omaha	48.7	42.5	37.0	30.1	30.4	29.8
Wichita	40.6	38.1	30.0	26.5	26.1	25.6
Houston	19.8	22.3	18.8	13.2	12.6	10.6
Berkeley	16.4	11.4	10.8	9.8	7.7	7.5
Spokane	21.2	22.8	25.3	22.1	13.2	8.2
United States	27.8	26.1	23.3	18.5	16.4	15.0

¹ See figure 34 for States included in the several Farm Credit districts.

Farm Credit Administration.

Foreclosure sales per 1,000 mortgaged farms on January 1, 1935, for the country as a whole have been fewer each year since 1934, declining from 27.8 for 1934 to 15.0 for 1939.¹⁴ For the

¹⁴ A further word of caution is necessary for the interpretation of the data in tables 10 and 11 relating to farm-foreclosure sales. As the index in table 11 is based on the estimated number of farms mortgaged on January 1, 1935, the trend for a particular region is in effect a trend of the absolute number of foreclosure sales. This arises out of the fact that the indexes are computed on a fixed base (January 1, 1935). As the cumulative effect of foreclosure sales tends to reduce the number of farms mortgaged in successive years and as new loans tend to increase the number of outstanding mortgages, the usefulness of the series for comparisons between regions is somewhat less for 1939, for example, than for 1935. Moreover, as foreclosure sales do not include all distress transfers, some of the variations by areas may not measure accurately the regional differences for all distress farm transfers.

Federal land banks and the Land Bank Commissioner the number of farm foreclosures increased more than threefold from 1934 to 1936, but in 1937 the number was less than for 1936 (table 11).

TABLE 11.—*Index of the number of farm-foreclosure sales, by type of lender, 1934-39*

[1934-39 average annual number=100]

Type of lender	1934	1935	1936	1937	1938	1939
Federal land banks and Land Bank Commissioner	38.2	95.9	127.6	106.5	108.9	124.4
Individuals	148.5	123.4	106.1	86.6	74.9	59.7
Commercial banks	119.0	119.0	111.3	98.1	83.5	69.4
Insurance companies	185.7	135.9	99.8	68.7	58.6	50.8
Miscellaneous	167.8	150.8	104.5	74.6	55.4	46.9
All lenders	131.1	123.1	109.9	87.3	77.4	70.8

Farm Credit Administration.

Changing Operations Affect Trends.—It should be noted, however, that in 1934 and 1935 the Federal land banks and the Land Bank Commissioner were engaged in closing a large volume of loans in connection with their refinancing program, and, owing to the uncertain conditions prevailing at the time, less emphasis was placed on foreclosures. The rise of foreclosures in 1936 thus reflects in part an accumulation of delinquent loans on which foreclosure was found necessary. For these two Federal lenders the number of foreclosures fell off in 1937 but increased in both 1938 and 1939, with the number in 1939 again at about the same level as in 1936. The rise of foreclosures in 1938 and 1939 reflects also the larger number of outstanding loans than earlier, many of which had been closed in 1934 and 1935 and had, by then, had time to get into difficulties. The expiration of the moratorium on principal repayments for many of these loans probably contributed also to delinquency and ultimate foreclosure.

For the other principal lender groups the number of farm-foreclosure sales declined steadily after 1934. The decline of foreclosures shown in table 11 reflects the gradual "cleaning up" of accumulated distress loans and a diminution of the number remaining for foreclosure, as well as an improvement in the position of farmers in regard to income.

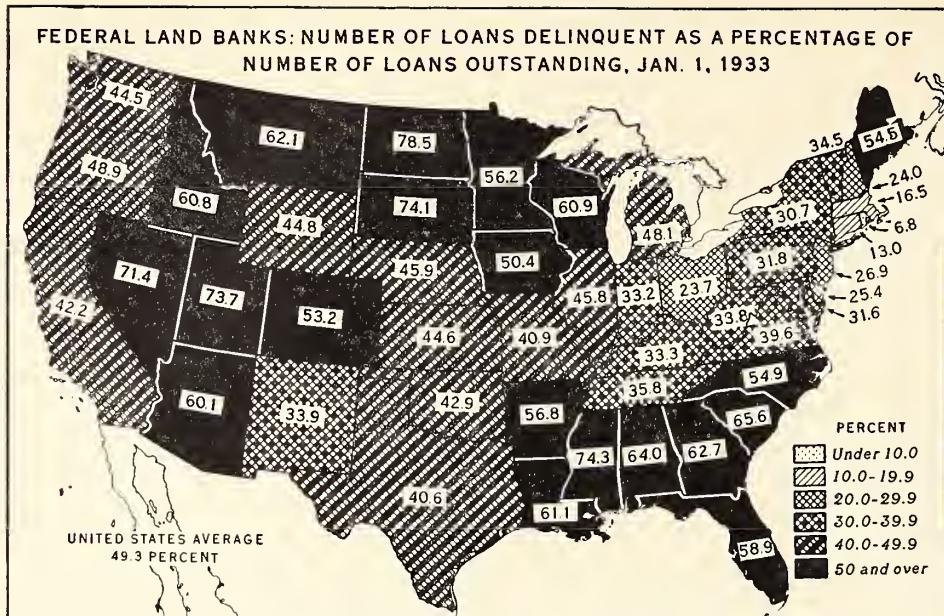
Delinquencies an Indicator.—A further indication of the areas of farm-mortgage distress is the de-

linquency situation of Federal land bank and Land Bank Commissioner loans.¹⁵ At the beginning of 1933 almost one-half of the number of loans held by the Federal land banks were delinquent. Although the percentage delinquent was substantial in all States at that time, the situation was much worse in the Southeastern States, the northwestern group of the North Central States, and in most of the Mountain States (fig. 24). By the beginning of 1935 the percentage of Federal land bank loans delinquent had fallen from one-half to one-third, but in general the areas of heaviest delinquency were still the same as those 2 years earlier (fig. 25). By the beginning of 1938 the percentage had fallen to one-fifth, and the areas of greatest delinquency were somewhat different. Delinquency was still relatively high in the Southeastern States as compared with the national average, but the storm center was more largely in the northern Great Plains area. In North Dakota almost 73 percent of the Federal land bank loans were delinquent at the beginning of 1938 (fig. 26).

At the beginning of 1940 Federal land bank loan delinquency had risen slightly to 22.5 percent for the country as a whole, but with the areas of highest delinquency somewhat the same as for the beginning of 1938 (fig. 27). The trend of delinquency for Land Bank Commissioner loans has been upward during the last few years, and the areas of heaviest delinquency are about the same as for Federal land bank loans (figs. 28, 29, and 30).

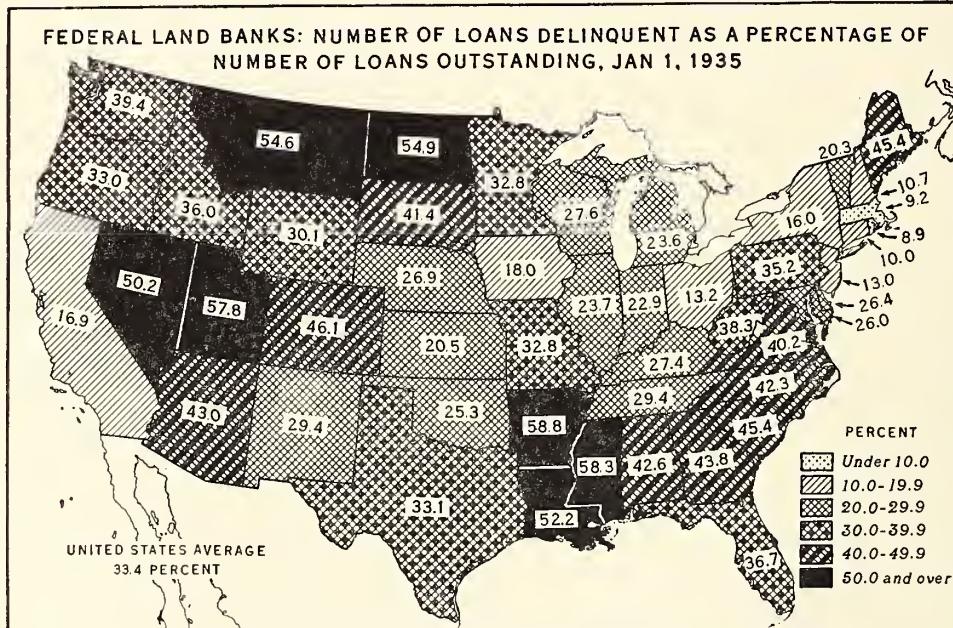
Comparable data are not available on delinquency of farm mortgages held by private lenders, but from data for 26 large life insurance companies (compiled by the Securities and Exchange Commission) it is evident that the problem is not confined to the Federal agencies. Of a total of \$752,327,000 of farm mortgages held by these companies at the end of 1938, almost 15 percent was delinquent as to interest for 3 months or more and more than 9 percent for a year or more.

¹⁵ Delinquency as here used includes loans extended, whether or not there is any delinquency on such extensions. See chapters 6 and 7 for a discussion of the operating aspects of Federal land bank and Land Bank Commissioner loan delinquencies.



BAE 38535

FIGURE 24.—In 1933 almost half of all outstanding Federal land bank loans were delinquent. High delinquency prevailed in the Southeastern, the northern Great Plains, and most of the Mountain States.



BAE 38536

FIGURE 25.—In the 2-year period, 1933-35, Federal land bank loan delinquency declined from about one-half to about one-third for the entire country. The improvement was general, with the areas of relatively high and low delinquency much the same in 1935 as in 1933. See figure 24 for State comparisons.

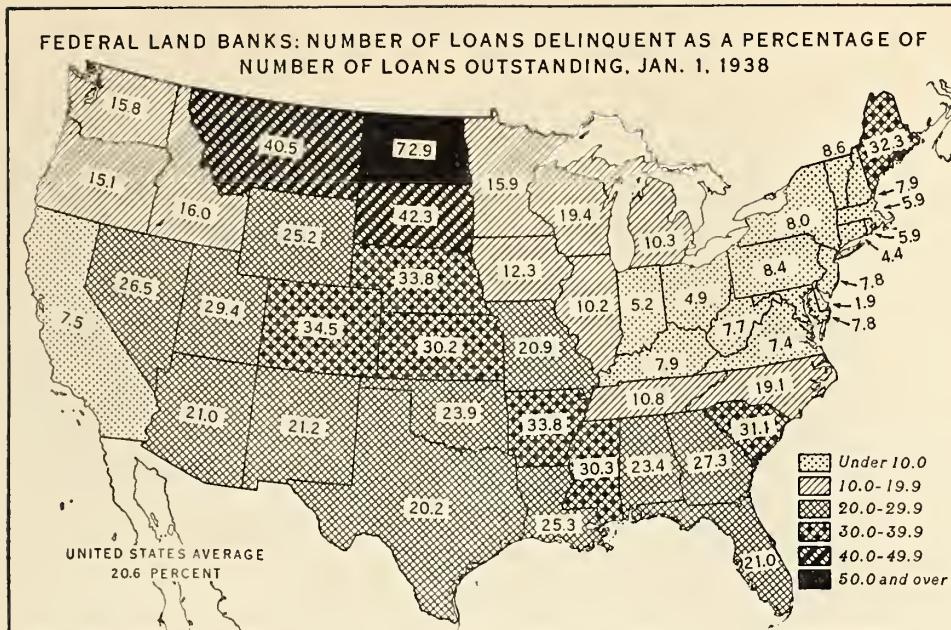


FIGURE 26.—By January 1, 1938, Federal land bank loan delinquency had fallen to about one-fifth for the entire country. The delinquency situation had improved over 1935 (fig. 25) in the Southeastern States, but in several of the northern Great Plains States delinquency had increased.

BAE 38537

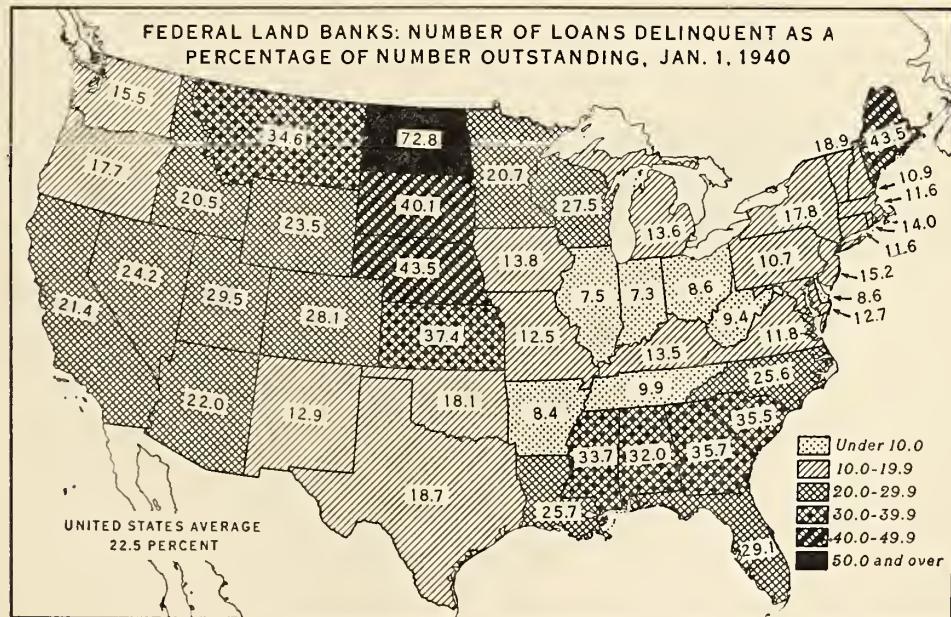
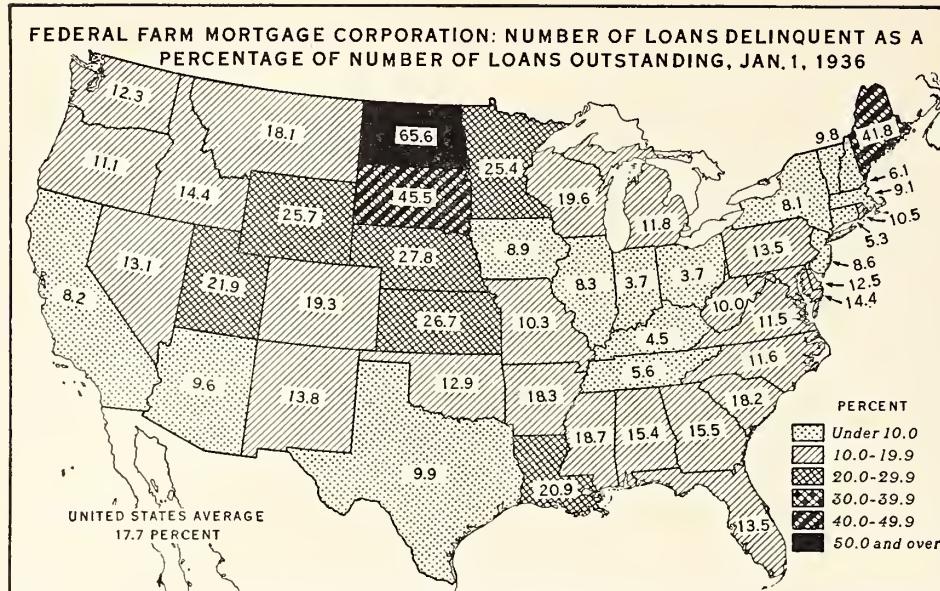


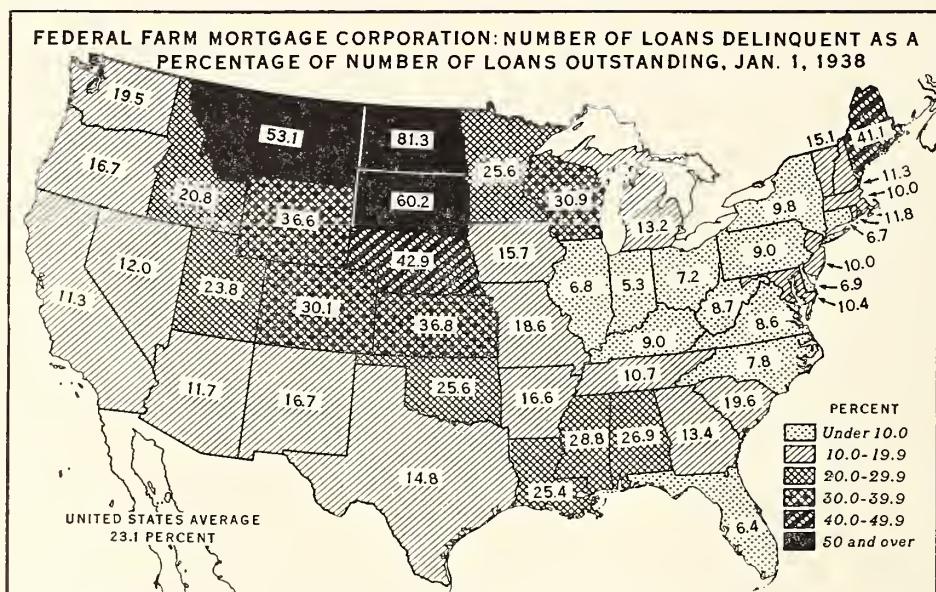
FIGURE 27.—Figures 24–27 indicate the extent to which heavy Federal land bank loan delinquencies have been concentrated in certain areas since 1932. In 1940 the range was from 7.3 percent for Indiana to 72.8 percent for North Dakota. Delinquency increased in several of the low-delinquency States from 1938 to 1940 (See fig. 26).

BAE 38331



BAE 38533

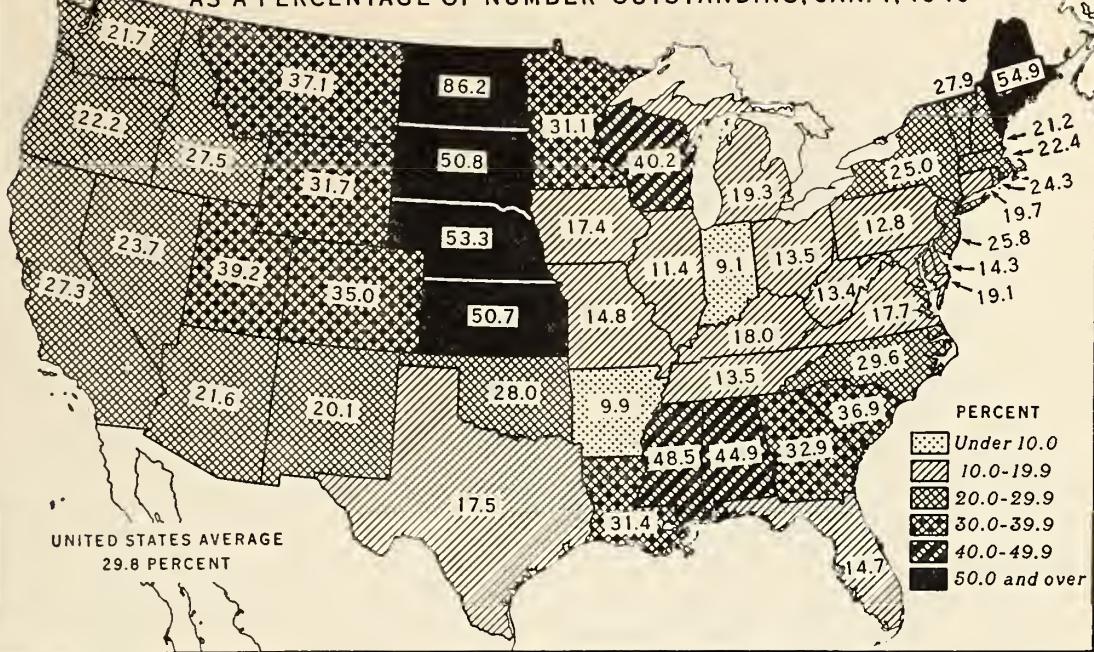
FIGURE 28.—On January 1, 1936, almost 18 percent of the loans of the Federal Farm Mortgage Corporation (Land Bank Commissioner loans) were delinquent. Delinquency of more than 40 percent prevailed in North Dakota, South Dakota, and Maine, whereas in Ohio, Indiana, and Kentucky less than 5 percent of these loans were delinquent.



BAE 38534

FIGURE 29.—Federal Farm Mortgage Corporation loan delinquency increased from 1936 to 1938, with highest delinquency percentages in North Dakota, South Dakota, Montana, and Maine. Most of the Northeastern States had low delinquency percentages at the beginning of 1938.

FEDERAL FARM MORTGAGE CORPORATION: NUMBER OF LOANS DELINQUENT
AS A PERCENTAGE OF NUMBER OUTSTANDING, JAN. 1, 1940



BAE 38332

FIGURE 30.—On January 1, 1940, almost 30 percent of the loans of the Federal Farm Mortgage Corporation were delinquent as compared with 23.1 percent on January 1, 1938 (fig. 29) and 17.7 percent on January 1, 1936 (fig. 28). The range at the beginning of 1940 by States was from 9.1 percent for Indiana to 86.2 percent for North Dakota.

Direct comparison of the delinquency situation for these life insurance companies and the Federal agencies cannot be made. For one reason, the geographical distribution of the loans is different; for another, the definitions of delinquency are not entirely comparable. In view of the level of foreclosure sales for private lenders in recent years, it is probable that delinquency on loans held by private lenders in 1939 was lower than for the Federal agencies.

Farm Real Estate Acquisitions of Lending Agencies

From the extensive farm foreclosures of the last decade a substantial amount of farm real estate has been acquired by lending institutions. Acquisitions by mortgage holders must have been very large also during the decade 1920-29, but centralized lending institutions did not acquire so much then as in recent years, partly

because they held a relatively smaller proportion of the total mortgage debt. Acquisitions during the 1920's by local institutions and individuals, rather than by centralized lending agencies, did not attract national attention, although many of the problems were doubtless of the same general nature as those of recent years.

Acquisition Peaks Vary by Lender Groups.—The investment of each of several groups of lending agencies in farm real estate is shown for the period 1929-40 in table 12. With the exception of 1938 the combined farm real estate holdings of the Federal land banks and the Federal Farm Mortgage Corporation (established in 1934) have risen each year since 1929. The farm real estate holdings of life insurance companies reached a peak at the beginning of 1937; since then there has been a slight decline.

TABLE 12.—*Acquired farm real estate held by selected lending agencies, January 1, 1929-40*

Year	Federal land banks and Federal Farm Mortgage Corporation ¹	Life-insurance companies ²	Joint stock land banks ³	Insured commercial banks ⁴	Three State credit agencies ⁵
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1929	26,478	88,305	15,236	(6)	19,540
1930	29,517	120,020	19,685	(6)	26,860
1931	36,865	151,229	22,202	(6)	33,511
1932	53,588	191,947	37,957	(6)	39,008
1933	83,158	316,931	71,741	(6)	47,454
1934	96,632	465,072	85,740	(6)	56,094
1935	96,666	600,873	81,700	(6)	60,270
1936	119,864	646,280	78,202	74,166	61,531
1937	134,754	713,166	72,781	69,525	68,444
1938	132,038	705,207	62,030	56,311	72,040
1939	139,229	702,861	53,885	49,143	71,846
1940	155,237	700,530	46,827	42,045	68,324

¹ Investment, including sheriffs' certificates and judgments, excluding prior liens. Excluding Puerto Rico.

² Investment, partially estimated, including real estate sold under contract but excluding any still subject to redemption.

³ Carrying value of real estate, including sheriffs' certificates and judgments. Real estate held by banks in receivership included at book value.

⁴ Book value.

⁵ Investment. Department of Rural Credit of Minnesota, Bank of North Dakota, and Rural Credit Board of South Dakota.

⁶ Data unavailable.

⁷ June 30.

The trend of farm real estate holdings of different lenders reflects both the volume of farm real estate acquisitions and the volume of disposals. The peak of acquisitions by life insurance companies appears to have been reached in 1933, whereas the peak for the Federal land banks and the Federal Farm Mortgage Corporation combined was reached in 1939; for the Federal land banks alone the peak was reached in 1936.

Disposal Policies Vary.—Federal agencies have disposed of their acquired farms somewhat more promptly than have insurance companies. These companies have disposed of more farm real estate than they have acquired during the last few years, but many sales were of farms that had been held for several years (table 13). Of about \$48,000,000 of farm real estate sold in 1938 by 26 large life insurance companies, more than one-half had been acquired before 1935 and more than one-fourth before 1933. Of about \$535,000,000 of farm real estate held by these 26 companies at the end of 1938, almost 63 percent was acquired before 1935 and about 30 percent before 1933 (table 14).

For the Federal land banks and the Federal Farm Mortgage Corporation, farm real estate

holdings on January 1, 1940, were relatively low in relation to total farm-mortgage loans, as compared with the other lending agencies (fig. 31). This situation reflects, in addition to their disposal policy, the large increase in loans by the Federal agencies in 1933-36. Many of the loans held by the other lenders were made before the depression, and the total volume of loans held has been reduced sharply through refinancing with the Federal agencies and through foreclosures and other distress transfers.

TABLE 13.—*Book value of farm real estate sold by 26 large life insurance companies during 1938, classified by year of acquisition¹*

Year of acquisition	Farm real estate sold during 1938	Percentage distribution of total
	1,000 dollars	Percent
Prior to 1929	2,776	5.80
1929 and 1930	2,509	5.24
1931	2,427	5.07
1932	5,026	10.50
1933	7,558	15.78
1934	6,681	13.95
1935	4,677	9.77
1936	5,807	12.13
1937	5,405	11.29
1938	5,015	10.47
Total	47,881	100.00

¹ Real estate acquired in satisfaction of debt, including real estate sold under contract.

Data from Operating Results and Investments of the Twenty-six Largest Legal Reserve Life Insurance Companies in the United States, 1929-38, a report submitted by the Securities and Exchange Commission to the Temporary National Economic Committee in 1939.

TABLE 14.—*Book value of farm real estate owned by 26 large life insurance companies as of December 31, 1938, classified by year of acquisition¹*

Year of acquisition	Farm real estate owned Dec. 31, 1938	Percentage distribution of total
	1,000 dollars	Percent
Prior to 1929	30,624	5.72
1929 and 1930	33,197	6.20
1931	33,426	6.25
1932	65,526	12.25
1933	90,034	16.83
1934	83,462	15.60
1935	58,066	10.85
1936	58,746	10.98
1937	45,202	8.45
1938	36,754	6.87
Total	535,037	100.00

¹ Real estate acquired in satisfaction of debt; 12 companies include and 14 companies exclude foreclosed liens subject to redemption. All companies exclude properties under contract of sale.

Data from Operating Results and Investments of the Twenty-six Largest Legal Reserve Life Insurance Companies in the United States, 1929-38.

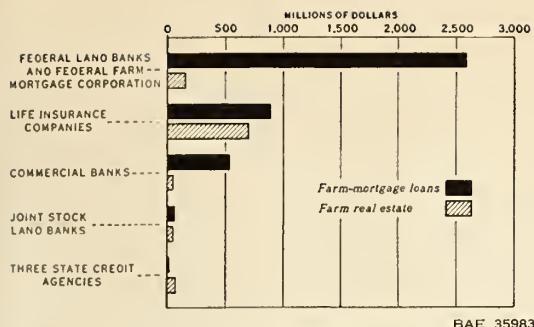


FIGURE 31.—FARM REAL ESTATE HELD, AND MORTGAGE LOANS OUTSTANDING BY SELECTED LENDER GROUPS, JANUARY 1, 1940.

In contrast to the life insurance companies, the Federal land banks and the Federal Farm Mortgage Corporation had small farm real estate holdings in relation to outstanding loans at the beginning of 1940. Insurance companies have tended to hold acquired farm real estate somewhat longer than have the Federal institutions. Also, the Federal institutions greatly expanded their volume of loans following 1932 at a time when the life insurance companies already held considerable farm real estate and a large volume of loans on which foreclosure actions were subsequently instituted. Both the joint stock land banks and the three State credit agencies are in liquidation.

Holdings Are Concentrated.—Although the investment of these lending agencies in acquired

farms is now only a small fraction of the total value of farm real estate for the country as a whole, the problems arising out of such holdings are considerable, particularly in the regions where foreclosures by these agencies have been heaviest. About 87 percent of the farm real estate held by the Federal land banks and the Federal Farm Mortgage Corporation at the beginning of 1940 (measured by investment) was in the St. Paul, Omaha, Spokane, and Wichita Farm Credit districts, with more than 67 percent in the St. Paul and Omaha districts (table 15). Almost 80 percent of the holdings of the joint stock land banks at that time were in the Omaha, St. Louis, Houston, and St. Paul districts, with 48 percent in the Omaha district alone. About 81 percent of the life insurance company holdings were in the Omaha, St. Louis, St. Paul, and Wichita districts, with almost 50 percent in the Omaha district. At the beginning of 1940 these three groups of lenders held farm real estate in the Omaha district in which they had an investment of more than \$417,215,000, which was almost 46 percent of their total investment in farm real estate.

TABLE 15.—*Farm real estate investment of selected lending agencies, by Farm Credit districts, January 1, 1940*

District	Federal land banks and Federal Farm Mortgage Corporation ¹		Joint stock land banks		Life insurance companies	
	Amount	Percentage distribution	Amount	Percentage distribution	Amount	Percentage distribution
Springfield	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent (?)
Baltimore	3,005	1.9	1,238	2.3	28	0.2
Columbia	2,237	1.4	461	.8	1,120	0.2
Louisville	656	.4	1,844	3.4	15,034	2.1
New Orleans	1,800	1.2	2,906	5.3	34,323	4.9
St. Louis	2,378	1.5	331	.6	8,824	1.3
St. Paul	3,380	2.2	6,289	11.5	98,907	14.1
Omaha	59,844	38.5	4,323	7.9	80,783	11.5
Wichita	44,593	28.7	26,094	47.6	346,528	49.5
Houston	18,118	11.7	3,308	6.0	44,754	6.4
Berkley	3,798	2.5	6,900	12.6	40,946	5.8
Spokane	2,632	1.7	56	.1	11,708	1.7
United States	12,890	8.3	1,053	1.9	17,575	2.5
	155,331	100.0	54,803	100.0	700,530	100.0

¹ Excluding Puerto Rico.

² Less than 0.05 percent.

Concentration of the farm real estate holdings of these lending agencies in certain areas reflects the large volume of mortgages held on properties in these areas in the early 1930's as well as the higher-than-average foreclosure rates in recent

years. The rapidity with which acquired farms have been resold is another factor. Moreover, the problem of farm ownership by former mortgagees is not confined to the areas of concentrated holdings by the large lenders, as fore-

closures have been relatively heavy in some places where these centralized lenders held only a small part of the debt in the early 1930's.

The extent of the farm real estate holdings of former lenders gives some indication of the potential increases in mortgage debt when these farms are resold. Just as the acquirement of farms by lending agencies has resulted in sharp reductions in mortgage debt in certain areas, the resale of these farms may bring about sharp rises in debt. Current indications point toward a more rapid disposal of farms in 1940 than before.

VOLUNTARY LIQUIDATION OF MORTGAGE DEBT

Cash repayments of principal and voluntary scaling down of debts are two other factors tending to decrease mortgage debt. Reduction of mortgage debt through normal cash repayments of principal has probably received too little attention, partly because farmers who could make such payments have not given rise to serious public problems. Many farmers have been able to meet their obligations according to schedule. Even in the worst situation, about one-half of the Federal land bank loans were still in good standing. Many farmers who reduced their debts by normal repayment were not necessarily without their debt problems, but evidently acute debt difficulties have not been a universal phenomenon.

Principal Repayments Substantial.—Data on principal repayments are meager except those for loans held by the Federal land banks, the Land Bank Commissioner, and certain of the life insurance companies. It is difficult to distinguish between repayments that are substantially refinancing in character and those which represent the repayment of debts not associated with additional borrowing. Complete repayment of the principal amount owed to one lender may be merely the result of refinancing with another lender. Thus the sum total of the principal repayments for all lenders would be substantially larger than the net reduction of mortgage debt resulting from these repayments.

Principal repayments on loans from the Federal agencies have tended to be influenced less by refinancing operations than have those for other lenders; but for the last few years they may

have been influenced enough to necessitate some qualification of the statistics.

Principal repayments and loans paid in full to the Federal land banks and the Land Bank Commissioner, 1929-39, are shown in table 16. For the 11 years, 1929-39, principal installments paid to the Federal land banks amounted to \$299,812,000 and loans paid in full amounted to \$225,029,000. The magnitude of these items indicate that a substantial number of farm owners have been able to reduce their mortgage debts. For the Land Bank Commissioner loans, principal repayments and loans paid in full totaled \$208,115,000 from organization through 1939. A steady rise of principal repayments and loans paid in full for both agencies has occurred during the last 5 years.

TABLE 16.—*Principal repayments and loans paid in full to the Federal land banks and the Land Bank Commissioner, 1929-39*

Year	Federal land banks			Land Bank Commissioner		
	Principal repayments	Loans paid in full ¹	Total	Principal repayments	Loans paid in full	Total
	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>
1929	18,460	30,562	49,022			
1930	18,393	21,836	40,229			
1931	15,582	21,476	37,058			
1932	9,695	17,038	26,733			
1933	15,456	4,498	19,954			
1934	20,680	8,166	28,846			
1935	27,275	14,716	41,991	² 8,756	² 7,460	² 16,216
1936	32,609	18,983	51,592	11,787	11,769	23,556
1937	39,672	27,708	67,380	29,697	16,816	46,513
1938	43,705	25,881	69,586	44,223	13,602	57,825
1939	58,285	34,165	92,450	48,512	15,493	64,005
Total...	299,812	225,029	524,841	142,975	65,140	208,115

¹ Includes loans sold.

² From organization to Dec. 31, 1935.

Farm Credit Administration.

Available data on principal repayments to life insurance companies are less useful as a measure of debt reduction because they include a substantial amount of repayments made through the refinancing of loans with other agencies. For 26 large life insurance companies the total principal repayments for the period 1932-38 amounted to almost \$808,000,000; for all life insurance companies they probably amounted to more than \$900,000,000. For the period, May 1, 1933, to January 1, 1937, which includes the time of heavy refinancing by the

Federal agencies, proceeds of Federal land bank and Land Bank Commissioner loans used to refinance mortgages held by insurance companies are estimated at about \$306,000,000. An accurate estimate is not practicable, but the amount of principal repayments on life insurance company loans exclusive of refinancing with other agencies, might well have amounted to \$500,000,000 for the period 1932-38. Some of this amount does not represent any debt reduction for the farm owner, of course, but it appears that many owners reduced their debts to insurance companies by normal repayments even during relatively unfavorable years.

It is entirely possible that repayments reached nearly \$2,000,000,000 in the period 1929-39, with the major part in the early and late 1930's. This amount alone would account for a substantial share of the net reduction in farm-mortgage debt in the last decade. With foreclosures probably accounting for a reduction twice as great as principal repayments, it is apparent that a substantial amount of new mortgage debt must have come into existence during that period.

The considerable volume of principal repayments during the decade emphasizes the wide variations prevailing in the financial position of farm owners. Only a part of the farms were mortgaged at the beginning of the 1930's, and the owners of many of these mortgaged farms were able to meet their obligations, even with reduced incomes.

But whether, in all cases, making these payments has been good financial management on the part of the owners may be open to question. There is little doubt that many owners have been able to meet their principal installments only by drastic reductions in operating capital and living expenses. Those who could not pay naturally have attracted most attention, but the hardships of many who did not default have probably been as great as those for many who lost their farms.

Substantial Scale-downs of Farm Debts.—Only incomplete information is available on the extent to which farm debts have been reduced through voluntary scaling down of the principal. Many informal debt adjustments and

even some adjustments effected through more formal channels are not on record. For the period since September 1935 a record of the cases considered and adjusted by debt-adjustment committees in the several States has been compiled by the Farm Security Administration; for the period from October 1, 1933, through August 31, 1935, a partial record is available.

Available information on debt adjustments covers a much broader field than the scaling down of mortgage debts. In addition, reductions in interest rates, extensions, reamortization of loans, and other methods or combinations of methods are involved. Some adjustments have been concerned with delinquent taxes, and adjustments have been made for tenant operators as well as for owner-operators and nonoperating owners.

From May 1, 1933, through December 31, 1940, over 620,000 loans were closed as land bank and/or Land Bank Commissioner loans where all or a part of the proceeds were used for the refinancing of indebtedness. Of this number, it is estimated by the Farm Credit Administration that about 150,000, or 25 percent, involved scale-downs. Such scale-downs aggregated more than \$200,000,000, or about one-third of the original indebtedness before refinancing.

State and county debt-adjustment committees were under the supervision of the Farm Credit Administration for the period from October 1, 1933, through August 31, 1935. An incomplete tabulation shows the extent of such adjustments in this period:

Number of applications received	82,383
Number of cases adjusted	49,921
Indebtedness prior to adjustment	\$254,851,282
Debt reduction	\$67,286,329
Percentage reduction	26.4

In many instances, reductions took the form of writing off past-due interest and scaling down non-real-estate debts. Whether such reductions should be regarded as affecting outstanding mortgage debt depends partly on the viewpoint adopted. In more favorable times such obligations might have been funded into mortgage debt.

The character and magnitude of debt-adjustment activities since September 1, 1935, are

indicated by data compiled by the Farm Security Administration from reports submitted by State debt-adjustment committees. For the period September 1, 1935, to October 31, 1940, the committees considered 230,936 individual cases. Many additional cases were adjusted by other means; on the other hand, the committees probably had only incidental connection with some of their cases considered. The number of cases considered by the committees in this period is equal to almost 3.4 percent of the number of farm operators on January 1, 1935. Of the total cases, 135,100 were reported as adjusted, ranging from major reorganization of a farmer's debt situation, involving both scale-downs and interest-rate reductions, to relatively minor changes in the terms of a loan.

The total amount of indebtedness involved in these 135,100 adjusted cases was \$423,000,000, and the amount of debt reduction obtained was about \$96,000,000, or 22.7 percent. In addition

in 105 group cases involving debt of about \$22,000,000, adjustments were obtained amounting to \$15,000,000. This brings the total debt reduction through voluntary adjustment to approximately \$111,000,000 for the period. A part of this sum represents adjustments of non-real estate debt; nevertheless, debt adjustment has been a factor in the decline of mortgage debt in certain areas.

Indication of the character of the debt adjustment accomplished through debt-adjustment committees is given by the following distribution of individual cases adjusted in the period September 1, 1935, to October 31, 1940:

	Number of cases adjusted
Method of adjustment:	
Debt reduction.....	81,894
Substantial interest-rate reduction.....	1,090
Extension.....	28,628
Combination of methods.....	16,930
Other methods.....	6,558
Total cases adjusted.....	135,100

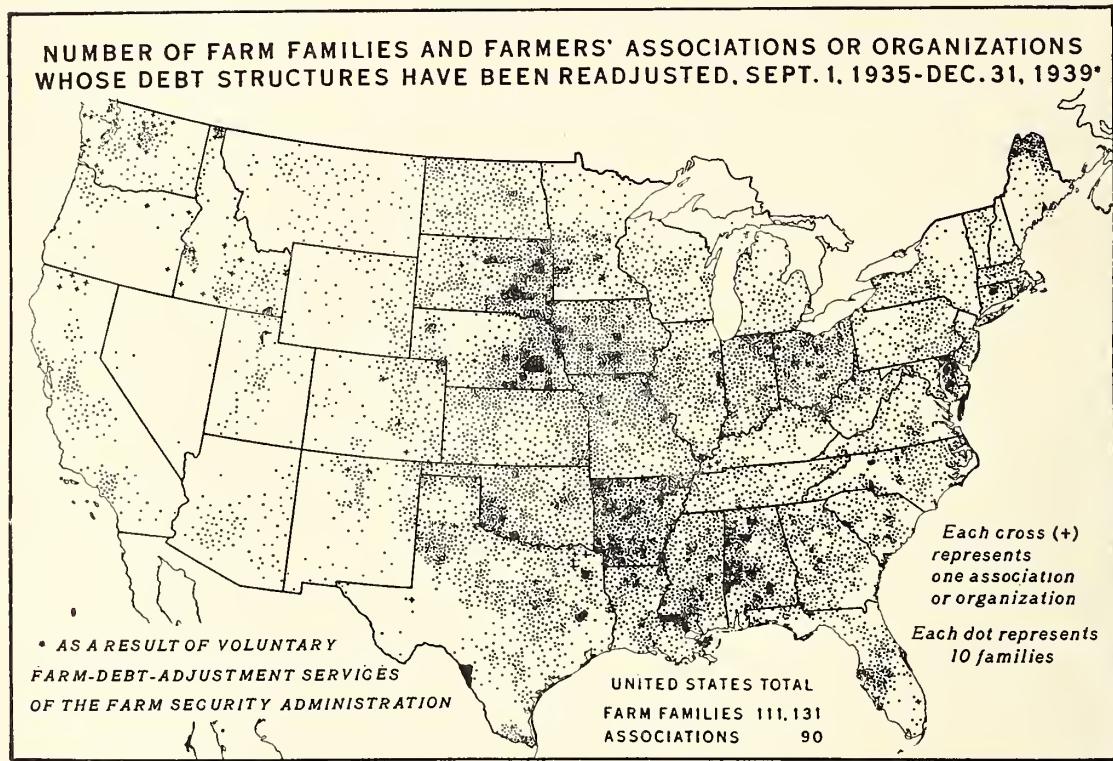


FIGURE 32.—Debt-adjustment activities of county farm-debt adjustment committees under the supervision of the Farm Security Administration have been concentrated in certain localities. These concentration areas reflect both the prevalence of debt situation amenable to debt adjustment and the effectiveness of the county committees in bringing about such adjustments. These adjustments range from major reorganizations of farmers' entire financial arrangements to minor changes in the terms and conditions of their loans.

The number of new loans made in connection with such adjustments is shown by lender groups:

Lender groups:	Number of new loans
Federal land banks.....	12,802
Land Bank Commissioner.....	4,793
Production credit associations.....	1,920
Farm Security Administration.....	67,731
Insurance companies.....	535
Local banks.....	3,225
Individuals.....	7,122
Others.....	2,876
Total.....	101,004

In table 17 certain detailed data by States are summarized relative to the debt-adjustment activities reported to the Farm Security Administration. Texas reported the largest num-

ber of individual cases considered for adjustment—18,579 cases. Nevada reported the smallest number. To place the States on a more comparable basis, the number of cases considered is computed as a number per 1,000 farms on January 1, 1935; this number ranges from 12.3 for Tennessee to 140.3 for South Dakota. Data on the absolute number of cases by counties are shown in figure 32.

The percentage reduction in the debts adjusted ranged from 1.7 percent for Rhode Island to 43.7 percent for South Dakota. In many States this percentage was relatively high, whereas the number of cases considered per 1,000 farms in these States was relatively low. However, certain States, for example, North Dakota, South Dakota, and Wyoming, had a relatively high record, by both measures.

TABLE 17.—*Farm-debt adjustment activities reported to the Farm Security Administration, Sept. 1, 1935–Oct. 31, 1940*

State and division	Individual cases considered	Individual cases adjusted	Indebtedness			Taxes paid	Land in farms involved in debt adjustment	Number of cases considered per 1,000 farms Jan. 1, 1935
			Prior to adjustment	After adjustment	Percent-age reduction			
Maine.....	2,200	1,650	8,500,547	6,821,740	19.7	58,843	232,286	53.9
New Hampshire.....	289	215	842,231	708,334	15.9	15,168	28,144	16.3
Vermont.....	518	397	2,154,856	1,687,008	21.7	23,818	84,878	19.1
Massachusetts.....	903	678	4,621,612	4,274,264	7.5	72,005	50,643	25.7
Rhode Island.....	142	90	454,333	446,610	1.7	1,518	8,167	32.8
Connecticut.....	800	433	3,697,701	3,243,182	12.3	54,307	38,089	24.9
New England.....	4,912	3,463	20,271,280	17,181,138	15.2	225,659	442,207	31.0
New York.....	2,821	2,186	11,607,914	9,776,456	15.8	76,241	300,174	15.9
New Jersey.....	959	474	3,186,725	2,719,511	14.7	31,304	39,194	32.6
Pennsylvania.....	3,599	2,223	9,627,983	8,123,187	15.6	159,946	274,108	18.8
Middle Atlantic.....	7,379	4,883	24,422,622	20,619,154	15.6	267,491	613,476	18.6
Ohio.....	9,369	4,504	9,502,573	8,360,318	12.0	88,558	524,933	36.7
Indiana.....	6,866	3,499	9,477,653	8,127,211	14.2	77,580	468,752	34.2
Illinois.....	7,242	3,611	17,359,673	13,029,203	24.9	117,630	581,579	31.3
Michigan.....	2,696	1,453	3,385,287	2,632,846	22.2	45,543	152,982	13.7
Wisconsin.....	4,665	1,916	8,749,500	5,638,440	35.6	68,295	239,639	23.3
East North Central.....	30,838	14,983	48,474,686	37,788,018	22.0	397,606	1,967,885	28.5
Minnesota.....	4,321	3,021	12,048,998	8,601,647	28.6	120,031	544,191	21.3
Iowa.....	13,185	6,482	43,665,818	35,424,533	18.9	283,627	1,017,579	59.4
Missouri.....	10,100	5,887	12,093,717	9,425,783	22.1	31,263	864,948	36.3
North Dakota.....	5,347	3,335	13,225,660	8,838,154	33.2	359,999	1,521,420	63.2
South Dakota.....	11,691	6,878	23,771,907	13,382,853	43.7	586,063	2,651,437	140.3
Nebraska.....	11,611	6,433	21,706,302	15,957,606	26.5	274,064	1,813,653	86.9
Kansas.....	8,989	5,085	18,181,083	12,717,217	30.1	146,020	1,665,872	51.5
West North Central.....	65,244	37,121	144,693,485	104,347,793	27.9	1,801,067	10,079,100	55.3
Delaware.....	301	197	716,345	562,752	21.4	3,815	28,277	29.0
Maryland 1.....	1,467	868	5,067,458	3,897,532	23.1	48,288	150,774	33.0
Virginia.....	3,559	1,759	4,519,164	3,427,292	24.2	26,940	218,294	18.0
West Virginia.....	3,015	1,458	4,487,733	3,642,572	18.8	68,839	262,073	28.8
North Carolina.....	5,516	2,765	5,080,446	4,031,767	20.3	106,896	275,774	18.3
South Carolina.....	3,836	2,328	2,388,270	1,870,715	21.7	44,209	185,943	23.2
Georgia.....	6,855	4,182	5,708,461	4,822,593	15.5	85,849	589,764	27.4
Florida.....	3,615	2,499	5,246,622	4,413,278	15.9	121,358	205,569	49.6
South Atlantic.....	28,164	16,056	33,194,499	26,668,501	19.7	506,194	1,916,468	24.6

See footnotes at end of table.

TABLE 17.—*Farm-debt adjustment activities reported to the Farm Security Administration, Sept. 1, 1935–Oct. 31, 1940—Continued*

State and division	Individual cases considered	Individual cases adjusted	Indebtedness			Taxes paid	Land in farms involved in debt adjustment	Number of cases considered per 1,000 farms Jan. 1, 1935
			Prior to adjustment	After adjustment	Percent-age reduction			
Kentucky.....	Number 3,556	Number 1,608	Dollars 6,037,012	Dollars 4,966,368	Percent 17.7	Dollars 28,855	Acres 221,854	Number 12.8
Tennessee.....	3,380	2,067	4,273,807	3,862,575	9.6	75,300	237,907	12.3
Alabama.....	10,487	5,993	5,189,809	4,039,555	22.2	24,215	537,281	38.4
Mississippi.....	7,646	5,032	7,201,441	6,148,154	14.6	119,531	600,106	24.5
East South Central.....	25,069	14,700	22,702,069	19,016,655	16.2	247,901	1,597,148	22.0
Arkansas.....	8,990	7,371	9,912,774	7,488,429	24.4	167,765	795,294	35.5
Louisiana.....	7,272	4,742	7,299,547	5,371,072	26.4	119,942	506,654	42.7
Oklahoma.....	10,330	6,119	16,621,355	13,190,290	20.6	299,791	1,504,591	48.4
Texas.....	18,579	11,062	35,308,409	27,952,864	20.8	585,269	3,144,657	37.1
West South Central.....	45,171	29,294	69,142,085	54,002,655	21.9	1,172,767	5,951,196	39.7
Montana.....	2,321	1,315	4,220,284	3,149,463	25.4	71,327	1,162,077	45.9
Idaho.....	2,947	1,671	7,446,682	5,903,995	20.7	97,961	399,933	65.3
Wyoming.....	1,696	1,369	6,705,358	4,533,251	32.4	62,814	1,636,542	97.0
Colorado.....	2,951	2,111	5,829,564	4,195,895	28.0	61,589	997,519	46.4
New Mexico.....	3,081	1,752	2,738,782	2,094,520	23.5	26,294	591,182	74.5
Arizona.....	1,236	947	2,024,083	1,878,408	7.2	24,005	222,287	65.7
Utah.....	1,653	1,011	4,302,837	3,727,590	13.4	77,000	194,059	53.9
Nevada.....	80	63	460,658	354,487	23.0	7,965	20,310	21.6
Mountain.....	15,965	10,239	33,728,248	25,837,609	23.4	428,955	5,223,909	58.8
Washington.....	3,095	1,570	8,614,613	6,228,827	27.7	51,482	253,692	36.7
Oregon.....	1,470	813	4,805,811	4,069,025	15.3	74,619	386,907	22.7
California.....	3,612	1,972	12,748,836	11,128,622	12.7	84,313	198,831	24.0
Pacific.....	8,177	4,355	26,169,260	21,426,474	18.1	210,414	839,430	27.3
United States ²	230,019	135,094	422,798,234	326,887,997	22.7	5,258,054	28,630,819	33.9

¹ Including District of Columbia.

² Excluding Territory of Hawaii.

For the 105 group cases adjusted in the period September 1935 to October 31, 1940, there were 15,156 individual farmers involved. These group cases are distributed as follows:

Irrigation districts.....	34
Drainage districts.....	29
Levee and diking districts.....	8
Farmers' cooperatives.....	18
Improvement districts.....	1
Growers' associations.....	3
Other groups.....	12
Total.....	105

Further Study Needed.—In view of the unsatisfactory experience of some lending agencies in the foreclosure and resale of farms, as indicated by losses sustained in these operations, and the increased efforts being made in some quarters to readjust the debts of distress borrowers rather than resort to foreclosure, a need for a more exhaustive study of the results already achieved through debt adjustments is indicated. Enough time has elapsed since records were first

obtained on debt adjustments to permit an appraisal of the extent to which these adjustments have placed farmers in a position to work out of their difficulties. From the viewpoint of both investors and borrowers there may be vital lessons to be learned from the experience to date. It is probable that in many cases most of the desirable features of the bankruptcy method of financial readjustment can be retained without placing the heavy costs on both lenders and borrowers that this method usually involves. Further study of the types of adjustments that have been most effective may even point the way to further refinements in the terms and conditions of mortgage contracts which will provide a degree of automatic adjustment when emergency conditions prevail.

RECENT DEVELOPMENTS IN FARM-MORTGAGE LENDING

One indication of current developments is found in the lending activities of different lender groups in the few years since the refinancing operations were largely completed.

Farm-Mortgage Recordings.—In 1939 the volume of farm mortgages recorded increased for the first time since they began to decline in 1935 and there was a further increase in 1940. The estimated total amount recorded in 1940 was about \$773,000,000, as compared with \$723,000,000 in 1938; and with \$1,740,000,000 in 1934, when the refinancing of mortgages was extensive. Whereas in 1934 about three-fourths of all farm mortgages recorded represented loans made by the Federal land banks and the Land Bank Commissioner, in 1940 loans by these lenders accounted for only 13 percent of the much-reduced total. In 1934 these two agencies closed \$1,283,100,000 of mortgage loans, but in 1940 they closed only \$100,300,000, or about 8 percent of the 1934 total (table 18).

TABLE 18.—*Estimated amount of farm-mortgage loans recorded by selected lender groups, United States, 1934-40*

Year	Individuals	Commercial banks ¹	Insurance companies	Federal land banks and Land Bank Commissioner ²	Miscellaneous ³	Total
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1934	219.6	110.9	45.7	1,283.1	80.8	1,740.1
1935	257.8	164.9	76.4	443.5	71.7	1,014.3
1936	255.3	186.1	115.1	185.5	60.4	802.4
1937	262.9	212.8	128.2	102.5	51.3	757.7
1938	234.1	210.0	137.4	80.4	61.3	723.2
1939	226.7	217.8	138.0	78.7	67.8	729.0
1940	225.6	219.9	145.5	100.3	81.2	772.5

¹ Includes only open commercial and mutual savings banks.

² Represents loans closed and not loans recorded.

³ Includes representatives of individuals, mortgage companies, State and county agencies, joint stock land banks, closed banks, building and loan associations, and miscellaneous groups.

Farm Credit Administration.

The Federal agencies thus have taken a less important position in the making of new loans. Individuals and commercial banks made nearly 58 percent of all farm-mortgage loans recorded during 1940, and insurance companies made almost 19 percent. As mortgage loans made by private lenders are for much shorter terms, on the average, than loans of the Federal agencies, the larger volume of recordings by private lenders does not mean a proportionate change in the total amount of loans held by them. If loans are made on a short-term basis, a relatively large annual volume of new loans is necessary to maintain a given volume of outstanding loans.

Trend of Mortgage Recordings Varies Regionally.—Although for the country as a whole farm-mortgage recordings continued downward from 1934 to 1938, there have been widely different regional trends (table 19). In the Springfield Farm Credit district, for example, the volume of mortgages recorded has been fairly constant since 1935, and in the Baltimore district there has been little change since 1934 except for a sharp rise in 1939. In the Wichita district, however, the volume of recordings has declined each year since 1934 and in the St. Paul and Omaha districts each year since 1934 except 1940. In the Louisville and New Orleans districts the trend has been upward. These divergent regional trends are partly caused by the fact that refinancing operations continued much longer in some areas than in others, and the revival of private lending began earlier in some areas than elsewhere.

TABLE 19.—*Estimated amount of farm mortgages recorded for all types of lenders, by Farm Credit districts, 1934-40*

District	1934	1935	1936	1937	1938	1939	1940
	Million dollars						
Springfield	62.3	47.2	38.7	37.8	38.3	38.5	39.0
Baltimore	58.6	35.0	34.9	36.0	34.8	38.0	37.9
Columbia	99.3	42.9	36.4	41.1	43.5	48.8	60.0
Louisville	203.0	107.7	91.1	98.1	102.2	105.0	104.3
New Orleans	47.6	25.5	28.9	31.3	30.9	31.4	37.6
St. Louis	151.8	131.2	99.2	91.2	84.2	85.1	95.8
St. Paul	315.3	160.0	94.5	80.1	74.9	72.3	80.5
Omaha	296.5	191.2	153.6	119.8	107.9	103.2	115.7
Wichita	154.6	100.8	75.3	65.9	63.8	62.0	59.9
Houston	137.1	53.2	47.8	43.8	41.1	55.0	50.6
Berkeley	137.8	75.9	66.8	75.7	68.1	54.2	54.0
Spokane	76.2	43.7	35.2	36.9	33.5	35.5	37.2
United States	1,740.1	1,014.3	802.4	757.7	723.2	729.0	772.5

Farm Credit Administration.

To arrive at a reasonably complete picture of the geographical and functional sectors in the farm-mortgage credit field in which private lenders have been most active recently, it would be necessary to work with small geographical units, preferably counties. But regional and State trends are of some help. In 10 of the 12 Farm Credit districts, for example, there was an increase from 1938 to 1940 in the volume of

farm mortgages recorded by lenders other than the Federal land banks and the Land Bank Commissioner (table 20). The 2 districts in which mortgages recorded by private lenders¹⁶ declined from 1938 to 1940 were the Wichita and Berkeley districts.

¹⁶ These data include some mortgages recorded by Federal, State, and county agencies, but for practical purposes the totals may be considered as recordings by private lenders.

TABLE 20.—*Estimated amount of farm mortgages recorded and percentage of total recordings, by lenders other than the Federal land banks and Land Bank Commissioner, by Farm Credit districts, 1934-40*

District	Estimated amount of recordings							Percentage of total recordings						
	1934	1935	1936	1937	1938	1939	1940	1934	1935	1936	1937	1938	1939	1940
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Springfield	26.4	33.2	29.9	30.8	32.8	33.2	33.7	42.4	70.3	77.3	81.5	85.6	86.2	86.4
Baltimore	24.7	27.5	29.9	32.3	32.2	35.9	35.0	42.2	78.6	85.7	89.7	92.5	94.5	92.3
Columbia	29.6	33.1	32.1	38.0	40.2	44.4	53.4	29.8	77.2	88.2	92.5	92.4	91.0	89.0
Louisville	57.4	75.2	78.8	90.2	94.7	97.1	95.4	28.3	69.8	86.5	91.9	92.7	92.5	91.5
New Orleans	17.7	20.8	26.5	28.3	26.2	26.5	30.1	37.2	81.6	91.7	90.4	84.8	84.4	80.1
St. Louis	49.2	70.1	71.7	77.8	72.8	75.0	83.3	32.4	53.4	72.3	85.3	86.5	88.1	87.0
St. Paul	44.0	56.2	64.5	71.2	70.6	68.1	75.0	14.0	35.1	68.3	88.9	94.3	94.2	93.2
Omaha	65.7	91.6	108.8	97.6	95.2	90.3	100.8	22.2	47.9	70.8	81.5	88.2	87.5	87.1
Wichita	37.6	52.0	55.5	56.7	56.8	54.9	51.6	24.3	51.6	73.7	86.0	89.0	88.5	86.1
Houston	42.5	32.1	34.7	34.9	34.3	47.6	38.9	31.0	60.3	72.6	79.7	83.5	86.5	76.9
Berkeley	39.9	51.5	55.9	66.3	59.4	47.8	44.7	29.0	67.9	83.7	87.6	87.2	88.2	82.8
Spokane	22.3	27.5	28.6	31.1	27.6	29.4	30.3	29.3	62.9	81.2	84.3	82.4	82.8	81.5
United States	457.0	570.8	616.9	655.2	642.8	650.2	672.2	26.3	56.3	76.9	86.5	88.9	89.2	87.0

Farm Credit Administration.

The percentage of all farm mortgages recorded during 1940 accounted for by lenders other than the Federal land banks and the Land Bank Commissioner ranged from 76.9 percent in the Houston district to 93.2 percent in the St. Paul district (table 20). The four districts in which the non-Federal lenders accounted for the largest proportion of the mortgages recorded in 1940 are the Baltimore, Columbia, Louisville, and St. Paul districts, whereas the four in which these lenders accounted for the smallest proportion in 1940 are the Spokane, Houston, New Orleans, and Berkeley districts.

It is not probable that any one simple explanation could account for the variations in the loan

operations of private lenders in different Farm Credit districts, especially as these districts include States with widely different mortgage-credit conditions. It is pertinent, therefore, to examine further the trends of farm-mortgage holdings of different lender groups, by States. The changes in the farm-mortgage holdings of these groups from the beginning of 1937 to the beginning of 1940 reflect certain trends, although these changes must be interpreted in the light of other developments. In table 21 data on the farm-mortgage holdings of different lender groups in 1937 and 1940 are shown by States.

TABLE 21.—Changes in the amount of outstanding farm-mortgage loans and proportion of total farm-mortgage debt held by selected lender groups, by States and divisions, Jan. 1, 1937–Jan. 1, 1940

State and geographic division	Federal land banks and Land Bank Commissioner					Life insurance companies					Joint stock land banks ¹				
	1937	1940	Percentage change	Percentage of total held		1937	1940	Percentage change	Percentage of total held		1937	1940	Percentage change	Percentage of total held	
				1937	1940				1937	1940				1937	1940
	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent
Maine	12,276	10,020	-18.4	39.2	32.9	1	1	0.0	(4)	(4)	0	0	0.0	0.0	0.0
New Hampshire	2,224	2,087	-6.2	17.0	15.2	0	0	0.0	0	0	0	0	0.0	0.0	0.0
Vermont	6,476	6,082	-6.1	20.0	17.8	1	4	300.0	(4)	(4)	0	0	0.0	0.0	0.0
Massachusetts	11,019	10,991	-3	21.7	20.2	14	8	-42.9	(4)	(4)	0	0	0.0	0.0	0.0
Rhode Island	1,698	1,808	6.5	38.1	39.8	0	0	0.0	0	0	0	0	0.0	0.0	0.0
Connecticut	8,749	9,498	8.6	18.0	18.6	4	3	-25.0	(4)	(4)	0	0	0.0	0.0	0.0
New England	42,442	40,486	-4.6	23.5	21.5	20	16	-20.0	(4)	(4)	0	0	0.0	0.0	0.0
New York	48,968	48,982	(3)	22.9	23.8	210	234	11.4	1	1	3,242	2,325	-28.3	1.5	1.1
New Jersey	13,223	13,677	3.4	26.8	27.2	226	169	-25.2	5	3	537	377	-29.8	1.1	.8
Pennsylvania	29,455	26,588	-9.7	20.2	19.0	25	811	3,144.0	(4)	.6	2,873	2,035	-29.2	2.0	1.5
Middle Atlantic	91,646	89,247	-2.6	22.5	22.5	461	1,214	163.3	.1	.3	6,652	4,737	-28.8	1.6	1.2
Ohio	82,759	72,928	-11.9	39.0	35.2	30,381	30,429	.2	14.3	14.7	6,664	4,383	-34.2	3.1	2.1
Indiana	101,063	88,941	-12.0	48.6	44.7	48,181	55,566	15.3	23.8	27.9	15,422	10,089	-34.6	7.4	5.1
Illinois	185,185	174,920	-5.5	40.6	41.6	98,709	103,782	5.1	21.6	24.6	12,625	6,726	-46.7	2.8	1.6
Michigan	79,882	69,948	-12.4	43.3	40.2	3,174	3,056	-3.7	1.7	1.8	1,233	896	-27.3	.7	.5
Wisconsin	137,317	117,851	-14.2	33.4	30.8	9,014	8,879	-1.5	2.2	2.3	0	0	0.0	0.0	0.0
East North Central	586,206	524,588	-10.5	39.9	37.9	189,459	201,712	6.5	12.9	14.6	35,944	22,094	-38.5	2.4	1.6
Minnesota	173,711	154,141	-11.3	46.8	44.9	48,486	50,489	4.1	13.1	14.7	567	327	-42.3	.2	.1
Iowa	266,021	254,228	-4.4	36.9	38.6	226,603	197,516	-12.8	31.4	30.0	12,318	4,966	-59.7	1.7	.8
Missouri	63,883	57,234	-10.4	24.5	23.4	59,076	55,366	-6.3	22.7	22.7	3,407	1,775	-47.9	1.3	.7
North Dakota	117,215	88,617	-24.4	61.4	57.8	8,277	4,050	-51.1	4.3	2.6	106	39	-63.2	.1	(4)
South Dakota	86,363	68,130	-21.1	45.1	44.9	27,361	17,681	-35.4	14.3	11.6	693	352	-49.2	.3	.2
Nebraska	160,178	147,578	-7.9	40.5	44.1	62,805	44,822	-28.6	15.9	13.4	2,597	1,460	-43.8	.7	.4
Kansas	144,100	127,352	-11.6	42.9	41.1	62,683	53,319	-14.9	18.7	17.2	3,687	2,124	-42.4	1.1	.7
West North Central	1,011,471	897,280	-11.3	41.0	40.9	495,291	423,243	-14.5	20.1	19.3	23,375	11,043	-52.8	.9	.5
Delaware	1,333	1,242	-6.8	15.8	15.6	21	27	28.6	.2	.3	0	0	0.0	0.0	0.0
Maryland	12,827	11,248	-12.3	29.3	25.9	1,305	2,281	74.8	3.0	5.3	655	299	-54.4	1.5	.7
District of Columbia ^a	38,240	33,082	-13.5	52.9	46.9	2,614	3,575	36.8	3.6	5.1	2,230	1,226	-45.0	3.1	1.7
Virginia	11,939	10,467	-12.3	50.7	47.4	381	602	58.0	1.6	2.7	1,149	517	-55.0	4.9	2.4
West Virginia	38,275	33,627	-12.1	42.6	39.6	7,862	8,982	14.2	8.8	10.6	9,693	4,863	-49.8	10.8	5.7
North Carolina	28,002	23,627	-15.6	59.7	54.6	2,563	2,324	-9.3	5.5	5.4	1,553	1,014	-34.7	3.3	2.4
South Carolina	41,458	37,590	-9.3	51.2	47.4	10,729	10,981	2.3	13.2	13.9	2,609	1,686	-35.4	3.2	2.1
Florida	19,759	17,011	-13.9	46.4	41.8	624	800	28.2	1.5	2.0	0	0	0.0	0.0	0.0
South Atlantic	191,833	167,894	-12.5	47.0	42.8	26,099	29,572	13.3	6.4	7.5	17,889	9,605	-46.3	4.4	2.5
Kentucky	57,781	47,334	-18.1	55.1	44.8	10,059	13,494	34.1	9.6	12.7	2,066	302	-84.9	1.9	.3
Tennessee	47,306	40,578	-14.2	52.3	46.6	13,038	12,907	-1.0	14.4	14.8	480	0	-100.0	.5	.0
Alabama	38,158	35,935	-5.8	55.3	51.8	3,703	2,473	-33.2	5.3	3.6	1,583	1,026	-35.2	2.3	1.5
Mississippi	38,196	33,888	-11.3	49.2	43.1	14,224	18,211	28.0	18.3	23.2	1,652	621	-62.4	2.1	.8
East South Central	181,441	157,735	-13.1	53.0	46.3	41,024	47,085	14.8	12.0	13.8	5,721	1,949	-65.9	1.7	.6
Arkansas	26,300	23,388	-11.1	39.3	35.3	9,852	12,246	24.3	14.8	18.5	3,289	1,466	-55.4	4.9	2.2
Louisiana	27,430	24,166	-11.9	49.0	45.3	6,903	6,785	-1.7	12.3	12.7	246	139	-43.5	.4	.3
Oklahoma	56,028	50,188	-10.4	30.8	30.9	32,283	25,923	-19.7	17.7	16.0	1,415	795	-43.8	.8	.5
Texas	273,960	240,659	-12.2	47.6	45.4	81,514	85,460	4.8	14.2	16.1	26,253	9,798	-62.7	4.6	1.9
West South Central	383,718	338,401	-11.8	43.6	41.7	130,552	130,414	-.1	14.8	16.1	31,203	12,198	-60.9	3.6	1.5
Montana	30,574	26,952	-11.8	28.7	27.9	2,508	2,220	-11.5	2.4	2.3	448	189	-57.8	.4	.2
Idaho	38,811	35,457	-8.6	41.5	40.5	6,802	6,791	-.2	7.3	7.8	146	14	-90.4	.2	(1)
Wyoming	14,079	13,761	-2.3	37.5	37.2	217	140	-35.5	.6	.4	1,553	976	-37.2	4.1	2.6
Colorado	39,515	35,371	-10.5	38.0	37.2	4,299	3,101	-27.9	4.1	3.3	2,815	1,507	-46.5	2.7	1.6
New Mexico	12,848	11,578	-9.9	45.9	43.2	791	1,354	71.2	2.8	5.1	0	0	0.0	0.0	0.0
Arizona	10,104	10,483	3.8	32.7	33.3	1,141	1,238	8.5	3.7	3.9	209	0	-100.0	.7	.0
Utah	22,522	19,733	-12.4	48.6	43.2	660	371	-43.8	1.4	.8	49	(7)	-100.0	.1	(1)
Nevada	4,177	3,682	-11.9	25.3	20.7	280	340	21.4	1.7	1.9	121	0	-100.0	.7	.0
Mountain	172,630	157,017	-9.0	37.2	35.9	16,698	15,555	-6.8	3.6	3.6	5,341	2,686	-49.7	1.2	.6

See footnotes at end of table.

TABLE 21.—Changes in the amount of outstanding farm-mortgage loans and proportion of total farm-mortgage debt held by selected lender groups, by States and divisions, Jan. 1, 1937–Jan. 1, 1940—Continued

State and geographic division	Federal land banks and Land Bank Commissioner					Life insurance companies					Joint stock land banks ¹					
	1937	1940	Percentage change	Percentage of total held		1937	1940	Percentage change	Percentage of total held		1937	1940	Percentage change	Percentage of total held		
				1937	1940				1937	1940				1937	1940	
Washington	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent	
42,999	39,896	—7.2	34.4	33.7	34.4	15,562	14,190	—8.8	12.5	12.0	656	304	—53.7	.5	.2	
Oregon	37,913	36,129	—4.7	33.8	34.7	7,358	7,189	—2.3	6.6	6.9	4,185	1,103	—73.6	3.7	1.1	
California	146,613	135,228	—7.8	27.5	25.0	13,930	13,224	—5.1	2.6	2.4	2,533	0	—100.0	.5	.0	
Pacific	227,525	211,253	—7.2	29.5	27.6	36,850	34,603	—6.1	4.8	4.5	7,374	1,407	—80.9	1.0	.2	
United States	2,888,912	2,583,901	—10.6	39.1	37.4	936,454	883,414	—5.7	12.7	12.8	133,499	65,719	—50.8	1.8	.9	
State and geographic division	All other lenders ²								Total				Insured commercial banks ³			
	1937	1940	Percentage change	Percentage of total held		1937	1940	Percentage change	1937	1940	Percentage change	1937	1940	Percentage change	1937	1940
				1937	1940											
	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent	Percent	
Maine	19,013	20,406	7.3	60.8	67.1	31,290	30,427	—2.8	1,589	1,766	11.1					
New Hampshire	10,835	11,651	7.5	83.0	84.8	13,059	13,738	5.2	629	598	—4.9					
Vermont	25,823	27,999	8.4	80.0	82.2	32,300	34,085	5.5	9,325	7,748	—16.9					
Massachusetts	39,819	43,498	9.2	78.3	79.8	50,852	54,497	7.2	1,178	1,322	12.2					
Rhode Island	2,753	2,740	—5	61.9	60.2	4,451	4,548	2.2	242	233	—3.7					
Connecticut	39,753	41,529	4.5	82.0	81.4	48,506	51,030	5.2	2,142	1,352	—36.9					
New England	137,996	147,823	7.1	76.5	78.5	180,458	188,325	4.4	15,105	13,019	—13.8					
New York	161,212	154,571	—4.1	75.5	75.0	213,632	206,112	—3.5	16,328	15,883	—2.7					
New Jersey	35,317	35,992	1.9	71.6	71.7	49,303	50,215	1.8	3,775	4,366	15.7					
Pennsylvania	113,155	110,096	—2.7	77.8	78.9	145,508	139,530	—4.1	20,294	25,388	25.1					
Middle Atlantic	309,684	300,659	—2.9	75.8	76.0	408,443	395,857	—3.1	40,397	45,637	13.0					
Ohio	92,507	99,568	7.6	43.6	48.0	212,311	207,308	—2.4	34,491	39,921	15.7					
Indiana	43,217	44,400	2.7	20.8	22.3	207,853	198,996	—4.3	17,798	21,704	21.9					
Illinois	159,517	135,499	—15.1	35.0	32.2	456,036	420,927	—7.7	22,314	23,814	6.7					
Michigan	100,022	100,059	(2)	54.3	57.5	184,311	173,959	—5.6	10,848	14,452	33.2					
Wisconsin	264,409	255,957	—3.2	64.4	66.9	410,740	382,687	—6.8	19,359	23,581	21.8					
East North Central	659,672	635,483	—3.7	44.8	45.9	1,471,281	1,383,877	—5.9	104,810	123,472	17.8					
Minnesota	148,183	138,555	—6.5	39.9	40.3	370,947	343,512	—7.4	14,878	19,226	29.2					
Iowa	216,715	201,158	—7.2	30.0	30.6	721,657	657,868	—8.8	35,948	44,260	23.1					
Missouri	134,339	129,808	—3.4	51.5	53.2	260,705	244,183	—6.3	18,410	19,011	3.3					
North Dakota	65,151	60,753	—6.8	34.2	39.6	190,749	153,459	—19.6	1,954	1,388	—29.0					
South Dakota	77,133	65,747	—14.8	40.3	43.3	191,550	151,910	—20.7	1,933	1,939	—3.3					
Nebraska	169,357	140,700	—16.9	42.9	42.1	394,937	334,560	—15.3	5,524	7,511	36.0					
Kansas	125,529	126,807	1.0	37.3	41.0	335,999	309,602	—7.9	8,571	10,571	23.3					
West North Central	936,407	863,528	—7.8	38.0	39.3	2,466,544	2,195,094	—11.0	87,218	103,906	19.1					
Delaware	7,098	6,710	—5.5	84.0	84.1	8,452	7,979	—5.6	2,951	3,312	12.2					
Maryland	28,937	29,511	2.0	66.2	68.1	43,724	43,339	—.9	9,665	9,997	3.4					
District of Columbia	29,249	32,683	11.7	40.4	46.3	72,333	70,566	—2.4	15,199	16,619	9.3					
Virginia	10,066	10,478	4.1	42.8	47.5	23,535	22,064	—6.2	4,695	5,441	15.9					
West Virginia	33,989	37,451	10.2	37.8	44.1	89,819	84,923	—5.5	5,789	8,481	46.5					
North Carolina	14,772	16,278	10.2	31.5	37.6	46,890	43,243	—7.8	1,169	1,689	44.5					
South Carolina	26,256	29,029	10.6	32.4	36.6	81,052	79,286	—2.2	5,948	6,808	14.5					
Georgia	22,160	22,855	3.1	52.1	56.2	42,543	40,666	—4.4	1,981	2,864	44.6					
South Atlantic	172,527	184,995	7.2	42.2	47.2	408,348	392,066	—4.0	47,397	55,211	16.5					
Kentucky	34,959	44,599	27.6	33.4	42.2	104,805	105,729	.9	18,102	22,535	24.5					
Tennessee	29,654	33,562	13.2	32.8	38.6	90,478	87,047	—3.8	10,314	11,824	14.6					
Alabama	25,594	29,875	16.7	37.1	43.1	69,038	69,309	.4	4,082	4,822	18.1					
Mississippi	23,538	25,866	9.9	30.4	32.9	77,610	78,585	1.3	8,979	8,159	—9.1					
East South Central	113,745	133,901	17.7	33.3	39.3	341,931	340,670	—.4	41,477	47,340	14.1					

See footnotes at end of table.

TABLE 21.—Changes in the amount of outstanding farm-mortgage loans and proportion of total farm-mortgage debt held by selected lender groups, by States and divisions, Jan. 1, 1937-Jan. 1, 1940—Continued

State and geographic division	All other lenders ²					Total			Insured commercial banks ³		
	1937	1940	Percent- age change	Percentage of total held		1937	1940	Percent- age change	1937	1940	Percent- age change
				1937	1940						
Arkansas	27,436	29,113	6.1	41.0	44.0	66,877	66,213	-1.0	4,413	3,503	-20.6
Louisiana	21,466	22,209	3.5	38.3	41.7	56,045	53,299	-4.9	6,535	6,060	-7.1
Oklahoma	92,340	85,283	-7.6	50.7	52.6	182,066	162,189	-10.9	3,331	4,224	26.8
Texas	193,213	194,255	.5	33.6	36.6	574,940	530,172	-7.8	13,534	11,322	-16.3
West South Central	334,455	330,860	-1.1	38.0	40.7	870,928	811,873	-7.7	27,813	25,118	-9.7
Montana	72,982	67,143	-8.0	68.5	60.6	106,512	96,504	-9.4	1,311	949	-27.6
Idaho	47,717	45,179	-5.3	51.0	51.7	93,476	87,441	-6.5	1,170	1,144	-2.2
Wyoming	21,746	22,146	1.8	57.8	59.8	37,595	37,023	-1.5	1,073	904	-15.8
Colorado	57,407	54,986	-4.2	55.2	57.9	104,036	94,965	-8.7	2,331	2,274	-2.4
New Mexico	14,360	13,836	-3.6	51.3	51.7	27,999	26,768	-4.4	527	484	-8.2
Arizona	19,464	19,785	1.6	62.9	62.8	30,918	31,506	1.9	1,059	1,046	-1.2
Utah	23,140	25,531	10.3	49.9	56.0	46,371	45,635	-1.6	2,621	2,822	7.7
Nevada	11,938	13,760	15.3	72.3	77.4	16,516	17,782	7.7	240	387	61.2
Mountain	268,754	262,366	-2.4	58.0	59.9	463,423	437,624	-5.6	10,332	10,010	-3.1
Washington	65,612	64,132	-2.3	52.6	54.1	124,829	118,522	-5.1	3,657	4,762	30.2
Oregon	62,557	59,536	-4.8	55.9	57.3	112,013	103,957	-7.2	2,250	2,224	-1.2
California	369,523	393,477	6.5	69.4	72.6	532,599	541,929	1.8	107,078	103,471	-3.4
Pacific	497,692	517,145	3.9	64.7	67.7	769,441	764,408	-7	112,985	110,457	-2.2
United States	3,430,932	3,376,760	-1.6	46.4	48.9	7,389,797	6,909,794	-6.5	487,534	534,170	9.6

¹ Including banks in receivership.

² Including all State and national banks, individuals, and miscellaneous lenders.

³ Loans are classified according to location of the bank and are not strictly comparable by States with other data presented in this table, which are classified according to location of the farm properties securing the loans.

⁴ Less than 0.05 percent.

⁵ Less than 0.05 percent increase.

⁶ Included in Maryland.

⁷ Less than \$500.

Lender-Group Holdings Analyzed.—Farm-mortgage holdings of the Federal land banks and the Land Bank Commissioner declined 10.6 percent during the 3 years 1937–40, and the proportion of the total farm-mortgage debt held by these lenders declined from 39.1 percent to 37.4 percent. Declines in the volume of loans held occurred in all geographic divisions and in all but 5 States, 4 of which are in the northeastern part of the country. For 25 of the States the decline was between 8 and 14 percent, indicating that the rate of decline did not vary widely for most of the States. Only 2 States—North Dakota and South Dakota—show a decline in these 3 years of more than 20 percent.

From the beginning of 1937 to the beginning of 1940 there was little net change for the country as a whole in the proportion of all farm-mortgage debt held by life insurance companies. But in most of the States east of

the Mississippi River in which life insurance companies have made appreciable amounts of farm-mortgage loans these companies increased their share of the farm-mortgage debt in these 3 years (table 21). Their share of the total increased also in several of the Mountain and Southwestern States.

These data suggest that the areas in which life insurance companies have become relatively more important since the beginning of 1937 are those in which the farm-mortgage situation has shown most improvement. It should be noted, however, that in the West North Central States, where life insurance companies have become less important, their new loans have been offset by continued foreclosures and real estate acquisitions.

Data on the amount of farm mortgages held by life insurance companies at the beginning of 1937 and at the beginning of 1940 indicate that

substantial changes have occurred in several regions (table 21). To some extent, for example in Ohio, Indiana, Illinois, Kentucky, Georgia, Mississippi, and Arkansas, there is apparently a tendency for insurance companies to increase their holdings in areas in which they were relatively active before the depression; but many of the increases in their farm-mortgage holdings have occurred in States in which they have not been very active in the past. As already pointed out, however, the change in their outstanding loans in some areas reflects continued liquidation through foreclosures and real estate acquisitions as well as increases from new loans. The future trend of the farm-mortgage holdings of life insurance companies in the Middle West will be affected materially by the policies adopted in the disposal of acquired farms as well as by the volume of new loans they may make on other properties.

In most States the proportion of farm-mortgage debt held by lenders other than the principal centralized lenders (Federal and joint stock land banks, the Land Bank Commissioner, and the insurance companies) rose from the beginning of 1937 to the beginning of 1940. However, the percentage change in the absolute amount held by this group of lenders varied widely by regions. In most of the Southern States the amount of loans held by these lenders rose, whereas in most of the North Central States they declined, the decline apparently being in mortgages held by lenders other than insured commercial banks, as such banks increased their holdings in all of the North Central States except North Dakota.

General agricultural developments of the last few years have been conducive to the expansion of mortgage holdings in certain areas by banks, individuals, and other local lenders. The rise of voluntary farm transfers has meant taking mortgages as part of the sales price of farms, and banks and other local lenders have been called upon to finance farm improvements and purchases of livestock and equipment. The return of banks to the farm-mortgage field in many areas, however, does not represent so much direct competition with the centralized mortgage lenders as it does the

return to a sector of the mortgage-credit field in which banks have been prominent in the past. Whereas life insurance companies are likely to be more in direct competition with the Federal agencies, banks and other local lenders furnish more of the diversified and high-cost credit which for various reasons they are better able to furnish than are the centralized lenders.

Questions for the Future.—Although the evidence, at present, is not sufficiently complete to indicate the extent to which life insurance companies are now taking farm-mortgage loans from the land banks, such competition is undoubtedly being felt by the land bank system in certain areas. One of the paramount questions with regard to the future of the Federal land banks is, therefore, whether in the long run they can expect to retain the farm-mortgage business taken over from insurance companies in 1933 and later. The fact that the land banks, before 1933, did not increase their holdings of the farm-mortgage debt to any appreciable percentage of the total in the life insurance company territory suggests that the land banks may have some difficulty in retaining this business.

One aspect of this question, however, concerns the future public policies adopted with regard to the land bank system. The interest rate itself as an element of competition has been of more significance in the competition of the land banks with insurance companies than with other lenders. To the extent that continued public subsidies reduce the cost of credit to Federal land bank borrowers this may retard a return of mortgages to insurance companies and enable the land banks to make more new loans than otherwise. Competition on a basis other than interest rates may be the deciding factor in the ability of the land banks to retain mortgage business taken over from local lenders.

The return of banks and other local lenders to the mortgage-credit field in many areas, despite a general decline of farm-mortgage debt, raises certain questions with regard to the future position of the Federal agencies in certain sectors of the farm-mortgage field. In the refinancing and funding operations of the middle 1930's, much farm credit, originally borrowed for a wide va-

riety of purposes, was transformed into long-term amortized loans. The expansion of farm-mortgage loans by banks and local lenders thus may represent to some extent a redistribution of lending in accordance with the types of credit different lenders are best able to provide. As first-mortgage loans are gradually repaid, there may be a tendency to finance additional credit needs, especially for operating capital, through junior mortgages given to banks and other local lenders. Then, too, as farms held by individuals change hands, financing a part of the purchase price with a mortgage taken by the seller is likely to become more frequent.

CHANGES IN FARM-MORTGAGE INTEREST RATES

Reductions in farm-mortgage interest rates during the last few years have been one of the most effective factors in the readjustments that have taken place in the farm-debt structure. The extent of reductions as compared with changes before 1930, was discussed in chapter 3. They reflect both direct public subsidies to particular groups of borrowers and a general decline in the level of interest rates throughout the entire economy. The trend of average interest rates on farm mortgages held by different lender groups for the years since 1929 are summarized in table 22.

It is to be remembered that the average rates for all lenders shown in table 22 for January 1, 1937-40, are based on the assumption that the average rates of January 1, 1936, for non-Federal lenders are applicable to the later years. Partial data for the larger life insurance companies (presented later) indicate that since 1936 there has been a substantial decline in the average rates charged on the mortgages which they hold. There is a question, however, whether a comparable decline has occurred in the rates charged by other private lenders, such as individuals and local banks. It should be borne in mind that the lower average rates shown for these latter lenders for January 1, 1936, reflect the effect of considerable liquidation of junior mortgages and the shifting of other distress mortgages to the Federal agencies.

It will be recalled that in the 1920's (when rates were relatively low on new loans by the

TABLE 22.—*Average interest rates on outstanding farm mortgages, by lender groups, Jan. 1, 1929-40*

Year	All lenders		Federal land banks and Land Bank Commissioner		Joint stock land banks	Life insurance companies	Individuals	Banks	Others
	Contract rate	Contract rate less subsidy ¹	Contract rate	Contract rate less subsidy ¹					
1929	6.0	5.4	5.9	5.7	6.2	6.6	6.2		
1930	6.0	5.4	5.9	5.7	6.1	6.5	6.2		
1931	6.0	5.4	5.9	5.6	6.2	6.6	6.2		
1932	6.0	5.4	5.9	5.6	6.1	6.6	6.2		
1933	6.0	5.4	5.9	5.6	6.1	6.6	6.2		
1934	5.9	5.8	5.4	4.5	5.9	5.6	6.1	6.5	6.2
1935	5.7	5.5	5.2	4.6	5.9	5.6	5.9	6.3	6.0
1936	5.6	5.1	5.1	3.9	5.9	5.6	5.8	6.2	5.9
1937	5.5	2.5.1	5.1	3.9	(2)	(2)	(2)	(2)	(2)
1938	5.5	2.5.0	5.0	3.7					
1939	5.5	2.5.0	5.0	3.6					
1940	5.5	2.5.0	5.0	3.6					

¹ Rate computed after subtracting from the contract interest charges the interest reduction granted Federal land bank and Land Bank Commissioner borrowers for which reimbursement is made by the Secretary of the Treasury.

² For agencies other than the Federal land banks and Land Bank Commissioner, the average rate by States for Jan. 1, 1936, is used for 1937, 1938, 1939, and 1940.

Federal agencies, the joint stock land banks, and the life insurance companies) local lenders did not show any marked tendency to meet the interest rates of the centralized agencies. Frequently the types of credit furnished locally are of a character that does not invite outside competition. In fact, it is probable that in the period 1936-40 the expansion of mortgage lending by banks and other local lenders in some areas represents a return to the high-interest-rate sector of the mortgage field.

More current information is needed on farm-mortgage interest rates, particularly on those loans not in direct competition with the Federal agencies and life insurance companies. It is probable that the average rate payable on all farm mortgages would be slightly less than the 5 percent shown in table 22, but it is not probable that the rates for private lenders other than the large insurance companies would show a large decline since 1936.

Comparison of the average contract rate on Federal land bank and Land Bank Commissioner loans with the average rate actually payable by the borrower shows the extent of the special interest-rate subsidy provided by Congress (table 22). Changes in interest rates pay-

able to these agencies are summarized in table 23, and the amount of the interest reduction granted borrowers which is reimbursed by the Secretary of the Treasury is shown in table 24. For 1939 the interest-rate subsidy represented about 26 percent of the contract interest charges on mortgages held by these agencies. Because these reductions are provided for only a stated period, the competitive effect on the rates charged by other lenders is perhaps somewhat less than if the reduced rates were made permanent. On a contract-interest-rate basis the difference between the rates of the Federal agencies on new loans and those of some of the private lenders even now is not very great.

TABLE 23.—*Statutory reduced interest rates on Federal land bank and Land Bank Commissioner loans*

Classes of loans	Effective interest periods ¹	Statutory reduced interest rates
Loans purchased from joint stock land banks or made through agents and held by Federal land banks on May 12, 1933, and all regular loans made through national farm loan associations.	July 11, 1933-June 30, 1935, inclusive. July 1, 1935-June 30, 1942, inclusive.	4 1/2 3 1/2
Loans made under the provisions of section 25 (b) of the Farm Credit Act of 1937 through national farm loan associations whose capital is impaired.	Aug. 19, 1937-June 30, 1942, inclusive. July 11, 1933-June 30, 1935, inclusive. July 1, 1935-June 30, 1942, inclusive.	3 3/4 5 4
Loans made by Federal land banks direct or through branch banks.	June 30, 1940-June 30, 1942, inclusive.	3 1/2
Purchase-money mortgages-----	July 22, 1937-June 30, 1940. July 1, 1940-June 30, 1942.	4 3 1/2
Loans made by the Land Bank Commissioner.		

¹ Statutory reduced rates apply to all interest payable on installment dates occurring within the periods indicated in this column.

Farm Credit Administration.

TABLE 24.—*Interest reductions granted borrowers on Federal land bank and Land Bank Commissioner loans for which reimbursement was obtained from the Secretary of the Treasury, 1933-39¹*

Year	Interest reductions		
	Federal land banks	Land Bank Commissioner	Total
			Million dollars
1933-----	4.5	-----	4.5
1934-----	11.7	-----	11.7
1935-----	24.3	-----	24.3
1936-----	33.0	-----	33.0
1937-----	32.4	3.6	36.0
1938-----	30.8	8.0	38.8
1939-----	29.3	7.3	36.6

¹ On an accrual basis and not necessarily reimbursed during year specified.

For 12 life insurance companies holding 70 percent of the total farm mortgages held by life insurance companies at the beginning of 1933, data have been compiled to show the average contract rate on mortgages held at the beginning of 1933, 1935, 1937, 1938, and 1939.¹⁷ At the beginning of 1933 the average rate on mortgages held by these 12 companies was 5.4 percent as compared with 5.6 percent estimated for all life insurance companies (table 22). By the beginning of 1935 there had been no significant change in these averages, the average for the 12 companies still being 5.4 percent, and for all companies 5.6. By the beginning of 1937, however, the average rate for the 12 companies was 5.24 percent and at the beginning of 1939 was 4.97 percent. In the 5-year period 1934-39, therefore, the decline in the average rate on loans held by these life insurance companies was about the same as for the Federal agencies, and at the beginning of 1939 the average rate for the 12 companies was as low as the average contract rate for the Federal agencies.

Average interest rates for the 12 life insurance companies varied rather widely. At the beginning of 1933 the highest average rate was 6.18 percent and the lowest 5.13 percent. At the beginning of 1939 the highest was 5.54 percent and the lowest 4.70 percent. These differences reflect chiefly the management policies of the several companies with regard to the areas in which they extend credit and the types of loans they accept.

The trend of interest rates on new mortgages made by selected life insurance companies is shown in table 25. There was a marked reduction in the average rate from 1932 to 1938. For one company the average of 4.08 percent for 1938 was only slightly higher than the contract rate on new Federal land bank loans made through national farm loan associations, and was lower than the rate on Federal land bank loans made directly to the borrower. The average rates charged by life insurance companies on purchase-money mortgages are some-

¹⁷ Compiled from Operating Results and Investments of the Twenty-six Largest Legal Reserve Life Insurance Companies in the United States, 1929-38, Temporary National Economic Committee, Investigation of Concentration of Economic Power, Pt. 10A, Hearings, 76th Cong., 1st sess. 1940.

what higher than on other mortgage loans, but in 1938 the average rates on purchase-money

mortgages were below 5 percent for five of the seven companies shown in table 25.

TABLE 25.—*Average interest rates on new mortgage loans by selected life insurance companies, calendar years 1932, 1934, 1936-38¹*

Company	Rates on new mortgages made					Rates on purchase-money mortgages				
	1932	1934	1936	1937	1938	1932	1934	1936	1937	1938
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Metropolitan	5.51	5.07	4.42	4.42	4.44	5.54	5.91	5.16	4.72	4.79
Prudential	5.69	5.34	4.79	4.66	4.67	5.68	5.74	5.47	5.39	5.14
Equitable (New York)	5.52	5.27	5.06	4.73	4.59	5.91	5.43	5.18	5.02	4.89
Northwestern Mutual	5.28	5.05	4.60	4.20	4.08	5.50	5.00	5.97	4.74	4.94
Connecticut Mutual	5.63	5.12	4.91	4.93	4.68	5.00	5.00	4.69	4.71	4.69
Bankers Life (Des Moines)	5.21	5.81	4.79	4.58	4.64	0	5.53	5.22	4.91	4.88
Western and Southern	6.00	0	4.50	4.94	5.00	5.79	6.03	5.68	5.72	5.96

¹ Rates on mortgages made during year and held at end of year.

It thus appears that borrowers who can meet the loan standards of the Federal land banks and the life insurance companies and who wish credit on the terms available from these lenders, can now obtain new farm-mortgage loans on very favorable terms as compared with earlier years. But there are many borrowers who cannot meet these standards or whose needs for credit do not justify obtaining loans from such agencies. The Federal Farm Mortgage Corporation, the Farm Security Administration, and other agencies of the Federal Government provide credit at relatively low rates for some borrowers not served by the land banks or life insurance companies, but it is probable that many borrowers still find local credit sources to be the most suitable in view of the security they can offer and the particular purposes for which they need to borrow.

It is probable that the relatively high interest rates still charged by local lenders involve special expenses in many cases to cover servicing costs and losses that leave a net return no higher than, if as high as, that obtained by the land banks and

insurance companies on their loans. Aside from the general social benefits of raising the income level of such borrowers by public subsidies, it may be that low interest rates on many of these loans would accomplish little unless accompanied by constructive measures that would actually reduce the risks and other special costs inherent in such loans.

In the present relatively high-interest-rate sectors of the farm-mortgage credit field (which fall outside the low-interest-rate sector served by the Federal land banks and insurance companies and that served by the Farm Security Administration and other Federal agencies making loans to low-income groups) there may be considerable opportunity for reducing interest rates. This problem probably can be dealt with to some extent through the adaptation of credit facilities to the varying credit conditions in the different regions and among the different functional types of credit. But it is probable also that many of the causes of high interest rates extend far deeper than the existing organization of credit facilities.



Part II

6

Federally Sponsored Farm-Mortgage Loan Agencies



Introductory

THE MAJOR HISTORICAL DEVELOPMENTS in the farm-mortgage credit field during the last three decades were outlined in part 1. The Federal mortgage-credit agencies were treated mainly as one of several segments in the mortgage-credit system, with only minor reference to their structure and operating standards. It is necessary now to delve deeper into the actual workings of these agencies to see more specifically the nature of many of the current mortgage-credit problems.

When the 25-year period since the enactment of the Federal Farm Loan Act in 1916 is viewed in retrospect, it is evident that the Federal Government has come to occupy a quite different position in relation to the farm-mortgage credit field, and that the agencies have assumed an expanded function, from that apparently contemplated by the framers of the original legislation. Contrary to a not uncommon belief, many significant changes occurred before those major changes of the early 1930's. They represented chiefly a progressive adaptation of the institutional function to changing conditions and a recognition of some social responsibility of Government to farmers during periods of agricultural distress. While usually not so dramatic as those of later years, the cumulative effects of these changes were significant. Only when the changes of the 1930's are viewed as a part of the entire development of Federal farm-mortgage credit institutions do they stand out in true perspective.

PURPOSE AND SCOPE OF THE SURVEY

A proper basis for the consideration of current problems is dependent not only on an apprecia-

tion of the major developments in the entire farm-mortgage credit field, but also on an understanding of the Federal mortgage-credit institutions as they have actually functioned as operating loan agencies. Such an understanding is to be had largely from a study of the basic legislation under which they have operated, administrative rulings made both by the loan agencies themselves and by the supervisory authority, and the actual records of operations as revealed by statistics summarizing these operations. Such information is especially important in formulating operating policies and making later changes in them, as specific loan standards to be feasible will have to fit into an institutional pattern that is frequently complex.

For the most part emphasis is placed in part II on a systematic presentation of the facts with regard to the several Federal institutions operating in the farm-mortgage credit field. Broad questions of public policy which often transcend the operations of any one institution are treated in part III where the factual material in both part I and part II can be used to provide a basis for an exploration of some of the major questions of farm-mortgage credit policy.

MANY INCIDENTAL AND INDIRECT RELATIONS OF FEDERAL GOVERNMENT TO FARM-MORTGAGE CREDIT

In addition to the federally sponsored farm-mortgage credit agencies, other Federal agencies indirectly influence the extension of credit or directly extend small amounts to farmers. Their influences are either so indirect on the

farm-mortgage credit system as a whole, or their credit functions are so incidental to their main field of operations, that the agencies are mentioned here only in passing.

The operations of the War Finance Corporation in the early 1920's, and the operations of the Reconstruction Finance Corporation in the 1930's, had indirect effects on the farm-mortgage field. Of somewhat the same character have been the activities of the Federal Government in regard to general monetary and credit policy and the supervision and examination of banks.

Mention should be made of certain other Federal institutions that hold farm mortgages or participate in other ways in farm-mortgage financing. For example, the RFC Mortgage Company, the Federal National Mortgage Associations, and the Disaster Loan Corporation hold a small volume of farm mortgages. Certain institutions under the supervision of the Farm Credit Administration lending principally on non-real-estate security hold a small volume of loans secured in part by farm real estate. A few of the mortgages held by the Home Owners Loan Corporation and other Federal institutions in the home-mortgage field would be classified as farm mortgages on the basis of the definition of a farm used in the preparation of the estimates of farm-mortgage debt by the United States Department of Agriculture. Of a somewhat different character is the insurance of a relatively small volume of farm mortgages by the Federal Housing Administration.

The sum total of these activities of the Federal Government does not bulk large in relation to the operations of the specialized Federal farm-mortgage institutions, as will be observed from the following tabulation of the amounts of loans outstanding as of June 30, 1940, for certain of the agencies:

Federal land banks	\$1,880,408,000
Land Bank Commissioner	668,850,000
Joint stock land banks	55,060,439
Farm Security Administration:	
Tenant-Purchase Division	51,495,000
Rural Rehabilitation Division (certified)	170,898
Construction of farmstead improvements	6,798,000
Reconstruction Finance Corporation:	
RFC Mortgage Company	435,000
Federal National Mortgage Association	47,039
Federal Housing Administration (loans accepted for insurance)	5,277,500

Before entering into a detailed discussion of each of the several agencies, it is well to review briefly the organization and development of the central regulating and supervisory authorities for the two principal groups of Federal mortgage-credit agencies. A brief review of the development and organization of the central authority for the agencies now under the Farm Credit Administration is presented in the following pages. A similar review for the agencies now under the supervision of the Farm Security Administration is presented later in connection with the detailed analysis of these agencies. (See page 132.)

ORGANIZATION AND DEVELOPMENT OF CENTRAL AUTHORITY OF THE FARM CREDIT ADMINISTRATION

The Federal Government entered the field of long-term farm-mortgage credit with the passage of the Federal Farm Loan Act on July 17, 1916. A land bank system was established composed of the Federal land banks and the national farm loan associations, and the joint stock land banks. The former agencies envisaged a form of cooperative organization of borrowers in which all of the stock of the Federal land banks eventually would be held by associations of borrowers known as national farm loan associations, whereas the latter were to be private institutions organized and owned by natural persons, and owned by investors as distinguished from borrowers.

Sequence of Organizational Changes.—Administration of the Federal land bank system and the joint stock land banks was vested in the Federal Farm Loan Bureau within the Treasury Department under a board known as the Federal Farm Loan Board. This Board consisted of the Secretary of the Treasury and four members to be appointed by the President with the approval of the Senate. One of the members, the active executive officer, was designated as the Farm Loan Commissioner. The Board was given power to appoint a Federal Farm Loan registrar and deputy registrar in each land bank district, as well as one or more district land bank appraisers, and as many examiners as necessary. The salaries and expenses of the Farm Loan Board and of the Farm Loan registrar were to be paid by the United States Government. The

land bank appraisers were to be paid by the bank which they served in such amount and manner as was ordered by the Federal Farm Loan Board.

On March 4, 1923, an amendment to the Federal Farm Loan Act increased to seven the membership of the Federal Farm Loan Board; six of the members were to be appointed by the President and the seventh was to be the Secretary of the Treasury. The same amendment authorized the salaries and expenses of the board members, the registrar, and examiners to be apportioned among the banks on the basis of their gross assets. This provision was amended in June 1930 to provide that only the expenses of the Division of Examination were to be assessed against the banks.

Effective May 27, 1933, Executive Order No. 6084 (March 27, 1933) changed the name of the then existing Federal Farm Board to the Farm Credit Administration and the office of the Chairman of the Federal Farm Board to the office of Governor of the Farm Credit Administration. This order transferred the Federal Farm Loan Bureau, previously under the Treasury Department, to the newly established Farm Credit Administration. The functions of the Secretary of the Treasury relating to agricultural credit and the offices of the appointed members of the Federal Farm Loan Board, except the Farm Loan Commissioner, were abolished. All of the powers and functions of the Federal Farm Loan Board were transferred to the Farm Loan Commissioner subject to the jurisdiction of the newly created Farm Credit Administration.

Under the authority of the Emergency Farm Mortgage Act of May 1933 the services and facilities of the land banks and the national farm loan associations were made available to the Farm Loan Commissioners (changed to Land Bank Commissioner the following June under the Farm Credit Act of 1933) for the purpose of administering the provisions of the act. Shortly after this authorization, the Federal land banks became agents for the Land Bank Commissioner in the making and servicing of loans in the respective Farm Credit districts.

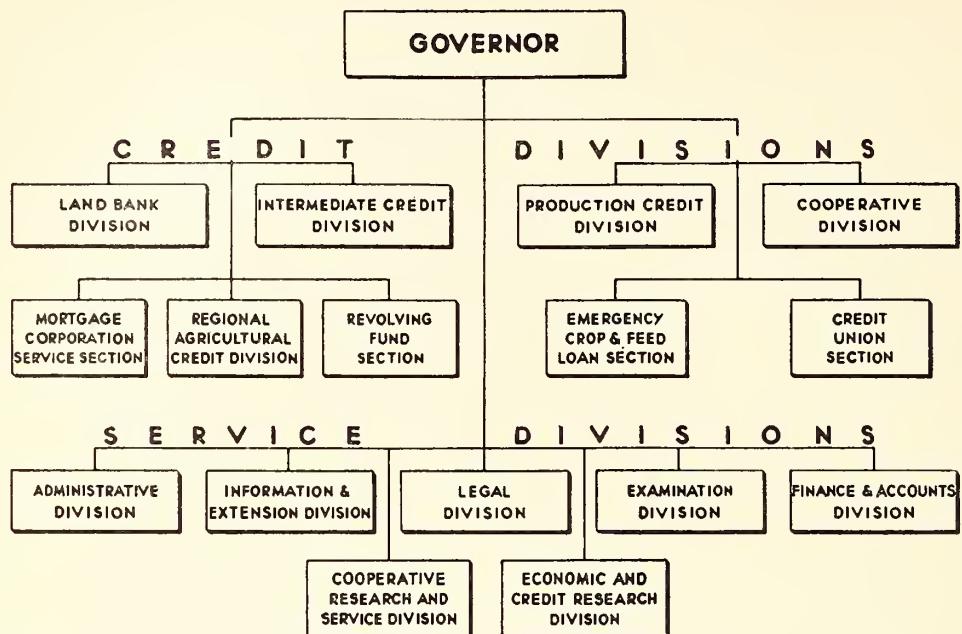
Legislation was approved on January 31, 1934, establishing the Federal Farm Mortgage

Corporation to aid in the refinancing of farm debts. The management was vested in a board of directors consisting of the Secretary of the Treasury or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration who was to act as chairman of the board, and the Land Bank Commissioner. The capital of the Corporation was to be subscribed by the Governor of the Farm Credit Administration in the amount of \$200,000,000 from funds and proceeds thereof previously authorized for the use of the Land Bank Commissioner by section 32 of the Emergency Farm Mortgage Act of 1933. The mortgages, and credit instruments secured thereby, held by the Land Bank Commissioner, were transferred to the Corporation.

By the Executive order above mentioned, there was consolidated within one organization—the Farm Credit Administration—the powers and functions of most of the Federal agencies then dealing primarily with agricultural credit. The Governor of the Farm Credit Administration, who was directly responsible to the President, was vested with all the administrative powers, authority, and duties of the officers and agencies which were transferred. Four officers, designated as commissioners, appointed by the President with the approval of the Senate, but responsible to the Governor, were provided to supervise most of the activities of the agencies of the Farm Credit Administration. The Land Bank Commissioner was given responsibility for the supervision of the Federal land banks, national farm loan associations, and the joint stock land banks, and for directing the receiverships of the last-named banks. He further was charged with making the emergency farm-mortgage loans authorized by the Emergency Farm Mortgage Act. The Intermediate Credit Commissioner was charged with supervision of the Federal intermediate credit banks, the Production Credit Commissioner with supervision of the Production Credit Corporation, and the Co-operative Bank Commissioner with supervision of the Central Bank for Cooperatives and the regional banks for cooperatives.

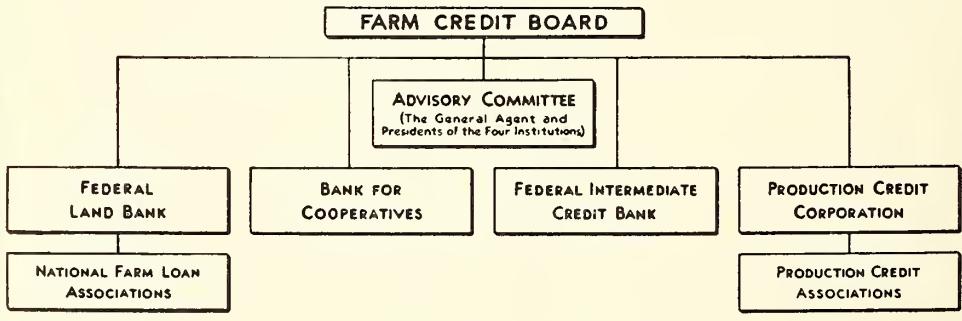
Present Status.—In accordance with the Government Reorganization Plan, No. 1, submitted

THE WASHINGTON ORGANIZATION OF THE
FARM CREDIT ADMINISTRATION



THE DISTRICT ORGANIZATION OF THE
FARM CREDIT ADMINISTRATION

TWELVE FARM CREDIT DISTRICTS



BAE 38765

FIGURE 33.—The Farm Credit Administration, before July 1, 1939, was an independent agency. On this date, according to the Government Reorganization Plan No. 1, the Farm Credit Administration and the Federal Farm Mortgage Corporation were transferred to the United States Department of Agriculture.

to Congress by the President, which became effective on July 1, 1939, the Farm Credit Administration and the Federal Farm Mortgage Corporation were transferred to the United States Department of Agriculture to be ad-

ministered in the Department under the general direction and supervision of the Secretary of Agriculture. The current organization of the Farm Credit Administration is diagrammatically shown in figure 33.

Federal Land Banks

ORGANIZATION AND DEVELOPMENT

The initial organization of each Federal land bank provided that the management function be vested in five temporary directors appointed by the Federal Farm Loan Board. These directors were to hold office until the national farm loan associations in each district had subscribed \$100,000 to the stock of the bank, after which nine directors were to manage the banks. Six of the nine were to be known as local directors and were to be chosen by vote of the directors of the national farm loan associations; the other three were to be appointed by the Federal Farm Loan Board.

The number of directors of the Federal land banks and the method of selecting these directors was changed by the amendment of March 4, 1923. It provided for only seven directors, three to be local directors elected by the associations, three to be appointed by the Farm Loan Board, and one to be known as Director at Large. This Director at Large was to be appointed by the Federal Farm Loan Board from nominees submitted by the national farm loan associations. The reasons for this amendment may be gathered from the views of the Federal Farm Loan Board expressed in its fifth annual report:¹⁸

In view of the transitory nature of the stockholdings, and in view of the very unusual fact that the obligations of these banks are authorized and sanctioned by the

Government and adopted as "instrumentalities of Government" and of the manifest reliance of the public on this governmental relation, we believe that good faith on the part of the Government requires that the Government or public interest shall always be dominant in the management of the banks, and we therefore recommend immediate legislation authorizing the permanent organization of the banks on the basis of seven directors, four representing the public interest and three representing and selected by the National Farm Loan Association.

The revised method of constituting the board of directors of the Federal land banks is referred to in a further statement of the Board contained in the seventh annual report:

We believe this plan is wise. It gives to the associations and borrowers through agencies effective representation on the boards of the banks, and at the same time preserves a degree of control and supervision essential to successful operation.¹⁹

Although considerable internal reorganization of the banks was accomplished between 1927 and 1933, no major change was instituted in the legislative provisions governing the management of the Federal Farm Loan Board or the board of directors of the Federal land banks. When the Farm Credit Administration was established, steps were taken to coordinate the activities of the Federal land bank, the Federal intermediate credit bank, the production credit corporation, and the bank for cooperatives in each of the 12 Federal land bank districts. Under the provisions of the Farm Credit Act of 1933, the directors of each Federal land bank became ex

¹⁸ U. S. FEDERAL FARM LOAN BOARD, THE FIFTH ANNUAL REPORT OF THE FEDERAL FARM LOAN BOARD FOR THE YEAR ENDING NOVEMBER 30, 1921. H. Doc. 147, 67th Cong., 2d sess., 14 pp. 1922. See p. 9.

¹⁹ U. S. FEDERAL FARM LOAN BOARD, THE SEVENTH ANNUAL REPORT OF THE FEDERAL FARM LOAN BOARD FOR THE YEAR ENDING DECEMBER 31, 1923. H. Doc. 196, 68th Cong., 1st sess., 43 pp. 1924. See p. 10.

officio directors of the production credit corporation and the bank for cooperatives in the district and, since under the Agricultural Credits Act of 1923 the land bank directors similarly were made ex officio directors of the intermediate credit bank, the same directors constituted the board for all four institutions in each district. To further coordinate their work, the four institutions formed a Council of the Farm Credit Administration for the district composed of their directors. A coordinating officer, known as the general agent of the Farm Credit Administration of the district, was appointed and employed by this Council on nomination of the Governor of the Farm Credit Administration. An Advisory Committee, consisting of the presidents of the four institutions and the general agent, was also set up in each district to exercise authority vested in it by the Council.

The plan of organization provided for in 1933 continued until changed by the Farm Credit Act of 1937. Under that act, provision was made for a farm-credit board of seven in each district, the members of which are ex officio directors of the four institutions. Three of the members are known as elected directors, of whom one is chosen by national farm loan associations and borrowers from the land bank through agents, one is chosen by production credit associations, and one is chosen by borrowers from the district bank for cooperatives. Three of the members of the board are known as district directors, of whom two are appointed by the Governor of the Farm Credit Administration and the other is appointed by the Governor from among the three candidates receiving the greatest number of votes in a nomination by national farm loan associations and borrowers from the land bank through agents. The seventh member of the board is known as a director at large and is also appointed by the Governor. The districts were renamed Farm Credit districts, in lieu of Federal land bank districts, and the statutory Farm Credit Board supplanted the former Council; otherwise, the general district organization continued the same.

National Farm Loan Associations

The Federal Farm Loan Act authorized the

establishment within each Federal land bank district of local corporations to be known as national farm loan associations. They may be organized by 10 or more persons who are the owners or are about to become owners of farm land qualified as security for a Federal land bank loan. The loan desired by each person may be not more than \$50,000 or less than \$100, and the aggregate amount of the desired loans for the group shall be not less than \$20,000. Each borrower through a national farm loan association is required to subscribe 5 percent of the amount of his loan to stock in the national farm loan association and the association is in turn required to subscribe an equal amount to the stock of the Federal land banks. It is required that the articles of association for such corporations be accompanied by an affidavit setting forth the eligibility of each applicant and the amounts of the loans desired and by a subscription to stock in the Federal land bank equal to 5 percent of the aggregate sum desired. The directors of the Federal land bank cause an investigation to be made of the character and solvency of the applicants and the value of their lands. They then determine whether in their judgment a charter should be granted to the association, and forward the articles of association and the accompanying affidavit to the Farm Credit Administration with their recommendation.

If the report of the directors is unfavorable the charter will be refused. If, on the other hand, the recommendation of the directors is favorable the Farm Credit Administration may grant a charter to the applicants, designating the territory in which loans of the association may be made. The boundaries of the territory of the association may be readjusted from time to time to meet the needs for farm loans of the locality, as determined by the Farm Credit Administration.

In addition to the amount paid in and represented by his shares, each shareholder of a national farm loan association was, in the original act, to be held individually responsible, equally and ratably but not one for another, for all contracts, debts, and engagements of such associations to the extent of the par value of the

stock owned by him. An amendment of June 16, 1933, modified this provision to the extent that shareholders of national farm loan associations are not held individually responsible for any contract debt or engagement of the association entered into after June 16, 1933. Thus shareholders were relieved of double liability for debts, contracts, and engagements of their association entered into subsequent to that date.

The enumerated powers of each national farm loan association are:

(1) To endorse mortgages given by its shareholders to the Federal land bank.

(2) To receive advances from the bank and to disburse such advances to its shareholders or borrowers on approval of their mortgages.

(3) To fix reasonable initial charges for loans, provided such charges are not in excess of amounts fixed by the Farm Credit Administration and in no case exceed 1 percent of the amount of loan applied for.

(4) To acquire and dispose of real and personal property necessary or convenient for the transaction of its business.

(5) To issue interest-bearing certificates against deposits of current funds. These certificates may bear interest for not longer than 1 year at not to exceed 4 percent and may be converted into farm-loan bonds when presented at the Federal land banks.

(6) When empowered to do so by a Federal land bank, one association may enter into agreement with another operating in the same or adjacent territory to make collections of dues, interest, amortization installments, and other sums payable. The terms and conditions of such agreements shall be on such basis as may be approved by the Farm Credit Administration.

From the beginning of operations of the land bank system in 1917 the number of national farm loan associations servicing Federal land bank loans increased continuously until 1928, when there were 4,670 associations. From 1928 through 1932 the number decreased somewhat, but with the emergency refinancing in 1933, further impetus was given in many areas to the chartering of additional national farm loan associations. This was particularly evident in the fourth, sixth, seventh, and eighth Farm Credit districts. The total rose from 4,649 associations in 1932 to 4,852 in 1933, and continued to increase to 5,034 in 1935. The associations in operation December 31, 1939, are shown in figure 34. The number in operation by Farm Credit districts on December 31,

1917-40 is shown in the Appendix, table 75, page 242.

For many years the income of national farm loan associations was derived mainly from fee collections²⁰ in connection with new loans and the dividends received on their Federal land bank stock. The decline in the volume of new loans after 1929 and the discontinuance of dividends by the Federal land banks in 1931 cut off a large part of their earnings on which they depended for current revenue and for the compensation of their secretary-treasurer.

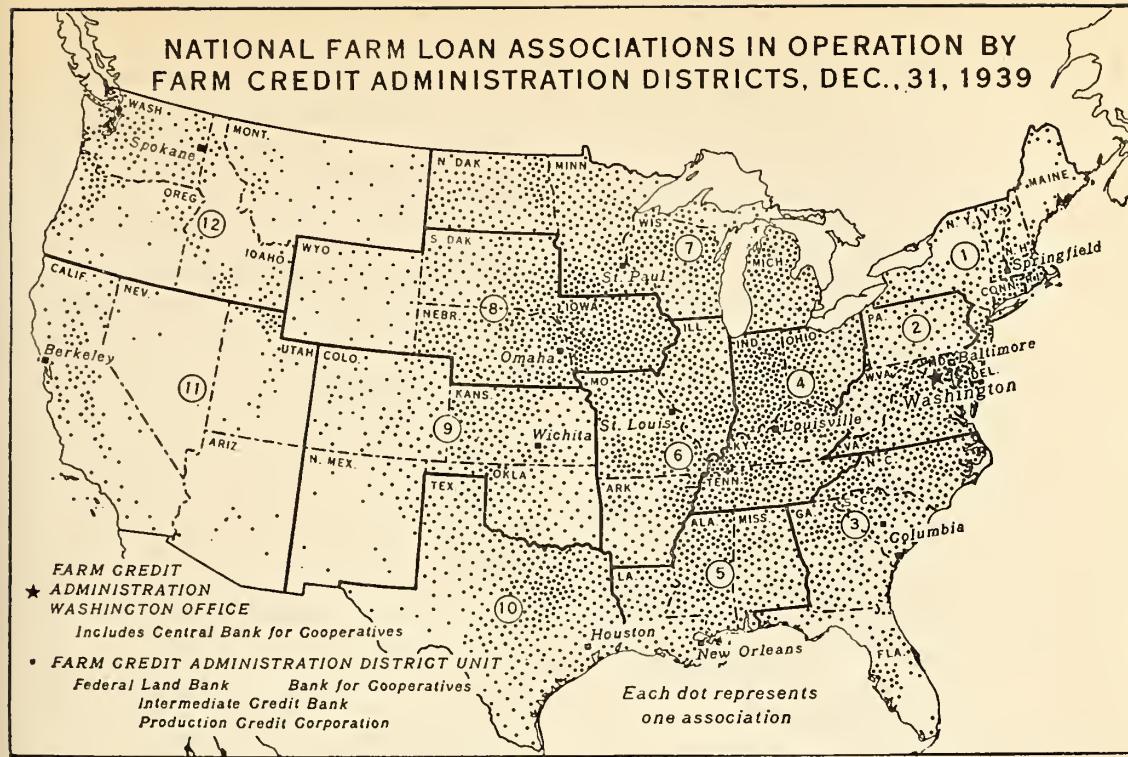
Problems Arise.—This situation gave rise to a number of problems, among which was that of providing the associations with a regular source of income to assist them in carrying on their normal servicing functions. Earnings of associations improved considerably through a sharp increase in fee collections on new loans during the emergency refinancing period, but it was recognized that a more permanent solution to this problem was necessary. It was not the general practice of the Federal land banks to make use of national farm loan associations to the full extent permitted by the law in collecting interest and principal installments on loans and the management and sale of acquired real estate. Moreover, many associations had sustained heavy losses through loan defaults which seriously impaired their capital stock, thus making them ineligible to accept applications for new loans.

In an effort to solve these problems, the Farm Credit Administration, shortly after its establishment in 1933 decided that the servicing of loans and related functions could be handled advantageously and economically by the local associations. A program was developed which had as its principal objective the rehabilitation of national farm loan associations. This was to be accomplished through simplifying and adjusting the association field pattern and providing for a regular source of income.

Rehabilitation Program

The Federal land banks in 1934, in collaboration with the Farm Credit Administration,

²⁰ For information on fees collected by associations, see pp. 86-88.



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FIGURE 34.—A national farm loan association is an organization of Federal land bank borrowers chartered and supervised by the Farm Credit Administration. The number of national farm loan associations in recent years has been materially reduced as a result of the combination of two or more associations and of the cancellation of charters. On December 31, 1939, there were 3,722 operating associations; a year later there were 3,635. The reduction in operating associations between December 31, 1935, and December 31, 1940, occurred largely in the Spokane, St. Paul, Wichita, and Columbia Farm Credit Districts.

initiated a Nation-wide program directed toward encouraging the progressive decentralization of loan-servicing operations by placing greater responsibility upon national farm loan associations.

Allowance Plans.—Under this program the Federal land banks provide an income in the form of allowances to qualified associations. These amounts are paid under allowance plans entered into by the banks with the national farm loan associations in the district, which set forth the responsibilities to be assumed by such associations and the terms and conditions under which allowances are to be paid. Payments made by the banks are based on the value to them of having the servicing of loans and related statutory functions performed by the associations. As of December 31, 1940, 3,589 associa-

tions, or 98.7 percent of the total operating associations were under allowance plans.

The program called for the establishment of field-servicing units set up in such a way that the territory covered by a national farm loan association would be large enough to support competent management, yet small enough to permit the close contact that is advantageous in servicing loans. This meant the elimination of overlapping territories, of duplication of effort, and of competition among associations.

Group-Management Arrangements.—As most of the associations were organized during the early years of the land bank system, when many of their present problems either had not arisen or had not been fully considered, many associations were inconveniently located and served territories that did not comprise normal agricultural

or trade areas. Moreover, many associations were authorized to do business in several countries so that their territories frequently overlapped, and sometimes extended into country too remote from headquarters to permit adequate service to borrowers.

In developing servicing units better adapted to their task, the land banks have suggested the grouping of associations under group-management arrangements. Each association under such an arrangement continues to function as a separate organization under its own board of directors, but all of the associations in a particular group voluntarily select the same individual as secretary-treasurer, and establish a joint office at a place that is convenient to farmer-borrowers. The progress under this phase of the program is indicated by the fact that as of December 31, 1939, 2,636 associations, or 71 percent of the total number, were under joint-management set-ups and were operating through 806 offices. By December 31, 1940, 3,589 national farm loan associations were operating through only 1,763 offices.

Consolidations.—Progress has been made in establishing better adapted servicing units through consolidations and through amending the charters of existing associations. By consolidation, 2 or more national farm loan associations have been reconstituted into 1 organization with a single staff of officers and a single board of directors. Between November 1935, when the consolidation program was inaugurated, and December 31, 1940, 581 associations have been organized through the consolidation of 1,640 associations, eliminating 1,059 associations. In granting new charters, territories have been confined to areas that were not served properly and conveniently by existing active associations, and the new associations were limited to definite trade areas.

Coordination Set-Ups.—It has been possible to coordinate the activities of one or more national farm loan associations with a production credit association, under a single secretary-treasurer, thereby providing farmers in certain areas with a single local credit center through which both long- and short-term credit may be made available. On December 31, 1940, 15 coordination

set-ups were in operation, composed of 22 national farm loan associations and 15 production credit associations. In numerous other cases the national farm loan association and the production credit association are housed in the same building but continue to operate with a separate secretary-treasurer.

Common Board of Directors.—Under section 25 (a) of the Farm Credit Act of 1937 authority was given whereby two or more national farm loan associations, with the approval of the Farm Credit Administration, might provide by agreement for a common board of directors to be elected by the shareholders of the associations that are parties to the agreement. These agreements may provide that any director may be elected by the shareholders of one or more of the associations and that the members of the common board of directors shall be ex officio members of the board of directors of each association that is a party to the agreement. Whenever national farm loan associations enter into an agreement for a common board of directors, the power of approving applications for loans through the associations is vested in a loan committee elected at the annual meetings in lieu of being vested in its board of directors. This plan has been used by only a few associations.

Assignment of Loans for Servicing.—The Farm Credit Act of 1937 makes possible through section 25 (c) more economical servicing of loans by associations. Any national farm loan association, with the approval of the Federal land bank of the district, may enter into an agreement with another association operating in the same or adjacent territory under which the latter will be permitted to service loans made by the first association. As of December 31, 1940, 185 associations had agreements to service loans on behalf of 191 endorsing associations under this section of the act; 108 of these endorsing associations were operating associations and 83 were inactive associations.

Loans Through Impaired Associations.—Section 25 (b) of the Farm Credit Act of 1937 made provision for continuing the usefulness of impaired associations by authorizing loans to applicants through such associations, under certain conditions. The borrower becomes a member of the

association, buys stock of the Federal land bank in an amount equal to 5 percent of his loan, and pays a rate of interest one-quarter of 1 percent above the rate on loans closed through unimpaired associations. When there are 10 or more such borrowers with loans in good standing aggregating not less than \$20,000, provision is made for the formation of a "compartment" within the association and the new borrowers become mutually liable for their loans to the extent of their regular stock subscription, stock in the bank is exchanged for stock in the association, and the interest rate is reduced 0.25 percent. These borrowers constitute a group of stockholders distinct from the old group; earnings from operations are allocated and reserves are established separately, and no intergroup liability exists except for operating expenses. Provision is made for a termination of the segregation if and when all impairment in the capital stock of the old group of borrowers is removed.

Authorizations to accept applications for new loans were granted to 141 impaired associations during 1940; at the end of the year 860 associations were authorized to accept applications for new loans under the provisions of section 25 (b) of the Farm Credit Act of 1937 of which 239 associations had completed compartments; that is, 10 or more new borrowers had loans in good standing aggregating \$20,000 or more and had formed a compartment within the old association. This supplementary method of making loans has enabled lending through existing organizations to continue and has permitted new borrowers to obtain loans through an established organization.

Redemption of Stock of Impaired Associations.—A method was provided by section 25 (d) of the Farm Credit Act of 1937 whereby impaired associations under certain conditions may be permitted to retire their capital stock at its fair book value upon payment in full of the mortgage loan in connection with which such stock was originally issued. An association with impaired stock may settle, on the same basis, the claims of any former stockholders who have paid their loans in full but have not received credit for, or the proceeds of, their stock. Under this provision a conservator is appointed by the Farm Credit

Administration to prepare a report on the financial condition of the association and to determine the fair book value of its outstanding stock and the claims of any retired shareholders based on their previous stock ownership. On the basis of this report and the recommendation of the Federal land bank of the district, the Farm Credit Administration fixes the fair book value at which stock may be paid off. During 1940, conservators were appointed in the case of 43 associations.

Further Changes Provided.—The Farm Credit Act of 1937 provided further changes in the structure and organization of the national farm loan associations: (1) The term of office of the directors was changed from 1 to 3 years and was staggered, (2) every shareholder became entitled to 1 vote at elections instead of 1 vote for each share of stock up to 20, and (3) applicants were permitted to become members of the association provided their applications for loans were approved by a majority of the directors instead of by a two-thirds vote.

Active Associations Classified.—As of December 31, 1940, the total number of active associations²¹ in operation had been reduced to 3,635. Of this number the stock of 2,305 associations, or 63.4 percent, was impaired to some degree. The Farm Credit Administration, on the basis of the degree of impairment of association capital stock, classifies the associations as follows:

Class 1. All solvent associations.

Class 2. All associations unable to meet their obligations currently without a present impairment of their capital, but with respect to which there appear sufficient grounds, in the opinion of the bank, for the belief that they can work out of their difficulties in a reasonable length of time.

Class 3. All associations which are unable to meet their obligations and which, in the opinion of the bank, have no reasonable prospect of being able to work out of their difficulties without an impairment of their capital although the impairment may not exceed the aggregate amount of their capital.

Class 4. All associations whose unsatisfied obligations, in the opinion of the bank, exceed the amount of their capital.

The number of associations in each class and the percentage of the total number of associations in each class, by States, for December 31,

²¹ Excludes those associations in an inactive status whose records are at the banks.

1940, is given in table 76 of the Appendix and shown graphically in figure 35.

Impairments Dealt With.—The principal cause of impairment is the loss sustained by the association through its endorsement of mortgages given by individual borrowers to the Federal land banks. If there is a default by the borrower under the terms of a mortgage made through a national farm loan association, the act provides that the association shall be notified of such default and may be required to make it good

arrangements whereby associations enter into indemnity agreements with the land banks. Since 1929 most of the associations have entered into such agreements. They provided that the land banks establish an indemnity account for the association against which the losses from the sale of acquired real estate are charged, and to which the profits from such sales, the proceeds of retired stock, and dividends paid by the banks on their capital stock are credited. Such credits however may be made only to the extent neces-

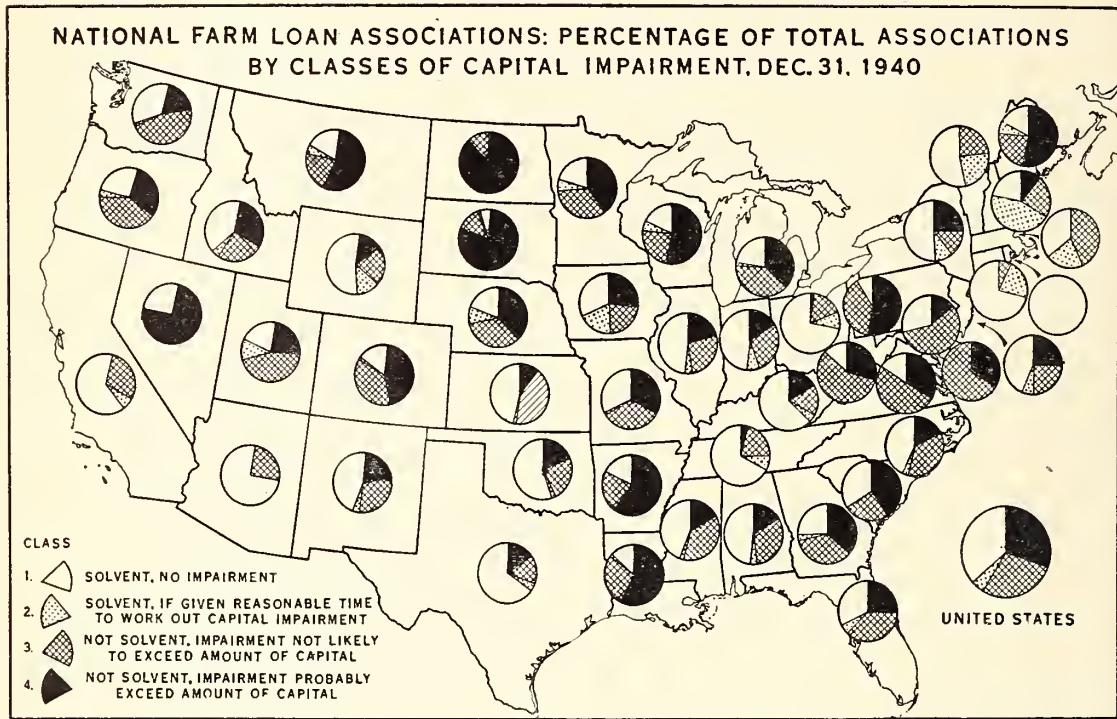


FIGURE 35.—The distribution of national farm loan associations, by capital impairment classes, reflects not only the current economic conditions in the area but also the progress of the rehabilitation program begun in 1934 by the Federal land banks in collaboration with Farm Credit Administration. The largest percentage of associations whose capital stock is seriously impaired (class 4) are principally in the northern Great Plains and in the southeastern Cotton Belt states.

within 30 days after such notice. If not made good, the bank may proceed to foreclose the mortgage, sell the property, and in case the loss from the transaction exceeds the amount of the mortgage, institute proceedings to obtain a deficiency judgment against the endorsing association.

Procedure in the case of default on endorsed mortgages has been modified by the provision for

necessary to cover the losses on account of other loan defaults.

The losses from real estate transactions of the bank are deducted from the valuation reserve of the bank and are therefore reflected in the statement of financial condition, while any credits which may still be receivable from the associations are maintained in a memorandum account which is not reflected in the conditions statement.

As a consequence the banks have contingent assets of an indeterminate amount, depending on the ultimate ability of the associations to liquidate the losses charged against them.

The indemnity agreements obviate the necessity for banks to take deficiency judgments against associations. They also permit deferring the determination of the amount of the associations' liability until the loss is finally and completely ascertained. From the association standpoint such arrangements tend to minimize their losses, since profits that may arise from the sale of acquired real estate are credited to their indemnity account. In the absence of an indemnity agreement, the association is not entitled to receive credit for any such profits.

Question of Dividends.—The extent of losses incurred by the banks and indirectly by the association is discussed later under the loan operations of the land banks. From the standpoint of the Federal land banks as a whole there has been little profit from real estate sold, and dividends have not been paid on land bank stock since 1931. Losses after 1931, therefore, have been offset chiefly by appropriating the land bank stock pledged by the associations as additional security for their loans.

The amount of dividends declared by the Federal land banks by years is recorded in the following tabulation:

Year:	Dividends	Dividends
	1,000 dollars	1,000 dollars
1918.....	0	1929..... 2,534
1919.....	475	1930..... 1,972
1920.....	1,057	1931..... 943
1921.....	938	1932..... 0
1922.....	2,104	1933..... 0
1923.....	3,244	1934..... 0
1924.....	2,949	1935..... 0
1925.....	3,823	1936..... 0
1926.....	3,342	1937..... 0
1927.....	2,820	1938..... 0
1928.....	2,465	1939..... 0

SOURCE OF FUNDS FOR ADMINISTRATIVE OPERATIONS

The difference between the interest charge paid on outstanding bonds and notes, and the interest charge receivable on outstanding mortgages constitutes the primary source of funds for

meeting the expenses of the Federal land bank. The amended Federal Farm Loan Act provides that rates charged shall not, except with the approval of the Governor of the Farm Credit Administration exceed the interest rate on the last series of farm-loan bonds plus not more than 1 percent per annum. Contract interest rates on loans have not, with but a few exceptions, exceeded by more than 1 percent the interest rate on the last series of farm-loan bonds. (See pp. 85-86.) The average interest rate payable on bonds and notes outstanding and the average interest rate charged on mortgages outstanding by years, 1918-40, is shown in figure 36.

During the period in which the land banks have been in operation the actual spread between interest rates on outstanding bonds and on outstanding mortgages has fluctuated both above and below 1 percent, depending on the amount of farm-mortgage loans and farm-loan bonds outstanding at various rates. On December 31, 1940, when the spread was 1.42 percent, the percentage of bonds and loans outstanding, by interest rates, was as shown in table 26.

TABLE 26.—*Amount and percentage of outstanding bonds and loans, by interest rates, Dec. 31, 1940*

Interest rate (percent)	Federal farm-loan bonds		Federal land bank loans	
	Amount	Percentage	Amount	Percentage
3.....	Dollars 691,679,200	Percent 39.41		
3½.....	196,873,000	11.22		
3¾.....	5,704,600	.32		
4.....	860,894,740	49.05	351,231,101	18.97
4¼.....			55,689,418	3.01
4½.....			13,467,559	.73
4¾.....			1,266,669	.07
5.....			885,191,698	47.82
5¼.....			38,921,919	2.10
5½.....			440,079,452	23.77
5¾.....			40,638	(1)
6.....			64,626,579	3.49
6½.....			703,316	.04
Total.....	1,755,151,540	100.00	1,851,218,349	100.00

¹ Less than 0.005.
Farm Credit Administration.

The contract rate on farm-mortgage loans outstanding for the Federal land bank, however, does not represent the interest rate paid by the farmers. As the result of the Emergency Farm Mortgage Act of 1933, and later amendment to the Federal Farm Loan Act, the rate of interest payable on mortgage loans has been

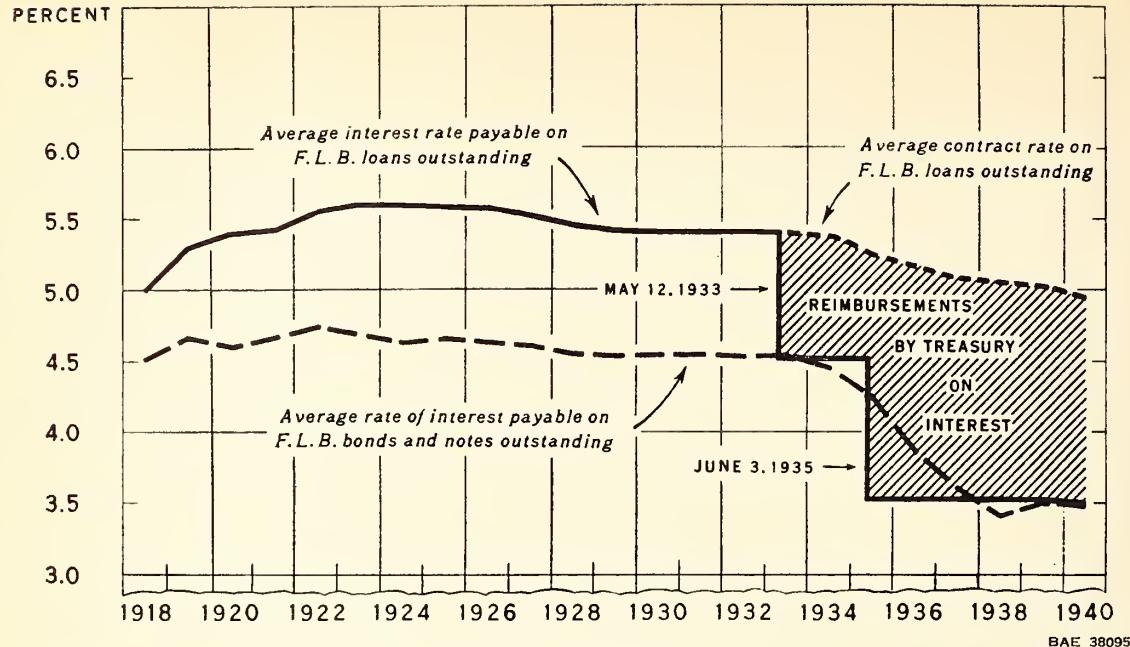


FIGURE 36.—FEDERAL LAND BANKS: AVERAGE INTEREST RATE ON OUTSTANDING LOANS AND ON OUTSTANDING FARM-LOAN BONDS AND NOTES, JANUARY 1, 1918-40.

Fluctuations in the interest rates on loans outstanding and in the interest rates on bonds and notes payable have been confined to narrow limits except for a rise in both during the period 1917-23 and a decline since 1933. Beginning on May 12, 1933, and continuing to June 3, 1935, the interest payable by most borrowers was by legislative enactment established at 4½ percent rather than the contract rate stipulated by the mortgage. Subsequent to June 3, 1935, and to continue to July 1, 1942, the rate of interest payable was established at 3½ percent. The Federal land banks are reimbursed by the United States Treasury for the difference.

reduced. These reductions are further discussed on pages 85 and 86.

Under the provisions of the Emergency Farm Mortgage Act, the Secretary of the Treasury reimburses each bank after the end of each quarter for the amount, as certified by the Land Bank Commissioner, by which the interest payments on outstanding mortgages have been reduced by reason of these amendments. Federal land bank borrowers because of these provisions have received reductions in interest rates payable ranging from 0.5 percent to more than 2 percent per year, depending on the contract interest rate of their mortgages.

The statute provides that in cases where the interest payable by the banks has been reduced through the refinancing of certain types of bonds, the amount of such reduction shall be deducted from the amount payable by the Secretary of the Treasury. The bonds here referred to were

bonds issued under that provision of the Emergency Farm Mortgage Act whereby the Federal Government fully and unconditionally guaranteed the interest. As bonds of this type totaling only \$333,400,000 were issued by the banks, and the outstanding amount was retired in July and September of 1934, this item has been of little significance.

The amount of interest reduction reimbursed by the Secretary of the Treasury for the years 1933-40 is as follows. (See also fig. 36.)

Year:	Amount
1933.....	\$4,480,174
1934.....	11,654,515
1935.....	24,343,346
1936.....	32,986,388
1937.....	32,398,578
1938.....	30,764,563
1939.....	29,329,051
1940.....	28,120,605
Total.....	\$194,077,220

SOURCE OF FUNDS FOR LOAN PURPOSES

The sale of Federal farm-loan bonds has provided the principal source of funds for loan purposes, but there are supplemental sources from which funds are obtained. The principal supplemental sources may be classified as: (1) Purchase of Federal land bank stock by the Federal Government, (2) contributions of the Federal Government to the paid-in surplus of the banks, (3) short-term borrowing on notes payable, with bonds or other securities given as collateral, (4) stock subscribed by national farm loan associations and direct borrowers, and (5) reserve funds, and undivided bank profits. These net-worth accounts are sources of funds for loan purposes as the banks are authorized to invest such funds in their general assets, including farm mortgages.

Bonds

The sale of bonds to the investing public or to Federal agencies provides the largest single source of funds from which loans to farmers may be made. The Federal Farm Loan Act empowered the Federal land banks to issue individual farm-loan bonds,²² to buy them for their own account, and to retire them at or before maturity. Further, the bonds are deemed to be the instrumentalities of Government so they and the income derived from them were exempt from Federal, State, municipal, and local taxation. Under the Public Debt Act of 1941 the previously existing tax exemptions with respect to Federal income-tax laws were removed as to farm-loan bonds issued after March 1, 1941.

Federal land banks by November 30, 1917, had individual farm-loan bonds outstanding in the amount of \$25,890,225, and during the next 12 months issued and sold bonds in the amount of \$115,260,925, making a total outstanding on November 30, 1918, of \$141,151,150. During the last half of 1917 it became evident that the market for land-bank securities would not absorb the necessary amounts of individual farm-loan bonds to handle the prospective volume of business. An amendment to the Federal Farm

Loan Act was therefore passed by Congress authorizing the Secretary of the Treasury to buy farm-loan bonds in an amount not to exceed \$100,000,000 each year for the following 2 years. As the constitutionality of the act was under question, it was apparent by the end of that time that the money market still would not be sufficiently favorable to furnish capital necessary for bank operations, and as not all of the funds previously authorized had been used, a later act, approved May 26, 1920, extended the authority of the Secretary of the Treasury to purchase during the fiscal years 1920 and 1921 any amount of bonds which he might have bought under the previous provisions of the amended act.

The amount held by the United States Treasury was approximately 43 percent of the total outstanding in 1918. This rose to about 64 percent in 1920. By 1921 the bond market had become more favorable, and retirement of the bonds held by the United States Treasury was begun. Retirement was completed in the latter part of 1926. About 42 percent of the total bonds of the Federal land banks were held by the United States Treasury as of June 30, 1921, 18 in 1922, 12 in 1923, 11 in 1924, 9 in 1925, and 6 percent in 1926. The Secretary of the Treasury has held bonds of the Federal land banks in amounts shown in table 77 of the Appendix.

Further funds, needed by some of the banks, were obtained under the provisions of the amended act, which extended the depository privilege of the United States Treasury with the Federal land banks. This authority was used only during the early years of the banks' operations and the amount of such deposits outstanding at the end of these years was as follows:

1918.....	\$830,000	1921.....	\$1,250,000
1919.....	1,500,000	1922.....	500,000
1920.....	800,000	1923.....	500,000

Deposits were considerably larger in some years. For instance, in 1922 they aggregated \$3,250,000 even though only \$500,000 was outstanding at the end of the year. These deposits enabled two of the Federal land banks to continue their loan activities. By 1927 the land banks were practically independent of public funds and had bonds outstanding on December 31 of that year in the amount of \$1,139,616,660.

²² Individual farm-loan bonds are bonds issued by an individual Federal land bank for which the issuing bank is primarily liable. (See p. 80.)

Although in 1928 the banks again had difficulty in marketing their bonds at a reasonable interest rate, the reduced demand for credit and better repayments on loans enabled the banks to meet their minimum requirements. In the fall of 1929 some of the banks required funds in larger amounts than could be provided from the sale of bonds in the open market or from supplemental sources.

To relieve this condition Federal Reserve banks purchased from certain Federal land banks individual farm-loan bonds amounting to \$9,500,000,²³ all of which were retired or refunded shortly thereafter. On occasions, in later years, Federal land bank bonds again were bought by the Federal Reserve banks. In 1930 total purchases amounted to \$14,000,000 and in 1931 to \$1,250,000. These bonds were held only a short time and were not outstanding on December 31 of either year.

As a result of the financial situation in 1930 and 1931, Federal land banks found it increasingly difficult to sell their bonds in the open market on a satisfactory basis. By the end of 1931 it was apparent that if they were to continue on a normal basis a new source of available funds would have to be found. Accordingly, in 1932 Congress authorized the Secretary of the Treasury to subscribe to additional stock of the Federal land banks in the amount of \$125,000,000. During this year no public offerings of Federal land bank bonds were made, and a large part of the funds loaned to farmers during 1932 and 1933 were made from the capital stock subscribed by the Secretary of the Treasury.

Loans to farmers during the latter part of 1933 were financed by short-term borrowings from the Reconstruction Finance Corporation, secured by consolidated Federal land bank bonds. As a consequence of an amendment to the Federal Farm Loan Act, Federal land banks utilized for the first time consolidated bonds instead of individual bonds as a financing medium. These bonds represented the combined liability of the 12 banks as to both principal and interest,

whereas the bonds of the individual banks represented the joint liability of all the banks only to the extent of interest remaining unpaid due to the default of the issuing bank, and only such part of the principal as was not paid after the assets of the issuing bank had been liquidated and distributed.

Beginning in 1934, loan funds were obtained from the sale of consolidated Federal land bank bonds to the public and to certain public agencies, particularly to the Federal Farm Mortgage Corporation. Including the short-term loans by the Reconstruction Finance Corporation secured by consolidated Federal land bank bonds and the amounts of bonds held by the Federal Farm Mortgage Corporation, the Production Credit Corporation, and production credit associations, 1.6 percent of the total bonds outstanding for the Federal land banks was held by such agencies on December 31, 1932, 3.5 for 1933, 38.4 for 1934, 44.4 for 1935, 43.9 for 1936, 46.2 for 1937, 47.5 for 1938, 48.8 for 1939 and 47.3 percent for 1940. The amounts of bonds outstanding held by the various agencies are shown in detail in Appendix, table 77.

Capital Stock

The Federal Farm Loan Act of July 17, 1916, authorized the establishment of the Federal land banks with a subscribed capital stock of not less than \$750,000 each. It provided that any part of the \$750,000 not subscribed by the public within 30 days after the books of subscription for capital stock had been opened should be subscribed by the Secretary of the Treasury. The Federal Farm Loan Board did not deem it proper to discourage subscriptions but public attention was directed by the Board to the following points: (1) That the original capital stock of the banks probably would not pay dividends the first year; (2) that no voting power was vested in the stock except when held by national farm-loan associations or by the United States Government; (3) that inasmuch as the Federal Farm Loan Act was enacted to provide farmers with money at a reasonable rate, and as the Federal land bank system was not to be operated on a profit-producing basis, dividends probably never would exceed 6 percent; (4) that like any other

²³ Federal Reserve banks may buy and sell farm-loan bonds to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State, county, district, and municipal bonds under sec. 14 (b) of the Federal Reserve Act of December 23, 1913.

bank stock, there was no guaranty of dividends on the investment, and (5) that the act contemplated that stock would be retired at par and therefore held little or no speculative possibilities.

Very little of the land bank stock was subscribed by private individuals, and the Secretary of the Treasury, as required by law, subscribed the following amounts:

Springfield . . .	\$739, 925	Omaha	\$710, 670
Baltimore . . .	741, 485	Wichita	744, 165
Columbia . . .	750, 000	Houston	741, 235
Louisville . . .	742, 265	Berkeley	744, 010
New Orleans . . .	745, 730	Spokane	745, 830
St. Louis	742, 075		
St. Paul	744, 740	Total . . .	\$8, 892, 130

As a means of protecting the Federal land banks against losses and as a method of providing an incentive for cooperative endeavor as well as a way of transferring ownership of the capital stock in the Federal land bank from the Government to associations composed of bank borrowers, it was required that 5 percent of the amount loaned through national farm loan associations be subscribed by such associations to the capital stock of the banks. In the case of loans through agents²⁴ and branch banks,²⁵ as well as loans direct to borrowers,²⁶ 5 percent of the amount loaned is subscribed directly to the capital stock of the bank. After subscriptions by the national farm loan associations in each bank amounted to \$750,000, 25 percent of the sum thereafter subscribed by these associations and by direct borrowers was to be applied to the retirement of the original capital stock subscription by the United States. By the end of 1931, national farm loan associations and direct borrowers held virtually all of the Federal land bank stock.

At this time, however, funds for loan purposes through the sale of bonds were difficult to obtain, and a further appropriation was made by Congress to enable the Secretary of the Treasury

²⁴ Agents are duly incorporated banks, trust companies, mortgage companies, or savings institutions approved by the Farm Credit Administration as agencies through which Federal land banks may make loans where national farm loan associations are not formed or are not in position to accept new loans.

²⁵ The Farm Credit Administration has been authorized to establish branch banks of the Federal land banks in Hawaii, Puerto Rico, and Alaska. However, only one branch bank—Puerto Rico—has been organized and is now in operation.

²⁶ Loans may be made directly to borrowers by the Federal land banks in areas where an eligible association does not exist.

to purchase additional capital stock as a part of the program to increase the effectiveness of the system in meeting the then urgent needs of farmers to refinance indebtedness. The shares of stock bought by the Secretary of the Treasury pursuant to this provision were to be paid off in the same manner as the original stock after such stock had been retired, but repayments were to be held in the Treasury as a revolving fund from which additional subscriptions might be made. By direction of the President of the United States the Federal land banks were called upon to retire \$100,000,000 of capital in 1940. By November 30, 1940, repayments of capital stock in the amount of \$57,482,915 had been made. The remainder of \$42,517,085 was repaid by the banks out of the paid-in surplus. These amounts were returned to the revolving funds in the Treasury and are available for further subscription to the banks if needed. The capital stock outstanding on December 31, 1917-40, by type of owner, is shown in table 77 of the Appendix and graphically shown in figure 37.

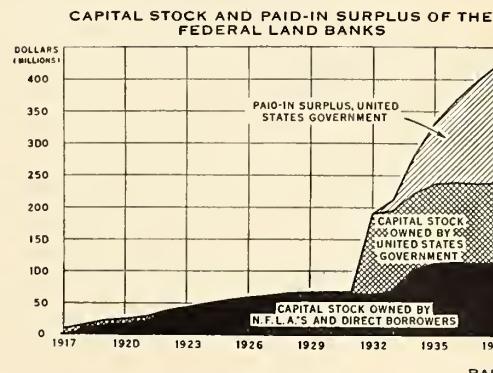


FIGURE 37.—CAPITAL STOCK AND PAID-IN SURPLUS OF THE FEDERAL LAND BANKS.

On December 31, 1917, national farm loan associations and direct borrowers owned only 18.7 percent of the total capital stock of the Federal land banks. This percentage increased to 94.4 percent on December 31, 1923, and to 99.7 on December 31, 1931, but in 1932, the Government subscribed an additional \$125,000,000 to the capital stock of the banks to bring the percentage owned down to 33.9 percent. The emergency Farm Mortgage Act of 1933 made provision for a Treasury subscription to the paid-in surplus of the Federal land banks of \$189,000,000. As of December 31, 1940, the national farm loan associations and direct borrowers owned 34.2 percent of the combined capital stock and the paid-in surplus.

Of the funds derived from the sale of stock, not all are available for investment in farm-mortgage loans, as the law requires that at least 25 percent of the outstanding capital stock in the name of the national farm loan association shall be held by the Federal land bank in "quiet" assets. Such assets are defined as including cash deposits in member banks of the Federal Reserve System or readily marketable securities approved by the Farm Credit Administration. It is further provided that not less than 5 percent of such stock shall be invested in United States Government bonds, including bonds of the Federal Farm Mortgage Corporation.

Paid-in Surplus

The Emergency Farm Mortgage Act and subsequent legislation authorized the banks, "when in the judgment of the directors conditions justify it, to extend, in whole or in part, any obligation that may be or become unpaid under the terms of any mortgage, and to accept payment of any such obligation during a period of 5 years or less from the date of such extension in such amounts as may be agreed upon at the date of making such extension," and further that "no payment of the principal portion of any installment of any such loan outstanding on June 3, 1935 shall be required prior to July 11, 1938, if the borrower shall not be in default with respect to any other condition or covenant of his mortgage." While the period during which the statute gave borrowers the privilege of deferring payments of principal has expired, the banks have the power to grant such deferments in individual cases when justified by the circumstances.

In the case of any such extension or statutory deferment, it became the duty of the Secretary of the Treasury to subscribe to the paid-in surplus account of the bank granting such extension or deferment an amount equal to the amount extended or deferred. In the case of deferments other than statutory (informal) the Secretary of the Treasury does not subscribe to the paid-in surplus of the banks. The amount of the extensions and deferments by the Federal land banks are therefore indicated, to some

extent, by the amount which the Secretary of the Treasury has subscribed to the paid-in surpluses of the Federal land banks. But these amounts are not entirely equal to the amount of extensions or deferments granted because there was some lag in applying to the Secretary of the Treasury for reimbursement and some extensions and deferments which were made were not reimbursable by the Treasury. The amount of extensions or deferments granted by the Federal land banks may, therefore, in some instances, exceed the amount subscribed by the Secretary of the Treasury to the paid-in surplus. The proceeds of all repayments received by the Federal land banks on eligible extensions or deferments are credited to the account of the Secretary of the Treasury and are to be held as a revolving fund to be made available again to the land banks for further extensions.

Provisions governing extensions and deferments are further discussed on pages 101 and 102 and the amounts granted by the banks are shown in Appendix tables 79 and 80. The total appropriation to the Secretary of the Treasury for this purpose amounted to \$189,000,000. On December 31, 1939, the Secretary of the Treasury had subscribed \$187,875,360. As previously mentioned in 1940 the Federal land banks, at the direction of the President of the United States returned \$100,000,000 of Government-contributed capital, \$42,517,085 of which was repaid out of the paid-in surplus. The amount of paid-in surplus of the banks on December 31, 1940, was reduced to \$145,225,633.

Supplementary Sources of Funds

In addition to the funds obtained from the sale of capital stock to the Government and from the sale of individual and consolidated farm loan bonds, some funds for investment in first mortgages are available from reserves and surpluses, and undivided profits. The amount of these net-worth accounts outstanding on December 31 for the period 1920-39 is shown in Appendix table 77. Further funds are available from the stock subscribed by national farm loan associations and direct borrowers. The amounts of stock held by these borrowers is also shown in table 77 of the Appendix.

TERMS AND CONDITIONS OF LOANS

One of the main objectives of the Federal Farm Loan Act was to create a standard form of investment based on farm mortgages; this was to facilitate the development of a broader market for such mortgages. Congress included in the Federal Farm Loan Act and amendments, certain provisions to control and limit the terms and conditions of mortgages which the Federal land banks were to be permitted to accept as security for loans. These statutory and administrative controls and limitations are discussed later.

Type of Security for Federal Land Bank Loans

Loans made by a Federal land bank must be secured by duly recorded first mortgages on farm land located within the territory authorized to be served by the Federal land bank. The territory to be served by each bank was determined after hearings conducted by the Farm Loan Board soon after the act authorized the establishment of the banks. But this statutory provision required for administrative purposes a further definition of a "duly recorded first mortgage" and of "farm land."

The problem of defining these terms is illustrated by one of the early questions raised in regard to the phrase "duly recorded first mortgage." This question related to the eligibility of land in special-assessment districts subject to bonded debt. It has been determined that such property is eligible as security for a loan without prepayment of the assessment where all matured installments have been paid and where a defaulted installment does not result in further installments becoming due and payable. This interpretation is based on the borrower's covenant "to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged" and upon the provision that payment of an installment cannot be required by the district prior to maturity. Under this ruling the time when a particular installment becomes due, rather than the date of the assessment, is taken as the time when the installment becomes an encumbrance on the property. Congress has since recognized the principle of

this ruling in an act approved on June 4, 1936 (49 Stat. 1461, 12 U. S. C. 773a).

Eligibility of this type of lien was further supported by an amendment to the act in 1922 which permitted loans on property located in Federal reclamation projects without prepayment of the lien, notwithstanding the fact that the lien is by law a first lien specifically reserved to the United States for all construction charges. This amendment provided, however, that the amount and date of maturity of the lien should be given due consideration in appraising the value of the land. The Dempsey Act of 1936 further defined the eligibility of land in drainage, irrigation, and conservancy districts where prior liens existed, by authorizing loans in these districts where (1) the land is otherwise eligible, (2) the assessments are payable over a period of years, and (3) reasonable security exists for the repayment of the loan. By defining eligibility in this way the land banks have been permitted to make loans in some areas where otherwise they would have been practically excluded from the field.

The definition of the term "farm land" has evolved gradually over the period of land-bank operations to cover such other types of security as farm woodland and uncultivated land in combination with other agricultural land, orchards, land with underlying minerals, and specialized farm enterprises such as turpentine farms and poultry farms.

Eligibility of Applicants

Statutes limiting the eligibility of applicants provide that no loan shall be made to any person who is not at the time, or shortly to become, engaged in farming operations, or to any other person unless the principal part of his income is derived from farming operations. To apply this provision, it became necessary to define a "person" and to give definition to the phrase "engaged in farming operations."

It has been found necessary to clarify the meaning of "person" through the issuance of regulations by the Farm Credit Administration pertaining to the eligibility of executors, administrators, heirs, trustees, guardians, aliens, and others. The original act was amended in June 1935 to clarify further the meaning of the term

"person." This amendment provided that the term include an individual or corporation engaged in the raising of livestock, and that the term "corporation" include any incorporated association. No loan can be made to such corporation, however, unless all of the stock is held by individuals who were personally engaged in raising livestock on the farm to be mortgaged except in a case where the Land Bank Commissioner permits the loan, where at least 75 per centum in value and number of shares of stock of the corporation is owned by individuals so engaged. Furthermore the loan may not be made unless the owners of at least 75 percent of the value and number of shares of stock of the corporation assume personal liability for it.

A person is deemed to be "engaged in farming operations" within the meaning of the act if in the capacity of farm owner, lessee, or tenant he actively participates to a substantial degree in the management and conduct of farming operations on a farm (not necessarily the farm to be mortgaged). A person is technically eligible to obtain a loan on any farm with respect to which he is in position to give a valid first mortgage, provided he is engaged in farming operations. He is eligible to obtain a loan even though he has no management rights in the particular farm to be mortgaged.

Further interpretation of the degree of participation which may be considered sufficient is largely a factual question. Adequate participation is not interpreted as requiring the applicant to exercise the dominating or controlling voice in the management. But mere stipulation in the lease respecting the planting of certain crops or a required rotation, or that the property be handled in a husbandlike manner, is not considered adequate management participation.

Purposes For Which Loans May Be Made

The purposes for which loans may be made by the Federal land banks are enumerated by the statutes as follows:

- (a) To provide for the purchase of land for agricultural uses.
- (b) To provide for the purchase of equipment, fertilizer, and livestock necessary for the proper reasonable operation of the mortgaged farm, the term "equipment" to be defined by the Farm Credit Administration.

(c) To provide buildings and for the improvement of farm lands, the term "improvement" also to be defined by the Farm Credit Administration.

(d) To liquidate indebtedness of the owner of the land mortgaged for agricultural purposes, or incurred prior to January 1, 1937.

(e) To provide the owner of the land mortgaged with funds for general agricultural uses.

It became the function of the administering agency to interpret certain of the terms. Equipment, for example, is defined by the Farm Credit Administration as follows: "The term 'equipment' shall include implements appropriate for the operation of the farm and may consist of teams as well as machinery, tools, and like articles." The term "improvement" is defined as including any beneficial structure or any useful permanent physical change tending to increase the productive value of the farm, such as clearing, tiling, drainage, fencing, building, and preparation for irrigation.

It is apparent in (d) above that loans for liquidating indebtedness of persons other than the owner of the mortgaged land are not permitted. It is the interpretation of the Farm Credit Administration, however, that where the owner is liable for the debts of others, which debts have been incurred for agricultural purposes, such refinancing comes within the purview of the act. Further, a loan may be used to liquidate any indebtedness of an owner of the land to be mortgaged if the debt was incurred before January 1, 1937, and to liquidate debts of an owner when such debts had been incurred for agricultural purposes, without regard to the time when they were incurred.

With respect to agricultural uses the Farm Credit Administration has interpreted the phrase to include loans for such purposes as to pay certain living expenses; fire-, tornado-, and life-insurance premiums; taxes; and certain other purposes which have a direct relationship to farming.

The major purposes for which Federal land bank loans have been made are discussed on pages 93-96 under Description of Loan Operations.

Minimum and Maximum Size of Loans

The original Farm Loan Act provided that the amount of loans to any one borrower should

not exceed a maximum of \$10,000, nor should any loan be for less than \$100. An amendment to the Agricultural Credits Act of 1923 provided a maximum of \$25,000, with the admonition that preference be given to applications for loans of less than \$10,000. The Emergency Farm Mortgage Act of 1933 further increased the maximum to \$50,000 but provided that loans to any one borrower should not exceed \$25,000 unless approved by the Farm Loan Commissioner.

Maximum Interest Rates

The Federal Farm Loan Act of 1916 provided that the interest charge on a loan could be made at a rate not exceeding the interest rate on the last series of bonds issued by the land bank making the loan, plus a charge for administration and profits at a rate not exceeding 1 percent per annum on the unpaid principal. In no case was the rate of interest to exceed 6 percent per annum. On defaulted payments every borrower was required to pay simple interest at the rate of 8 percent per annum. Taxes, liens, judgments, or assessments not paid by the borrower and paid by the mortgagee were to become a part of the mortgage debt, bearing simple interest at the rate of 8 percent per annum, although this rate is not now being charged.

In June 1933 the Farm Credit Act of 1933 authorized a charge for administration and profits of more than 1 percent in excess of the interest rate on the last series of bonds issued by the land bank, with the approval of the Governor of the Farm Credit Administration. Special interest rates have been approved for loans on land employed primarily in the production of naval stores, or in the raising of livestock; also on farm property a substantial part of the earnings from which is from orchard crops. For such loans through a national farm loan association, approval has been given for an interest rate 1½ percent in excess of the interest rate carried by the last series of consolidated farm-loan bonds. For such loans made direct, approval has been given for an interest rate one-half of 1 percent in excess of the interest rate approved for loans through national farm

loan associations. For such loans made through impaired associations (25b), approval has been given for an interest rate one-fourth of 1 percent less than the interest rate approved on direct loans.

The Emergency Farm Mortgage Act of 1933 amended that provision of the Federal Farm Loan Act governing the amount of interest that might be charged by the Federal land banks. It provided that the loan rate of interest on mortgages made through the national farm loan association or through an agent, or purchased from a joint stock land bank, should not exceed 4½ percent per annum. This provision was applicable only to loans outstanding at the time the amendment went into effect or to those loans to be made through national farm loan associations within 2 years from the effective date. The reduced rate on such loans was to be in force for the 5-year period beginning 60 days after the amendment was approved. Moreover, for the same 5-year period no principal portion of the matured installments of such loans was required if the borrower was not in default of any other covenant of his mortgage. Similar provisions were applicable to Federal land bank loans through branch banks, except that the rate was to be at 5 percent instead of 4½.

This reduction in interest rate to borrowers reduced materially the funds available to the banks for operating expenses and profits as authorized by the original act. The amendment provided, therefore, that the Secretary of the Treasury should reimburse the land banks in the amount by which interest payments had been reduced. But if, through refinancing operations, the banks were able to reduce the interest payable on certain outstanding bonds, this reduction was to be deducted from the amount due the banks from the Secretary of the Treasury. As the banks did not reduce the interest payable by refinancing the bonds mentioned, no deduction for this reason has been made. The amount which the Secretary of the Treasury reimbursed banks under this provision is discussed on page 78.

In June 1935 the interest rate of 4½ percent was further reduced to 3½, applicable to installment dates occurring within a period of 1 year

beginning July 1, 1935. Beginning July 1, 1936, this amendment provided that the interest rate should not exceed 4 percent during the following 2 years. The provision was extended to direct loans and loans through branches of the Federal land banks at 0.5 percent more than when made through national farm loan associations. The 3½-percent interest rate authorized by the amendment of June 1935 was further extended for another year by an amendment approved June 24, 1936, and still further by subsequent amendments, to July 1, 1942. Effective on June 29, 1940, the 3½-percent interest rate was also made applicable to purchase-money mortgages.

As has been previously shown, the act since 1937 authorizes that when the capital stock of a national farm loan association becomes impaired, loans may be made through such an association subject to the requirements and specifications of direct loans, except that the rate of interest shall be 0.25 percent lower.

Temporarily effective rates of interest to June 30, 1942, on Federal land bank loans may be summarized as follows:

3½ percent on loans purchased from joint stock land banks or made through agents and held by Federal land banks on May 12, 1933, and all regular loans made through national farm loan associations.

3¾ percent on loans made through national farm loan associations whose capital is impaired (25b associations). (See p. 74-75.)

4 percent on loans made by Federal land banks direct or through branch banks. (This rate is also applicable to certain specialized loans such as turpentine loans and some orchard loans.)

3½ percent on purchase-money mortgages.

Although the provisions of the Federal Farm Loan Act as amended relative to interest on defaulted payments appear to be mandatory, in that it is stated, "Every borrower shall pay simple interest on defaulted payments at the rate of 8 percent per annum," the actual interest rate on default payments varies by land banks and generally approximates the contract rate written in the mortgage. An amendment to the Federal Farm Loan Act provided that for a period of 5 years following March 4, 1933, every borrower should pay simple interest on

extended payments at contract rate. This provision expired on March 4, 1938.

Loan Fees and Special Charges

Pertinent to any discussion of the cost of credit to the borrower and of sources of income to a lender, is the question of fees and special charges incidental to the loan. Methods by which lending institutions cover the costs of operations vary. Some cover most of their immediate costs out of interest payments to be made at regular payment dates and thus have a somewhat higher contract interest rate; others carry a lower contract interest rate but cover a greater amount of their initial costs by various loan fees; still others add the fees to the principal of the loan.

The national farm loan associations are empowered to fix reasonable initial charges against applicants and borrowers to meet the necessary expenses of the association (12 U. S. C. 761 third). The Statute provides, however, that such charges shall not exceed amounts to be fixed by the Farm Credit Administration and shall in no case exceed 1 percent of the amount of the loan applied for. The Farm Credit Administration regulations provide that associations receiving such applications, other than applications which may be forwarded to the bank without appraisal, may collect an association application fee of not more than \$5 in connection with each application for \$5,000 or less, and an association application fee of not more than \$10 in connection with each application for over \$5,000, provided, however, that the amount of any such fee shall not exceed 1 percent of the amount of the loan applied for. This fee may be collected at the time the application is filed.²⁷ Thus the maximum initial fee permitted to be charged is \$10 regardless of the size of the loan. The 1 percent becomes effective only on those applications for loans of less than \$500. The maximum fee for a \$400 loan, for instance, would be \$4.

As mentioned above, certain applications may be forwarded to the Federal land banks without

²⁷ An application for a loan after 1933 is a joint application for either a Federal land bank loan, a Commissioner loan, or a combination loan.

appraisal. In such cases the association may collect a fee of \$1 at the time the application is filed. If the application is tentatively approved as a land bank loan and is referred again to the association for appraisal and approval, the association may collect before making an appraisal an additional amount, which together with the \$1 originally collected will not exceed the charges mentioned above.

When a land bank loan is closed, the association may collect an additional fee which, when added to the application fee, will not exceed 1 percent of the amount of the land bank loan closed. The application fee may be retained by associations if an association appraisal is made, even though the loan is rejected or the amount of such fees is more than 1 percent of the land bank loan closed, but in such event, no closed-loan fee may be collected. When a borrower of the Federal land bank applies for an additional loan, the application and closed-loan fees are based on the amount of the additional loan applied for and closed.

In addition to these principal loan fees, the associations are entitled to collect fees where the loan is transferred from one association to another, where a direct loan is converted to an association loan, where the mortgage and stock interest of an association member are transferred and where the mortgage is transferred to the purchaser of the mortgaged property with no transfer of the legal title to the stock. The usual fee which may be collected for these services is limited to \$5, or not to exceed 1 percent of the unpaid balance of the indebtedness. One variation from the general rule is noted in the case of the conversion of a direct loan into an association loan. In these cases a fee of not to exceed \$5 or 0.25 percent of the unpaid amount of the indebtedness may be collected.

In the event that the loan application is rejected (whether for a new or an additional loan) and no loan is closed, the association is not entitled to collect the closed-loan fee. Moreover, if an application for conversion of a direct loan to an association loan is rejected without association appraisal, the association is entitled to a fee of only \$1.

In connection with Commissioner loans, au-

thorized local correspondents (including national farm loan associations) are allowed a fee of 0.5 percent of the amount loaned but this fee is not collected from the borrower. Instead it is collected from the Federal land bank as agent for the Federal Farm Mortgage Corporation. In connection with direct land bank loans, authorized local correspondents are allowed a commission of not to exceed 0.75 percent of the amount loaned.

An indication of the importance of fees as a source of association income may be gathered from the fact that in 1938 income from fees amounted to about 13.6 percent of the total income, and in 1939 it amounted to about 12.4 percent. The sum of fees collected in 1939 also amounted to about 0.96 percent of the new loans closed, both land bank and Commissioner, through associations. This is not necessarily a fair comparison, as not all fees are collected in connection with new loans; however, fees collected for the appraisal and closing of new loans would be of major importance. Furthermore, in the case of Commissioner loans some of the fees are not charged against the prospective borrower but are paid by the land bank as agent for the Corporation.

Included within the enumerated powers of the Federal land banks (12 U. S. C. No. 781) is the authority "to charge applicants for loans and borrowers, under rules and regulations promulgated by the Farm Credit Administration, reasonable fees not exceeding the actual cost of appraisal and determination of title. Legal fees and recording charges imposed by law in the State where the land to be mortgaged is located may also be included in the preliminary cost of negotiating mortgage loans."

Rules and regulations promulgated by the Farm Credit Administration provide that the land banks may collect a fee not to exceed \$10 on applications for loans of \$5,000 or less, except that on approval of the Land Bank Commissioner they may collect a fee of \$15 on applications of \$5,000 or less if the cost of appraisal is unusually high because of the type of security offered. On applications for loans in excess of \$5,000 the banks are governed by a schedule of rates approved by the Land Bank

Commissioner. These rates are usually based upon the amount of the loan applied for but in some instances are based upon the acreage in the property appraised. An example of the former is the schedule for the Federal Land Bank of Berkeley and of the latter for the Federal Land Bank of Omaha.²⁸

In addition, the banks are authorized to charge on direct loans a "closed-loan fee" of not to exceed 1 percent of the amount of the loan closed including the local correspondent's fee of \$1. The fee on applications for additional loans is not to exceed the amount computed in accordance with the approved schedule based on the amount of additional loan applied for. In the case of the transfer of mortgage and stock interest of a direct borrower to that of an association borrower, the bank is authorized to collect a fee of not to exceed \$5 provided this

²⁸ Examples:

FEDERAL LAND BANK OF BERKELEY

SEC. 31.1. Application appraisal fees all types of loans:

Appraisal fee:	Size of loan
\$15.....	\$100 to \$15,000
\$20.....	\$15,100 to \$20,000
\$25.....	\$20,100 to \$25,000
\$30.....	\$25,100 to \$30,000
\$35.....	\$30,100 to \$35,000
\$40.....	\$35,100 to \$40,000
\$45.....	\$40,100 to \$45,000
\$50.....	\$45,100 to \$57,500

If an additional or refunding loan is applied for, the application appraisal fee shall be based on the new funds requested.

FEDERAL LAND BANK OF OMAHA

Paragraph 28.1—Application fees

(a) Appraisal fees; to accompany loan applications. An appraisal fee of \$10.00 will be charged where the amount applied for is \$5,000 or less, regardless of acreage. Where the amount applied for exceeds \$5,000 the appraisal fee will be as follows:

Security:	Appraisal fee
1,920 acres or less	\$10
Over 1,920 acres but not in excess of 6,400	20
Over 6,400 acres but not in excess of 10,000	30
Over 10,000 acres	40

(b) *Nonresident applicants.*—In addition to the appraisal fee, a fee of \$7.50 will be charged for each applicant who resides outside of, or has recently removed to, the Eighth Farm Credit District. This fee will be required to accompany the application.

(c) *Reappraisal.*—A fee of \$10.00 will be charged for each reappraisal at the request of the applicant, regardless of the amount applied for or the extent of the security. This fee is payable before the reappraisal will be made.

charge does not exceed 1 percent of the unpaid amount of the indebtedness. Conversion fees are not generally charged direct borrowers when they become members of an association as the banks usually agree to turn over to the association a part of the fee collected from the borrower when his loan was closed.

Further fees permitted to be charged by the Federal land banks include fees for inspections in connection with buildings or improvements and fire losses, division of loan fees, conversion fees, nonresident personal-risk investigation fees, partial-release fees, reinstatement fees, prepayment fees, and transfer fees.

The place of fees as a source of income to the bank and as an additional charge for credit levied on the borrower is indicated to some extent in table 29, page 95, which shows the use of the proceeds of Federal land bank loans. Borrowers may pay the fees or charges for obtaining the loan or may arrange to have these costs made a part of the face amount of the loan to be repaid in the same way as the loan itself. Fees that are paid by the borrower and are not deducted from the amount of the loan are not included in the percentage figures shown in the table.

Appraisal Standards

The Federal Farm Loan Act of 1916 provided that no loan should exceed 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements, these values to be ascertained by appraisal. The value of the land for agricultural purposes was to be the basis for establishing the appraised value, with the earning power of the land as the principal factor. Before the emergency financing, which began in 1933, the term "value" in the statutory phrase "value of land for agricultural purposes," had been interpreted by the banks as a modified sales-value concept, especially in the appraisal of low-priced lands, even though the earning power of these lands might be relatively high. One of the early occasions to clarify the meaning to be attached to the term "value" came during the speculative period that developed in the autumn of 1919. It became evident then that earning power should be given

more weight in certain cases and that this earning power should be based on average prices rather than on the then-existing inflated prices. This determination was supplemented by the ruling that not more than \$100 an acre could be loaned on any land. In making these rulings the hope was expressed that their application would check to some extent the speculative boom in progress.

Demand for higher loans during the emergency period of the early 1930's brought about a modification of the value concept for appraisal purposes to that designated as "normal value." The manual of the Farm Credit Administration for Federal land banks explains this concept as follows: "The normal agricultural value of a farm may be defined as the amount a purchaser who is representative of the area and type of farm would be willing to pay and would be justified in paying for the property for agricultural purposes, including farm home advantages, under usual conditions based on average production and normal prices for farm products." To ascertain the earning capacity of the farm for appraisal purposes it is further explained that—"commodity prices received by farmers during the period 1909-14 with such adjustments as may be necessary because of the change in the economic position of particular products, shall be the basis * * *" for such determination.

Use of normal value in the appraisal of property to be used as security was further supported by an amendment to the Farm Loan Act in 1933 which was enacted principally to enable the Federal land banks to buy mortgages held by joint stock land banks. The amendment reads in part,

In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of first mortgages on farm lands * * * or to exchange farm loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph, as amended, takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage * * * or 50 per centum of the *normal value* of the land mortgaged and 20 percentum of the value of the permanent insured improvements * * * whichever is the smaller * * *.

With respect to the valuation of buildings, the

manual of the Farm Credit Administration for Federal land banks says:

Buildings that are needed and suitable, in size and cost, to a farm should be worth approximately their normal replacement less depreciation value * * *. He (the appraiser) should determine whether the buildings on a farm represent a prudent investment from the standpoint of the needs of an average farmer of the community and the type of farm; that is, whether the various buildings are necessary, of suitable size and reasonable cost, and whether the building investment on the farm is properly balanced. When appraising a good set of buildings he should take into consideration their value from the standpoint of comfort and efficiency for the farmer and his family as well as their suitability to the size and value of the farm.

The Emergency Farm Mortgage Act of 1933 extended the meaning of value to include a reasonable and fair valuation of fruit trees located and growing on the land and which constitute a substantial part of the value. The provision governing the interpretation of value was further amended in June 1935 to provide that, in the case of land used for raising livestock, due consideration should be given to the extent to which the earning power of the fee-owned land is augmented by a lease or permit for the use of a portion of the public lands and to the extent to which such land is available for use during the term of the loan.

Charges for making the appraisal may be paid by the applicant or he may arrange with the Federal land bank to advance the fee and make those expenses a part of the face amount of the loan. But these additions must not increase the maximum amount loanable. The amount of the charge, as pointed out, is to be determined under rules and regulations of the Farm Credit Administration.

Within these statutory provisions the administrative interpretation of such phrases as "value of mortgaged land," "value of permanent improvements," and "earning power of the land" become determining factors in establishing the maximum amount of the loan.

Methods of Repayment

The Federal Farm Loan Act provided that loans of the Federal land banks should be repaid on an amortization plan of a fixed number of

annual or semiannual installments sufficient to cover interest and such amounts on the principal as would extinguish the debt within an agreed period of not less than 5 years nor more than 40 years. After 5 years, additional payments of \$25 or multiples thereof might be made on installment dates toward the reduction or entire extinguishment of the principal. This latter provision was amended in April 1920 so that after 5 years the mortgagor, upon any regular installment date, might make any number of advanced payments or any portion thereof or pay the entire principal of his loan. In general when a payment is made in advance the funds may either be held in a trust account by the bank to be disbursed in accordance with the wishes of the borrower (conditional payments), or may be applied against the outstanding principal of the loan. In the latter case, the amount of any installment still due is not affected, but the proportion of the installment that is applied to principal is increased and the amount applied to interest is decreased. In case of future default the borrower who has made advance payments is still subject to the obligations imposed by the terms and conditions of the mortgage.

The Federal Farm Loan Act was amended in January 1932 to provide for the extension in whole or in part of any obligation that might then be unpaid or might become unpaid and to accept payments on such obligation during a period of 5 years or less if, in the judgment of the land bank directors, conditions justified it. In addition to these provisions, amendments approved May 12, 1933, provided that no payments on the principal portion of the loan then outstanding or made within 2 years thereafter should be required during the 5-year period after the amendment became effective if the borrower was not in default of any other covenant of his mortgage; and an amendment approved March 4, 1933, provided that at any time within 5 years thereafter any borrower, upon application and approval of such application, might postpone the payment of any unpaid installments if at each succeeding installment date one-tenth, or in the case of semiannual installments one-twentieth, of the postponed payment was repaid. Furthermore, under this amendment authority

was given the bank directors, with approval of the Farm Credit Administration, to reamortize all or part of the amount remaining unpaid under the terms of the mortgage and to accept repayment of such amounts on the basis of a fixed number of annual or semiannual installments sufficient to extinguish the debt within an agreed period of not more than 40 years.

Two new methods by which repayments might be accomplished which were provided by the Farm Credit Administration during 1939 consist of (1) variable payments and (2) suspended payments. Generally these agreements extend for a period not exceeding 5 years and are subject to renewal. The borrower agrees to pay taxes, insurance, and other fixed charges. The terms of payment may vary to a substantial degree, but generally under the variable-payment plan a share of the crop or income is applied on the debt; and any installments, or portions thereof, remaining unpaid are carried to an extension account. In the suspended-payment plan a schedule of periodic fixed-cash payments is agreed upon and when the farm income exceeds an agreed base the borrower pays an agreed percentage of the excess income toward retirement of any accumulated amount in the extension account. Where the facts of particular cases warrant it, features of the two plans are combined. These plans apply to loans of the Federal land banks and Federal Farm Mortgage Corporation, whether made singly or together.

DESCRIPTION OF LOAN OPERATIONS

VOLUME OF LOANS CLOSED

The annual volume of loans closed by the Federal land banks since their organization in July 1917 has been subject to wide fluctuations. Varying demand for credit by farmers, ability of the banks to obtain funds, legislative amendments revising the services land banks could render, and other factors, such as those influencing the trend of farm-mortgage debt and the amount of land transfers have caused these fluctuations. The amount of applications received by the banks and the amount of loans closed are presented in figure 38.

During the first 3 years of operations (1917-19) 243,652 applications in an amount of \$695,-

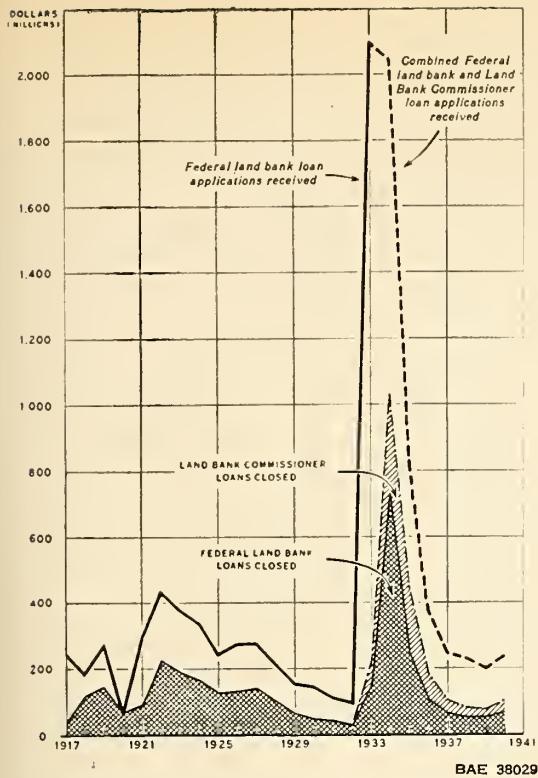


FIGURE 38.—FEDERAL LAND BANK AND LAND BANK COMMISSIONER LOANS: AMOUNT OF APPLICATIONS RECEIVED AND LOANS CLOSED DURING THE YEAR, 1917-40.

Since the organization of the Federal land banks in 1917 there have been two major periods of a large demand on these banks for long-term mortgage credit: (1) During the period of depressed agricultural conditions in the early 1920's; and (2) during the collapse of agricultural prices in the early 1930's. The drop in the number of applications in 1920 was due to doubts as to the constitutionality of the Federal Farm Loan Act. Beginning in 1933 a single application was submitted for both a land bank and a Land Bank Commissioner loan, either or both of which might be closed.

093,000 were received. About 47 percent of the number and about 43.5 percent of the amount of the applications were closed. In 1917 the amount of loans closed was only about 16 percent of the amount applied for, and when 1918 is included the average percentage was 37 percent. The lower average percentage during these first 2 years may be accounted for in several ways: (1) The banks were in the process of organization and the procedure for handling applications had not been worked out;

(2) many decisions and interpretations on eligibility of applicants and adequacy of security were necessary; and (3) applicants were not thoroughly informed as to the type of service land banks could furnish.

A suit to contest the constitutionality of the Farm Loan Act was instituted in August 1919 in the form of an equity proceeding in the United States District Court for the Western District of Missouri.²⁹ It was not disposed of until February 1921 when the Supreme Court upheld the constitutionality of the act. During the interim the loan operations of the banks were largely suspended, with the exception of loans closed with funds provided by the sale of bonds to the Treasury. During 1920 the banks received 15,883 applications in the amount of \$63,354,000, and they closed 17,997 loans in the amount of \$66,985,000.

Immediately following the decision by the Supreme Court, Congress passed a law authorizing a maximum call period of 10 years on bonds, instead of 5 years as originally provided. This provision added materially to the marketability of four individual farm-loan bond issues. Another law extended the depository privilege of the Treasury with the Federal land banks. These two provisions aided the banks in handling the increased demand for loans confronting them during the next 4 years. Causes of the greater demand were to be found in (1) the accumulation of applications following the cessation of loan operations during the previous 15 months, (2) the general acute financial situation and the resultant scarcity of funds from other lenders for farm-loan purposes, and (3) more advantageous terms which the land banks were in position to offer.

For the 4-year period 1917-20 inclusive, the Federal land banks closed 131,395 loans in the amount of \$369,214,000. (See Appendix table 78 for data by States.) The average amount per loan was \$2,810, as compared with an average amount applied for of \$2,922. In the next 4 years, the banks received 383,264 applications totaling \$1,441,323,000. Of these amounts, 208,535 loans totaling \$672,924,000 were closed. The loans closed during this

²⁹ *Smith v. Kansas City Title and Trust Co.*, 255 U. S. 180.

period represented 54.4 percent of the number and 46.7 percent of the amount applied for.

For the period 1917-32 the peak in the number of applications and the number of loans closed was reached in 1922. In that year 129,000 loans were applied for and 74,000 were closed.

With the exception of a slight rise in applications and loans closed in 1926 and 1927, the amount of loans applied for and closed during the 8 years following 1922 decreased continuously. The number applied for fell from 88,583 in 1924 to 22,454 in 1932, with a somewhat similar drop in amounts of from \$335,114,000 to \$95,924,000.

The more important reasons for this decrease in loan activity from 1922 to 1932 may be summarized as follows:

(1) The large number of applications submitted in the early part of the period still partially reflected the funding of unsecured debts incurred during the post-war boom, and the borrowing to refinance loans which originated from real estate transfers and farm improvements made in the earlier period.

(2) On the basis of increased experience, banks generally gave progressively closer scrutiny to applications.

(3) An unfavorable market for land bank bonds developed, beginning in 1928.

(4) Voluntary land transfers during the latter part of the period declined in number.

(5) The decline in land values in the later years was so great that many farms were not adequate security for loans large enough to refund their indebtedness on what was then considered a sound basis.

(6) Distressed condition of many national farm loan associations during the later part of the period discouraged many potential new borrowers from making applications.

Beginning in 1932 the scope of the Federal land banks' operations expanded. On January 23, 1932, Congress authorized the Secretary of the Treasury to subscribe to the capital stock of the land banks in an amount not to exceed \$125,000,000. In this act authority was granted the banks to extend in whole or in part any obligation that might be or become unpaid under the terms of the mortgage, and to accept payment over a period of 5 years or less. On March 4, 1933, a further amendment author-

ized: (1) Direct loans to borrowers within certain limitations, (2) loans to liquidate indebtedness of owners of the land mortgaged incurred for agricultural purposes or incurred prior to January 1, 1933, (3) loans to provide the owner of the land mortgaged with funds for general agricultural uses, (4) for a period of 5 years loan interest rates rather than penalty interest rates on extended payments, and (5) reamortization of loans.

Among the many factors that contributed to the greatly expanded loan activities of the land banks during the 4 years following 1933 was the expanded authority of the banks to make loans based upon normal value, to further reduce the interest rate, to defer principal payments, to increase the amount that could be loaned to one individual, and to provide for loans to owners of groves and orchards. From the passage of the emergency legislation to December 31, 1933, the banks had received 510,744 applications in the amount of \$2,096,782,000—more than had been received during the preceding 9 years. It should be pointed out, however, that applications for loans from either or both the land bank and the Land Bank Commissioner were made on a single form. The amount of loans closed by both agencies is indicated in figure 38. During the 4 years following 1932, the Federal land banks closed 314,045 loans in the amount of \$1,239,843,000. The peak of loans closed both in number and amount occurred in 1934, when 190,147 loans were closed for a total amount of \$730,367,000. From the beginning of 1937 to the end of 1940 the land banks have closed only 60,814 loans totaling \$230,372,000.

Geographic Distribution of Loans Closed

Distribution of loans by geographic divisions for different periods is of interest in explaining the fluctuations from year to year in the amount of loans closed by the Federal land banks. The amounts of loans closed, by States and geographic divisions, are shown in table 78 of the Statistical Appendix, and the percentage that such amounts are of the total loans closed, by 4-year periods, are shown in table 27.

TABLE 27.—*Federal land banks: Percentage of total loans closed, by divisions and by 4-year periods, 1917-40*¹

Geographic division	1917-20	1921-24	1925-28	1929-32	1933-36	1937-40
	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
New England	1.91	1.62	1.91	2.74	1.01	1.89
Middle Atlantic	2.72	3.39	4.94	5.89	2.50	4.91
East North Central	9.98	13.42	17.53	16.40	23.42	20.56
West North Central	29.87	23.24	25.67	25.75	42.29	28.23
South Atlantic	8.58	10.28	7.72	4.55	5.03	5.70
East South Central	9.03	13.14	10.40	7.57	3.81	6.82
West South Central	17.35	17.52	19.70	22.02	10.09	13.59
Mountain	10.97	10.72	6.12	8.08	3.47	6.14
Pacific	9.59	6.67	6.01	7.00	8.38	12.16
Total	100.00	100.00	100.00	100.00	100.00	100.00

¹ Continental United States.

Farm Credit Administration.

During the period 1917-20 the loans closed were concentrated largely in the West North Central and West South Central States where 47.2 percent of the total loans were closed. There was a general broadening of loan operations during 1921-24 into the Middle Atlantic, East North Central, South Atlantic, and East South Central States with a correspondingly smaller proportion of the loans closed in the West North Central and Pacific States. In the two periods 1925-28 and 1929-32 increases in the proportion of total loans closed continued in the Middle Atlantic, East North Central, and West South Central States. The decrease to be noted between the periods 1917-20 and 1921-24 in the West North Central region was reversed in the later periods and the States in this region again closed a larger percentage of loans, reaching a high of 42.3 percent in the period 1933-36. Increases in loans closed between the two earlier periods were reversed in the States of the South Atlantic and East South Central, and fewer loans in the later period were being closed in these areas. Thus by 1929-32, 64 percent of the loans closed were in the States of the East North Central, West North Central regions, and West South Central regions, with the shift being largely from the South Atlantic, East South Central, Mountain, and Pacific States.

During the depression period 1933-36, this shift of loans into the East and West North Central States became even more pronounced as 66 percent of the loans were closed there

during this period. This was an increase from 42 percent in the period 1929-32. Between these same two periods there was a drop in the West South Central States of from 22 to 10 percent of the total loans closed. While loans closed in the more recent period (1937-40) are still concentrated in the North Central States, a larger percentage of loans are being closed in the Middle Atlantic and Pacific States.

Care must be exercised in interpreting these percentages and particularly in comparing them historically. For instance it is observed that in the Middle Atlantic States the percentage of loans closed in the period 1929-32 was 5.9 percent of total loans closed but in 1933-36 was only 2.5 percent. In spite of this decrease the actual amount of loans closed nearly trebled that of the previous period. This was due to the larger total number of loans closed by the Federal land banks during 1933-36. Figure 39 shows the concentration of loans closed during the period May 1, 1933 through December 31, 1936.

This discussion of geographical concentration of Federal land bank loans in relation to total loans closed by the Federal land banks in the entire country is not to be confused with the geographical concentration of outstanding Federal land bank loans in relation to the total outstanding farm-mortgage debt held by all lenders (discussed in part I, pages 11-21).

Purpose of Loans

The principal use of the proceeds of Federal land bank loans has been for refinancing indebtedness. The uses next in importance are for the purchase of land and the redemption of farms from foreclosure. Next come the use of loan proceeds for buying equipment, for making improvements, and for general agricultural purposes. Percentages of loan proceeds used for the various purposes, 1917-40, are given in table 28.

In the earlier years, 1917-21, 65 percent of the loan proceeds were used for refinancing indebtedness. The largest land-bank-district percentage used for refinancing (71) was St. Paul, and the lowest percentage (58) was in the Wichita district. For the country as a whole, 18 percent of the proceeds was used to buy

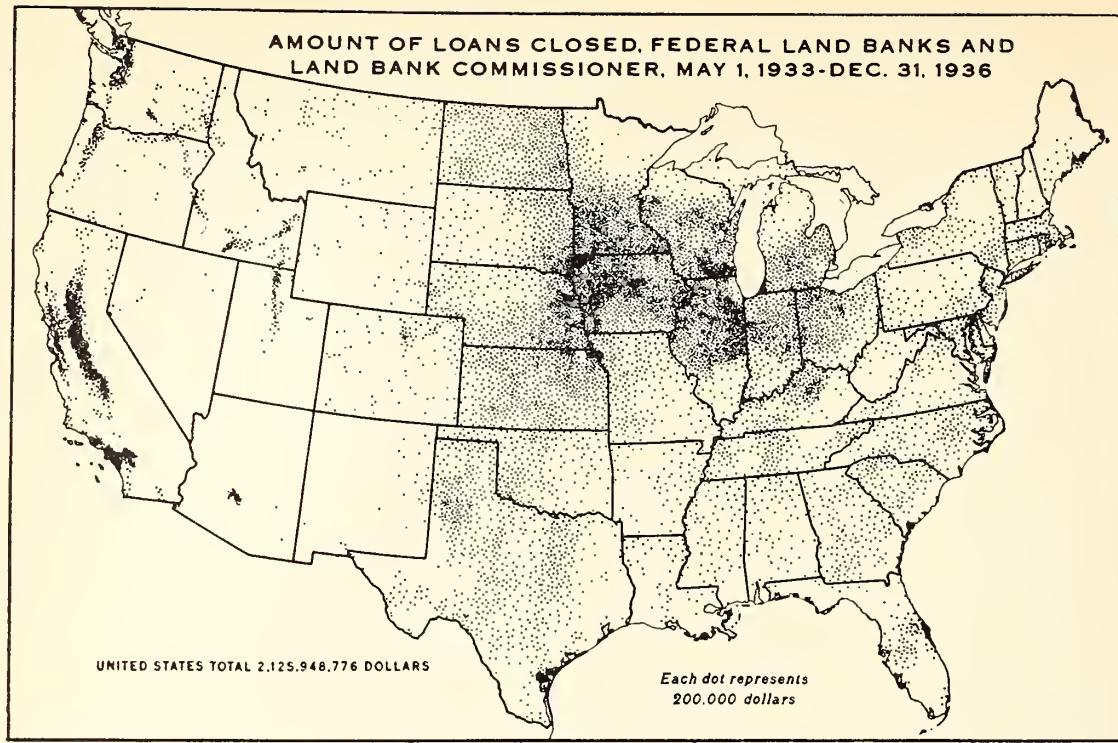


FIGURE 39.—The Federal land bank and Land Bank Commissioner loans closed during the heavy refinancing period, May 1, 1933–December 31, 1936, were mainly in the Central West and in certain smaller areas of California. Relatively few loans were closed in the Northwest and Northeast and the number closed in the South was not so large a percentage of total loans closed during this period as it had been during the refinancing period of the early 1920's.

TABLE 28.—*Federal land banks: Percentage of loan proceeds used for various purposes, 1917–40*

Year ¹	Refinanc-ing in-debt-ed-ness	Purchase of land and re-demp-tion from fore-closure	General agricultural uses including buildings and im-provements	National farm loan associa-tion stock ²	Loan fees ³	All pur-poses
	Percent	Percent	Percent	Percent	Percent	Percent
1917-21	65.0	18.0	12.0	5.0	-----	100.0
1922	87.3	2.2	5.5	5.0	-----	100.0
1923	84.6	3.8	6.6	5.0	-----	100.0
1924	83.0	6.3	5.7	5.0	-----	100.0
1925	78.5	9.5	7.0	5.0	-----	100.0
1926	76.9	11.0	7.1	5.0	-----	100.0
1927	80.4	8.7	5.9	5.0	-----	100.0
1928	77.2	9.9	7.9	5.0	-----	100.0
1929	74.0	14.0	7.0	5.0	-----	100.0
1930	74.6	12.9	7.5	5.0	-----	100.0
1931	79.8	8.6	6.6	5.0	-----	100.0
1932	85.8	4.6	4.6	5.0	-----	100.0
1933	86.8	3.3	3.8	5.0	1.1	100.0
1934	88.0	3.3	2.4	5.0	1.3	100.0
1935 ⁴	-----	-----	-----	-----	-----	-----
1936	77.8	13.6	2.5	5.0	1.1	100.0
1937	69.2	21.4	3.3	5.0	1.1	100.0
1938	69.6	20.5	3.8	5.0	1.1	100.0
1939	67.3	22.7	4.0	5.0	1.0	100.0
1940	67.3	21.8	5.0	5.0	.9	100.0

¹ Period 1917-21 is from organization through Oct. 31, 1921. The years 1922 through 1926 refer to periods of 12 months ended Oct. 31, and 1927 is a 14-month period ended Dec. 31, 1927.

² Stock in the Federal land bank or national farm loan association must be purchased in an amount equal to 5 percent of the loan.

³ Statutes provide that borrowers may arrange with the Federal land bank making the loan to advance loan fees, such advance to be made a part of the face amount of the loan.

⁴ Unavailable.

land. The Omaha district had the largest percentage so used (28), and the Spokane district had the lowest percentage (11), with both the Berkeley and Columbia districts having 12 percent.

Use of land bank loan proceeds for refinancing indebtedness reached a peak of 87.3 percent in 1922. This represents largely a general increase in all areas as a result of the depressed post-war conditions. The largest increases in the percentages used for this purpose were in the Columbia, Baltimore, and Louisville districts where the amounts practically doubled between 1921 and 1922. Substantial increases also occurred in the New Orleans, St. Louis, and Wichita districts.

In 1934, when the use of the proceeds of loans for refinancing reached another peak of 88 percent, the Houston district had the highest percentage (93.8), with Omaha and Wichita next in order. Since 1934 a larger proportion of the proceeds of Federal land bank loans has been used to buy land. By 1937, 21.4 percent of the

funds were used for this purpose. The percentage of loan proceeds used for various purposes,

by land bank districts, 1933-40, is shown in table 29.

TABLE 29.—*Federal land banks: Percentage of loan proceeds used for various purposes, by Farm Credit districts, 1933-40*¹

REFINANCING INDEBTEDNESS

Year	Spring-field	Balti-more	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Houston	Berkeley	Spokane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1933	82.0	86.9	89.1	77.7	86.6	87.8	85.0	87.4	84.0	91.9	85.2	84.3	86.8
1934	86.7	88.4	79.6	89.4	83.6	89.8	83.0	90.0	89.9	93.8	87.3	88.4	88.0
1935													
1936	74.1	74.3	64.7	73.0	85.0	78.1	70.7	77.2	83.5	87.8	82.0	89.3	77.8
1937	69.3	67.7	67.9	65.8	74.9	66.1	63.5	70.9	67.8	66.9	75.8	76.8	69.2
1938	68.4	70.8	71.7	63.2	77.4	61.3	57.8	71.3	70.9	66.4	78.4	82.6	69.6
1939	65.5	67.8	74.1	67.6	80.6	58.3	58.6	62.5	72.1	60.4	73.9	83.6	67.3
1940	60.5	71.5	74.5	65.9	79.2	57.9	62.5	65.5	69.6	63.7	72.1	78.3	67.3

PURCHASE OF LAND AND REDEMPTION FROM FORECLOSURE

1933	5.3	3.0	0.5	8.6	0.0	4.2	5.0	3.4	1.9	0.7	3.1	4.5	3.3
1934	4.2	1.2	7.5	1.6	.1	3.3	7.9	2.8	.4	.5	1.5	.9	3.3
1935													
1936	14.7	15.9	17.1	18.8	4.3	13.4	22.4	14.9	6.3	5.2	7.2	3.2	13.6
1937	19.8	22.7	12.6	25.6	11.3	25.1	28.7	21.8	21.1	23.9	11.6	15.5	21.4
1938	19.2	19.9	10.8	28.1	10.2	29.2	34.2	22.0	17.7	25.0	8.0	9.6	20.5
1939	19.6	20.8	8.8	23.1	7.8	30.9	33.0	30.8	17.9	31.1	13.3	9.4	22.7
1940	19.7	16.5	8.6	25.0	8.6	32.1	29.2	26.4	20.4	27.0	11.9	11.9	21.8

GENERAL AGRICULTURAL USES, INCLUDING BUILDINGS AND IMPROVEMENTS

1933	6.8	3.3	4.9	7.2	6.9	2.6	3.4	3.2	7.6	2.3	4.9	3.4	3.8
1934	3.1	3.5	7.4	2.2	9.0	1.3	2.5	1.2	2.9	.6	4.2	2.7	2.4
1935													
1936	5.2	3.4	11.5	2.0	3.4	2.1	1.3	1.7	4.1	1.9	3.7	1.6	2.5
1937	4.9	3.3	12.7	2.5	6.5	2.4	2.2	1.2	5.0	4.3	5.3	2.6	3.3
1938	6.5	2.9	10.4	2.6	6.6	2.9	2.5	.9	5.3	3.8	6.3	2.6	3.8
1939	9.0	5.0	10.3	3.2	6.1	4.0	2.9	1.0	3.9	3.5	5.6	1.8	4.0
1940	14.0	5.6	10.3	3.1	6.9	3.4	2.8	2.5	3.8	4.1	8.3	4.5	5.0

NATIONAL FARM LOAN ASSOCIATION STOCK

1933	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
1934	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
1935													
1936	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
1937	5.0	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	5.0	4.9	5.0
1938	5.0	5.0	5.0	5.0	5.0	5.0	4.9	5.0	5.0	4.7	5.0	5.0	5.0
1939	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	5.0	5.0	5.0
1940	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

LOAN FEES

1933	0.9	1.8	0.5	1.5	1.5	0.4	1.6	1.0	1.5	0.1	1.8	2.8	1.1
1934	1.0	1.9	.5	1.8	2.3	.6	1.6	1.0	1.8	.1	2.0	3.0	1.3
1935													
1936	1.0	1.4	1.7	1.2	2.3	1.4	.6	1.2	1.1	.1	2.1	.9	1.1
1937	1.0	1.4	1.8	1.1	2.3	1.4	.6	1.1	1.1	.1	2.3	.2	1.1
1938	.9	1.4	2.1	1.1	.8	1.6	.6	.8	1.1	.1	2.3	.2	1.1
1939	.9	1.4	1.8	1.1	.5	1.8	.5	.7	1.1	.1	2.2	.2	1.0
1940	.8	1.4	1.6	1.0	.3	1.6	.5	.6	1.2	.2	2.7	.3	.9

¹ 1935 data unavailable.

Although the Houston district showed the largest percentage of the loan proceeds for refinancing debts during 1933-34, the transition to the use of funds for the purchase of land was much more rapid in the years 1937-39 in this than in other districts. The districts on the Pacific Coast (Spokane and Berkeley), while not so high during 1933-34 and 1936 in respect

to refinancing, have since remained at a higher level than for other districts. The extent to which funds have been used for various purposes during 1933-38 in the Columbia district is somewhat different from other districts. The proportion used to refinance indebtedness in the Columbia district was high in 1933, but it changed rapidly in 1934, 1936, 1937, and 1938,

when the proportion used for general agricultural uses and the purchase of land rose rapidly. For the period 1933-40 borrowers in this district used a larger percentage of their funds for general agricultural uses than in any other district. In 1940 the percentage of funds used for general agricultural purposes in the Springfield area was higher than for any other district, increasing 5 percent over 1939.

Principal Repayments

As of June 30, 1939, the aggregate amount of loans made by the Federal land banks amounted to \$3,083,000,000. Aggregate principal repayments and other deductions from the loan account, including forced liquidation, amounted to \$1,142,000,000, leaving \$1,941,000,000 as the amount of indebtedness outstanding on that date. At this time, however, there were also accrued delinquencies amounting to \$37,154,292 which had not been disposed of by the banks. Thus, the amount of outstanding mortgage indebtedness as of June 30, 1939, totaled \$1,978,000,000.

The amount of principal repayments has been equal to about 37 percent of total loans made. This includes amounts repaid to the banks in cash, amounts extinguished by foreclosure or by voluntary deeds or transfers, amounts extended, and amounts written off. From organization through June 30, 1939, aggregate repayments in cash amounted to \$782,867,290. With the exception of some land acquired by

voluntary deeds and some loans charged off before 1933, this excludes those amounts credited to the account as a result of foreclosure or acquirements of the farm by voluntary deeds, amounts extended, and amounts written off. The amount of principal repayments in cash is equal to about 25.4 percent of the aggregate loans made. The amount of principal extinguished through voluntary deeds and foreclosures is equal to about 11.3 percent of the amount of loans made, leaving outstanding as of June 30, 1939, an amount equal to about 63 percent of all loans closed. Only about 0.3 percent was extended or written off.

For the purpose of relating principal repayments by Farm Credit districts during the period 1928-40 inclusive, these repayments were calculated as a percentage of the loans outstanding at the beginning of the year. These data are shown in table 30. For certain purposes, the usefulness of this material is limited, for many factors affect both the loans outstanding and the amount of principal repayments maturing. For example, in certain districts where a large number of new loans were closed during a particular year, the amount of the principal repayment related to outstanding mortgages at the beginning of that year may show somewhat larger percentages than could be considered as reflecting their relative status when compared with districts where there was little change or an actual decrease in the amount of new loans closed.

TABLE 30.—*Federal land banks: Principal repayments during year expressed as percentage of outstanding loans at beginning of year, by Farm Credit districts, 1928-40*

Year	Spring-field	Balti-more	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Hous-ton	Berke-ley	Spokane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1928	7.8	7.5	6.5	6.0	7.4	6.5	6.9	5.8	8.1	5.6	8.9	8.5	6.9
1929		4.8	4.7	3.7	4.0	3.6	3.3	3.9	4.1	5.3	4.4	3.8	4.1
1930		5.1	4.2	2.4	3.2	2.8	2.9	2.8	3.4	4.3	3.7	4.0	3.4
1931	5.1	4.0	2.6	3.5	1.9	2.7	2.0	3.2	3.6	3.3	3.8	3.1	3.1
1932	4.6	3.4	2.1	2.8	1.4	1.8	1.7	2.2	2.5	2.2	2.6	2.1	2.3
1933	2.8	2.3	1.8	2.0	1.7	1.6	1.0	1.2	2.3	2.2	1.9	1.5	1.8
1934	1.8	2.4	2.9	2.5	3.3	2.2	1.2	2.0	2.8	3.0	2.1	2.2	2.4
1935	1.7	2.4	3.4	3.4	3.4	2.8	1.0	1.6	2.0	2.5	1.7	2.2	2.2
1936	2.1	3.4	4.3	3.6	4.7	3.0	1.1	1.6	2.3	2.9	2.5	2.7	2.5
1937	2.7	4.1	6.3	4.8	5.5	3.9	1.5	1.8	3.0	4.6	3.4	3.6	3.3
1938	3.3	4.1	5.3	5.6	5.0	4.2	1.7	2.0	3.3	4.5	3.9	3.2	3.4
1939	5.0	5.6	6.7	6.7	5.9	5.9	2.3	3.1	4.5	6.1	5.7	4.5	4.7
1940	5.9	6.0	7.3	7.1	6.3	6.6	2.9	3.5	5.0	6.1	5.9	5.2	5.1
Weighted average ¹	4.0	4.1	4.4	4.4	3.9	3.9	2.1	2.5	3.6	4.0	3.9	3.5	3.5

¹ Weighted by outstanding loans at beginning of year.

Moreover, the composition of the outstanding loans with respect to the terms of years for which the loans have been outstanding will also affect the amount of principal repayments maturing, as the amortization principle in most instances requires a larger amount of principal repayment with each additional year the loan is in effect. Although the total annual or semiannual installment may be the same each year, the installment during the first years is made up largely of interest payments on the loan. As the loan approaches termination, the principal portion of the installment increases. This principle does not apply in exactly the same way to those loans amortized under what is known as the Springfield plan, whereby the principal is repaid in equal annual or semiannual installments. But as the annual or semiannual interest charge is calculated on the unpaid principal, the total installment decreases each additional year the loan is in force, and the principal payment becomes a larger part of the reduced total installment.

When observing the differences between the various banks as to principal repayments, considerable variation in the extent to which principal repayments declined during the period 1928-33 becomes evident as well as variation in the extent to which they recovered during the period 1933-40. For example, in 1928 the Houston bank recorded the lowest percentage ratio of principal repayments to outstanding loans. In 1933 this bank was fourth highest, and by 1939 it was third. By 1940 it dropped back to fifth place. At the other extreme is the Spokane bank. In 1928 the percentage was next to the highest, but in 1933 it dropped to the third smallest. By 1940 the percentage had increased to 5.2 and there were but three other banks with lower percentages.

Considering all the banks for the entire period, the Louisville and Columbia banks have had the largest principal repayments in relation to outstanding loans, whereas the St. Paul district has had the smallest. The weighted average ratio of principal repayments to outstanding loans for the St. Paul district, 1928-40, was only 2.1 percent as compared with 4.4 for the Louisville and Columbia districts. Considering the

weighted averages as shown in table 30, the Baltimore district is next to the Louisville and Columbia districts in high principal repayments, while the Omaha and the Spokane districts are next to the St. Paul district in low repayments.

Maturities and Disposition of Maturities

A Federal land bank borrower was privileged to defer the payment of his principal installments if he was not in default on any other covenants of his mortgage during the 5-year period ending July 10, 1938. Since the expiration of this provision the amount of maturities better reflects the annual burden of land bank credit for borrowers than previously. Maturities as used in the following analysis include not only the regular amount of interest and principal installments maturing, but also amounts maturing on extensions, purchase-money mortgages and sales contracts, tax and insurance advances, and certain other miscellaneous items due from borrowers. Total maturities during 1939 amounted to 8 percent of the outstanding loans at the beginning of the year and for individual States ranged from 5.5 percent to 16.6 percent (fig. 40). For 1940 total maturities had decreased somewhat to 7.8 for the United States.

These total maturities do not represent the full amount payable by borrowers during the year, however, as previous years' installments remaining delinquent also are payable during the year. When delinquencies as of January 1 are added to total maturities during the year, the total amount payable during 1939 computed as a percentage of loans outstanding at the beginning of the year amounted to 10 percent. The amount payable during 1940 amounted to 9.9 percent on a comparable basis. The variations by States for 1939 are indicated in figure 41.

Of the total amount payable during 1939, the land banks collected 65.8 percent in cash, 9.8 was extended, 0.5 was reamortized, and 3.5 percent was charged off or transferred to real estate foreclosure accounts. The remaining 20.4 percent was delinquent on December 31, 1939. In 1940 the land banks collected in cash 66.1 percent of the total amount payable which was practically the same as was collected in cash during 1939, but the amount remaining delin-

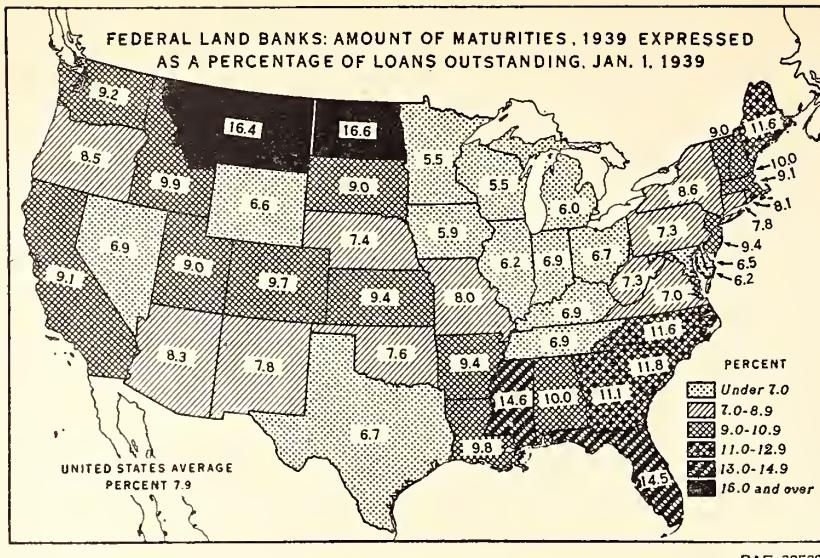


FIGURE 40.—The amount of matured items due from Federal land bank borrowers during 1939 was 7.9 percent of the amount of loans outstanding at the beginning of the year. This relationship, however, ranged by States from 16.6 percent in North Dakota to 5.5 percent in Minnesota and Wisconsin. These variations may be accounted for largely by the relative amount of extensions, deferments, and advances made by the banks in the different States and by the variations in the average remaining term of outstanding loans. The amount of maturities, however, does not include the total amount of delinquent items on January 1, 1939, which are also collectible during 1939.

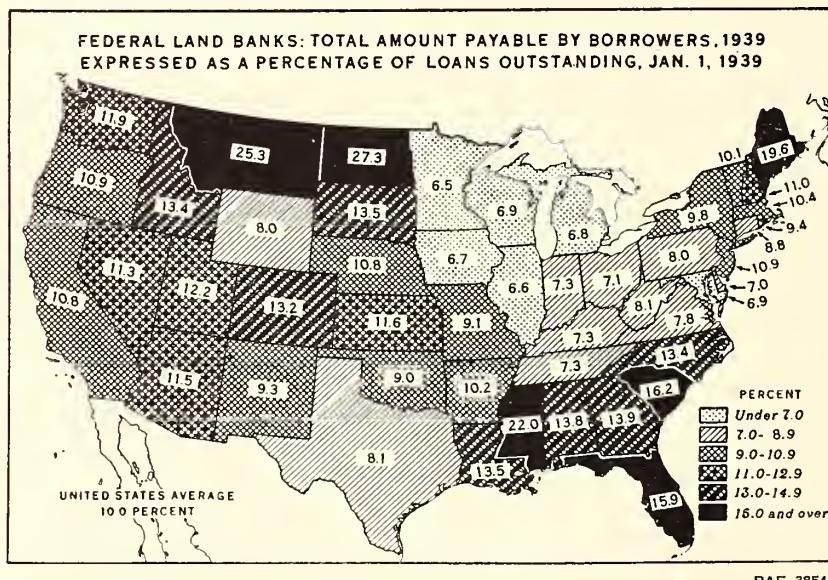
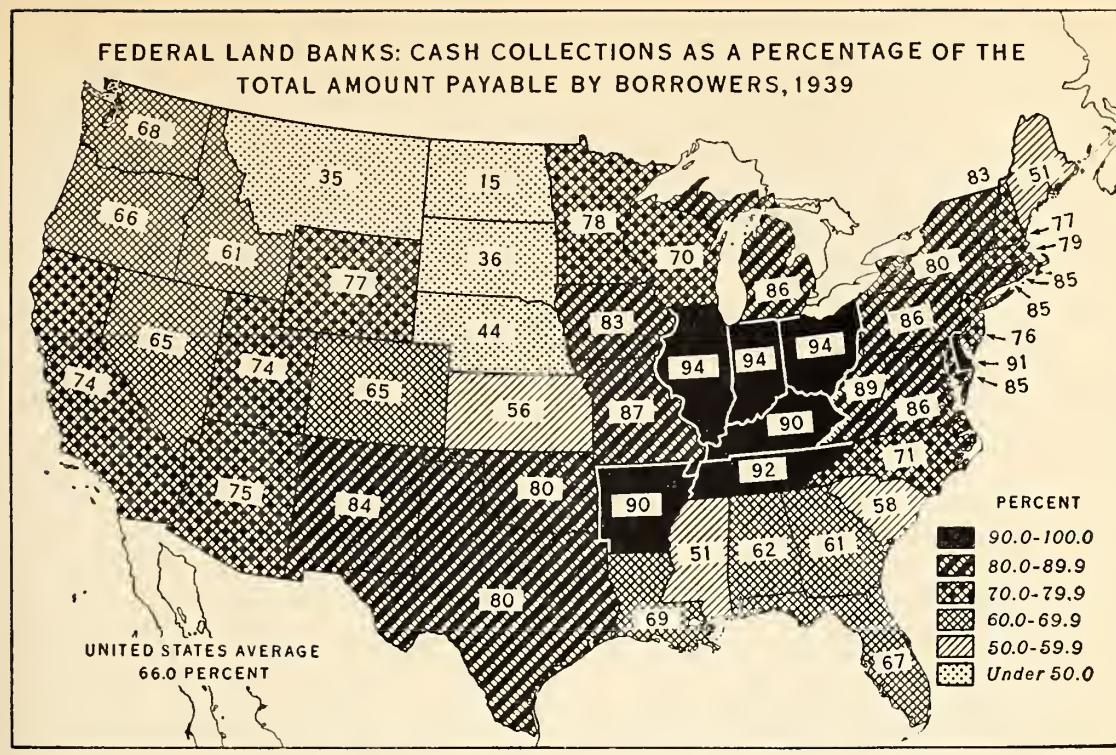


FIGURE 41.—The total amount payable by Federal land bank borrowers during 1939 includes, in addition to the total maturities as shown in figure 40, the total amount of delinquent installments and advances due on January 1, 1939. These amounts expressed as a percentage of the principal amount of loans outstanding on January 1, 1939, show a considerable variation by States, ranging from 27.3 percent in North Dakota to 6.5 percent in Minnesota.

FEDERAL LAND BANKS: CASH COLLECTIONS AS A PERCENTAGE OF THE
TOTAL AMOUNT PAYABLE BY BORROWERS, 1939



BAE 38538

FIGURE 42.—Of the total amount payable by borrowers during 1939, 65.8 percent was collected in cash. The remaining 34.2 percent was distributed as follows: 9.8 percent extended or deferred; 0.5 percent reamortized; 3.5 percent charged off or transferred to foreclosure; and the remaining 20.4 percent was delinquent on December 31, 1939. Cash collections as a percentage of the amount payable varied from 15 percent in North Dakota to 94 percent in the States of Illinois, Indiana, and Ohio.

quent was only 17.6 percent of the total amount payable as compared with 20.4 for the year before. The smaller delinquency may be accounted for by better agricultural conditions and by a modification in the collection policy followed by the banks during 1940. Eleven and seven-tenths percent of the amount payable in 1940 was extended and deferred and 2.6 reamortized as compared with 9.8 and 0.5 percent, respectively, in 1939. Moreover, the percentage charged off or transferred to foreclosure was only

2.0 percent as compared with 3.5 of a year earlier.

The relationship of cash collections to total amount payable for 1939 is shown, by States, in figure 42. The disposition of the total amount payable for those States in which the ratio to outstandings exceeded 15 percent is given in table 31. In only five States—Illinois, New Mexico, Arizona, Utah, and Nevada—were cash collections equal to or more than the total amount maturing during the year.

TABLE 31.—Federal land banks: Total amount of loans payable and disposition, for specified States during 1939¹

State	Total amount collectible ²	Disposition of amount collectible					
		Cash collections	Extended or deferred	Rearmortgaged	Charged off or transferred to real estate foreclosure or suspense	Balance delinquent Dec. 31, 1939	
	Dollars	Percent	Percent	Percent	Percent	Percent	
Montana	4,339,492	35	27	0	5	33	
North Dakota	17,697,187	15	40	0	4	41	
Mississippi	5,932,755	51	17	3	3	26	
Florida	1,574,615	67	14	2	1	16	
South Carolina	2,322,679	58	13	1	1	27	
Maine	1,374,648	51	(*)	(*)	6	43	

¹ States in which the ratio of amount collectible is in excess of 15 percent of loans outstanding, Jan. 1, 1939.

² Includes delinquent installments, advances, etc., on Jan. 1, 1939, and total maturities and advances during 1939.

³ Less than 1 percent.

Delinquencies

For the purpose of making geographical and historical comparisons of delinquencies on Federal land bank loans, the number of such loans is expressed in table 32 as a percentage of the number of loans outstanding on December 31, 1928-40. Before 1932, any loan with matured items unpaid, either interest or principal, was considered delinquent. Since then, the land banks have had the privilege of extending matured installments that have become delinquent and of extending loans where there is a threat of delinquency. To assure that any loan that would have been considered delinquent before 1932 will be classified in the same way after that date, even though extended, delinquency is defined here to apply both to delinquent loans on which no extensions have been granted, and to loans that are extended even though technically not delinquent because of such extension.

Table 32 indicates that delinquency expressed as a percentage of outstanding loans reached a

peak at the beginning of 1933, when approximately one-half of the loans outstanding were delinquent. There was a gradual decrease during the next 5 years, and by 1937 about one loan out of every five was delinquent. The percentage delinquent increased to 22.9 at the end of 1938 and declined slightly to 22.5 and 22.2 in 1939 and 1940, respectively.

Further observations may be made with respect to variations in the delinquency situation among the Farm Credit districts. The Columbia, New Orleans, and St. Paul districts have consistently had higher ratios of delinquencies to outstanding loans than have other districts, although certain States within other districts also have shown high ratios. In the Columbia district, South Carolina has consistently had the highest ratio of delinquency to outstanding loans, although in 1932 at least one out of every two loans outstanding was delinquent in every State in the district. High delinquency had occurred also throughout the other Cotton Belt States (except Texas), particularly those States in the New Orleans district.

TABLE 32.—*Federal land banks: Number of loans delinquent during year (including loans extended) expressed as percentage of number of loans outstanding December 31, by Farm Credit districts, 1928-40*

Year	Spring-field	Balti-more	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Houston	Berkeley	Spokane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1928	3.3	4.2	12.7	1.0	9.7	3.0	7.7	2.3	5.6	0.5	1.9	7.6	5.2
1929	4.1	5.3	11.1	1.5	12.1	3.0	7.8	2.4	5.3	.7	2.4	7.2	5.5
1930	5.2	8.8	19.4	5.1	19.1	12.5	11.4	4.6	8.2	4.5	7.2	11.4	10.3
1931	11.7	15.2	37.2	10.2	40.9	25.8	28.3	19.9	16.6	12.2	19.1	25.9	22.8
1932 ¹	31.0	35.8	60.1	32.2	67.5	49.2	60.5	53.6	44.9	40.6	55.7	52.7	49.3
1933	28.0	39.6	57.9	37.4	67.7	54.4	52.8	42.6	43.4	42.2	51.6	52.2	48.5
1934	18.5	37.2	42.7	22.7	50.8	36.8	34.8	26.4	28.0	33.1	29.4	40.0	33.4
1935	15.4	² 30.6	32.5	11.6	41.5	28.2	31.7	25.7	26.9	27.1	22.6	32.9	27.3
1936	9.7	11.6	29.7	7.4	25.9	21.0	31.9	23.3	28.6	24.6	15.5	23.3	22.4
1937	10.3	7.8	24.5	6.7	26.3	18.5	27.9	26.0	28.5	20.2	13.7	19.8	20.6
1938	17.9	10.7	27.5	7.9	28.2	14.2	31.5	30.9	30.1	21.4	19.6	20.4	22.9
1939	18.9	11.1	31.5	9.3	31.2	9.1	31.1	28.8	28.7	18.7	23.2	20.5	22.5
1940	19.4	14.5	29.0	9.3	34.3	9.8	28.7	27.9	27.9	18.3	20.9	21.2	22.2
Weighted average ³	15.2	18.4	31.6	12.1	34.9	21.3	30.4	25.8	26.0	20.8	21.6	25.8	24.2

¹ As of Feb. 28, 1933. Figures as of Dec. 31, 1932 not fully available.

² Including Puerto Rico.

³ Weighted by loans outstanding.

Delinquency in the St. Paul district is influenced primarily by the situation in North Dakota, where 78.5 percent of the outstanding loans in 1932 were delinquent. However, by 1932, serious delinquency had also extended to most of the other States in the district—Michigan, Wisconsin, and Minnesota—and to Montana and Idaho in the Spokane district. High

delinquency was apparent during 1932 also in the Omaha, Wichita, and Berkeley districts. South Dakota and Iowa were the high-delinquency States in the Omaha district, and Colorado, Utah, Arizona, and Nevada were high in the Wichita and Berkeley districts.

By 1940 the high-delinquency States were found chiefly in the northern Great Plains, including

the States of Montana, North Dakota, South Dakota, and Nebraska; numerous delinquencies were also apparent in most of the States in the Cotton Belt. Many of these States showed considerable improvement in 1940 over 1939. For a further discussion of delinquency see pp. 41-45.

Extensions, Deferments, and Reamortizations

As an indication of the administrative measures taken with respect to delinquent loans, it is relevant to consider the extent to which loans have been extended, deferred, or reamortized, as well as the extent to which loans have been extinguished through acquirement of the real estate by the mortgagee. The acquirement of real estate is discussed in later sections under Real Estate Transactions.

Funds for the purpose of granting extensions were first made available in 1932 with the subscription by the Secretary of the Treasury of \$125,000,000 to the capital stock of the Federal land banks. Of this subscription, \$25,000,000 was set aside exclusively to supply the land banks with funds for their operations to replace the amount of which they were deprived through extensions granted. Extensions were granted during 1932 on approximately 93,000 loans in an amount aggregating \$23,420,000.

The Emergency Farm Mortgage Act in 1933 made available an additional \$50,000,000 for the purpose of extending loans and of deferring maturing principal repayments. For 1933 the 12 banks granted about 125,000 extensions in an amount aggregating \$41,151,000 and deferred the principal in an amount aggregating \$2,468,000. The total appropriation for extending and deferring loans has amounted to \$189,000,000 in addition to the \$25,000,000 made available in 1932 out of the stock subscription by the Treasury. Tables 79, 80, and 81 of the Appendix show the amount of extensions and reextensions granted, by years, 1932-40, the amount of deferments granted from July 11, 1933 through July 10, 1938, and the amount of loans reamortized during the years 1934-40. Since 1932, borrowers from Federal land banks have been granted extensions, deferments, or reamortizations through 1940 in an amount aggregating about \$424,000,000.³⁰

The modifications of the amortization principle of repaying loans discussed above were most extensively used in 1935 when they amounted to \$71,728,000. The gradual decrease since then brought them to about \$26,770,000 in 1939. For 1940, however, there was an increase over 1939 in extensions and reextensions from \$19,432,700 to \$24,523,800 and in reamortizations from \$7,337,625 to \$41,943,895. The abrupt increase in these factors is largely accounted for by a change in bank policy with respect to delinquent borrowers. The peak in the amount of deferments granted was reached in 1936, and the peak in the amount of loans reamortized occurred in 1940.

For the purpose of comparing the extent to which extensions, deferments, and reamortizations were used by the various Federal land banks, the aggregate amounts of such extensions, deferments, and reamortizations are expressed in table 33 as a percentage of the loans outstanding at the beginning of each year, 1932-40.

TABLE 33.—*Federal land banks: Amount of extensions, deferments, and reamortizations expressed as percentage of outstanding loans at beginning of year, by Farm Credit districts, 1932-40*

District										Weighted average
	1932	1933	1934	1935	1936	1937	1938	1939	1940	
Springfield	1.7	2.6	4.2	4.1	4.0	3.1	1.9	1.1	2.3	2.7
Baltimore	2.0	2.5	4.8	4.8	3.1	2.2	1.0	.5	.8	2.4
Columbia	2.2	5.0	2.7	1.2	4.8	3.9	3.4	1.9	12.6	4.1
Louisville	1.9	2.0	1.4	9.9	1.7	1.0	6	1	1	2.2
New Orleans	2.2	8.4	11.6	6.5	5.8	4.3	3.3	2.8	6.5	5.8
St. Louis	2.2	3.6	3.3	1.2	1.0	.9	.6	.2	1.1	1.3
St. Paul	3.0	5.8	11.3	2.2	2.3	1.6	3.1	2.5	5.4	3.5
Omaha	2.3	3.9	2.4	3.5	2.9	2.6	1.9	1.3	1.6	2.4
Wichita	2.0	2.5	2.8	1.7	1.7	1.9	.9	.6	1.9	1.6
Houston	1.1	2.7	1.0	1.6	1.6	2.1	2.1	1.3	1.6	1.7
Berkeley	2.0	3.6	5.6	4.9	3.8	3.3	3.4	2.8	14.5	5.1
Spokane	1.6	3.9	5.3	5.4	2.9	2.4	2.0	1.9	4.1	3.3
United States	2.0	3.9	4.4	3.7	2.6	2.1	1.9	1.4	3.5	2.7

Expressed as such a percentage, the total amount of extensions, deferments, and reamortizations was highest in 1934 when 4.4 percent of loans outstanding were so extended, deferred, or reamortized. Comparing the various land banks, it will be observed that the New

³⁰ Data on amount of loans reamortized not available for that part of 1933 during which the banks had authority to reamortize loans.

Orleans bank has made the greatest use of these privileges. For this bank, the weighted average percentage of the loans outstanding that were extended, deferred, or reamortized during 1932-40 was 5.8. Second on this basis of comparison came the Berkeley district with 5.1 percent. The lowest ratio was shown by the St. Louis district with only 1.3 percent.

Real Estate Transactions

An analysis of the real estate transactions of the Federal land banks is helpful in understanding both the loan operations of the banks and the losses sustained by them. The amount of outstanding loans may be liquidated by repayment of the principal, by acquiring the property given as security, or in exceptional cases by charge-off of the principal by the bank. The amount of loans liquidated by principal repayments has been discussed.

Land banks may acquire property either through foreclosure or by the mortgagor voluntarily deeding the property to the mortgagee. Not all foreclosures result in the acquisition of the property, for in a few cases the properties are bid in by third parties at a value in excess of the bank's investment. Then there may be some cases in which the amount bid by the third party is less than the investment, but the

bank may consider the amount bid to be sufficient to represent a reasonable market value of the property. Further, not all farms which have become delinquent and on which foreclosure proceedings have been instituted result either in foreclosures or acquisitions, as some of the banks assist farmers in transferring their property before it reaches the point of having to be acquired. This is particularly true if the farmer still has a substantial equity in the property.

These circumstances mean that the real estate acquisitions by the land banks do not represent the amount of foreclosures instituted; nor do they necessarily reflect the delinquency situation, since extensions, deferments, and reamortizations have entered into consideration since 1932.

From the organization of the banks through June 30, 1939, 99,921 loans either had been liquidated or were in the process of liquidation through acquisition of the property as of that date. These acquisitions are equal to 11 percent of the 882,619 loans made during the period. See also Appendix table 82. The amount of real estate acquisitions, expressed as a percentage of loans outstanding at the beginning of the year in which the real estate was acquired, is shown in table 34 by Farm Credit districts.

TABLE 34.—*Federal land banks: Amount of real estate acquired during year expressed as percentage of loans outstanding at beginning of year, by Farm Credit districts, 1928-40*

Year	Spring-field	Balti-more	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Houston	Berkeley	Spokane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1928	1.4	0.5	2.9	0.3	1.0	0.7	4.1	0.5	0.8	(1)	0.9	2.4	1.3
1929	2.0	.9	2.3	.6	1.2	1.0	2.0	.4	.7	0.1	.7	2.2	1.1
1930	1.9	1.2	5.7	.6	1.8	1.2	3.2	.4	.7	.3	.8	2.4	1.5
1931	1.7	1.2	5.6	1.5	4.4	2.4	6.2	1.4	1.4	.4	2.4	1.8	2.4
1932	2.8	2.0	6.4	3.1	6.8	4.8	5.7	4.0	1.7	1.1	3.5	4.5	3.8
1933	4.4	2.1	4.4	1.5	3.8	2.5	3.8	3.9	1.6	1.0	2.1	3.4	2.8
1934	3.3	1.2	1.6	1.4	4.4	1.8	1.2	1.1	1.1	.8	1.4	2.0	1.6
1935	3.1	2.7	4.5	1.4	6.5	2.8	2.1	2.5	3.3	1.4	.8	3.7	2.6
1936	2.4	5.3	5.1	1.2	5.6	2.6	3.2	2.1	2.6	.9	1.3	6.3	2.7
1937	1.7	3.4	1.8	.8	1.9	1.5	3.1	.9	1.5	1.0	.9	5.2	1.8
1938	2.1	1.3	1.4	.5	1.2	.6	2.6	2.2	1.7	1.0	.7	2.3	1.6
1939	2.9	1.2	.9	.3	1.4	.8	4.5	3.9	3.8	1.1	1.0	1.9	2.4
1940	2.2	1.5	.8	.3	.5	.3	2.1	2.6	1.8	.4	.5	1.2	1.4
Weighted average ²	2.5	2.0	3.3	1.0	3.2	1.6	3.2	2.1	1.9	.8	1.1	3.1	2.1

¹ Less than 0.05.

² Weighted by loans outstanding at beginning of year.

The analysis presented here deals primarily with the real estate investment of the banks for the period 1925-40, as data for years before 1925 are not readily available on a comparable basis (Appendix table 84). The total investment in real estate held by the Federal land banks on December 31, 1940 amounted to \$109,460,000, or 5.7 percent of the outstanding loans as of the beginning of that year. The percentage ratio of investment to outstanding loans on January 1 for each year beginning in 1929 through January 1, 1940 has varied considerably. These variations, as well as the variation by Farm Credit districts, are shown in table 35. In 1928 the real estate investment of all of the Federal land banks combined was 2.3 percent of the outstanding loans. This percentage rose continuously until 1933 when the investment amounted to 8.6 percent of the outstanding loans. The trend of real estate requirements and disposals for the United States is shown in figure 43.

TABLE 35.—*Federal land banks: Real estate held expressed as percentage of loans outstanding at beginning of year, by Farm Credit districts, 1928-40*

Year	Spring-field	Balti-more	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Hous-ton	Berke-ley	Spok-ane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1928	1.1	0.8	3.8	0.7	1.4	1.5	5.1	1.0	2.2	0.1	2.1	8.4	2.3
1929	1.6	.8	5.8	1.0	1.8	1.7	6.2	.7	2.0	.1	1.6	8.2	2.5
1930	1.3	1.0	9.3	1.1	2.8	2.2	8.6	.8	2.0	.3	1.6	8.5	3.1
1931	1.4	.7	11.1	1.7	6.3	3.4	13.4	1.9	3.0	.5	3.8	9.3	4.5
1932	3.0	1.3	12.0	3.2	12.7	6.3	18.5	5.6	3.6	1.3	7.0	12.8	7.1
1933	3.9	1.5	15.4	3.5	16.7	6.5	21.7	8.2	4.5	1.8	8.0	13.4	8.6
1934	4.0	1.2	11.8	3.6	20.3	5.6	16.3	7.0	4.9	1.7	6.8	13.0	7.9
1935	4.3	1.9	7.0	2.3	23.2	5.3	8.4	6.0	5.4	1.7	3.6	11.7	6.2
1936	4.2	3.7	2.6	1.9	21.9	5.0	9.4	6.5	5.7	1.2	3.2	13.9	6.2
1937	3.7	3.7	1.0	1.4	12.5	4.1	11.3	5.9	4.9	1.3	2.5	14.3	5.7
1938	3.5	2.9	.7	1.1	4.8	2.4	13.3	7.0	5.4	1.4	2.3	13.0	5.7
1939	3.3	2.0	.4	.7	2.7	1.4	16.3	9.2	7.6	1.5	1.8	11.0	6.4
1940	2.7	1.7	.3	.6	1.0	.7	14.2	10.2	7.6	1.0	1.3	7.0	5.7
Weighted average ¹	3.0	1.9	5.8	1.7	9.8	3.4	12.3	6.2	5.0	1.1	3.1	11.2	5.6

¹ Weighted by outstanding loans.

A weighted average of the percentages that each bank's investment in real estate is of outstanding loans on January 1 for each year, 1928-40, shows that the St. Paul district has had an annual average investment in real estate equal to 12.3 percent of its outstanding loans. In 1928 the percentage averaged 5.1, and increased until 1933 when it was 21.7. During the next 2 years this bank showed a substantial drop to 8.4 percent, although this was the result

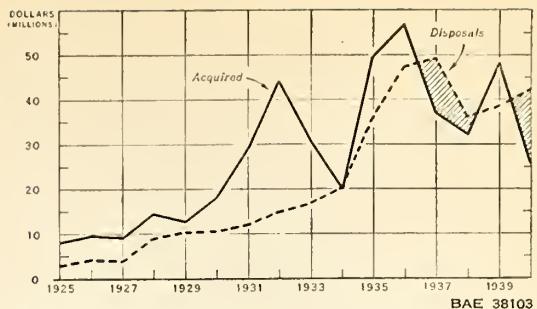


FIGURE 43.—*FEDERAL LAND BANKS: REAL ESTATE, SHERIFFS' CERTIFICATES, ETC., ACQUIRED AND DISPOSED OF IN THE UNITED STATES, 1925-40.*

The annual amounts of farm real estate and sheriffs' certificates acquired by the Federal land banks since 1925 first reached a peak in 1932, just before the refinancing program which began in that year, and again in 1936 after the bulk of the refinancing was over. The amount acquired increased sharply in 1939, but requirements again fell off to about \$26,000,000 in 1940. The amount of real estate disposed of increased steadily up to 1937, dropped off in 1938, again increased in 1939, and continued to increase in 1940. Except for two periods, requirements have been in excess of disposals and the total holdings of the Federal land banks have increased, therefore, rather steadily.

primarily of a large increase in the amount of loans outstanding rather than a decrease in acquired properties. For 1939 this percentage had increased to 16.3 and for 1940 had again decreased somewhat to 14.2.

The second largest weighted-average percentage ratio of real estate investments to outstanding loans is recorded for the Spokane district. This district is peculiar in that there has not been any substantial reduction since

1933, with the exception of 1940 when the percentage dropped to 7.

The third highest weighted-average percentage is shown by the New Orleans district, where the percentage ratio of real estate investment to outstanding loans amounted to 9.8. This district, however, has shown a material decrease in the percentage since 1936, when it was 21.9. For 1940 the percentage for this district was only 1. The amount of property held, expressed as a percentage of outstanding loans, is the smallest in the Houston district, where the average weighted percentage for the period is only 1.1. At no time during the years under consideration was this percentage in excess of 2.

The total investment of the banks in real estate on January 1, 1941, represented a decrease of 13 percent over their investment a year earlier. The decrease was due primarily to the decrease in acquisitions during 1940. In 1939 these acquisitions amounted to \$47,804,000, whereas in 1940 they amounted to \$25,789,000, a decrease of 46 percent. A part of the decrease in investment was due to a small increase in real estate disposals. In 1940 the amount of the banks' investment in real estate disposed of amounted to \$42,083,000 as compared with \$38,496,000 in 1939, an increase of 9.3 percent. While between 1938 and 1939, substantial increases in the amount of property acquired occurred in the St. Paul, Omaha, and Wichita districts, and decreases were shown in the Baltimore, Columbia, Louisville, and Spokane districts, between 1939 and 1940 all districts showed a decrease. As the factors affecting acquisitions and those affecting disposals are not always the same, it is not surprising to find some cases in which increases both in acquisitions and in disposals have occurred during the same period. Both the St. Paul and the Omaha districts show this trend between 1938 and 1939, although in neither case were the disposals of sufficient amounts to compensate for the larger increases in acquisitions. As a result, investments in real estate for both banks increased. Increased disposals and decreased acquisitions between 1939 and 1940, however, brought about a substantial decrease in the real estate investment for the St. Paul bank but the increased disposals and decreased acquisitions in the Omaha bank

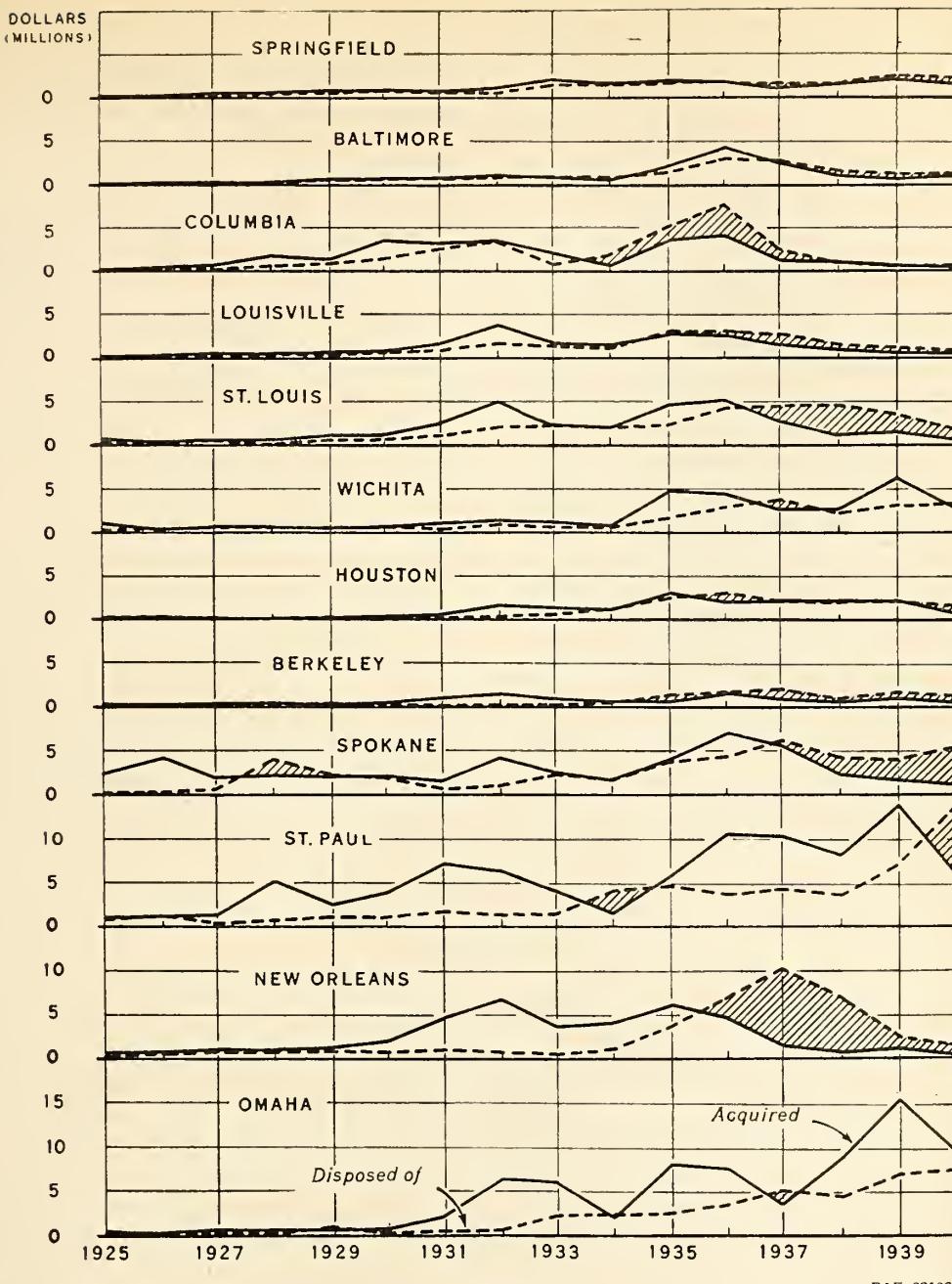
were insufficient to cause a decrease in the real estate investment. These relationships, for the United States and by Farm Credit districts, are shown in figures 43 and 44.

During 1937 and 1938 the amount of real estate disposed of by the land banks was in excess of the amount acquired. The total investment in real estate dropped during 1937 from \$129,317,000 at the beginning of the year to \$118,182,000 at the end of the year, and further decreased during 1938 to \$115,556,000. This decrease was due primarily to decreases in the amount acquired by most of the Farm Credit districts. The amount of real estate acquired during 1938 was \$4,518,000 less than that acquired during 1937 and \$24,345,000 less than that acquired during 1936. On the other hand, disposals increased for the United States as a whole from \$47,408,000 during 1936 to \$49,355,000 in 1937 and then dropped to \$36,101,000 in 1938. The largest decrease in real estate acquisitions during 1937 and 1938 occurred in the Baltimore, Columbia, New Orleans, and St. Louis districts (fig. 44).

Increased acquisitions in 1939 more than offset a small increase in disposals and the investment in real estate increased more than \$10,000,000 over 1938. In 1940, however, there was, as a result of a material reduction of acquisitions and an increase in disposals, a decrease in the real estate held of from \$125,894,000 to \$109,460,000.

Losses on Mortgage Loans and Real Estate Transactions

The amount of real estate disposals is noteworthy not only in explaining and analyzing loan operations and policies of the banks, but also in analyzing their losses. From organization to 1928 the banks had disposed of 4,886 farms with a total investment of \$21,132,720. The net loss on the sale of these farms amounted to \$2,404,482, or 11.4 percent of the investment. This figure, however, is only 0.2 percent of the total loans closed during that time. After 1928 the accumulation of real estate had mounted to such an extent that the banks organized real estate departments to expedite disposals and to manage properties held. Since then particular emphasis has been placed on the selling of acquired farm real estate as soon as possible. During 1929, 2,441 properties were disposed of



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FIGURE 44.—FEDERAL LAND BANK: REAL ESTATE, SHERIFFS' CERTIFICATES, ETC., ACQUIRED AND DISPOSED OF, BY FARM CREDIT ADMINISTRATION DISTRICTS, 1925-40.

The volume of farm real estate acquisitions and disposals in the period 1925-40 have varied widely by Farm Credit districts. Wherever acquisitions in a Farm Credit district exceed disposals the real estate holdings of the bank are increased and where disposals are larger than acquisitions the real estate holdings are decreased. It will be observed that the real estate holdings of the Federal Land Banks of Omaha and St. Paul have increased materially since 1929 with exceptions of brief periods while those for New Orleans, Spokane, and St. Louis increased up to about 1936 and since then have been substantially reduced.

and the number continued to increase each year through 1937. Disposals dropped from 15,280 in 1937 to 10,576 in 1939.

The general increase in the number of farms sold over this period has apparently not been without sacrifice in the percentage recovered. In 1927, 93.1 percent of the investment in real estate was recovered. This percentage declined, due primarily to a decline in land values to a low point of 66.0 in 1932. The real-estate market improved in 1934 and 1935, resulting in an increase to 86.3 and 86.5 respectively, in percentages recovered. It will be noted in table 36 that the percentage for 1935 is given as 77.9 instead of 86.5. This is accounted for by the fact that the percentage recovered from 1935 to 1939 was affected by a change in definition of "investment," the new definition including accrued interest to date of acquisition as well as expenses for operation and maintenance afterward.³¹ In view of the revision of the data resulting from this change in definition, it is probable that the percentage recovery reached another peak in 1935. With the exception of a temporary recovery in 1937, it has since continued to decrease.

³¹ The number of farms, amount invested, and consideration obtained on real estate disposed of, is contained in table 83 of Appendix.

To indicate the net effect of real estate activities on the losses of the Federal land banks, data relating to the losses sustained from organization through June 30, 1939, are shown in the following tabulation.

	Year ending Dec. 31	Total loss on mortgage-loan and real estate transactions (including valuation reserve provision) ¹
Organization—1928		1,000 dollars
1929		7,257
1930		5,004
1931		4,755
1932		6,965
1933		10,744
1934		6,461
1935		4,915
1936		14,408
1937		14,964
1938		15,394
1939 ²		13,271
		10,322
		114,460
Total		
Less: Valuation reserves maintained against farms owned outright or in process of acquirement at June 30, 1939		51,619
Loss on real estate and mortgage loans disposed of		62,841

¹ Includes charge-offs of principal and interest on mortgage loans. Effect is also given to recoveries from national farm loan associations resulting from their endorsement of loans. Beginning in 1935 the net increase in valuation reserves maintained against farms owned outright or in process of acquirement is also included. Before that time carrying values for such properties were established by direct charges to profit and loss rather than through valuation reserves.

² June 30.

Federal Land Banks Report submitted pursuant to S. Res. 150 (76th Cong. 1st sess.).

TABLE 36.—*Federal land banks: Percentage recovery of real estate, sheriffs' certificates, etc., disposed of, by Farm Credit districts, 1925-40¹*

Year	Spring-field	Baltimore	Columbia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Houston	Berkeley	Spokane	United States
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1925	90.4	101.6	107.4	102.7	101.6	92.0	55.9	104.7	108.0	104.0	46.2	111.2	88.3
1926	90.3	86.8	103.7	94.7	103.5	87.3	50.7	102.3	104.7	111.5	94.7	97.7	84.1
1927	88.3	101.4	106.7	78.0	103.9	80.0	91.9	104.8	94.1	107.7	50.0	93.6	93.1
1928	80.5	93.3	93.4	78.5	105.2	145.0	102.2	103.2	94.5	88.1	93.8	78.0	87.3
1929	86.4	86.2	90.8	82.6	97.7	72.9	84.8	111.9	85.6	68.8	82.0	67.5	84.8
1930	78.0	84.6	81.7	77.3	86.1	46.9	86.1	114.1	70.2	87.4	83.4	71.6	78.9
1931	79.5	81.6	82.1	62.9	85.0	57.0	78.3	9.3	63.6	97.2	57.1	43.4	70.2
1932	88.8	68.6	57.6	65.7	115.7	57.6	62.9	80.8	35.4	95.3	85.2	73.2	66.0
1933	89.7	94.0	86.3	75.7	99.8	70.8	82.6	92.7	60.9	100.6	90.8	85.2	84.7
1934 ²	92.7	91.3	84.3	92.2	93.7	72.8	86.6	95.7	77.2	77.1	95.3	81.7	86.3
1935 ²	77.9	82.2	66.6	88.9	83.0	78.2	79.7	85.7	79.2	76.1	81.6	67.9	77.9
1936 ²	74.9	78.2	62.9	88.7	84.2	75.5	70.5	75.2	74.9	79.2	75.0	62.2	74.3
1937 ²	81.5	77.0	67.3	90.7	79.2	79.7	70.3	76.8	77.8	76.9	74.9	70.3	76.6
1938 ²	80.2	72.5	75.6	85.0	73.5	68.3	66.2	69.2	76.8	72.5	68.3	73.3	72.4
1939 ²	83.7	65.8	77.6	82.4	81.2	71.6	60.7	67.7	73.7	73.8	66.2	60.1	69.4
1940 ²	82.7	70.8	83.5	85.9	83.9	85.6	58.3	70.9	76.0	77.7	77.2	49.1	67.2

¹ Before Jan. 1, 1933, the data on disposals reflect net disposals; that is, total disposals minus reacquisitions.

² Includes whole and part farms disposed of.

These figures include valuation reserves maintained against farms owned outright or in the process of acquirement as of June 30, 1939, charge-offs of principal and interest on mortgage

loans, and to some extent recoveries from national farm loan associations as the result of their endorsement of the loans. Losses on real estate and mortgage loans disposed of have

amounted to \$62,841,000. This, plus valuation reserves maintained against farms held or in process of acquirement, amounting to \$51,619,000, totaled \$114,460,000. This is equal to 3.7 percent of the aggregate principal amount of loans made. The figures on losses over the period covered by the tabulation give evidence of the distressed condition of agriculture prevailing since 1929 as well as conditions in certain parts of the United States in more recent years.

Loans Outstanding

Movements of outstanding mortgage loans reflect both the volume of loans closed and the amounts deducted from the loan accounts. Loans closed include new loans, loans reamortized, and loans reinstated; loan-account deductions include principal repayments, mortgage cancelations by foreclosure and voluntary deeds, and loans transferred to the account of loans called for foreclosure. Beginning in 1936 and continuing thereafter, total deductions from the Federal land bank loan accounts have exceeded total loans closed. Data with respect to loans closed and total deductions from loan accounts are presented, by 6-month periods, in figure 45. Table 85 of the Appendix presents data on outstanding loans for the Federal land banks by Farm Credit districts and for the United States, as of January 1, 1918-41.

Some Indicators of the Banks' Operating Situation

The significance of certain of the foregoing factual material as it relates to the present status and character of the difficulties facing the several banks is not fully revealed by a consideration of each major grouping separately. For instance, it is noted that the St. Paul Farm Credit district in 1939 had the largest percentage for any district of national farm loan associations whose stock is fully impaired (class 4); it also had the lowest percentage of principal repayments, and the highest percentage of real estate acquirements in relation to outstanding loans. Moreover, the percentage of loans delinquent was exceeded only by that of the Columbia and New Orleans districts; the percentage losses on real estate sold was exceeded only by the Spokane district; and the percentage of outstanding loans extended, deferred, or reamortized was exceeded only by the New Orleans and Berkeley districts.

It should be noted, however, that such factors as a low percentage of principal repayments, a high impairment of national farm loan association stock, and large real estate acquirements, do not measure the precise extent of the difficulties facing a bank in relation to those facing another bank. In the case of principal repayments, for instance, the amount due as a percentage of the amount outstanding under an amortization scheme normally increases as the average age of the loans increases. On the other hand, the shorter the original term of the loan the larger the annual amounts due on principal payments. The amount of maturities in the St. Paul district as a percentage of outstanding loans is less than for six of the other districts. But maturities do not reflect amounts due on previous delinquencies; when these items are also included, only four other districts have higher ratios of amounts payable to outstanding loans than does the St. Paul district.

When State figures are examined further light is thrown on the meaning of district figures. In North Dakota, one of the States of the St. Paul district, an amount equal to 16.6 percent of the amount of loans outstanding on January 1, 1939, matured during that year and, considering previous delinquency, an amount equal to 27.3 percent of the principal outstanding was payable. With respect to these two items, North Dakota was in a more serious situation than any other State. From a review of the operating factors previously related it would appear that the St. Paul district is beset with the most difficulties.

On the other hand, it is evident that the Louisville Farm Credit district for 1939 had the highest relative amount of principal repayments, the lowest real estate acquirements and the lowest amount payable in relation to loans outstanding at the beginning of 1939. Further, this district had next to the lowest percentage of national farm loan associations whose capital stock was impaired, and next to the lowest delinquency and losses on real estate disposed of. As with the use of these factors in indicating the seriousness of the operating situation, distinct limitations are present also for indicating a favorable situation. In both cases it is essential that underlying conditions be fully considered.

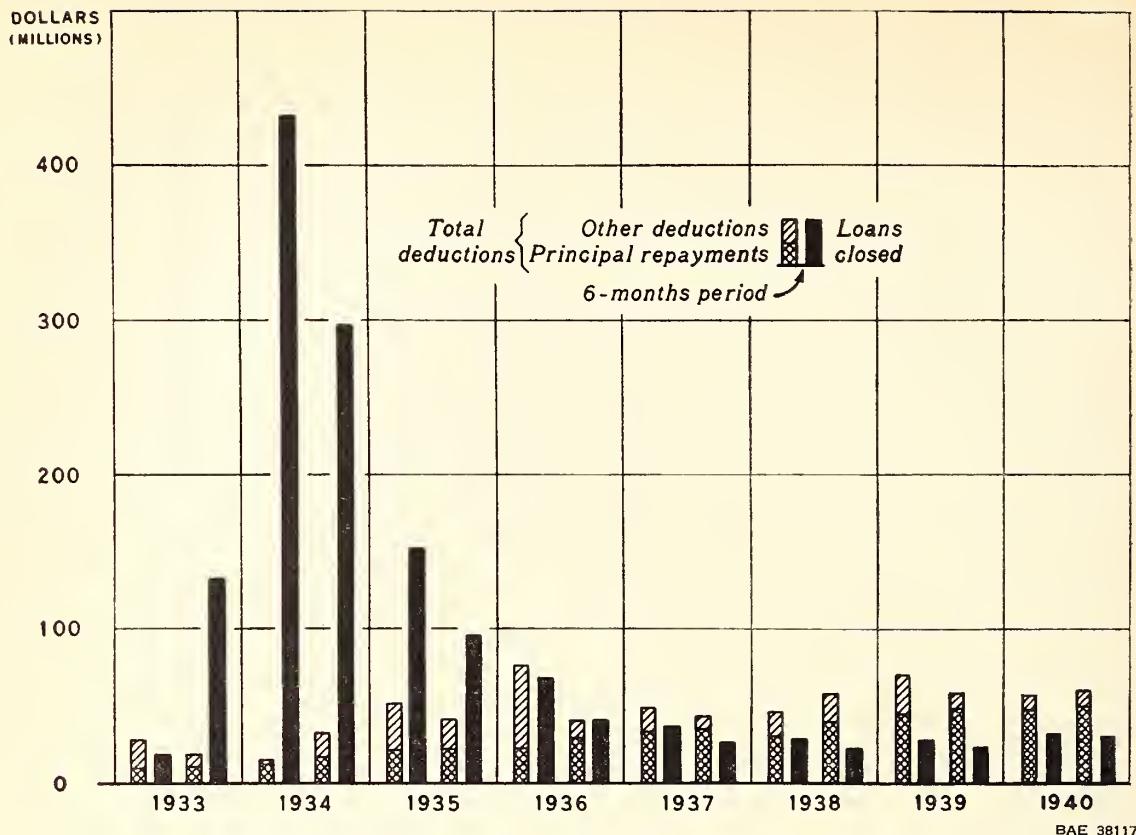


FIGURE 45.—FEDERAL LAND BANKS: VOLUME OF LOANS CLOSED AND TOTAL DEDUCTIONS FROM LOAN ACCOUNTS, JANUARY 1, 1933–DECEMBER 31, 1940.

The volume of loans closed minus the deduction from the loan accounts gives the change which has occurred in the outstanding loans of the Federal land banks. Between the latter half of 1933 and the end of 1936, outstanding loans increased, whereas they have decreased since 1937. The major deduction from the loan account results from principal repayments. These amounts have increased constantly over the period with the exception of a minor drop in 1937. Other deductions include loans which are canceled as a result of foreclosure or the acquirement of the property by the lender. The amount of other deductions was relatively high during the first half of 1935 and 1936.

Serious situations also appear to exist in the Spokane Farm Credit district, where Montana and Idaho contribute a large share of the problems and in the New Orleans district where Mississippi appears to be in the most difficulty. Even within other Farm Credit districts individual States stand out as showing unfavorable symptoms. Maine, South Carolina, and Florida show up consistently as having signs of unfavorable conditions. The Louisville and Houston districts appear to have fewer problems although without doubt a considera-

tion of additional factors or a more refined analysis would disclose certain needs for adjustment in these districts.

From this information it is evident that United States averages do not reveal all of the significant elements in the operating situation of the land banks. Most of these situations, although in many cases significant even when viewed from the standpoint of the whole system, are much more pressing in some areas than in others. Similarly, even a Farm Credit district is not sufficiently homogeneous to indicate the specific areas of greatest and least difficulties.

Land Bank Commissioner Loans

ORGANIZATION AND DEVELOPMENT

The office of the Farm Loan Commissioner became known as the Land Bank Commissioner in June 1933. Under the Emergency Farm Mortgage Act of 1933 the Commissioner was authorized to make loans to farmers and the Federal land banks were authorized to make their services and facilities available to him to aid in administering the provisions of that act. The law establishing the Corporation in 1934 transferred to it the loans which had been previously made by the Commissioner and provided that loans thereafter made by the Commissioner should be made in his name on behalf of the Corporation.

The management of the Federal Farm Mortgage Corporation is vested in a board of directors consisting of the Governor of the Farm Credit Administration, the Secretary of the Treasury, or an officer of the Treasury designated by him, and the Land Bank Commissioner. The executive committee of the Corporation consists of the president, two vice presidents, the treasurer, and the secretary and assistant treasurer, who administer the affairs of the Corporation when the board is not in session.

Officers and employees of the Corporation are employees of the Farm Credit Administration, but the Corporation reimburses the Farm Credit Administration monthly for the salaries and expenses incurred on its behalf. In addition to the Washington staff, the Corporation has one or more vice presidents and in several instances one or more field representatives in each Farm

Credit district, who are also employees of the Farm Credit Administration. The principal duties of these vice presidents and field representatives relate to protection of the rights of the Corporation in connection with foreclosures and the maintenance and sale of acquired properties, in cases in which the Land Bank Commissioner loan is or was secured by a second mortgage subject to a Federal land bank first mortgage. The vice presidents also execute legal documents connected with the business of the Corporation in the Farm Credit district.

SOURCE OF FUNDS FOR ADMINISTRATIVE EXPENSES

The Federal Farm Mortgage Corporation has two main sources of income: Interest charged on Land Bank Commissioner loans, and interest received on consolidated Federal farm loan bonds held by the Corporation. Other sources of income include interest received on notes receivable and Federal intermediate credit bank debentures; interest received on purchase-money mortgages and contracts; loan fees collected ³² in connection with appraisals and determination of title and transfers of mortgages; and amortized premiums on bonds sold.

Interest paid on bonds of the Federal Farm Mortgage Corporation constitutes the largest single item of expense. Operating expenses consist mainly of amounts for which the

³² The borrower from the Land Bank Commissioner is not subject to a closed-loan fee even though the local correspondent or secretary-treasurer of the national farm loan associations is reimbursed by the Corporation for his services in closing such loans. (See p. 115.)

Federal land banks are reimbursed to compensate them for expenses incurred on behalf of the Corporation. Net losses on real estate and chattels, and charge-offs on mortgage loans, purchase-money mortgages, and accounts and notes receivable, are further items of expense. Valuation reserves, which also represent a charge against earnings, are maintained on delinquent installments and extensions for the full amount less any partial payments. Reserves also are maintained on loans called for foreclosure, sheriffs' certificates, and real estate owned, equal in amount to the Corporation's net investment if subject to prior liens, and to the difference between the Corporation's investment and their carrying value or the probable recovery or sale value, whichever is lower, if not subject to prior liens. Reserves on chattels owned are maintained for the full amount of the Corporation's investment.

The operations of the Corporation, after adjustment for the reserves mentioned, showed a net profit each year through December 31, 1937. For the period May 12, 1933, through December 31, 1935, net profits amounted to \$11,852,366. This figure includes the net results of the operations of the Land Bank Commissioner funds during the period May 12, 1933, through January 31, 1934. During 1936 and 1937 net profits were \$11,207,384 and \$9,897,824, respectively. In 1938 the Corporation sustained a net loss of \$5,199,310 and in 1939 a further net loss of \$6,722,634. For 1940 the Corporation again made profit of \$3,154,260. Total net profits of the institution from organization through December 31, 1940, amounted to \$24,189,890.

The net losses during 1938 and 1939 are attributable to capital losses from charge-offs of loans and real estate sales and to the heavy valuation-reserve requirements for distressed loans and real estate. In addition, the gradual reduction in the amount of outstanding mortgage loans has diminished interest income, whereas the gradual increase in delinquent loans and acquired real estate has increased servicing and real estate disposal expenses.

The Board of Directors of the Corporation has decided that the entire net earnings after ad-

justment of reserves shall be appropriated to a "Reserve for losses on mortgage loans, purchase-money mortgages and real estate sales contracts" until the balance in the reserve equals 10 percent of the unpaid balance of second-mortgage loans, purchase-money second mortgages and real estate sales contracts and 2.5 percent of the unpaid balance of first-mortgage loans and purchase-money first mortgages.

Interest Rate Received on Loans and Paid on Corporation Bonds

The average interest rate paid by borrowers on Land Bank Commissioner loans and the average rate payable on Federal Farm Mortgage Corporation bonds outstanding are shown in figure 46. The Corporation has been reimbursed by the Treasury for the difference between the contract rate of 5 percent and the effective rate of 4 percent charged borrowers between July 22, 1937, and July 1, 1940, and will be further reimbursed for the difference between the contract rate and the effective rate of interest of 3½ percent which will be charged between July 1, 1940, and July 1, 1942.

SOURCE OF FUNDS FOR LOAN PURPOSES

Funds are obtained by the Federal Farm Mortgage Corporation for loan purposes primarily by the issuance of Federal Farm Mortgage Corporation bonds. Other sources of funds include proceeds from the authorized capital stock subscribed by the Governor of the Farm Credit Administration on behalf of the United States, and reserves set up for losses on mortgage loans and for title losses. Before 1934 the Land Bank Commissioner obtained funds for making loans from an allocation of \$200,000,000 made available to him by the Reconstruction Finance Corporation under the provisions of the Emergency Farm Mortgage Act. The Reconstruction Finance Corporation was further authorized and directed under that act to make available to the Land Bank Commissioner \$100,000,000 for making loans to the joint stock land banks, \$25,000,000 of which was specifically reserved for the purpose of securing the postponement for a period of 2 years of foreclosure on first mortgages held by the joint stock

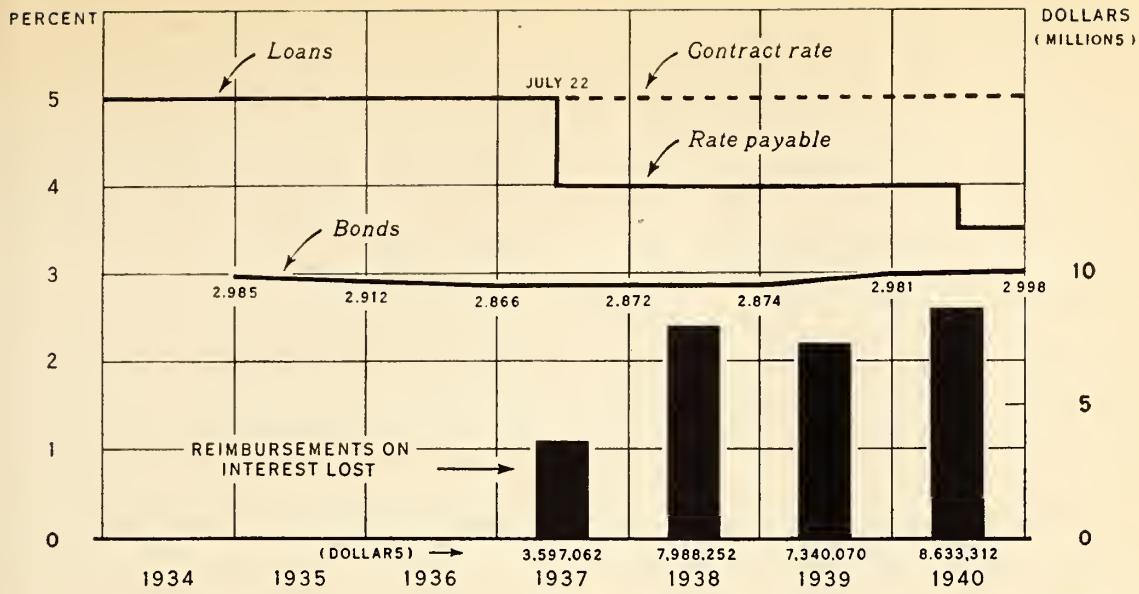


FIGURE 46.—FEDERAL FARM MORTGAGE CORPORATION: AVERAGE INTEREST ON OUTSTANDING LOANS AND OUTSTANDING BONDS, JANUARY 1, 1934-40, AND INTEREST REDUCTION REIMBURSABLE BY THE SECRETARY OF THE TREASURY.

The contract interest rate on Land Bank Commissioner loans made in behalf of the Federal Farm Mortgage Corporation has remained at 5 percent since Commissioner loans were first made available. In July of 1937 the rate payable to borrowers was reduced to 4 percent and was again reduced on July 1, 1940, to 3½ percent. Under present legislation this rate will continue in effect until July of 1942. As is the case with the Federal land banks, the United States Treasury reimburses the Corporation for the difference between the rate payable by borrowers and the contract rate. The amounts so reimbursed are shown by bars at the base of the chart.

land banks. Provisions governing Land Bank Commissioner loans to the joint stock land banks are discussed on page 126. Funds available to the Federal Farm Mortgage Corporation are used to make Land Bank Commissioner loans and to buy consolidated Federal farm-loan bonds issued by the Federal land banks.

Federal Farm-Mortgage Corporation Bonds

The Federal Farm Mortgage Corporation is authorized, subject to the approval of the Secretary of the Treasury, to issue and have outstanding at any one time bonds in an aggregate amount not to exceed \$2,000,000,000, secured by assets of the Corporation, and fully and unconditionally guaranteed as to principal and interest by the United States Government. Further, the bonds were deemed to be instrumentalities of the Government and both the bonds and the income derived therefrom were exempt from all Federal, State, municipal, and

local taxation except Federal surtaxes, estate, inheritance, and gift taxes. Under the Public Debt Act of 1940 the tax-exempt privilege was removed on bonds issued after the effective date.

Approximately 85 percent of the loanable funds of the Federal Farm Mortgage Corporation are derived from the sale of bonds. Bonds have been issued each year since 1934 with the exception of 1938. In 1934 and 1935 they were exchanged primarily for consolidated Federal farm-loan bonds issued by the Federal land banks and used to make Land Bank Commissioner loans. In 1936 the bonds were sold primarily to the investing public. In 1937 and 1939 bonds, primarily short-term obligations, were sold to the Treasury.

The Corporation has reacquired and retired some of its bond issues each year. As of December 31, 1939, \$397,171,100, or 24 percent of the total of \$1,676,559,000 of bonds issued since 1934, had been retired. The amount of

bonds issued, reacquired, and outstanding each year since the creation of the Corporation are shown in table 86 of the Appendix.

The Federal Farm Mortgage Corporation has sold bonds to the investing public and to various governmental agencies including the Federal land banks, the banks for cooperatives, the production credit corporations, the Federal intermediate credit banks, the United States Postal Savings System, and the United States Treasury (Appendix table 87). During 1934, Government agencies bought 61 percent of the bonds sold, and the investing public bought 72 and 100 percent, respectively, during 1935 and 1936. No bonds were issued in 1938. In 1937 and 1939, Government agencies bought all bonds sold and the sales proceeds were used to refinance the previous bond issues maturing in those years.

Since its creation the investing public and governmental agencies have bought bonds of the Corporation in about equal amounts. The total amount of bonds sold by the Corporation amounted to 37 percent of the total bonds issued. The remainder were either exchanged for farm-loan bonds or exchanged for mortgages from borrowers in lieu of disbursing the proceeds to the borrower in cash. Data on bonds issued by the Corporation are shown in table 86 of the Appendix.

Bond Exchanges.—The Corporation is authorized by the Federal Farm Mortgage Corporation Act of 1934 to exchange its bonds at equal face value for consolidated Federal farm loan bonds issued by the Federal land banks. This authority was given to the Corporation chiefly as a consequence of the increased demand on the land banks for refinancing credit which followed the enactment of the Emergency Farm Mortgage Act of 1933. As the bond market would not at that time absorb the necessary amount of bonds at a rate of interest low enough to give effect to the refinancing program, the Federal land banks were enabled to finance the larger volume of loans to farmers by first exchanging land bank bonds for Federal Farm Mortgage Corporation bonds (with a wider market because fully guaranteed by the United States Government), and then either selling the Corporation bonds for cash or disbursing the bonds to borrowers in lieu of cash.

Exchange of bonds in large volume and disbursement of Corporation bonds to borrowers in lieu of cash began in the spring of 1934 and continued until August 2, 1935. The total amount of Federal Farm Mortgage Corporation bonds exchanged by the Corporation for consolidated Federal farm loan bonds in 1934 amounted to \$460,543,800 and in 1935 to \$126,516,000, making a total of \$587,059,800 for the 2 years. The bonds exchanged for consolidated land bank bonds in 1934 and 1935 were equal to about 36.8 percent of the total amount of bonds issued by the Corporation during these 2 years.

In addition, the Federal Farm Mortgage Corporation during 1937 and 1938 provided funds to the Federal land banks by direct purchases of consolidated farm-loan bonds and by making intermediate-term loans to the Federal land banks secured by consolidated farm-loan bonds. Consolidated farm-loan bonds purchased amounted to \$159,060,040 in 1934, \$52,260,000 in 1935, and \$6,700,000 in 1936, making a total of \$218,020,040 for the period. The amount of short-term loans to the Federal land banks during those years was \$44,700,000. The amounts of consolidated farm loan bonds and the amounts of notes payable by the Federal land banks held by the Corporation on December 31 of each year are shown in table 77 of the Appendix.

Beginning in 1934 a sum not to exceed \$600,000,000 of the \$2,000,000,000 bonds authorized by the Federal Farm Mortgage Corporation Act was made available for Land Bank Commissioner loans; this \$600,000,000 limitation was later removed. In 1934 and 1935, the issuance of Corporation bonds helped to meet the demand for Land Bank Commissioner loans which were used to supplement Federal land bank loans in the refinancing of farm mortgages. The amount of Corporation bonds used each year to pay proceeds of Land Bank Commissioner loans (25 percent of the total bonds issued by the Corporation) is listed below:

Year:	Amount
1934	\$284,907,800
1935	129,034,800
1936	25,300
1937	6,400
Total	\$413,974,300

Bond Refinancing.—In addition, the Corporation has issued some of its bonds to refinance Federal Farm Mortgage Corporation bonds of other issues. The total amount of such issues by the Corporation each year since its creation was \$43,193,900 for 1934 and \$11,011,500 for 1935, or a total of \$54,205,400.

Capital Stock

The fund made available to the Land Bank Commissioner by the Emergency Farm Mortgage Act, and the mortgages and credit instruments previously acquired by him thereunder, were transferred to the Federal Farm Mortgage Corporation for the purpose of subscription by the Governor of the Farm Credit Administration to the Corporation's authorized capital stock of \$200,000,000. Capital stock outstanding has been maintained at that figure since the creation of the Corporation.

The Federal Farm Mortgage Corporation Act of 1933 was amended in 1940 to authorize the Corporation to repay to the Secretary of the Treasury, before June 30, 1941, all amounts in excess of \$100,000,000 subscribed to the capital of the Corporation. The proceeds of the repayment of \$100,000,000 made by the Corporation in May 1941 are to be held by the Treasury of the United States as a fund available for future subscription to the capital of the Corporation, by the Governor of the Farm Credit Administration and with the approval of the Secretary of the Treasury, when deemed necessary in the judgment of the directors of the Corporation.

Other Sources

In 1934, when surplus amounted to \$1,251,140, the Board of Directors of the Corporation decided that "the entire net earnings * * * after adjustment of reserves shall be appropriated to a 'Reserve for losses on mortgage loans' until the balance in the reserve account equals 10 percent of the unpaid balance of second-mortgage loans and 2½ percent of the unpaid balance of first-mortgage loans." The amounts

of these two funds at the end of each year were as follows:

End of year—	<i>Reserve for losses on mortgage loans</i>
1934—Surplus, \$1,251,140.	
1935	\$11,852,366
1936	23,059,750
1937	32,957,574
1938	27,758,264
1939	21,035,630
1940	24,189,890

TERMS AND CONDITIONS OF COMMISSIONER LOANS

Terms and conditions under which Land Bank Commissioner loans may be made are now summarized under several headings.

Eligibility of Borrowers

In general, eligibility for a Commissioner loan is ascertained by tests similar to those applied to Federal land bank borrowers. Land Bank Commissioner loans may be made to farmers. The definition of the term "farmer" includes "any person "who is at the time, or shortly to become, bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations or livestock raising." The term "person" includes "an individual or a corporation engaged in the raising of livestock." No Land Bank Commissioner loans can be made to such corporations unless at least 75 percent or more in value and number of the shares of stock of the corporation is owned by individuals personally engaged in raising livestock, and unless owners of at least 75 percent of the value and number of shares of stock of the corporation assume personal liability for the loan.

Use of Loan

The Emergency Farm Mortgage Act originally provided that Land Bank Commissioner loans could be made for only three purposes: (1) To refinance indebtedness, secured or unsecured, of the farmer, (2) to provide working capital for farming operations, or (3) to enable farmers to redeem or repurchase farm property

owned by them prior to a foreclosure, provided such foreclosure occurred after July 1, 1931.

The Farm Credit Act of 1935 amended the provisions relating to the purposes of loans to provide that Commissioner loans might be made for any of the purposes for which Federal land bank loans might be made and in addition for refinancing any indebtedness, secured or unsecured, of the farmer. It was pointed out in the legislative discussion on this amendment that the expansion of the purposes for which Commissioner loans could be made would enable the Comissioner to aid worthy tenants to buy farms. In view of the subscription to the capital and surplus of the Federal land banks, the Farm Credit Administration regulations provide that Commissioner loans will not be made for financing the sale of real estate owned by the Federal land banks or for paying any part of indebtedness to Federal land banks except under special circumstances. These special circumstances include situations where:

(1) A land bank loan has been made but rejected as collateral for bonds.

(2) A borrower who has given first and second purchase-money mortgages to the land banks wishes further funds for an eligible purpose.

(3) A portion of a farm on which there is a Federal land bank loan is sold and the purchaser applies for a loan to enable him to pay the purchase price.

(4) Only a minor part of the loan applied for is to be used to pay the delinquency on the land bank loan; more than a minor part of a Commissioner loan may be applied on land bank loan delinquencies only if such excess is for advances made by the Federal land bank for taxes after the application was received, and then only if the application requested a loan to pay the taxes and an advance of funds became necessary before the loan was closed in order to effect special savings for the applicant.

(5) The applicant already has a land bank loan and the amount desired in addition to the land bank loan does not aggregate more than \$1,000.

Size of Loan

The Emergency Farm Mortgage Act as amended provides, in section 32:

The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percentum of the normal value thereof, as determined upon an appraisal * * * nor shall a loan in excess of \$7,500 be made to any one

farmer. For the purpose of this section of the act, farm property may be valued at an amount representing a prudent investment consistent with community standards and rentals, if (1) the person occupying the property is not entirely dependent upon farm income for his livelihood but receives a part of his income from other dependable sources, and (2) the farm income from the property, together with earnings from other dependable sources ordinarily available in the community to a person operating such property, would be sufficient to support his family, to pay operating expenses and fixed charges, and to discharge the interest and amortization payments on the loan.

There is no substantial difference between the concept of normal value for Commissioner loans and that for Federal land bank loans, but the Commissioner may accept security that is not eligible for land bank loans. Furthermore, Federal land banks are not authorized to consider outside income when establishing what is termed "prudent investment."

Collateral

Land Bank Commissioner loans are secured by first or second mortgages on real or personal farm property, including crops, whereas, Federal land bank loans are secured by first mortgages on land and permanent improvements. A first mortgage is taken in the case of Commissioner loans only when the application does not come within the scope of the regular Federal land bank loans or is not considered suitable for a land bank loan. Such properties include (1) deteriorated lands which are now under new management and have a good prospect of being improved, and (2) lands in improvement districts where it is considered reasonably safe to make a shorter term loan than would be regarded as suitable for the land banks. Land Bank Commissioner loans have been secured mainly by second mortgages which are combined with Federal land bank loan first mortgages, rather than by first mortgages or second mortgages subject to outside first mortgages (Appendix table 88). Appendix table 90 shows for 1939 the number and amount of applications closed as single Federal land bank loans, combined Federal land bank and Commissioner loans, and single Land Bank Commissioner loans. (For further explanation see pp. 116-117.)

Maturity

Most Land Bank Commissioner loans were written to mature after a period of 13 years, although in 1935 a provision was made available to the Commissioner whereby loans could be made for a period up to 40 years when secured wholly by a first or second mortgage on real property. Loans partly secured by a chattel mortgage may not be made for more than 10 years. The usual term of the Land Bank Commissioner loans was 13 years, inasmuch as the act provided that no principal payments might be required for the first 3 years if the borrower was not otherwise in default on his mortgage agreement. This latter provision was changed by amendment of August 19, 1937, to make the initial 3-year-deferment privilege available only where, in the judgment of the Land Bank Commissioner, conditions justify it at the time the loan is made.

Rate of Interest

Land Bank Commissioner loans bear a contract 5-percent rate of interest, but by act of Congress the rate charged borrowers was reduced, to not to exceed 4 percent, for all interest payments due from July 22, 1937, until July 1, 1940. The rate at which the mortgage was written remained at 5 percent. By an amendment, approved June 29, 1940, the rate of interest payable was further reduced to 3½ percent for all interest payable on installment dates occurring on or after July 1, 1940, and before July 1, 1942. Payments to the Corporation by the Treasury for the difference between the contract rate and the reduced interest rates were as follows:

Year:	Amount
1937.....	\$3,597,062
1938.....	7,988,252
1939.....	7,340,070
1940.....	8,633,312
Total.....	\$27,558,696

Loan Fees and Charges

The Emergency Farm Mortgage Act of 1933 provides that, insofar as practicable, fees and special charges for loans from the Land Bank Commissioner shall be governed by the same provisions that govern Federal land bank loans.

When an application is submitted to a national farm loan association or a local correspondent it is not determined whether the loan will be a land bank loan, a Commissioner loan, or a combined loan. The association fee or local correspondent's fee is therefore governed by those provisions related under the subject of Loan Fees and Charges for the Federal land banks (pp. 86-88). If a Commissioner loan is closed, the national farm loan association or authorized local correspondent may be allowed a fee of 0.5 percent of the amount of the loan. This fee, however, is not collected from the borrower but from the Federal land bank as agent for the Corporation. The fees charged for appraisal and title determination under the general rules and regulations of the Farm Credit Administration vary somewhat by Farm Credit districts. In the case of the Omaha bank, which was selected as an example of individual bank fees for the Federal land bank loans, the fees for appraisal and title examination on Commissioner loans is the same as for Federal land bank loans. (See footnote p. 88.)

Methods of Repayment

The principal of a Commissioner loan is payable on the basis of an amortization plan in accordance with which fixed installments mature periodically, although, as a matter of policy, borrowers may make payments in advance in any amount and at any time without being subject to prepayment charges. Under the provisions of the original act, payments of only the interest installments could be required during the first 3 years if the borrower was not otherwise in default. Under the authority of the Farm Credit Act of 1937 a provision for postponing the principal payment was to be inserted in the mortgage only if in the judgment of the Land Bank Commissioner conditions justified it. Furthermore, extensions may be made in cases where failure to pay was not the fault of the borrower. The Corporation is also empowered to extend in whole or in part any unpaid obligation, when in the judgment of the board of directors conditions justify it, and to accept payments of such obligations, together with interest at not to exceed 5 percent per

annum, in such amounts as may be agreed upon.

A majority of the Commissioner loans were made payable on a 10-year amortization plan which, with the 3-year initial principal deferral period, made them 13-year loans. Many of these loans are now being reamortized for a longer term. Almost 90,000 Commissioner loans made in previous years were reamortized during the 12 months ending December 31, 1940.

Where an extension for a long period is not necessary to meet a delinquency, the Commissioner may simply give the borrower a brief additional time so that he can pay when funds become available. A large number of loans are thus restored to a current status through simple or informal forbearance for a limited period. In other cases, the principal portion of one or more installments may be deferred to the end of the loan but with the interest portion required on regular schedule dates.

In addition to extensions, reamortizations, and deferments, special provisions are made where these remedies do not appear sufficient. In cases where there is delinquency in both the land bank and the Commissioner loan, the installments on the latter may be held in abeyance for a period to make it possible for the borrower to place the land bank loan in good standing.

Provisions are also available for varying the installments on Commissioner loans, similar to those applicable to land bank loans. Where extensions or reamortizations are not considered adequate to meet the needs of the borrower, certain formal forbearance agreements may be made with the borrower. These agreements provide for two methods of repayment—variable payments and suspended payments. Generally these agreements extend for a period not exceeding 5 years and are subject to renewal. The borrower agrees to pay taxes, insurance, and other fixed charges. The terms of payment may vary to a substantial degree, but generally under the variable-payment plan a share of the crop or income is applied on the debt and any installments, or portions thereof, remaining unpaid are carried to an extension account. In the suspended-payment plan a schedule of periodic fixed-cash payments is agreed upon

and when the farm income exceeds an agreed-upon base the borrower pays an agreed percentage of the excess income toward retirement of any accumulated amount in the extension account. Where the facts of particular cases warrant it, features of the two plans are combined. These plans apply to Federal land bank and Land Bank Commissioner loans, whether made singly or together.

DESCRIPTION OF LOAN OPERATIONS

Volume of Loans Closed

The large volume of Commissioner loans closed during the few years immediately following their authorization and the establishment of the Federal Farm Mortgage Corporation, reflected the agricultural situation which prevailed during that period and the resulting demand for refinancing credit. Of the 557,841 loans closed between May 12, 1933, and December 31, 1940, 79 percent were closed between May 12, 1933, and December 31, 1935, and 55 percent were closed during the calendar year 1934 alone. The number of loans closed steadily decreased from 38,929 in 1936 to 16,423 in 1939 although an increased number (21,766) were closed in 1940.

Of total Commissioner loans closed from organization through 1940, 33 percent have been in the West North Central States, 21 percent in the East North Central States, and 11 percent in the West South Central States. Smallest amounts of loans were closed in the New England and Middle Atlantic States, where 2 and 3 percent respectively of total loans were closed. Less than 0.5 percent of the loans since 1933 have been closed in Puerto Rico. The percentage of loans closed by geographic divisions 1933-40 is shown in table 37. Table 89 of the Appendix shows the amount of Commissioner loans closed by States and geographic divisions.³³

Land Bank Commissioner loans have been largely second-mortgage loans. During the period from May 1, 1933, through December 31, 1940, 326,000 or 59 percent of the total number of Land Bank Commissioner loans closed were second-mortgage loans. Such loans amounted

³³ See pp. 92-93 for similar data for the Federal land banks.

TABLE 37.—*Land Bank Commissioner: Percentage of total number of loans closed, by divisions, 1933-40*¹

Geographic division	1933	1934	1935	1936	1937	1938	1939	1940	Total 1933-40
	Percent								
New England	2.6	1.3	1.7	2.7	3.5	3.6	3.3	2.2	1.8
Middle Atlantic	3.8	3.0	2.7	3.8	5.7	5.6	5.8	5.4	3.4
East North Central	12.7	20.5	26.4	21.0	18.5	17.3	16.9	15.4	20.7
West North Central	25.1	32.8	40.2	38.3	28.5	22.4	20.0	18.3	32.8
South Atlantic	17.7	9.2	4.2	5.2	6.8	8.1	9.8	11.1	8.5
East South Central	6.7	7.3	4.0	4.2	5.4	8.1	8.8	9.1	6.4
West South Central	15.7	10.7	7.9	10.9	13.0	13.7	14.6	17.2	11.0
Mountain	4.0	6.0	6.6	6.2	6.9	7.8	8.7	7.9	6.3
Pacific	11.7	9.2	6.3	7.7	11.7	13.4	12.1	13.4	9.1
United States	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Continental United States. Farm Credit Administration.

to \$651,953,714, or 63 percent of the total amount of loans closed. Most of the second-mortgage loans have been made jointly with Federal land bank first-mortgage loans. From May 1, 1933, through December 31, 1939, 263,000 or 84 percent of the total number of second-mortgage loans, were made jointly with Federal land bank loans. These loans amount to \$549,877,588, or 88 percent of the total amount of second-mortgage loans so closed. Less than 1 percent of the number of Commissioner second-mortgage loans closed have been junior to first mortgages held by private individuals or agencies; the remainder or about 15 percent have been closed on properties on which Federal land bank first-mortgage loans were then outstanding (Appendix table 90.)

In connection with joint application for Land Bank Comissioner second mortgages supplementary to Federal land bank first mortgages, the policy of a single appraisal, a single credit investigation, and a single title investigation for both loans makes for economy and convenience. The procedure in making appraisals, investigations, and examinations is described in connection with Federal land bank loans.

Use of Loan Proceeds

Proceeds from Land Bank Commissioner loans

TABLE 38.—*Land Bank Commissioner: Estimated amount of loan proceeds used for various purposes, 1936-40*¹

Year	For refinancing first and junior mortgages held by—				For refinancing other indebtedness owed to—			Total for refinanc- ing	Purchase of land and re- demption from fore- closure	General agricul- tural uses in- cluding buildings and improve- ments	Loan fees	Total
	Life in- su- rance com- pa- nies	Commer- cial banks	Joint stock land banks	Others ²	Commer- cial banks	Tax authori- ties	Others					
1936	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1936	12.7	10.8	4.1	37.5	4.0	2.2	8.4	79.7	14.6	5.1	0.6	100.0
1937	9.3	10.1	2.9	34.8	4.6	1.7	7.7	71.1	22.8	5.5	.6	100.0
1938	7.2	11.2	1.9	35.0	5.2	1.3	8.8	70.6	22.5	6.3	.6	100.0
1939	6.9	9.4	2.3	35.1	5.4	1.2	9.2	69.5	23.3	6.6	.6	100.0
1940	7.2	10.4	1.8	36.5	5.5	1.2	7.1	69.7	22.7	7.0	.6	100.0

¹ Excludes Puerto Rico. Includes Federal land banks and Land Bank Commissioner. Farm Credit Administration.

have been used mainly for refinancing secured and unsecured indebtedness (table 38). In 1936, the earliest year for which data are available, practically 80 percent of the loan proceeds were used to refinance indebtedness, approximately 82 percent of which was mortgage indebtedness; in 1937 the percentage used for refinancing indebtedness, both secured and unsecured, declined to about 70 percent and remained near this point during the next 2 years. The percentage of proceeds used for general agricultural uses, including buildings and improvements, and that used for loan fees showed only a slight increase between 1936 and 1940. Most of the increased use of loan proceeds for purposes other than refinancing was for the purchase of land and redemption of farms from foreclosure.

Of the total loan proceeds in 1936, nearly 13 percent were used to refinance indebtedness held by life insurance companies, 11 percent held by commercial banks, 4 percent held by the joint stock land banks, and the remainder, 52 percent, held by others including tax authorities. By 1940 the percentage for life insurance companies had dropped to about 7 percent, commercial banks had increased somewhat, joint stock land banks had decreased, and others had increased substantially (table 38).

Principal Repayments

By the end of 1940 the authorized deferment period of 3 years on principal repayments had expired on the bulk of Commissioner loans. Annual principal repayments maturing during prior years were, therefore, affected by the deferment privilege, particularly those before 1937, as over 60 percent of the total loans closed up to 1940 were closed during 1933 and 1934. As Commissioner loans were not made until 1933, principal repayments on all loans, if in good standing, were not required until 1936. Despite the deferment privilege, however, more than \$16,000,000 of principal repayments had been made even before 1936.

By December 31, 1940, principal had matured in the amount of \$191,709,632, or 18.6 percent

of the original face amount of the Commissioner loans. Of the amount maturing, 69.6 percent, or \$133,546,947, had been paid, 11.2 had been extended or deferred, 9.4 had been reamortized, 3.4 had been canceled by the acquirement of the real estate, 0.1 had been charged off, and 6.3 percent remained delinquent.

Table 91 of the Appendix shows the amount of principal repayments on loans made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation from organization through December 31, 1940.

Maturities and Disposition of Maturities

“Maturities” as the term is used here includes not only the amount of interest and principal maturing on original mortgage loans but also maturities on extensions, reamortizations, pur-

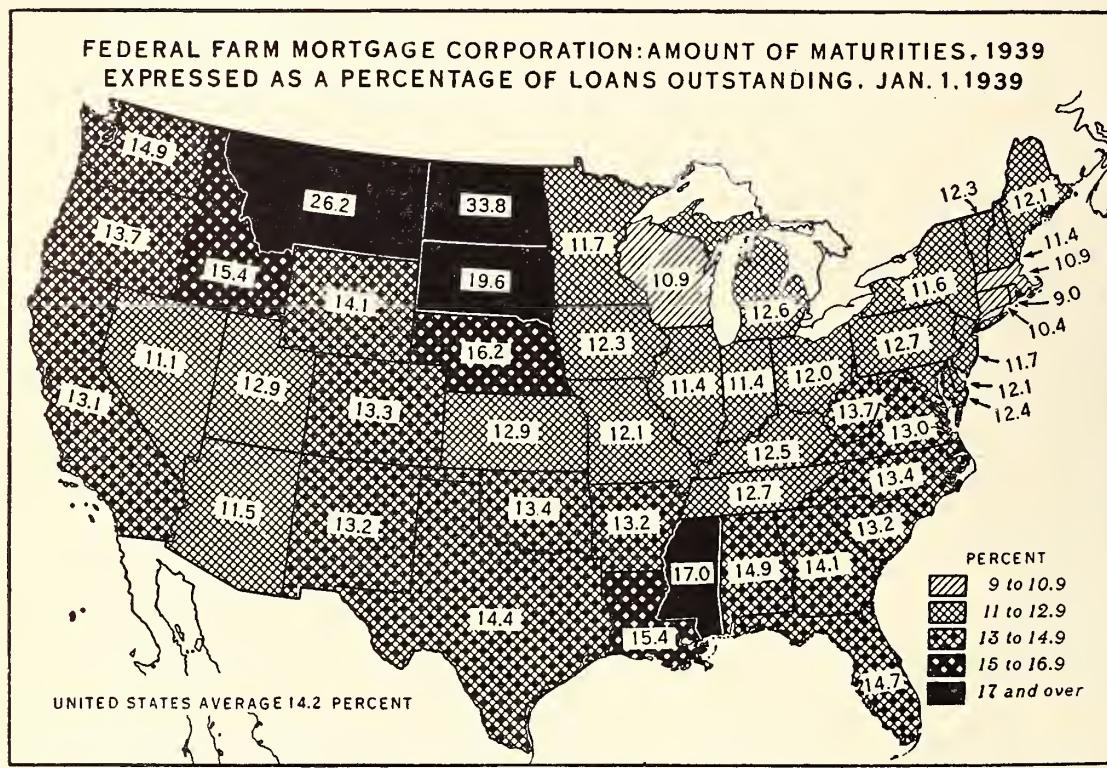


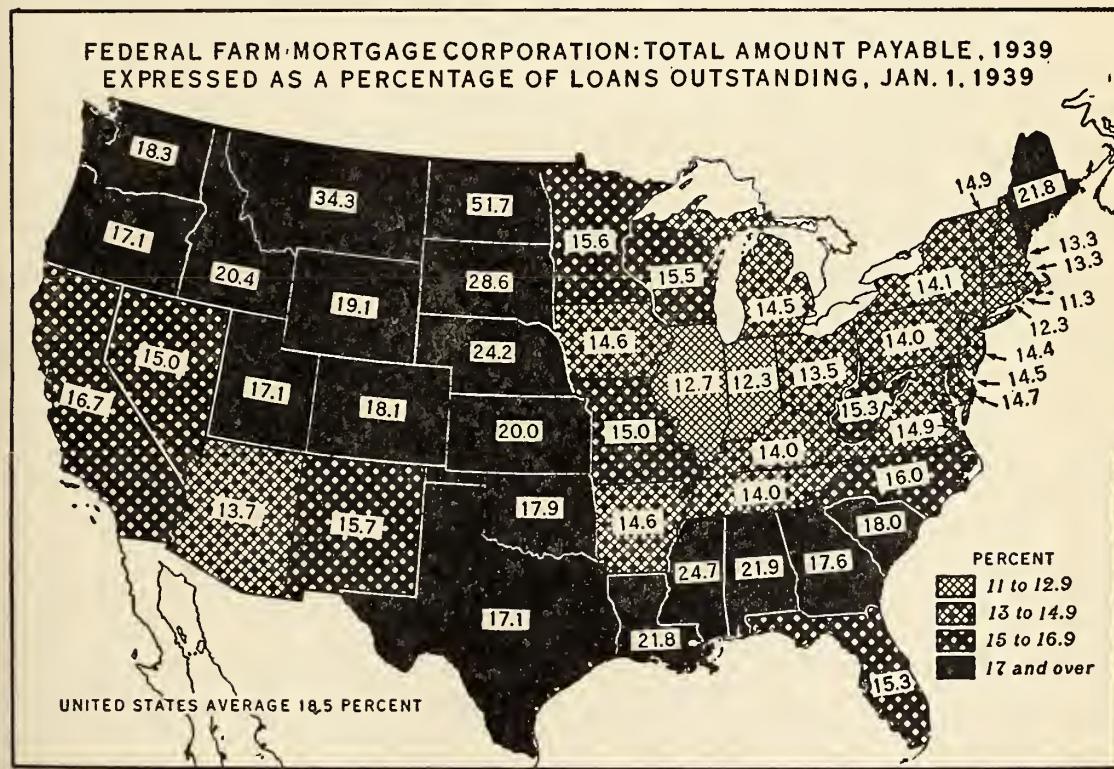
FIGURE 47.—The amount of matured items due from borrowers of the Federal Farm Mortgage Corporation through the Land Bank Commissioner during 1939 was 14.2 percent of the principal amount of loans outstanding at the beginning of the year. This relationship ranged by States from 33.8 percent in North Dakota to under 11 percent in Wisconsin, Massachusetts, Rhode Island, and Connecticut. The variations noted by States may be accounted for largely by the relative amount of extensions, deferments, and advances made in the different States and by variations in the average remaining term of years on outstanding loans. The amount of maturities, however, does not include delinquent items due at the beginning of the year.

chase-money mortgages and contracts, taxes and insurance advanced by the banks, and other miscellaneous items due from the borrower. It excludes amounts carried over as delinquent from the previous year.

The amount of maturities on Land Bank Commissioner loans during 1939 was 14.2 percent of the amount of Commissioner loans outstanding at the beginning of the year. For 1940 the percentage declined to 12.8. The percentage varied by States (fig. 47) for 1939 from 9 percent in Rhode Island to 33.8 in North Dakota; seven States show maturities of more than 15 percent, five of these States being in the northern Great Plains and Mountain areas and two in the southern Cotton Belt.

As maturities used in this discussion exclude the installments and advances delinquent at the beginning of the year, the total amount payable,

which includes prior delinquencies, reflects better the status of the loans in the various States and areas. The total amount payable during 1939 aggregated \$139,513,196, and during 1940, \$124,623,317. Of the former amount, \$106,726,980 represents maturities and \$32,786,216 represents delinquent installments and advances as of January 1, 1939. Of the latter amount, \$88,240,305 represents maturities and \$36,383,012 represents delinquent installments and advances at the beginning of 1940. The amount payable during 1939 is equal to 18.5 percent of the loans outstanding at the beginning of the year, and for 1940, 18.0 percent. The total amount payable during 1939 in North Dakota was equal to 51.7 percent of the outstanding principal of loans on January 1, 1939 and only 11.3 percent in Rhode Island (fig. 48).



Of the total amount payable in 1940, 51.2 percent was collected, 9.5 was extended or deferred, 15.4 was reamortized, 5.6 was charged off or transferred to foreclosure or suspended,

and 18.3 percent remained delinquent on December 31. The disposition of the total amount payable by borrowers by Farm Credit districts is recorded in table 39.

TABLE 39.—*Federal Farm Mortgage Corporation: Disposition of the total amount due from borrowers, by Farm Credit districts, during 1940*

District	Total amount payable	Disposition				Delinquent Dec. 31
		Paid	Extended or deferred	Rearmor-tized	Charged off or transferred to fore-closure	
Springfield	Dollars 4,816,289	Percent 57.5	Percent 9.3	Percent 5.3	Percent 3.7	Percent 24.2
Baltimore	3,190,184	78.6	.9	5.3	2.4	12.8
Columbia	8,094,292	54.3	3.8	18.5	1.1	22.3
Louisville	8,978,074	81.0	7.0	1.6	1.8	8.6
New Orleans	4,478,828	44.1	12.6	17.3	.5	25.5
St. Louis	8,060,872	82.2	4.0	6.4	.9	6.5
St. Paul	30,037,452	34.6	17.1	17.4	12.5	18.4
Omaha	20,877,339	44.2	14.1	11.1	6.7	23.9
Wichita	12,908,495	40.2	5.8	24.1	6.9	23.0
Houston	7,444,624	69.5	1.7	15.1	1.4	12.3
Berkeley	8,800,955	54.9	1.8	22.6	2.2	18.5
Spokane	6,935,913	49.5	6.5	28.6	1.5	13.9
United States	124,623,317	51.2	9.5	15.4	5.6	18.3

Delinquencies

Some of the Commissioner loans outstanding are classified as delinquent—that is, loans with matured installments unpaid.³⁴ As of December 31, 1939, 30 percent of the number of loans outstanding were classified as delinquent, the percentage having increased steadily from 1 percent at the end of 1933. For 1940, however, the delinquency percentage dropped to 25.1. This drop reflects not only an improvement in agricultural conditions but also a modification of collection policy. Delinquencies³⁵ in 1940 were highest in the West North Central States, where 33.6 percent of the loans outstanding were delinquent. Delinquencies as a percentage of outstanding loans for certain of the high-delinquency States were: North Dakota, 65.5; Nebraska, 49.8; South Dakota, 43.4; and Kansas, 39.1 percent. Delinquencies by geographic divisions for the period 1933-40 are contained in table 40.

³⁴ Includes amounts extended, whether there is delinquency in such extensions or not.

³⁵ Delinquencies by State and geographic division for January 1, 1940, are contained in Appendix table 92.

TABLE 40.—*Land Bank Commissioner: Number of loans delinquent as percentage of number outstanding, by geographic divisions, Dec. 31, 1933-40*

Geographic division	1933	1934	1935	1936	1937	1938	1939	1940
	Pct.							
New England	0.5	10.8	19.6	14.1	19.7	30.9	31.3	30.5
Middle Atlantic	.3	2.9	10.3	7.5	9.5	18.0	21.0	20.7
East North Central	.9	7.7	10.7	10.9	14.5	20.5	20.6	17.7
West North Central	.1	20.6	30.6	35.0	39.3	45.6	42.5	33.6
South Atlantic	1.9	1.7	14.1	11.4	11.6	22.5	27.9	26.0
East South Central	3.9	1.8	10.9	7.1	18.6	23.2	31.4	28.3
West South Central	.0	4.9	12.6	14.5	18.4	20.1	20.2	18.3
Mountain	.4	13.0	18.4	22.6	31.1	36.7	32.3	27.6
Pacific	.4	6.2	9.4	8.1	13.7	23.9	25.4	19.0
United States	1.0	9.6	17.7	18.6	23.1	29.8	29.8	25.1

Extensions, Deferments, and Reamortization

Extensions and reextensions have increased each year since they were authorized in 1937, except for 1940 when a slight decrease occurred. They reached a peak of \$13,768,800 during 1939 and then dropped to \$9,647,407 in 1940. Extensions from the date authorized through 1940 have amounted to \$37,308,007. Deferments granted on all items due up to December 31, 1940, have amounted to \$8,847,936, considerably over half of which was granted in 1939.

and 1940 (\$6,081,836). The total amount of loans reamortized was \$249,176,237, \$154,720,891 of which was granted in 1940. In 1940 the amounts involved in these methods of modifying the amortization payments were equal to 24.2 percent of the loans outstanding at the beginning of the year as contrasted to only 13.7 in 1939, 2.8 in 1938, and 0.3 percent in 1937. The amount of extensions, deferrals, and reamortization of Commissioner loans for the country as a whole and by Farm Credit districts by years is shown in table 93 of the Appendix.

The Berkeley and Spokane districts show the largest percentage of outstanding loans extended, deferred, or reamortized, with 41.7 percent and 34.4 percent, respectively, for these two districts. The Wichita, Columbia, and New Orleans districts also show substantial use of these methods for handling distress loans (table 41).

TABLE 41.—*Federal Farm Mortgage Corporation: Amount of extensions, deferrals, and reamortizations during year expressed as a percentage of loans outstanding on Jan. 1, 1937-40*

District	1937 ¹	1938	1939	1940
	Percent	Percent	Percent	Percent
Springfield	0.0	0.1	22.7	17.8
Baltimore	(2)	1.3	5.4	11.1
Columbia	.1	1.5	13.8	29.7
Louisville	(2)	.1	3.1	12.7
New Orleans	.1	1.0	5.2	28.4
St. Louis	(2)	.2	4.3	20.6
St. Paul	.7	6.0	11.5	25.2
Omaha	.5	4.4	29.9	16.1
Wichita	.1	2.4	14.8	31.8
Houston	.2	3.7	7.9	25.8
Berkeley	0	2.3	7.3	41.7
Spokane	0	.9	24.6	34.4
United States	.3	2.8	13.7	24.2

¹ Oct. 1-Dec. 31; loans outstanding Sept. 30.

² Less than 0.05.

Real Estate Transactions

The policy of the Corporation with respect to foreclosure of loans has been stated as follows:

The Corporation has followed the policy of not foreclosing wherever the borrower is doing his honest best; is applying the proceeds of production, over and above necessary living expenses, to the payment of primary obligations; is taking proper care of the property; and has the capacity to work his way out of a reasonable burden of debt under normal conditions.

The Federal Farm Mortgage Corporation acquired properties from 1933 through 1940 in

which it had an investment of \$108,000,000. The major part was acquired during and after 1936. Nearly three-fourths of the total acquired real estate (measured by investment) was located in three Farm Credit districts: St. Paul (27.3 percent), Omaha (31.5 percent), and Wichita (13.0 percent). The percentage real estate requirements are of outstanding loans is shown in table 42. The amount of real estate acquired, by Farm Credit districts, is recorded in table 94 of the Appendix.

The Corporation has disposed of acquired properties as soon as possible. About 19,000 properties, approximately 76 percent of the total number acquired, had been disposed of by December 31, 1940, for considerations amounting to \$56,872,000, thus recovering an average of 71.8 percent of their investment. The percentage of investment recovered decreased from an average of 85 percent in 1936 to 70 percent in 1940.

TABLE 42.—*Land Bank Commissioner: Percentage which the amount of real estate requirements during year are of outstanding loans on January 1, 1934-40, by Farm Credit districts.*

District	1934	1935	1936	1937	1938	1939	1940
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Springfield	0.00	0.81	1.89	1.70	2.54	3.52	3.33
Baltimore	.03	.09	1.37	2.06	2.86	4.32	2.09
Columbia	.0	.28	1.72	1.77	2.06	2.39	1.23
Louisville	.0	.10	.24	.62	.96	.92	1.10
New Orleans	.0	.25	1.65	1.38	2.05	2.33	.45
St. Louis	.0	.01	.63	1.13	1.34	1.67	1.21
St. Paul	.0	.04	1.72	2.60	4.75	6.08	3.70
Omaha	.0	.23	2.16	3.28	6.01	10.49	6.30
Wichita	.20	.02	1.80	3.14	4.60	6.10	3.62
Houston	.0	.17	.82	.99	1.80	1.68	.57
Berkeley	.0	.04	.59	.87	1.08	1.48	1.00
Spokane	.0	.01	.54	1.67	2.20	2.27	1.45
United States	.01	.13	1.34	2.01	3.27	4.53	2.77

The largest amount of real estate acquired in the period 1936-40 was in the areas served by the St. Paul and the Omaha districts, and real estate disposals were largest there. However, the percentages of investment recovered on land acquired and disposed of in these districts were among the lowest of the districts: 63 percent in the St. Paul and 72 in the Omaha district. The recovery on investment in the Wichita district was 69 percent. The percentage of investment recovered was highest in the Louisville, Houston, Baltimore, and New Orleans districts. The per-

centage recovered on real estate disposed of for these and other land bank districts is contained in table 43. The number, investment, and consideration are shown in table 95 of the Appendix.

TABLE 43.—*Land Bank Commissioner: Percentage recovery on real estate disposed of, by Farm Credit districts, 1936-40¹*

District	1936	1937	1938	1939	1940	1936-40
	Percent	Percent	Percent	Percent	Percent	Percent
Springfield	84.2	83.1	72.2	74.7	74.2	76.0
Baltimore	90.7	89.5	80.7	80.1	79.0	81.5
Columbia	76.9	76.1	79.4	80.6	79.7	78.7
Louisville	90.9	93.8	92.7	88.3	87.1	89.7
New Orleans	89.1	88.8	76.1	82.1	83.6	81.9
St. Louis	93.0	83.2	74.0	70.3	80.0	74.5
St. Paul	70.0	72.7	66.1	61.1	62.2	63.2
Omaha	82.8	79.4	72.7	70.6	71.2	71.6
Wichita	87.5	84.9	67.9	65.7	70.6	69.0
Houston	101.7	97.1	88.2	86.2	81.0	86.6
Berkeley	87.8	83.7	84.8	75.2	78.7	79.5
Spokane	61.5	87.7	86.0	82.1	75.2	79.5
United States	85.0	80.2	73.5	69.8	70.4	71.8

¹ Includes prior liens.

Farm Credit Administration.

Real estate holdings on December 31, 1940, included 7,503 properties carrying an investment of \$32,780,402. Eighty-three percent of the holdings are in the midwestern districts, with 34 percent in the Omaha district, 26 percent in the St. Paul district, and 23 percent in the Wichita district (Appendix table 96). During the calendar year 1940 holdings were reduced in all of the land bank districts except Louisville, which increased slightly. Trends in real estate holdings in each of the land bank districts from 1936-40 may be observed in Appendix table 96. Real estate holdings as a percentage of outstanding loans at the beginning of the year indicate that even in proportion to the loans the Wichita, Omaha, and St. Paul banks held larger amounts than other banks (table 44). Furthermore, the proportion of real estate held to outstanding loans in most areas—particularly in the Wichita, Omaha, and St. Paul districts—increased each year until 1940 when a drop occurred in all but the Wichita district.

Loans Outstanding

Commissioner loans outstanding are decreased mainly by (1) payments on principal, including loans paid in full, and (2) foreclosure and the acceptance of voluntary deed. Although princi-

TABLE 44.—*Land Bank Commissioner: Investment in real estate and sheriffs' certificates held on December 31, as a percentage of loans outstanding on Jan. 1, by Farm Credit districts, 1936-40*

District	1936	1937	1938	1939	1940
	Percent	Percent	Percent	Percent	Percent
Springfield	1.3	1.5	2.1	2.1	1.7
Baltimore	.8	2.0	2.7	4.0	2.9
Columbia	1.2	1.0	1.2	1.1	.8
Louisville	.1	.4	.8	.8	.9
New Orleans	1.9	2.1	2.2	2.3	1.4
St. Louis	.6	1.5	1.7	1.1	1.0
St. Paul	1.8	3.5	6.7	8.3	6.4
Omaha	2.3	4.9	7.5	10.4	10.2
Wichita	1.9	4.8	7.4	10.8	11.5
Houston	.7	1.2	2.3	2.5	1.3
Berkeley	.5	.8	1.1	1.1	1.0
Spokane	.6	1.9	3.8	4.9	4.2
United States	1.3	2.6	4.3	5.4	4.7

pal payments on these loans were not required during the first 3 years, many such regular installment and special principal payments were made. Commissioner loans closed, repaid, and outstanding at the end of each year since 1933 are shown in table 45.

Of the \$1,031,101,070 of loans closed up to December 31, 1940, \$648,295,890, or almost 63 percent, were outstanding on that date. Loans outstanding December 31, 1940, as a percentage of total loans closed, 1933-40, are as follows for the several geographic divisions:

Geographic division:	Percent
New England	68.7
Middle Atlantic	68.3
East North Central	61.3
West North Central	61.8
South Atlantic	66.8
East South Central	59.2
West South Central	61.9
Mountain	67.2
Pacific	63.9
United States	62.8
Puerto Rico	81.8
United States including Puerto Rico	62.9

The largest amounts outstanding were in the West North Central and East North Central States. Loans outstanding are distributed among the different geographic divisions of the country as shown in table 46. For the amount of loans outstanding by States and geographic divisions, see table 97 of the Appendix.

TABLE 45.—*Land Bank Commissioner: Total loans closed, principal repayments, other decreases, and loans outstanding, 1933-40*

Year	Loans closed	Decreases in loans			Loans outstanding at end of year
		Principal repayments	Other deductions (net) ¹	Total	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1933.....	70,812	51	23	74	70,738
1934.....	553,136	4,210	2,839	7,049	616,825
1935.....	196,395	11,955	6,539	18,494	794,726
1936.....	77,258	23,556	11,650	35,206	836,778
1937.....	40,029	46,513	17,536	64,049	812,749
1938.....	29,395	57,824	31,469	89,293	752,851
1939.....	27,417	64,005	25,383	89,388	690,880
1940.....	36,667	46,187	33,064	79,251	648,296

¹ Includes foreclosures, voluntary deeds, loans in process of foreclosure, etc., less increases in loans by reason of reamortization, reinstatements, etc.

TABLE 46.—*Land Bank Commissioner: Percentage distribution of amount of loans outstanding, by geographic divisions, Jan. 1, 1934-41*

Geographic division	1934	1935	1936	1937	1938	1939	1940	1941
	Per- cent							
New England.....	2.6	1.5	1.5	1.6	1.8	1.9	1.9	2.0
Middle Atlantic.....	3.9	3.1	3.0	3.1	3.3	3.4	3.5	3.7
East North Central.....	12.6	19.6	21.1	21.0	20.7	20.5	20.6	20.1
West North Central.....	25.0	32.0	34.0	34.4	34.4	33.8	33.2	32.1
South Atlantic.....	17.7	10.2	8.8	8.4	8.4	8.6	8.8	9.0
East South Central.....	6.7	7.2	6.4	6.2	6.0	6.0	6.0	6.0
West South Central.....	15.8	11.2	10.4	10.5	10.5	10.5	10.5	10.8
Mountain.....	4.0	5.8	6.0	6.1	6.1	6.3	6.4	6.7
Pacific.....	11.7	9.4	8.7	8.6	8.6	8.8	8.9	9.3
United States.....	100.0	100.0	99.9	99.9	99.8	99.8	99.8	99.7
Puerto Rico.....	0	(1)	.1	.1	.2	.2	.2	.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Less than 0.05.

Indications of the Operating System

Following an analysis similar to that used in

summarizing the status of land bank loans in the various Farm Credit districts, it is possible to give some further information by ranking the status of Commissioner loans in a district relative to other districts on such factors as delinquency, the volume of extensions, deferments and amortizations, real estate acquirements, percentage of investment recovered on real estate disposed of, and maturities in relationship to principal outstanding. On the whole, the rankings of the districts for Commissioner loans are very similar to those on land bank loans. For example, Commissioner loans in the St. Paul district appear to be in the most unfavorable situation, whereas those in the Louisville district seem to be in the most favorable condition. On the other hand, the Omaha and Wichita districts are in a relatively better position with respect to land bank loans, whereas in Spokane the Commissioner conditions are more favorable.

In appraising these problems it should be noted that many of the problems are concentrated in areas that have had partial or complete crop failures for the last several years because of drought or insect infestation. As of December 31, 1940, 32 percent of the number of all delinquent Federal land bank loans were in the seven States of the Great Plains—North Dakota, South Dakota, Nebraska, Kansas, Colorado, Wyoming, and Montana—while only 16 percent of the amount of loans outstanding were in this area. Similarly, these States accounted for 30 percent of the delinquency of Land Bank Commissioner loans, but had only 17 percent of the total of such loans outstanding.

Joint Stock Land Banks

ORGANIZATION AND DEVELOPMENT

With the passage of the Federal Farm Loan Act of 1916 provision was made for a system of privately incorporated, privately owned institutions to be known as joint stock land banks, to operate along with the cooperatively owned Federal land banks. A joint stock land bank could be initiated by 10 or more persons who could meet the requirements of the act and were eligible to receive a charter from the Federal Farm Loan Board. But these corporations could not begin the business of making long-term amortized farm-mortgage loans until at least one-half of the minimum capital of \$250,000 had been paid in cash, and could not issue any tax-exempt bonds before the payment of the entire stock subscription.

In 1933, after a period of 17 years, the Emergency Farm Mortgage Act in effect called for the liquidation of these private mortgage banks and provided that "no joint stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such banks."

The Federal Farm Loan Board, established by the Federal Farm Loan Act of 1916, was authorized to supervise and regulate these private joint stock land banks as well as the cooperative Federal land banks. In addition to issuing interpretive rules and regulations relating to bank loans and operations, the Board was given responsibility for granting

charters, examining the banks, requiring financial statements, appointing land bank appraisers, farm-loan registrars and receivers, and approving the issuance of bonds and stock.

These banks were authorized originally to make loans in a territory covering only two contiguous States. This was raised in 1931 to five contiguous States under certain conditions. With the exception of the New England States and Delaware, Florida, and New Mexico, all States were served by at least one joint stock land bank. Some States, particularly Illinois, Iowa, Ohio, and Indiana, were served by more than one bank.

The number of joint stock land banks was not limited by statute but was determined by the policy of the Board. Since 1916, 88 banks have been chartered, of which 21 were chartered in 1919 and 40 in 1922. No banks were chartered during 1920 and 1921, when the constitutionality of the act was under question, nor were any new banks chartered after 1931. The assets of some joint stock land banks were acquired and their liabilities assumed by Federal land banks and other joint stock land banks, particularly between 1923 and 1928; others have been liquidated voluntarily or placed in receivership. From a peak of 70 in 1923, the number had been reduced to 41 in 1939. As of September 30, 1939, 6 banks were in receivership, 3 were in voluntary liquidation, and 32 were operating under their own managements. The number of banks chartered during the year and the number in operation on December 31 of each year, 1917-39, are shown in table 47.

TABLE 47.—*Joint stock land banks: Number chartered during year and number in operation Dec. 31, 1917-39*

Year	Chartered during year	In operation Dec. 31	Year	Chartered during year	In operation Dec. 31
	Number	Number		Number	Number
1917	4	4	1929	0	48
1918	6	10	1930	0	48
1919	21	30	1931	5	49
1920	0	27	1932	0	46
1921	0	24	1933	0	46
1922	40	63	1934	0	44
1923	9	70	1935	0	44
1924	0	64	1936	0	42
1925	0	54	1937	0	41
1926	3	55	1938	0	38
1927	0	50	1939	0	35
1928	0	48			

SOURCE OF FUNDS

Sources of funds for loan operations have been chiefly from the sale of bonds and capital stock and from reinvested earnings. Sale of bonds has provided almost 90 percent of loanable funds.

Bonds

The Federal Farm Loan Act provided for the issuance and sale by each bank of tax-exempt joint stock farm loan bonds, as distinguished from Federal land bank farm loan bonds. A bank could issue bonds to an amount not to exceed 15 times its net worth (capital stock, surplus, and undivided profits). The maximum rate of interest to be carried by the bonds was established at 5 percent. Because the market failed to absorb 5-percent bonds in 1920 and 1921, even after the favorable decision on the constitutionality of the act, the maximum rate from August 13, 1921, to June 30, 1923, was raised, by an amendment to the act, to 5½ percent. The maximum interest rate of 6 percent which could be charged on loans was not changed. No maximum term for bonds was provided in the law but bonds could not be subject to repayment or retirement within 5 years from the date of issue; later this was changed to provide that the minimum period specified in the bonds be no longer than 10 years. First-mortgage loans were required to be pledged with the farm loan registrar if they were to be used as collateral for the bonds.

Bonds of the joint stock land bank were sold mainly to investment houses and commercial

banks, who distributed them to other investors. They were sold in largest amounts during the period 1922-26, the latter part of which was generally considered a satisfactory bond-marketing period, and were outstanding in largest amounts on December 31, 1928 (table 48). Since that time, the reduction in bonds outstanding has paralleled closely the reduction in loans outstanding.

TABLE 48.—*Joint stock land banks: Farm-loan bonds and capital stock outstanding, Dec. 31, 1918-39*

Year	Bonds outstanding	Capital stock outstanding	Year	Bonds outstanding	Capital stock outstanding
	1,000 dollars	1,000 dollars		1,000 dollars	1,000 dollars
1918	8,315	2,375	1929	1,631,251	1,46,993
1919	55,796	8,869	1930	1,602,869	1,46,993
1920	60,403	7,966	1931	1,572,902	1,48,753
1921	82,534	8,080	1932	1,515,079	1,44,703
1922	207,982	24,571	1933	1,448,950	1,43,416
1923	354,090	33,810	1934	1,338,329	1,43,166
1924	435,067	34,487	1935	1,247,986	1,43,166
1925	516,144	41,596	1936	1,201,672	1,43,156
1926	605,262	44,740	1937	1,169,573	1,41,778
1927	643,567	45,901	1938	1,144,913	1,40,268
1928	1,648,131	246,986	1939	1,127,631	1,40,163

¹ Net after deducting liquidating dividends declared by joint stock land banks in receivership.

² Includes capital stock of banks in receivership to completion of receivership.

SCHWARTZ, C. H., JR. *FINANCIAL STUDY OF THE JOINT STOCK LAND BANKS*. 1938. See p. 68. Data added 1933-39.

Capital Stock

Shares of stock carrying double liability were issued and sold by the joint stock land banks. As the Federal Farm Loan Act contained no provision relating to the purchase of capital stock of these banks by borrowers (as is provided for the Federal land banks) and specifically prohibited the purchase of capital stock by the Government, these banks had to sell their stock solely to private investors.

The amount of capital stock limited directly the amount of bonds which could be issued, for no bank could have outstanding bonds in excess of 15 times its capital and surplus. The amount of loans that could be made was also affected by the amount of bonds and capital stock issued and sold. With no provision for the automatic increase of capital stock as loans were made (as was the case for the Federal land banks) the joint stock land banks could increase the amount of loans and bonds outstanding only as additional stock could be sold to private

investors. Sales of capital stock were largest between 1922 and 1926 (table 48).

Under the terms of section 31 of the Emergency Farm Mortgage Act, the Commissioner was authorized to lend \$25,000,000 of the funds authorized by section 30 to joint stock land banks, to enable the banks to postpone for 2 years the foreclosure of loans in default or loans delinquent in the payment of taxes. The borrowing bank had to reduce the rate of interest on the defaulted principal, unpaid interest, and delinquent taxes on such loans to 4 percent during the 2-year period. Other conditions were provided with respect to the maximum amount that might be loaned without reappraisal to the joint stock land bank on any delinquent mortgage. A total of only \$2,083,000 in loans was made to 12 banks before 1937, under the terms of section 31. The Farm Credit Act of 1937 reduced the amount available for loans under this section from \$25,000,000 to \$2,000,000 and provided that these funds be supplied by the Federal Farm Mortgage Corporation.

With the establishment of the Reconstruction Finance Corporation in 1932, some of the joint stock land banks were able to finance their bond-purchasing arrangements with funds borrowed from that agency. As of December 31, 1932, advances of \$2,528,000 had been made to 14 banks, and commitments of \$3,449,000 remained at their disposal.

The Emergency Farm Mortgage Act of 1933 authorized the Reconstruction Finance Corporation to make \$100,000,000 available to the Land Bank Commissioner for 2 years, to assist in the liquidation of the joint stock land banks, under the terms of a plan meeting the approval of the Commissioner. He was authorized, under the terms of section 30, to lend not more than 60 percent of the normal value of the security offered by the joint stock land banks on condition that the borrowing bank would reduce the rate of interest to 5 percent on first mortgages granted individual borrowers, and would not foreclose its mortgages for 2 years, except in case of abandonment by the mortgagor or in other cases judged necessary by the Commissioner. No loans were made under the terms of this section.

TERMS AND CONDITIONS OF LOANS

Loans of the joint stock land banks were made directly to farmers, although usually the application for a loan was submitted through a commercial bank or other agency which acted as a loan correspondent for the joint stock land bank and received a commission for the business it originated. The Federal Farm Loan Act stated specifically that no commission should be charged borrowers, although fees covering the actual cost of appraisal and title examinations could be charged to applicants.

The application was subject to examination by the joint stock land bank for eligibility under the terms of the act, and to appraisal by the land bank appraiser appointed by the Board. Loans used as collateral for joint stock land bank farm loan bonds were further subject to examination by a reviewing appraiser and by the Federal Farm Loan Board at Washington, D. C.

Purpose of Loans

No statutory restrictions as to eligibility of borrowers or uses of loan proceeds were provided, but the Board under its supervisory power specified that the purposes of loans made by the joint stock land banks generally should be the same as for those made by the Federal land banks.

Data on these purposes are available for loans submitted by the banks to the Federal Farm Loan Board for approval as collateral for joint stock land bank farm-loan bonds, covering approximately 95 percent of loans closed. Of the \$847,576,000 of loans submitted to the Board from the date of organization to December 31, 1931, 77 percent was to pay off mortgages, 7 percent to pay other debts, 11 percent to buy land, 3 percent for building and making improvements, and 2 percent to buy equipment, fertilizer, livestock, and irrigation facilities. The proportion of loans closed for which the purpose was to pay off mortgages was larger from the date of organization until 1927 (the period of greatest loan activity) than during the period since 1927. From 1927 to 1932 the proportion of loans closed for which the purpose was the purchase of land, buildings and im-

provements, equipment, fertilizer and livestock, and to pay off non-real-estate debts was larger than during the period before 1927.

Size of Loans

The act creating the joint stock land banks imposed no limits as to the size of loans that could be made. In accordance with the policy of the Board, however, individual loans were limited to 15 percent of the capital stock and surplus of the lending bank, or \$50,000, whichever was smaller. On the basis of loans closed and submitted to the Board for approval as collateral for farm-loan bonds during the period from organization to December 31, 1931, the average size of joint stock land bank loans was \$6,922, the largest loans being made in Nevada, Louisiana, Mississippi, and California, and the smallest being made in West Virginia, North Carolina, and Pennsylvania.

Maximum and Minimum Loans

Joint stock land banks were subject to the same provisions of the act of 1916 relating to the security for loans as were the Federal land banks; that is, "No such loan shall exceed 50 percentum of the value of the land mortgaged and 20 percentum of the value of the permanent, insured improvements thereon, said value to be ascertained by appraisal" based on "the value of the land for agricultural purposes" with "the earning power of said land" as a principal factor. On the basis of loans submitted as bond collateral through December 31, 1931, the amount loaned by the banks approximated 39 percent of the original appraised valuation of land and buildings mortgaged. Even so, the banks did not loan to the limit permitted by law, loaning only 86 percent of the combined amount representing 50 percent of the appraised value of land and 20 percent of the value of buildings mortgaged.

This percentage varied by geographic divisions from 80 for the Pacific States to 90 for the Middle Atlantic States. The East North Central and West North Central States showed a higher average than for the United States, whereas the South Atlantic, East South Central,

and West South Central States showed a lower average.

Maturity

A provision was made in the act that such annual or semiannual payments should be made on the principal "as will extinguish the debt within an agreed period, not less than 5 years nor more than 40 years." Table 49, based on data assembled in a national survey of farm-mortgage debt by the Bureau of Agricultural Economics and the Work Projects Administration shows the average term of loans made by the joint stock land banks in 4-year periods from 1917-35 in the 10 States in which the largest total amounts of loans were closed.

TABLE 49.—*Joint stock land banks: Average recorded term of loans closed in 10 States, 1917-35*

State	1917-21	1922-26	1927-31	1932-35
	Years	Years	Years	Years
Iowa	29.1	29.5	29.3	10.9
Texas	21.6	27.4	25.9	9.5
Illinois	28.2	33.7	33.3	16.4
North Carolina	22.2	30.9	28.7	10.5
Indiana	35.0	32.3	32.4	16.3
Minnesota	28.8	32.5	26.2	10.6
California	28.6	21.2	19.2	7.4
Nebraska	27.2	9.2	16.4	7.9
Ohio	18.4	20.1	21.0	10.8
Missouri	32.0	32.2	25.8	13.5

The average term of loan made by the joint stock land banks approximated 30 years. The peak of loan activity was reached between 1922 and 1927; consequently, the average term of loans in table 49 during that period is of chief interest. The shorter loan terms during 1932-35 reflect the refinancing of existing loans and a larger percentage of purchase-money mortgages resulting from real estate disposals, as the joint stock land banks were prohibited from making any new loans after 1933 except those incidental to the refinancing of existing loans or to the sale of real estate.

Interest Rate

Loans were made at interest rates determined by the individual joint stock land banks, but subject to the legal limitation that interest rates should not exceed a maximum of 6 percent or should not exceed by more than 1 percent the rate borne by the last issue of bonds sold. The

average interest rates on mortgages recorded by these banks, based on a farm-mortgage survey conducted by the Bureau of Agricultural Economics and the Work Projects Administration, is shown in the following tabulation:

Year:	Percent	Year:	Percent
1917.....	5.6	1927.....	5.8
1918.....	5.9	1928.....	5.7
1919.....	6.0	1929.....	5.7
1920.....	6.0	1930.....	6.0
1921.....	6.0	1931.....	5.8
1922.....	6.0	1932.....	5.9
1923.....	5.9	1933.....	6.0
1924.....	5.9	1934.....	5.0
1925.....	5.8	1935.....	6.0
1926.....	5.8		

Rates of 6 percent were common in the Middle and South Atlantic, the East South Central and West South Central, the Mountain, and the Pacific States throughout the entire period 1917-35. Somewhat lower rates were in effect in the East North Central States where they ranged from 6 percent in 1919 and 1935 down to 5.5 percent in 1926, and in the West North Central States where they ranged from 6 percent in 1919 and 1935 down to 5.3 percent in 1928.

LOAN OPERATIONS

From organization to May 1, 1933, the joint stock land banks closed 130,217 loans in an aggregate amount of \$900,865,000. By the terms of the Emergency Farm Mortgage Act of 1933, these banks were prohibited from making loans except those "necessary and incidental to the refinancing of existing loans * * * or to the sale of any real estate now owned or hereafter acquired by such bank." Between May 1, 1933, and December 31, 1939, slightly more than 500 such loans were made; that is, loans refinanced, or purchase-money mortgages approved as mortgage loans. The period of greatest lending activity was from 1922 to 1927, during which time loanable funds were provided by a generally satisfactory market for the sale of bonds (table 50). A large part of the lending activity then was centered in the Corn Belt States. As the ability of the joint stock land banks to make loans depended largely on their ability to market bonds on satisfactory terms, the combined effects of certain periods of unfavorable bond markets,

the failure of some of the banks, and the depression beginning in 1929, reduced their loan activity from 1927 to 1932.

For 44 banks operating for at least 5 years before 1932 and not in receivership in 1932, 17 percent of the number of loans made from the date of organization to December 31, 1932, had been repaid in full, 13 percent had been foreclosed, and 70 percent were outstanding.³⁶

TABLE 50.—*Joint stock land banks: Loans closed and outstanding, 1918-39*¹

Year	Loans closed		Loans outstanding
	Number	1,000 Dollars	
1918.....	2,570	2,8,400	8,384
1919.....	2,5,370	2,52,000	60,038
1920.....	2,1,870	2,18,100	77,959
1921.....	881	9,335	85,017
1922.....	15,916	138,685	218,775
1923.....	27,433	189,748	392,639
1924.....	11,390	74,587	446,429
1925.....	19,699	131,431	545,559
1926.....	19,928	123,026	632,476
1927.....	14,074	83,719	669,798
1928.....	7,299	40,572	656,516
1929.....	3,108	18,186	626,980
1930.....	879	5,236	590,811
1931.....	846	5,407	536,644
1932.....	551	2,181	459,183
1933.....	245	739	392,438
1934.....	58	216	255,927
1935.....	49	275	175,677
1936.....	94	337	133,499
1937.....	47	367	104,163
1938.....	24	175	87,362
1939.....	84	363	65,719

¹ Including banks in receivership.

² Estimated.

SCHWARTZ, C. H., JR. *FINANCIAL STUDY OF THE JOINT STOCK LAND BANKS*. 1938. See p. 28. Data added from 1933-39.

Since May 12, 1933, the joint stock land banks have been in liquidation and their outstanding loans have been reduced. Of the total amount liquidated by the banks not in receivership between May 1, 1933, and December 31, 1939, 61 percent consisted of loans sold to or refinanced through the Federal land banks, the Land Bank Commissioner, insurance companies or other lending agencies, or paid in full by borrowers; 10 percent consisted of regular-installment or special payments by borrowers; 27 percent consisted of loans on which the banks foreclosed or accepted voluntary deeds from the borrowers; and 2 percent consisted of charge-offs and other miscellaneous adjustments. Of the total loans

³⁶ SCHWARTZ, C. H., JR. *FINANCIAL STUDY OF THE JOINT STOCK LAND BANKS; A CHAPTER IN FARM MORTGAGE BANKING*. 210 pp.; illus. Takoma Park, Md. 1938. See p. 42.

liquidated by the banks in receivership between January 1, 1933, and September 30, 1939, 60 percent consisted of loans sold or paid in full, 4 percent consisted of installment or special payments by borrowers, and 36 percent consisted of properties foreclosed or acquired by voluntary deed.

Refinancing of Loans

From December 31, 1939, loans representing a total investment of \$191,829,000 had been refinanced with other lenders. Of this amount, \$145,750,000 or about 76 percent was refinanced by the Federal land banks and the Land Bank Commissioner and \$46,079,000 was refinanced by insurance companies and other lenders. During 1933, 1934, and the first part of 1935, the Federal land banks and the Land Bank Commissioner were the principal sources of refinancing, but since 1937 the principal sources were insurance companies and other lenders. The joint stock land banks recovered 92 percent of their investment in connection with loans refinanced with the Federal land banks and the Commissioner, and 96 percent on those refinanced with other lenders.

From January 1, 1933, to September 30, 1939, the joint stock land banks in receivership refinanced loans representing an investment of \$29,175,000; \$20,658,000 by the Federal land banks or the Commissioner and \$8,517,000 by insurance companies or other lenders. Recovery of 83 percent of their investment was made in connection with those loans refinanced through or sold to the Federal land banks or the Commissioner, and of 90 percent in connection with those sold to other agencies.

The difference in the investment recovered by the joint stock land banks on the loans refinanced by the Federal land banks and those refinanced by other lenders may be partially attributed to the difference in the type of loans refinanced. Because of governmental support, the Federal land banks and the Land Bank Commissioner could secure funds not available to other lenders, with which to refinance loans. Such funds as were available to other lenders were probably used to refinance only those loans that represented the better risks. These

other agencies were probably reluctant to consider loans where delinquency was present or where the area was subject to acute distress. The chances are that the more select loans were refinanced by agencies other than the Federal land banks or the Land Bank Commissioner. However, it should be reiterated that the loan standards for the joint stock land banks differed somewhat from those of the Federal land banks or the Commissioner, even after being somewhat expanded during the emergency period. Some of the joint stock land bank loans, therefore, had to be refinanced, if it was done at all, by these other agencies.

Furthermore, in connection with many loans refinanced with the Federal land banks and the Land Bank Commissioner, a scaling down of the indebtedness of the borrower (including his obligation due the joint stock banks) was a prerequisite to the refinancing operation.

Real Estate Operations

The numbers of farms and sheriffs' certificates acquired, disposed of, and held by 44 joint stock land banks not in receivership for each year from the date of organization through 1932, are shown in table 51. Information of a similar nature for the period from May 1, 1933, to December 31, 1939, is shown in table 52. The data for these two periods are not strictly comparable but they indicate trends in the acquisition and disposal of real estate by the joint stock land bank.

The number of farms and sheriffs' certificates acquired by the joint stock land banks increased gradually from the date of organization through 1928, then mounted rapidly to a peak during 1932. Low farm prices and adverse agricultural conditions are reflected in the continued delinquency of loans upon which the banks instituted foreclosure proceedings or accepted voluntary deeds. The amount of delinquent loans of joint stock land banks not in receivership increased from 2.2 percent of outstanding loans in 1924 to 52.8 percent in 1934. Loans of these banks in receivership which were in default, excluding loans in the process of foreclosure, are shown as a percentage of loans outstanding in table 53.

The number of acquired properties on hand continued at a high level until 1936, even though a decreasing number of properties were acquired following the peak reached in 1932. This decrease was partly due to the liquidation of loans outstanding during the period following May 12, 1933.

TABLE 51.—*Joint stock land banks: Farms and sheriffs' certificates acquired, disposed of, and on hand, 1917-32*

Year	Farms and sheriffs' certificates—			Percentage of properties disposed of, to properties available for sale
	Acquired ¹	Disposed of	Held at end of year	
1925 ²	Number 270	Number 94	Number 176	35
1926	211	127	260	33
1927	483	273	470	37
1928	607	407	670	38
1929	1,047	570	1,147	33
1930	1,411	891	1,667	35
1931	2,734	1,238	3,163	28
1932	5,816	2,675	6,304	30

¹ Includes farms sold and later reacquired.
² From organization to 1925.

SCHWARTZ, C. H., JR. FINANCIAL STUDY OF THE JOINT STOCK LAND BANKS. 1938. See p. 58.

TABLE 52.—*Joint stock land banks: Farms and sheriffs' certificates sold and acquired during year, and on hand at end of year, 1933-39*

Year	Sold		Acquired	On hand Dec. 31	Percentage of properties disposed of, to properties available for sale
	Whole	Part			
1933 ¹	Number 1,740	Number 340	Number 2,290	Number 8,041	
1934	3,315	479	3,844	8,565	31
1935	3,099	513	3,714	9,149	34
1936	2,967	629	2,298	8,464	32
1937	2,558	502	1,266	7,098	32
1938	1,678	349	866	6,180	39
1939	1,699	328	887	5,325	35

¹ May 1 to Dec. 31.

TABLE 53.—*Joint stock land banks: Percentage of outstanding loans delinquent December 31, 1924-39¹*

Year	Banks in operation or in liquidation ²	Banks in receivership	Year	Banks in operation or in liquidation ²	Banks in receivership
	Percent	Percent		Percent	Percent
1924	2.2	—	1932	39.0	53.4
1925	2.6	—	1933	42.7	69.9
1926	3.2	—	1934	52.8	62.7
1927	3.7	11.5	1935	39.3	46.9
1928	4.1	8.8	1936	30.1	32.6
1929	4.7	7.6	1937	24.4	24.1
1930	8.8	13.0	1938	22.6	23.5
1931	21.9	47.7	1939	20.3	15.6

¹ Excludes loans in the process of foreclosure.

² Banks have been in the process of liquidation since 1933 under the terms of the Emergency Farm Mortgage Act.

Properties acquired and on hand, and thus available for sale, have been disposed of at a fairly constant rate through the years. Approximately one-third of the properties available for sale have been disposed of each year. The number of disposals made by the joint stock land banks increased from the date of organization to a peak in 1934 when 3,794 properties were sold. Following 1934, disposals of more than 3,000 properties each year were made during 1935, 1936, and 1937. Disposals of more than 2,000 properties were made in each of the years 1938 and 1939.

In disposing of real estate acquired, the joint stock land banks were able to recover a part of their investment in the properties, with the percentage of recovery varying decidedly between different years and between different banks. From the date of their organization through 1939, the joint stock land banks recovered the following percentages of their investments in real estate acquired and sold:

Year:	Percentage
From organization through 1925	98
1926	95
1927	95
1928	93
1929	94
1930	77
1931	74
1932	65
1933 (May 1-Dec. 31)	75
1934	82
1935	91
1936	91
1937	95
1938	86
1939	80

The percentage of investment recovery did not fall below 90 percent until 1930; it dropped to a low of 65 percent in 1932. The trend in land values is reflected in the proportions of investment recovered by the joint stock land banks over the period.

Real Estate Operation of Banks in Receivership

The joint stock land banks in receivership had acquired 2,438 properties up to December 31, 1939, with a book value of \$21,238,000, and had disposed of 5,084 properties, with a book value of \$41,363,000, for a consideration

amounting to \$29,296,000. As the figures on the number and amount of properties acquired by the banks in receivership do not include properties on hand at the time the banks went into receivership, the number and amount of disposals exceed acquisitions during the period of receiverships. The percentage of recovery on the investment averaged 71 percent, with variation between banks of from 58 to 94 percent. Real estate, sheriffs' certificates, and judgments were held as of December 31, 1939, on 1,247 properties with a book value of \$9,916,000.

Loans Outstanding

Outstanding loans, including those of banks

in receivership, reached a peak of \$669,798,000 in 1927 and declined each year thereafter to \$65,719,000 on December 31, 1939. As of the latter date loans outstanding in Indiana and Texas each accounted for 15 percent of total loans outstanding, while those in Illinois accounted for 10, in Iowa 8, and in North Carolina and Ohio 7 percent each.

Since general liquidation of the joint stock land banks began in 1933, 83 percent of the total amount of outstanding loans had been liquidated by December 31, 1939, when the amount of loans outstanding was about 75 percent of the amount outstanding a year earlier. Therefore, reduction has been relatively rapid.

Farm Security Administration

ORGANIZATION AND DEVELOPMENT

Organization and development of the Farm Security Administration are outlined briefly here to provide a background against which the three types of long-term mortgage loans made through the Farm Security Administration may be considered.

The Emergency Relief Appropriations Act of 1935 supplied 4 billion dollars to be used under the direction of the President of the United States for eight specified classes of projects, one of which was "rural rehabilitation and relief in stricken agricultural areas * * *." The sum used for this project was not to exceed 500 million dollars, except that limited increases were authorized when it was found by the President to be necessary to effectuate the purposes of the act. With these funds the President was empowered to "make loans to finance, in whole or in part, the purchase of farm lands and necessary equipment by farmers, farm tenants, croppers, or farm laborers."

These loans were to be made on such terms as the President might prescribe and were to be repaid in equal annual installments or in such other manner as determined by the President. They were to be available for use in the United States and its territories and possessions.

Effective April 30, 1935, the President through Executive Orders 7,027 and 7,200 established the Resettlement Administration as a separate agency. It took over most of the rural functions of the Federal Emergency Relief Administra-

tion established in 1933, as well as the work of the subsistence-homestead program. The rural functions of the Federal Emergency Relief Administration operated mainly through State rural rehabilitation corporations to which it gave funds to carry out relief programs within certain limits. During recent years the assets of most of these corporations have been administered by the Farm Security Administration as trustee, so considerable funds expended for various purposes by the Farm Security Administration are from these State rural rehabilitation corporation trust funds.

The Resettlement Administration functioned as such until January 1, 1937, when by Executive Orders 7,530 and 7,557 the agency was transferred to the United States Department of Agriculture, and effective September 1, 1937, the name was changed, by Secretary's memorandum, to Farm Security Administration. The Farm Security Administration operates through 12 regional offices and through State and county offices.

Rural rehabilitation and the establishment of low-income farmers on homesteads were the principal objectives of the Resettlement Administration. To attain these objectives has remained a major function of the Farm Security Administration, although with the passage of the Bankhead-Jones Farm Tenant Act of 1937 the granting of loans to a limited number of competent tenants, sharecroppers, and farm laborers to enable them to buy their own farms has become another of its chief lines of work.

Through its rural rehabilitation section, low-income farmers who cannot obtain adequate credit from other sources are furnished loans to finance the purchase of livestock, seed, fertilizer, feed, tools, household equipment, and other necessities for farming. Some special real estate loans are made to individual farmers who have lost or who are in danger of losing their farms through foreclosure, to finance, refinance, redeem, or repurchase their farms. These are known as special rural-rehabilitation real estate loans.

Under the Federal Emergency Relief Administration, what were known as the land-utilization and resettlement programs were developed, involving two primary phases: (1) The acquisition of submarginal land and (2) the resettlement and rehabilitation of farm families. With respect to the first, much of the land bought in the Great Plains has been made available as grazing land to be used by farmers and ranchmen who were to remain in the area. Some of the land purchased has been made available to Indian tribes who had insufficient lands. Lands have been used to establish refuges for migratory waterfowl, and others were made available for recreational facilities. Additional purchases have been made in connection with the social readjustments of the farm families under the resettlement and rehabilitation programs. Areas so acquired are known as rural-resettlement projects.

The process of settling farmers on land within these projects involves either entering into contracts of sale with the farmers or leasing the land to the farmers on either a short-term or a long-term basis. In general, there are two types of contracts for the acquisition of such land by farmers. In one, the farmer enters into a purchase contract to buy the land after it has been fully developed; in the other the farmer agrees to buy the land and to put up the buildings with a loan from, and under the general supervision of, the Farm Security Administration. These loans are called construction and farmstead-improvement loans. Other differences in the two types of contracts are discussed later.

The three types of loans which fall within the scope of this report are considered in the following

order: (1) Tenant-purchase loans; (2) special rural-rehabilitation real estate loans, and (3) construction and farmstead-improvement loans.

TENANT-PURCHASE PROGRAM

Organization and Development

The Secretary of Agriculture, on July 22, 1937, was authorized by the Bankhead-Jones Farm Tenant Act to make loans to citizens who are tenants, farm laborers, or sharecroppers, to enable them to buy farms and make necessary repairs and improvements on them. The tenant-purchase program operates through a division of the Farm Security Administration and through regional, State, and county Farm Security offices with the aid of county tenant-purchase committees and the advice of State Farm Security advisory committees.

Source of Funds

To carry out the program, Congress appropriated for the fiscal years ending June 30, 1938, 1939, and 1940, \$10,000,000, \$25,000,000, and \$40,000,000, respectively. For the fiscal year 1941 a \$50,000,000 loan from the Reconstruction Finance Corporation was authorized, together with an appropriation of \$2,500,000 for administrative expenses. Before the authorization for this loan, repayments of loans from appropriated funds were covered into the Treasury of the United States and were not available for further loans under this program but the act authorizing the loan also authorized the Farm Security Administration to pledge to the Reconstruction Finance Corporation outstanding tenant-purchase loans as security. Thus repayments of interest and principal on loans will be used to retire the Reconstruction Finance Corporation loan before retiring the obligations to the Treasury.

Terms and Conditions of Loans

The terms of the tenant-purchase loans provide for the payment of interest on the unpaid balance at 3 percent per annum and for the amortization of the principal over a period of 40 years. The fixed rate of annual payments under these terms amounts to 4.326 percent of the original loan. The benefits of the Tenant Purchase Act under the statutes are extended

only to those individuals who obtain, or who have recently obtained, most of their income from farming. Preference is given to married persons or those having dependent families and, whenever practicable, to persons who are able to make an initial down payment or who are owners of livestock and farm implements. The act further provides that no loan shall be made for buying any farm unless it is of such size as the Secretary of Agriculture determines to be large enough to make an efficient farm-management unit and which will enable a diligent farm family to carry on successful farming.

An amendment to the Agricultural Appropriation Act for 1940-41 known as the Price Limitation Amendment further limits the purchase price and indirectly the size, to the "average value of farms of 30 acres or more in the county, parish, or locality" where each loan is made. Thus in a county which has no farms, or only a few farms, smaller than 30 acres, the purchase price of a farm to be bought by tenants under the program cannot exceed the average value of farms in the county. On the other hand, if there are numerous farms of 30 acres or less in the county, the average value permitted may be considerably more than the average value of farms for the county. The average value of farms bought under the tenant-purchase program has frequently in the past exceeded the value which will be permitted by this amendment, and to that extent this will represent an additional statutory restriction. This amendment resulted from a belief that the farms on which tenant-purchase loans were made tended to be larger in size and higher in value than is necessary for economic units.

In making loans under this program, due account must be taken of the geographic location of the loan. Distribution of loans must be equitable among States and territories on the basis of farm population and the prevalence of tenancy as determined by the Secretary of Agriculture. Authority is also given the Secretary to provide for the repayment of loans on a variable repayment plan; that is, the borrower is permitted to choose between fixed annual payments and variable annual payments. If he chooses the latter, he agrees to apply all of his available net cash income toward retiring the loan when he is behind schedule, and such

part of his net cash income as may be required when he is ahead of schedule. To ascertain whether a borrower is ahead of or behind schedule, his actual payments are compared with what he would have paid, had he paid annually 4.326 percent of his original loan.

With regard to the repayment plan, the Farm Security Administration applies the following principles:

(1) If the amount by which a borrower is ahead of schedule would carry over only 1 bad year, he pays, if his net cash income is enough, at least three times his annual fixed installment. If the amount by which he is ahead will carry him over 2 bad years, he pays, if his net income is enough, at least twice his annual installment; and if the amount by which he is ahead would carry him over 3 bad years, he pays, if his net income is sufficient, at least his fixed annual installment. If the borrower is ahead more than 3 years, the amount he pays is left largely to his own discretion.

(2) A borrower is required to pay his full net income above living expenses if he is behind schedule, and in all cases should pay his full net income unless ahead of schedule by at least 3 years, although recently some leeway has been allowed to permit borrowers to build up operating capital.

(3) A borrower is automatically transferred to the fixed-payment basis when he is not making satisfactory progress in retiring his debt under the variable-payment plan.

The choice by the borrower of the type of plan to be followed is left open until after the date on which his payment is due and until a representative of the Farm Security Administration has reviewed the operations of the farm during the year. Of the total number of borrowers who had indicated a tentative choice of payment plans as of September 30, 1940, about 58 percent indicated a preference for the variable plan, as compared with only 24 percent a year earlier.

The percentage indicating their wish to use this plan as of the more recent date varies somewhat by regions. In the New England and Middle Atlantic States only 31 percent so indicated. In the East North Central and West North Central States about 50 percent, and in the Mountain and Pacific States 80 and 85, respectively, favored this plan. From 50 to 70

percent of the borrowers in the South Atlantic, East South Central, and West South Central States chose the variable scheme of making repayments.

Sufficient time has not elapsed since February 1939, when the variable plan was instituted, for borrowers to have accumulated a reserve for more than a year's payment or for the number of borrowers behind schedule to be significant. After the loans have been carried over a number of good and bad years, it should be possible to appraise the effectiveness of this plan as an agricultural-credit collection policy. It might have been expected that more borrowers would promptly have chosen the variable method of repayment, especially in those areas where yearly income is subject to wide fluctuations. But the plan represents a change from the usual method of repaying a long-time loan so the incomplete knowledge of its benefits is probably one reason why more borrowers have not yet

adopted it. Moreover, some may feel that the high annual payments in favorable years will limit available capital for farm operations the next year, although necessary capital reserves should have been considered in the farm plan and not as a part of the net income available for debt retirement.

Counties in which loans are to be authorized are selected by the Secretary of Agriculture on the recommendation of the State Farm Security advisory committees. The number of loans and, to some extent, the number of counties to be designated in each State, are limited by that provision of the act (sec. 4, title I) which requires that loans be distributed among the several States and territories on the basis of farm population and the prevalence of tenancy. The geographic distribution of counties in which loans have been authorized for the fiscal years 1938-41 is shown in figure 49. During the first year, loans were made in 332 counties, in the second year 732 counties, and

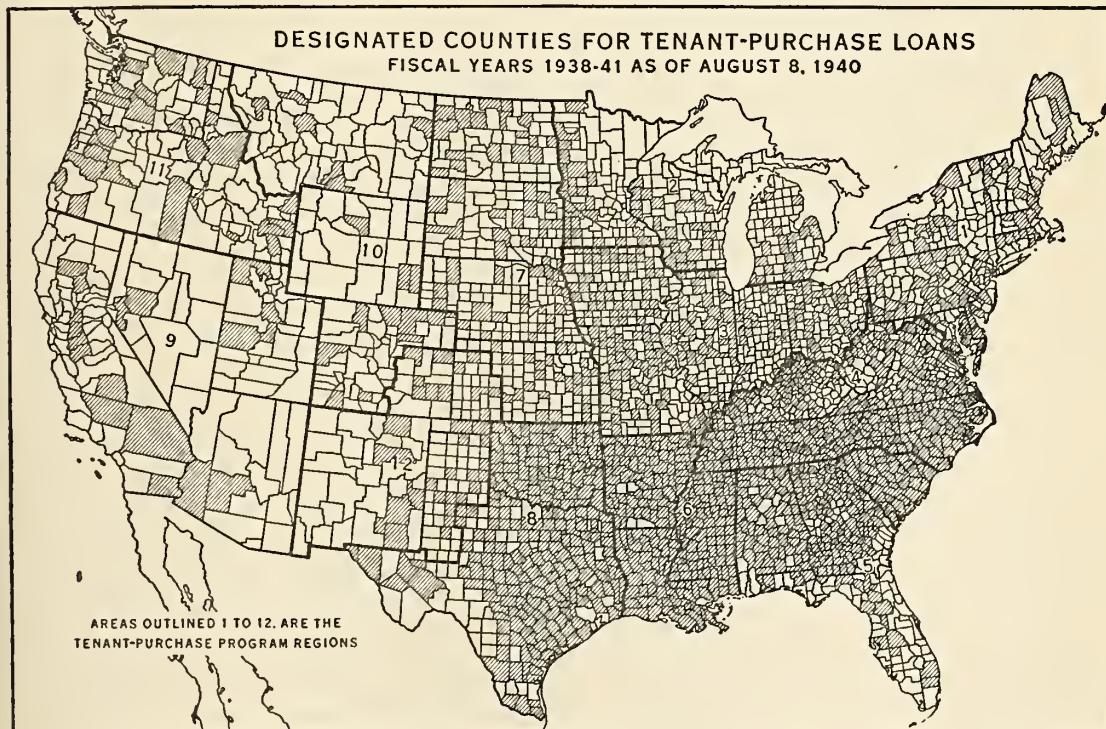


FIGURE 49.—The designated counties for tenant-purchase loans are concentrated in the southern Cotton Belt States where a high percentage of tenancy prevails. As the Bankhead-Jones tenant purchase act required a distribution of loans on the basis of farm population and the prevalence of tenancy this was to be expected. These factors are also reflected in the large number of counties designated in the North Central States and the smaller number in the West.

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in the third year 1,289. For the fiscal year 1940-41, 1,639 counties have been designated.

It is clear that the concentration of designated counties is greatest in the South Atlantic, East South Central, and West South Central States. Here tenancy is most prevalent and here the tenant problem has been most acute. In general, the distribution of counties appears to be fairly representative of the different kinds of farming areas within each State, although in the Western States counties in which a more diversified kind of farming predominates are frequently designated. A comparison of the average size of farms bought as of June 30, 1940, with the average size of farms for the entire United States, according to the Census for 1935, shows that the average size of farms bought in the Mountain and Pacific States ranges from about 8 percent in Arizona to 85 percent in Washington of the average size of all farms. On the other hand, such an average in the Middle Atlantic, East North Central, West North Central, South Atlantic, and East South Central States ranges from 82 percent in Nebraska to 191 percent in Tennessee, with an average of 89 percent for the country as a whole.³⁷ In all cases, however, the farm bought must be large enough to enable a diligent farm family to earn an income that will provide a living and pay off the loan.

³⁷ For further information on size of farms, see pp. 137-138.

TABLE 54.—*Farm Security Administration: Tenant-purchase loans approved; number of borrowers, average acreage, purchase price, total cost, and amount loaned, by States, June 30, 1940*¹

State and division	Number of borrowers	Acreage per sale	Purchase price		Total cost ²		Amount loaned	
			Per sale	Per acre	Per sale	Per acre	Per sale	Per acre
Maine	18	127	2,986	23.54	3,687	29.07	3,687	29.07
New Hampshire	4	112	4,687	41.85	5,916	52.82	5,916	52.82
Vermont	10	243	6,290	25.93	6,920	28.52	6,920	28.52
Massachusetts	6	156	4,442	38.46	5,266	45.59	5,202	45.04
Rhode Island	2	24	2,800	114.28	4,442	181.28	4,442	181.28
Connecticut	7	75	6,543	86.74	7,192	95.34	7,077	93.82
New England	47	137	4,541	33.21	5,320	38.91	5,295	38.72
New York	105	150	4,564	30.48	5,377	35.91	5,370	35.86
New Jersey	23	114	7,296	65.47	7,997	71.77	7,997	71.77
Pennsylvania	166	130	5,419	41.52	6,362	48.75	6,351	48.67
Middle Atlantic	294	136	5,261	38.71	6,138	45.17	6,130	45.11
Ohio	205	112	7,303	65.14	8,430	75.20	8,342	74.42
Indiana	150	116	8,114	70.18	9,439	81.64	9,391	81.23
Illinois	231	138	9,001	65.21	10,374	75.17	10,266	74.38
Michigan	104	126	7,035	55.79	8,092	64.17	8,055	63.88
Wisconsin	128	136	6,890	50.49	7,969	58.39	7,888	57.80
East North Central	818	126	7,832	62.33	9,049	72.01	8,970	71.39

See footnotes at end of table.

In the designated counties, applications for loans may be submitted to the county Farm Security Administration office, for consideration by the county committee. If the committee finds that an applicant is (1) unable to obtain a loan large enough from any other source on reasonable terms, (2) is a tenant, a sharecropper, or a farm laborer, and (3) is a citizen of the United States and if the applicant's character, ability, and experience indicate that he is likely to succeed, and if the farm is of such nature that the loan will carry out the purpose of the act, the county committee certifies to that effect.

Volume of Loans

A total of 1,840 loans were approved during that part of the fiscal year 1937-38 in which the program was in operation. By the end of the second fiscal year, 4,340 loans had been approved, making a total of 6,180 loans in effect on June 30, 1939. As of June 30, 1940 the total loans approved had increased to 12,031, and amounted to \$68,977,296.

A large majority of the loans have been made in the Southern States. Of those approved during the fiscal years 1938-40, 9,122, or 76 percent, were approved in the South Atlantic, East South Central, and West South Central States. The number of loans by States and geographic divisions is shown in column 1 of table 54.

TABLE 54.—*Farm Security Administration: Tenant-purchase loans approved; number of borrowers, average acreage, purchase price, total cost, and amount loaned, by States, June 30, 1940*¹—Continued

State and division	Number of borrowers	Acreage per sale	Purchase price		Total cost ²		Amount loaned	
			Per sale	Per acre	Per sale	Per acre	Per sale	Per acre
	Number	Acres	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Minnesota	196	184	7,612	41.45	8,484	46.20	8,378	45.63
Iowa	272	139	8,345	59.91	9,388	67.40	9,238	66.32
Missouri	368	164	5,337	32.53	6,610	40.29	6,597	40.22
North Dakota	115	521	5,262	10.10	6,650	12.76	6,650	12.76
South Dakota	116	533	6,420	12.04	7,672	14.38	7,656	14.35
Nebraska	151	286	8,712	30.43	9,892	34.56	9,855	34.43
Kansas	177	246	7,639	31.03	8,802	35.76	8,778	35.66
West North Central	1,395	246	6,984	28.42	8,140	33.12	8,084	32.90
Delaware	18	127	4,201	32.97	4,866	38.18	4,863	38.16
Maryland	56	146	5,204	35.61	6,095	41.71	6,089	41.67
Virginia	265	153	4,439	28.96	5,699	37.17	5,689	37.11
West Virginia	96	149	4,754	31.84	6,101	40.86	6,101	40.86
North Carolina	708	102	3,493	34.25	4,843	47.49	4,838	47.44
South Carolina	729	115	2,772	24.08	4,205	36.52	4,197	36.45
Georgia	1,203	131	2,523	19.20	3,959	30.14	3,953	30.09
Florida	114	141	2,394	16.99	4,101	29.09	4,097	29.07
South Atlantic	3,189	124	3,074	24.77	4,468	36.01	4,462	35.96
Kentucky	254	125	6,670	53.23	7,945	63.41	7,915	63.17
Tennessee	481	133	4,750	35.79	6,119	46.09	6,113	46.04
Alabama	1,115	109	2,639	24.11	4,154	37.96	4,141	37.84
Mississippi	1,166	95	2,524	26.52	4,067	42.71	4,067	42.71
East South Central	3,016	109	3,271	30.01	4,753	43.61	4,744	43.53
Arkansas	826	107	2,745	25.75	4,465	41.89	4,464	41.88
Louisiana	538	82	2,994	36.75	5,190	63.71	5,187	63.67
Oklahoma	505	181	5,137	28.38	6,463	35.70	6,427	35.51
Texas	1,048	161	5,006	31.16	6,681	41.59	6,661	41.46
West South Central	2,917	134	4,017	29.92	5,741	42.76	5,727	42.65
Montana	27	401	7,137	17.81	10,050	25.08	10,050	25.08
Idaho	31	101	7,906	78.03	9,621	94.96	9,621	94.96
Wyoming	14	177	6,446	36.51	8,560	48.48	8,412	47.64
Colorado	66	243	7,510	30.91	9,466	38.96	9,396	38.67
New Mexico	22	256	6,166	24.11	8,581	33.55	8,581	33.55
Arizona	13	60	6,479	107.57	7,164	118.95	7,164	118.95
Utah	18	81	6,289	78.07	7,396	91.82	7,396	91.82
Nevada	3	373	8,334	22.32	9,017	24.15	9,017	24.15
Mountain	194	214	7,123	33.34	9,053	42.37	9,019	42.21
Washington	46	148	6,597	44.61	7,624	51.56	7,612	51.48
Oregon	32	136	7,093	52.14	8,822	64.85	8,816	64.80
California	83	47	6,910	147.69	8,258	176.51	8,258	176.51
Pacific	161	93	6,857	73.41	8,189	87.67	8,184	87.62
United States	12,031	138	4,304	31.11	5,753	41.58	5,733	41.44

¹ Including supplemental loans and loans from State rehabilitation corporation trust funds, excluding Puerto Rico and Hawaii.

² Including fees incidental to the purchase of properties.

Size of Farms Purchased

A farm that is large enough to constitute an efficient farm-management unit and to enable a diligent farm family to carry on successful farming is interpreted by the Farm Security Administration as meaning what is commonly referred to as a family-size farm and is defined by them, in instructions, as "A farm no larger than the borrower and his family can operate successfully without outside labor except during brief peak-load periods at planting and harvest time."

The average size of the 12,148 farms ³⁸ on which loans had been approved as of June 30, 1940, is 138 acres. The distribution of these farms in the fiscal years 1937-40, by geographic divisions and by 40-acre class groups, is shown in table 55.

Of the 179 farms of 40 acres or less, 78 percent were in 6 States—Arkansas, Louisiana, Mississippi, North Carolina, Texas, and California. Of the 367 farms of over 320 acres,

³⁸ Total number does not correspond to total number in table 54 because of cancellations due primarily to title difficulties in the fiscal year 1939-40.

67 percent were in 5 States—North Dakota, South Dakota, Nebraska, Kansas, and Texas.

TABLE 55.—*Farm Security Administration: Farms approved for tenant-purchase borrowers, average acreage, distribution of numbers by acreage groups, by divisions, fiscal years 1937-40*¹

Geographic division	Ave- rage acre- age per farm	Number of farms approved							Total	
		Acreage group								
		40 or less	41 to 80	81 to 120	121 to 160	161 to 320	Over 320			
New England	Acres	No.	No.	No.	No.	No.	No.	No.		
	137	4	6	12	14	10	1	47		
Middle Atlantic		136	0	25	120	83	61	5	294	
East North Central		126	4	127	346	239	100	3	819	
West North Central		246	0	87	182	519	391	219	1,398	
South Atlantic		124	36	618	1,192	760	586	31	3,223	
East South Central		109	19	1,065	1,104	572	298	11	3,069	
West South Central		134	61	851	634	724	611	62	2,943	
Mountain		214	7	73	16	46	22	30	194	
Pacific		93	48	69	11	14	14	5	161	
United States ²		138	179	2,921	3,617	2,971	2,093	367	12,148	

¹ As of June 30, 1940.

² Excluding Hawaii and Puerto Rico.

In all of the geographic divisions except the West South Central, Mountain, and Pacific States, the average size of farms bought by borrowers was larger than the average size of farms for that region as shown by the Bureau of the Census for 1935. Even in the West South Central States the average size of farms bought was larger than the average size of farms reported by the census for all of the States except Texas. In the East South Central, South Atlantic, and Middle Atlantic States the average size of the purchased farms was more than 48 percent larger than the average size of farms reported by the census and in the New England, East North Central, and West North Central States the average was somewhat larger. In the Mountain and Pacific States the average size of tenant-purchase farms was lower than that reported by the census. Relatively few loans have been made in the latter two regions, and their geographic distribution is such that the average size could not be expected to be representative of entire States.

A comparison of the average size of farms bought for the first, second, and third years of the program shows borrowers buying progressively larger farms. During the first year the

average size of tenant-purchase farms for the United States was 130 acres, as compared with 136 the second year and 139 the third. The Pacific and Mountain States have shown the largest percentage increase, 80 and 56 percent respectively. This may be accounted for by the fact that in the second year of the program counties were designated in which the dominant kind of farming was rather extensive. A few States in the South and East showed decreases. Farms bought by borrowers in the second year of the program in the northern Great Plains States were about 28 percent larger than those bought the first year, while farms in the southern Great Plains States increased only about 11 percent.

Size of Loans Approved

The amount of the loan approved may include, in addition to the purchase price of the farm, the cost of any authorized improvements on the land or buildings, and fees incidental to the purchase. In about 5.4 percent of the cases the initial loan has been found to be insufficient, and supplemental loans for increasing the size of the farm, improving land and buildings, etc., have been made.

The amount of the loan, of course, does not include that amount of the total cost of the farm borne by the borrower. But for the United States this latter item averaged only 0.3 percent of the total cost. Of the total cost of the farms, 74.8 percent was expended for the purchase of the farm, 21.7 for construction of new dwellings, repairs on old dwellings, and construction of and repairs on other buildings, 2.6 for land improvement, and 0.9 percent for fees. Table 54 indicates the amount of initial and supplemental tenant-purchase loans approved as of June 30, 1940, stated in amounts per acre and amounts per farm purchased. The table also shows the number of borrowers, the average purchase price, and acreage per farm purchased.

The difference between the purchase price and the total cost of the farm is the value of improvements on land and buildings and the amount of fees incidental to the purchase transaction. The difference between the amount loaned and the total cost represents the amount borne by the

borrower. In the New England States the difference between the average purchase price and the average cost of the farm was \$5.70 per acre or \$779 per farm, whereas in other regions the difference was considerably larger. In the Mountain States the difference was \$9.03 per acre, or \$1,930 per farm, and in the Southern States around \$12 per acre and \$1,500 per farm.

Initial and supplemental loans to borrowers approved for the continental United States as of June 30, 1940 amounted to \$68,977,300, whereas the total amount of tenant-purchase loans outstanding as of the same date was about \$50,330,000. The difference between these two figures is explained by the lag between the deposits of Federal warrants in local banks and the drawing of checks upon these deposits by borrowers when the loans are closed and the deeds change hands. The time involved in title clearance sometimes prolongs this lag. Principal repayments will also be a factor in explaining the difference. As the period of the loan is for 40 years and the program has been in operation for only a little more than 3 years, the amount of repayment is relatively small thus far.

The average size of all loans approved from the beginning of the program through June 30, 1940 was \$5,733. During the first fiscal year of operation it was \$4,999, in the second year it rose to \$5,562, and in the third it reached \$5,992. This does not necessarily mean that the value of the farms bought by the tenant borrowers has increased because of the operations of the program in the areas affected. In fact, the average size of the farms bought increased from 130 acres in the first year to 136 in the second, and to 139 in the third year. The average amount loaned to each borrower ranged from \$3,687 in Maine to \$10,266 in Illinois. At the fixed amortization rate of 4.326 percent, an annual average net income in excess of operation costs and family living expenses of \$248 for the United States, about \$159 for Maine, and \$444 for Illinois, must be earned in order to pay out on the average loan over the 40-year period.

RURAL-REHABILITATION SPECIAL REAL ESTATE LOANS

Authorization was given the Rural Rehabili-

tation Division of the Farm Security Administration in June 1939 to make loans to individual farmers who recently have lost or who are in danger of losing their farms through foreclosure, for the purpose of financing, refinancing, redeeming, or repurchasing farms. Loans have been further authorized by the Administrator of the Farm Security Administration in areas designated by him as special-problem areas. These loans are a part of the special-area program and are instituted wherever land adjustment is a factor in the rehabilitation of families. The major objectives are to make necessary physical adjustments on family-type units and cooperative farm units, and to establish for standard rural-rehabilitation borrowers security of tenure. Preference is usually given to standard rural-rehabilitation clients and to those farmers, who, except for the insecurity of their land tenure, might qualify as standard rural-rehabilitation clients. The source of funds for these special loans is from the Emergency Relief Appropriation Act of 1938 and from State rural-rehabilitation trust funds. For the fiscal year 1939-40, \$1,924,500 was budgeted for this loan activity. For the current fiscal year (1940-41) funds are obtained by borrowings from the Reconstruction Finance Corporation.

Rural-rehabilitation clients and other persons who are eligible for rural-rehabilitation loans are eligible for these special loans, although preference is given to those farmers for whom an adjustment in their debts may be obtained. But an equity of sufficient amount to preclude an adjustment of the debt does not preclude making a loan to an applicant. Loans are made only on family-size farms or on farms no larger than can be handled by the farmer with his own labor or that of his family except during rush periods. The farms do not have to consist of contiguous tracts if the location of the tracts does not interfere with efficient operation.

With some exceptions where funds are obtained from State rural-rehabilitation trust funds, the amount of special real estate loans is limited to \$1,000 or to the appraised value of the farm, whichever is lower, and is to be secured by a first mortgage or a deed of trust. Purposes for which authority may be given to make

Special Real Estate Loans are as follows: (1) To purchase adjoining acres necessary to round out an economic family-type unit. (2) To purchase a headquarters ranching unit where the unit is rounded out by long-term leases on surrounding grazing land. (3) To refinance existing real estate mortgages, land-purchasing contracts, tax liens, assessment liens, and judgment liens where such debts have been adjusted within the ability of the farm unit to pay on farms where improvements and physical adjustments are necessary. The refinancing enables the Farm Security Administration to take first-mortgage security. (4) To purchase economic farm units for the relocation of occasional client families from submarginal or otherwise inadequate land in the special problem area. (5) To purchase materials and equipment necessary for construction and repair of farm buildings, farm roads, and farm fences on individual farms or ranching units being purchased or refinanced with an SRE loan. (6) To purchase materials and hire equipment for land development and soil improvement, such as stump pulling, basic phosphate and lime treatments, initial seeding and soil-building crops, setting farm-family orchards, drainage, terracing, contouring or erosion control. (7) To purchase materials and equipment for improvement and repair of housing units.

Loans are made at an interest rate of 3 percent and may be repaid on the basis of equal annual payments equivalent to the customary landlord's share of the farm income under normal conditions and with normal prices, or may be amortized over a period not to exceed 40 years. Each borrower is required to deposit in a controlled bank account funds to be used for repairs and minor new construction, and it is the responsibility of the county rural rehabilitation supervisor to check the work being done and to countersign checks. The borrower is further required to maintain a trust account for paying taxes, insurance, and installments due on the loan. The borrower must agree to keep prescribed records and accounts and to make them available for review upon request by officials of the Farm Security Administration.

In the short time that has elapsed since loans

of this type have been authorized, only a few loans have been made, and these are concentrated within a few States. As of April 30, 1940, 164 loans had been approved for \$176,441, but only \$60,430 had been certified for payment. Of the total amount approved, \$70,940 came out of State rural rehabilitation corporation trust funds. The break-down, by States, of the cumulative data on special real estate loans is given in table 56.

TABLE 56.—*Farm Security Administration: Number and amount of special real estate loans, cumulative as of Apr. 30, 1940*

State	Approved		Certified
	Number	Dollars	
Maine ¹	6	3,475.00	2,975.00
New Hampshire ¹	3	7,192.09	1,000.00
Vermont ¹	6	28,953.33	21,000.00
Minnesota ¹	10	10,000.00	10,000.00
Wisconsin ¹	15	21,320.00	2,000.00
Illinois	4	4,000.00	—
Indiana	1	965.00	—
Missouri	53	45,839.35	22,455.00
Ohio	2	2,000.00	—
Oklahoma	41	33,129.71	—
Texas	22	18,567.00	1,000.00
Colorado	1	1,000.00	—
United States total	164	176,441.48	60,430.00

¹ Funds obtained from State rural-rehabilitation corporation trust funds. In Minnesota the corporation funds are managed by Farm Security Administration but not yet transferred in trust.

CONSTRUCTION AND FARMSTEAD-IMPROVEMENT LOANS

In that part of this report which dealt with the development and organization of the Farm Security Administration it was pointed out that some of the land bought by that agency has been resold to farmers on the basis of one or the other of two types of sales contracts. As these contracts are similar to purchase-money mortgages, it is well to discuss these contracts briefly as well as construction and farmstead-improvement loans which are included as a part of one of the two types of contracts.

Under the "lease and purchase contract," known as *171 contracts*, the Farm Security Administration agrees to sell unimproved land and the farmer agrees to buy the land and to make improvements under the supervision of, and with a loan granted by, the Farm Security Administration. The amount necessary to cover the purchase price of the property plus the construction and improvement loan may be amort-

tized over a period of 40 years, at a 3-percent rate of interest on the unpaid balance. Title to the property does not pass to the borrower until all sums due the Government under the provisions of the contract have been paid.

If the contract is voided, the purchaser is to be compensated as specified in the contract. In general the Government agrees to one of two alternatives: (1) To pay to the purchaser the total amount of the deposits made by him toward the purchase price and, to the extent that funds are available, the amount of the principal payments on the construction loan plus a fair value of the crops planted and then growing on the property, as well as a fair value, minus depreciation, of any permanent improvement the purchaser has made with the consent of the Government. From this total will be deducted any current indebtedness of the client to the Farm Security Administration, as well as the cost of making any repairs necessary to put the premises in condition for a new occupant. When funds are not sufficient to compensate the farmer in cash, he is permitted to remain in possession of the property without paying rent or to sell such right to a third person, or (2) to sell to a third person his entire interest minus any expenses of sale.

Under certain conditions a purchaser is permitted to make prepayments on his obligation. Such prepayments are applied ratably to the next succeeding installments on the purchase price and construction loan. The Government requires as part of the contract that the purchaser plant, cultivate, and harvest such crops, and conduct such livestock and dairy enterprises as are in accordance with the approved farm- and home-management plan.

Of the total number (2,824) of original *171 contracts*, 2,467 were in effect on March 31, 1940. The total sales prices of properties sold under these agreements amounted to nearly 15 million dollars, or an average per farm of \$5,263. Of this average, 54.8 percent represents the average cost of the land and 45.2 percent represents the average construction loan. The relationship of average land cost to average sales price has varied by project from 83.4 percent for the Oklahoma Farm Tenant project in the State of Oklahoma to 13.3 percent for the Escambia Farm project in the State of Florida, but the average sales prices for the former was \$6,907, whereas that of the latter was only \$3,000. A summary of these data, by States, is shown in table 57.

TABLE 57.—*Farm Security Administration: Summary of lease and purchase contracts, by States and projects, cumulative as of Apr. 30, 1940*

State and project	Original contracts	Contracts effective Mar. 31, 1940	Average construction loan	Average land cost	Average selling price	Average annual fixed payment	Average annual cost including taxes and insurance	Payments due	Total collections	Percent age delinquent of total due	Distribution of collected items			
											Collections applicable to Bank-head	Construction loan	Equity trust fund	Corporation
Maine:														
State of Maine.....	Number 66	Number 56	Dollars 1,450	Dollars 2,360	Dollars 3,810	Dollars 165	Dollars 104	Dollars 23,921	Dollars 11,081	Percent 53.7	Dollars 3,720	Dollars 1,196	Dollars 6,165	Dollars 0
New York:														
Finger Lake.....	55	48	2,311	3,183	5,494	238	118	31,636	11,194	64.6	7,951	2,601	642	0
New York Valley.....	34	30	1,295	4,152	5,447	236	145	22,592	7,591	66.4	6,333	543	715	0
Pennsylvania:														
Pennsylvania.....	37	34	1,999	3,691	5,690	246	87	17,273	2,779	83.9	1,916	579	284	0
Ohio:														
Scioto.....	32	0	3,944	5,102	9,046	391	65	30,710	9,801	68.8	7,599	1,738	236	228
Indiana:														
Wabash.....	16	0	2,869	6,396	9,265	401	90	16,915	5,514	67.4	4,655	290	324	245
Michigan:														
Southern Michigan.....	56	53	1,279	5,898	7,177	310	64	32,020	19,240	40.0	14,245	1,783	3,212	0
Wisconsin:														
Central Wisconsin.....	58	46	1,154	5,449	6,603	236	120	21,003	18,751	13.9	14,901	1,253	2,597	0
Minnesota:														
Central Minnesota.....	104	104	1,817	8,261	10,078	436	117	89,208	70,099	21.4	40,897	18,410	10,792	0
Thief River Falls.....	36	0	0	6,516	6,516	282	74	16,477	12,685	23.0	10,975	0	1,710	0
Missouri:														
Osage.....	6	0	3,372	4,424	7,796	337	82	5,724	738	89.0	524	0	177	87
Kansas:														
Northeastern Kansas.....	20	19	2,733	7,154	9,887	428	114	12,759	1,317	81.0	1,317	0	0	0
North Dakota:														
Red River Valley.....	12	9	1,662	7,642	9,304	402	86	8,610	6,772	21.4	4,716	890	1,166	0

See footnotes at end of table.

TABLE 57.—*Farm Security Administration: Summary of lease and purchase contracts, by States and projects, cumulative as of Apr. 30, 1940*—Continued

State and project	Original contracts	Contracts effective Mar. 31, 1940	Average construction loan	Average land cost	Average selling price	Average annual fixed payment	Average annual cost including taxes and insurance	Payments due	Total collections	Percentage delinquent of total due	Distribution of collected items			
											Collections applicable to Bank-head	Construction loan	Equity trust fund	Corporation
South Dakota:														
Eastern South Dakota	Number 8	Number 0	Dollars 1,812	Dollars 7,921	Dollars 9,733	Dollars 421	Dollars 120	Dollars 6,546	Dollars 3,454	Percent 47.2	Dollars 2,609	Dollars 402	Dollars 443	Dollars 0
North Carolina:														
Roanoke	43	43	2,868	1,492	4,360	189	33	15,017	12,424	17.2	4,048	7,295	1,081	0
Wolf Pit	33	31	2,294	2,266	4,560	197	46	7,392	6,025	18.4	2,186	3,041	798	0
Pembroke	60	59	2,612	2,383	4,995	216	65	11,969	10,802	9.7	4,453	4,979	1,370	0
North Carolina Farm Tenant Security	42	40	1,645	3,075	4,720	204	52	17,768	8,547	51.8	5,106	2,485	956	0
Scuppernong	39	36	2,327	1,899	4,226	183	53	11,022	2,240	79.6	1,516	684	40	0
South Carolina:														
Orangeburg	42	42	1,945	2,276	4,221	183	35	13,659	12,780	8.5	2,095	5,433	983	4,269
Georgia:														
Flint River	71	69	1,680	2,025	3,705	160	18	20,012	19,732	1.4	0	8,883	0	10,849
Georgia, Farm Tenant Security	31	30	2,162	3,008	5,170	224	23	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Florida:														
Escambia	23	23	2,600	400	3,000	130	25	3,327	648	80.5	156	492	0	0
Florida Scattered Farms	23	20	2,822	1,511	4,333	187	33	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Alabama:														
Skyline	37	31	2,162	500	2,662	115	12	4,152	3,502	15.0	122	2,920	177	283
Alabama Farm Tenant Security	2	2	2,275	925	3,200	138	20	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Prairie	34	32	1,550	1,824	3,374	146	19	10,128	9,046	10.7	3,138	4,331	1,068	519
Gee's Bend	102	30	1,311	100	1,411	61	15	8,036	2,336	70.9	0	2,154	0	182
Mississippi:														
Northeast Mississippi	53	40	1,878	1,371	3,249	141	31	11,274	7,001	39.9	2,683	3,800	518	0
Mississippi Farm Tenant Security	121	121	2,487	2,771	5,258	227	55	36,792	33,918	8.0	12,079	16,720	5,119	0
Lucedale	96	96	2,520	1,640	4,160	180	54	16,150	6,265	61.0	2,694	3,368	0	0
Hinds	73	60	1,941	1,267	3,208	139	36	16,515	7,402	55.2	0	4,255	0	3,147
Louisiana:														
Louisiana Farm Tenant Security	72	70	2,540	1,933	4,473	193	43	19,178	13,894	27.7	4,500	7,885	1,509	0
Mounds	2	2	2,484	3,607	6,091	263	8	1,169	1,078	7.8	452	433	193	0
Oklahoma:														
Eastern Oklahoma	71	64	2,260	4,137	6,397	277	55	32,401	26,023	19.7	14,481	8,443	3,099	0
Oklahoma Farm Tenant Security	11	10	1,145	5,762	6,907	299	52	4,213	3,284	22.0	2,361	428	495	0
Arkansas:														
Plum Bayou	10	10	3,000	1,461	4,461	193	40	3,741	2,653	29.1	822	1,658	173	0
Lakeview	63	51	2,323	1,521	3,844	166	36	14,432	13,037	9.7	3,623	8,052	1,362	0
Central and Western	78	77	1,666	1,834	3,500	151	32	19,708	11,533	41.6	5,666	4,563	1,304	0
Northeast Arkansas	44	38	1,689	2,548	4,237	183	33	17,647	4,209	76.1	2,782	1,124	303	0
Arkansas Farm Tenant Security	34	17	2,542	2,104	4,646	201	36	4,585	3,880	15.4	1,401	2,049	430	0
Biscoe	72	60	2,601	1,704	4,305	186	27	12,467	10,441	16.6	3,119	6,358	964	0
Clover Bend	86	84	2,651	1,539	4,190	181	29	22,318	19,604	12.9	6,003	11,450	2,151	0
Desho	60	60	2,639	1,964	4,603	199	28	13,439	11,263	16.2	3,210	6,814	1,239	0
Lonoke	42	39	2,628	2,153	4,781	207	33	13,385	11,192	16.4	3,717	6,146	1,329	0
Chicot	79	79	2,079	793	2,872	120	32	7,563	1,737	77.0	0	1,475	0	262
Kentucky:														
Christian-Trigg	61	56	3,699	3,820	7,519	325	67	38,637	27,784	28.1	13,682	11,190	2,912	0
Tennessee:														
Tennessee Farm Tenant Security	58	57	2,064	2,366	4,430	192	43	26,159	10,753	58.9	6,453	3,369	931	0
Texas:														
Sam Houston	21	20	3,500	2,111	5,611	243	35	4,854	2,005	26.8	1,028	823	36	118
Texas Farm Tenant Security	40	35	1,733	4,259	5,992	259	42	15,679	15,062	3.9	7,705	3,828	3,529	0
Sabine	80	77	2,672	878	3,550	154	34	27,363	19,504	28.7	1,841	4,593	13,070	0
Colorado:														
Western Slope	31	31	3,790	3,270	7,060	305	240	27,676	5,626	79.7	4,637	885	104	0
San Luis Valley	46	44	4,173	2,733	6,906	299	222	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Montana:														
Milk River	69	66	3,851	3,974	7,825	338	205	52,429	23,619	55.0	18,235	4,218	1,166	0
Fairfield Bench	101	89	3,174	3,633	6,807	294	204	82,100	52,907	35.6	34,196	14,685	4,026	0
Idaho:														
Boundary	37	37	4,965	4,375	9,340	404	146	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Oregon:														
Yamhill	30	30	3,593	4,094	7,687	332	229	25,251	2,448	90.3	2,002	401	45	0
Washington:														
Snohomish	44	43	2,716	5,722	8,438	365	164	29,712	7,996	73.1	5,416	1,660	920	0
Utah:														
Sevier Valley	17	17	2,024	4,470	6,494	281	10	12,350	1,228	89.6	545	84	599	0
United States	2,824	2,467	2,377	2,886	5,263	226	69	1,067,063	626,444	41.3	310,511	213,139	82,655	20,139

¹ Data not available.

² Because of recency of contracts, no payment record had begun when this table was compiled.

The average annual payment on *171 contracts* was \$226, and the average cost of taxes and insurance was \$69. Of the cumulated payments due, 58.7 percent was collected and 41.3 was delinquent as of April 30, 1940. The percentage delinquency on *171 contracts* is shown in table 57. Of the total payments collected (\$626,444), about 49.6 percent was used to pay maintenance costs, taxes, and insurance, about 34.0 percent to pay interest and principal on the construction loan, and about 16.4 percent to pay interest and principal on the cost of the land. The distribution of the collected items is also shown in table 57. The column headed "Collections applicable to Bankhead," represents primarily repayments for operating costs, taxes, and insurance, while the column headed "Equity trust fund," represents repayments on the sales price of the land. The column headed "Corporation," refers to funds repaid to the State rural rehabilitation corporation trust funds and may have been repaid on any one or more of the above-mentioned accounts.

The farm-purchase contract, referred to as *contract 207*, has, in general, the same provisions as *contract 171* except for the methods that are provided for repayment of the purchase price and other charges. Under 207 the purchaser agrees to pay to the Government a percentage of the crops harvested each year and a percentage of the livestock and livestock products sold, as well as certain cash rentals for pasture and other facilities.

The contract further provides for the payment of annual installments called annual rental which excludes repayments on the principal and consists of the following items:

- (1) Three percent of the balance of the purchase price not covered by deposits toward the purchase price at the beginning of the year.
- (2) The farm's proportional share of taxes and assessments levied against the project.
- (3) The amount necessary to enable the Government to carry insurance.
- (4) The amount necessary to cover the purchaser's share of the cost of management of the project and for the establishment of operating funds or reserves.
- (5) The amount necessary for maintenance and repair of the property at the rate of \$50 per annum. This special reserve is to be built up until it equals \$250, at which time the annual rental is reduced by \$50, thus adding an

additional sum which can be paid on principal. In the event that at any time important maintenance work must be done which the occupant cannot pay for otherwise, he can, with the permission of the Farm Security Administration, draw upon his maintenance reserve fund to defray this expense. Should this be done, the \$50 per annum charge immediately becomes effective again until the maintenance reserve has been restored to its original \$250. If the occupant withdraws, this part of the sum, minus certain deductions, is returnable to him.

If the share of the crop is above the minimum rental, the balance may be applied to principal. If the share of the crop is merely equal to the annual rental, the rental is paid and nothing is paid on the principal, unless the occupant wishes to do so from his other income. If the share of the crop is less than the annual rental, the occupant continues to owe the amount called for as the annual rental and should, if possible, pay this from his other income. But if this is not possible, the officials of the Farm Security Administration may make a determination as to the reason the share of the crop has not equaled at least the annual rental. If it is determined that the cause was beyond the control of the occupant, the balance due on the annual rental may be carried forward to the next year, thus affording the occupant a breathing spell.

The payment of the principal therefore depends upon the ability of the occupant and the farm to produce a sum which, on the basis of a fair share of the crop, will be above the minimum. The occupant has the use of the premises as long as the minimum which represents the normal operating charges is paid. He has as long as may be necessary to repay the principal.

When purchasers under *contract 171* fail to meet the provisions of their contract with respect to the payments due thereon, the contract will be canceled and, if the lack of payment has been due to factors beyond the control of the occupant in question, he will be permitted to continue on the premises under a lease.

In addition to entering into contracts directly with clients, the Farm Security Administration has what are known as homestead associations in which the clients on a project form an association to buy properties within the project on specified terms and conditions. These associations generally buy the properties on a 40-year amortized

basis and contract with the individuals within the association on the basis of a 207 type of contract where farm properties are concerned.

Up to the present time, farm properties have not been conveyed to homestead associations but these associations have been utilized successfully in connection with the subsistence-homestead projects. These projects are of the garden-community type and the occupant enters into a contract calling for a monthly payment consisting of a sum for principal, interest, management, taxes, insurance, contingencies, maintenance reserve, as well as for his pro rata share of any special community facilities like a central water system. The occupant is in effect paying his taxes and insurance on the installment plan and is building up a maintenance reserve. The association, over the period of the year, builds up sufficient funds to pay in a lump sum the taxes due on all of the units and accumulates the necessary funds for insurance purposes. The maintenance reserve assures that the client, the association, and the Government will be safeguarded in that funds will be available to carry on necessary repair work.

At the time of this study 15 such homestead-association projects were in operation and 2 others were in receivership. Of the 15 in operation, 2 were organized only recently and only limited information was available. The total purchase price of the other 13 aggregated \$2,074,132. Of this, \$63,370 has been paid by the associations to the Farm Security Administration on the principal and \$132,291 on interest. The associations' accumulated delinquency to the Farm Security Administration is small,

amounting to only 2.9 percent for the Phoenix project in Arizona and 2.7 percent for the San Fernando project in California. Members of the associations, however, have a higher percentage of delinquency on amounts owed by them to the associations. Data on the purchase price and the repayment record of homestead associations are shown in table 58.

In addition to this selling of property, Farm Security Administration has leased a substantial number of farms. As of April 30, 1940, there were 5,214 of these rural leases, but they are not considered in this report.

TABLE 58.—*Farm Security Administration: Operating homestead association projects, Apr. 30, 1940*

State and project	Pur-chase price	Repayments to Farm Security Administration		Delinquency	
		Prin-cipal	Inter-est	Occupants to association	Associa-tions to Farm Security Adminis-tration
Indiana:					
Decatur	156,140	5,113	11,202	6.9	0.0
Minnesota:					
Austin	63,796	202	459	.3	.0
Duluth	225,742	756	1,684	.5	.0
Alabama: ¹					
Bankhead	193,919	1,319	2,994	1.4	.0
Texas:					
Dalworthington	150,000	5,953	12,445	.7	.0
Houston	275,586	10,653	22,523	.7	.0
Beaumont	125,000	5,042	10,278	1.3	.0
Three Rivers	82,823	1,581	3,449	.6	.0
Wichita Falls	131,716	2,529	5,670	.5	.0
Arizona:					
Phoenix	89,150	3,389	7,376	2.1	2.9
Washington:					
Longview	174,900	8,467	20,037	.0	.0
California:					
San Fernando	105,960	4,327	9,355	3.8	2.7
El Monte	299,400	14,039	24,819	.4	.0

¹ On May 1, 1940, the Greenwood and the Mount Olive projects began operations with purchase prices of \$162,291 and \$151,187, respectively, and in the text of this report are included among the active associations.

Major Trends and Development of Federal Participation In Farm-Mortgage Lending, 1916-41

THE QUARTER CENTURY from 1916 to 1941 has witnessed many changes in our agricultural economy, and it would be surprising if Federal participation in the farm-mortgage credit field did not take on certain new forms and if the degree of participation did not shift somewhat with changing economic conditions. The major lines of development in Federal participation in mortgage lending are now summarized in broad outline.

Throughout the period from 1916 to 1941 the Federal land bank system has been an important part of the entire Federal sector of the farm-mortgage credit field. The joint stock land banks flourished and later were placed in liquidation. The loan activities of the Land Bank Commissioner have been associated directly with the Federal activities in the field since 1932, as have certain other aspects of Federal Farm Mortgage Corporation activities after 1934. Certain credit features of the farm-mortgage loan program of the Farm Security Administration are a still more recent development.

Federal participation in the long-term mortgage field through the Federal land banks at first was mainly in the form of Federal sponsorship. This assistance consisted of a capital contribution which was to be repaid as the new institution acquired increased business and greater strength. Later the Government had more and more of an interest in the supervision and operation of these banks. With the pro-

vision for special loan facilities through the office of the Land Bank Commissioner and later with the establishment of the Federal Farm Mortgage Corporation, Government influence in farm-mortgage lending became even more direct; and the tenant-purchase program and other Farm Security Administration long-term mortgage-loan programs, subsequently provided by Congress have been financed by appropriations and loans from the Reconstruction Finance Corporation and are administered directly by a governmental agency.

Although the trends and developments of Federal participation may be traced in part through the establishment of these agencies, it is necessary to delve deeper into their operations to discover some of the most significant changes. Some represent merely shifts in the emphasis given to the established functions of the agencies; others represent an actual expansion in the functional scope of the institutions.

CHANGES IN SCOPE AND SHIFTS IN EMPHASIS IN OPERATIONS OF FEDERAL AGENCIES

Many of these changes can be distinguished best by noting the major changes or modifications in the purposes for which credit could be extended, the revisions that have occurred in loan standards, and the changes that have taken place in the methods of financing and in the organizational structure of the agencies themselves.

Expansion of Purposes for Which Credit Could Be Extended

The Federal Farm Loan Act was passed near the end of a long period of rapid agricultural development in which inadequate credit for developmental purposes, high interest rates, and other unsatisfactory credit terms stood out sharply as in need of remedial measures. It was not surprising to find that the purposes for which Federal land bank loan proceeds might be used were restricted by the original Federal Farm Loan Act chiefly to what were then considered developmental purposes—that is, purchase of farms, equipment, and fertilizer; construction of buildings or other improvements; and refinancing of indebtedness incurred for these purposes.

The reason for restricting the use of Federal land bank loan proceeds is found mainly in the prevailing belief that there was a dearth of credit for such needs and that credit for other purposes might hamper the ability of the banks to market bonds at the lowest possible interest rate. The joint stock land banks, however, were not subject to similar restrictions on the use of loan proceeds, which may be explained largely by certain differences in the type of organization and methods of financing provided for these institutions. In general, expansion in the purposes for which loan proceeds might be used has taken two forms—the broadening of the legal definition of types of debt eligible for refinancing, and the extension of the types of new expenditures eligible to be financed initially with the proceeds of land bank loans.

With the advent of agricultural distress in the early 1920's, the demand upon the Federal land banks to extend their refinancing services culminated in an amendment to the Federal Farm Loan Act in 1920, which extended the permitted purposes of refinancing loans to include the liquidation of an owner's indebtedness incurred for general agricultural expenses or to liquidate indebtedness for any reason if incurred before the time when a national farm loan association was organized in the area. Thus the purposes were expanded to include the refinancing of any indebtedness for some borrowers and to refinance considerably larger amounts of agricultural

indebtedness for other borrowers. From all appearances this amendment was a minor infringement on what had been considered by many to be desirable credit principles for the Federal land banks. Successive amendments have extended even further the refinancing uses of loan proceeds, so that funds from Federal land bank loans may now be used to liquidate any indebtedness, whether agricultural or not, incurred before January 1, 1937, and agricultural indebtedness regardless of the time incurred. In addition, the Land Bank Commissioner is authorized to make loans to refinance any indebtedness, even though incurred after January 1, 1937 although loans for such purposes are confined to loans made in connection with bankruptcy proceedings. Thus when these two credit sources are considered as a unit, there are few restrictions on the types of debt eligible for refinancing by these agencies.

In addition to this expansion in the refinancing services, an amendment in 1933 permitted the use of loan proceeds to finance expenditures where the funds were to be used for general agricultural uses—to buy such goods and services as feed, supplies, fuel, certain consumption goods, and farm insurance; and to hire farm labor. Previously, funds from the loans could be used only for such relatively restricted uses as buying farms, equipment, and fertilizer, and the construction of improvements. The earlier restrictions were apparently designed to permit only those types of loans which would bring an increased value of the security. The later relaxation provided for certain other farm operations and paying living expenses.

The long-term mortgage loans of the Farm Security Administration represent a relatively recent addition to the mortgage-credit field. In certain notable respects the purposes for which these loans can be made are more restricted than is the case for land bank and Commissioner loans. Tenant-purchase loans are expected to be made only to aid tenants to buy farms and to improve them. Other loans by the Farm Security Administration include certain special real estate loans, and construction and improvement loans. The former is limited to loans for land improvements and minor new construction; refinancing

real estate debt; redeeming or repurchasing a farm; and removing liens, assessments, and judgments. The latter is limited largely to loans for the construction of buildings and certain other improvements.

As a consequence of this gradual broadening of permitted purposes, it is evident that the intended scope of Federal participation in farm-mortgage lending has been expanded greatly. Restrictions on the use of loan proceeds no longer constitute an important limitation on total Federal participation in farm-mortgage lending.

Expansion of Borrower and Security Eligibility

No major changes were made in the original Federal Farm Loan Act relating to the eligibility of borrowers until 1933. The act as first passed permitted the Federal land banks to make loans only to persons who were cultivating the farm to be mortgaged or who were shortly to become engaged in this work. When agricultural conditions became acute in the early 1930's, this provision deprived many farm owners in need of credit of the services of the Federal land banks, so an amendment in 1933 expanded borrower eligibility to include persons whose principal income was derived from farming. A similar provision was contained in the Emergency Farm Mortgage Act of 1933 relating to loans of the Land Bank Commissioner. A more recent amendment broadened borrower eligibility still further by permitting loans to corporations engaged in raising livestock and able to meet certain requirements with regard to capital stock ownership.

Borrower-eligibility requirements with respect to real estate loans available from the Farm Security Administration are intended to restrict these loans to particular classes of borrowers. Loans under the tenant-purchase program are limited to citizens of the United States who are tenants, farm laborers, or sharecroppers, and special rural rehabilitation real estate loans are made to individual farmers who recently have lost their farms or who are in danger of losing them through foreclosure. As borrowers who are eligible for such loans are presumably unable to qualify for loans from other sources, the addition of this service represents a net increase in

the number of persons eligible to obtain mortgage credit from Federal sources.

It is evident that these eligibility provisions with respect to persons still restrict considerably the scope of operations. Numerous farm owners do not derive most of their income from farming nor do they have a sufficient part in the management of the operations of their farm to be eligible as farm operators for Federal land bank or Land Bank Commissioner loans. Further, many persons are not eligible either for land bank or for Farm Security Administration loans.

Eligibility tests with respect to the security for mortgage loans pertain both to the type of credit instrument or mortgage tendered as security and to the type of property offered as security for the credit instrument. Although Federal land bank loans have always been limited to first mortgages, some clarification as to what constitutes a first mortgage has taken place. When Land Bank Commissioner loans were authorized, eligible security was defined to include second and chattel mortgages as well as first mortgages. Chattel mortgages are taken, however, only as additional security and the amount of a loan permitted is not directly affected by the acceptance of such security. The type of security acceptable for tenant-purchase loans, special real estate loans, and construction of improvement loans, is not defined in terms of priority of lien. Like the Land Bank Commissioner loans, chattel mortgages may also be included, and as Farm Security loans are not restricted to a given percentage of value, the question of priority of lien does not necessarily enter into the consideration.

The types of properties acceptable as security constitute restrictions on loan operations in addition to those relating to the type of credit instrument. The type was limited indirectly by provisions of the Federal Farm Loan Act governing the basis of valuation to be used for loan purposes. In the original act the value of land for agricultural purposes was the only basis of valuation recognized. By administrative interpretation and amendments to the act the phraseology "agricultural land value" has been expanded to include a reasonable value on fruit trees and orchards and certain types of livestock

farming, as well as certain specialized enterprises like poultry and turpentine farms.

With the establishment of Land Bank Commissioner loans, the type of security acceptable for such loans was expanded to permit the consideration of any loan which would represent a "prudent investment." This included loans the repayment of which was not entirely dependent upon income from farming. The only restrictions, as regards the security, that are placed on tenant-purchase loans are with respect to the size of the farm. Although the property security is presumably to be agricultural, no legislative provision defines specifically the types of enterprise that may be so considered.

But even with the evident movement toward provision for a more general credit service by Federal agencies, there are some classes of potential borrowers who are able to offer sound security but who are now ineligible for loans. Perhaps the largest class of ineligible applicants is composed of farm owners who do not operate their farms. Exclusion of such owners is probably based on the wish to encourage owner-operation of farms. This is encouraged to the extent that loans from Federal agencies are more advantageous than are loans obtainable from private institutions, but to the extent that private institutions can offer as favorable terms as Federal agencies, such a restriction gives no differential advantage to owner-operation, and these agencies are deprived of what otherwise would amount to considerable additional sound credit business.

Eligibility of security is not a major restriction although several classes of security, such as timber or forest land not a part of an agricultural enterprise, are ineligible for loans from the Federal credit institutions considered. Several suggestions have been made which look toward the establishment of a specific institution to extend credit on such security.

Loan Terms and Conditions

Changes in terms and conditions of loans which reflect most directly the development of Federal participation in the long-term mortgage field are those with respect to the amount loanable, the amount borrowers are required

to pay for the credit service, and the methods provided for repayment.

Maximum Loan Limits Change.—The absolute amount loanable by a Federal land bank to an individual has been progressively increased. The upper limit was raised from \$10,000 in the original legislation to \$25,000 in 1923 and again from \$25,000 to \$50,000 with the approval of the Land Bank Commissioner in 1933. Commissioner second-mortgage loans have been limited to \$7,500, but this amount can be in addition to the first mortgage of the Federal land bank. Tenant-purchase loans, on the other hand, are not restricted to a specific maximum amount, except indirectly by certain restrictions on the maximum purchase price for the farm. Such loans, however, may be made not only for the purchase price but also for additional necessary improvements. Special real estate loans of the Farm Security Administration are administratively restricted to \$1,000. This restriction was promulgated largely to obtain optimum use of the available funds and to eliminate, insofar as possible, any duplication of the type of loans available from other federally sponsored agencies.

Loans are limited also in relation to the value of the security. When the Federal agencies are viewed collectively, the modifications of these restrictions that have taken place represent important changes in the scope and character of their loan services. Modifications have occurred both in the maximum percentage of value designated as the upper limit to loans and in the definition of the term "value." Land bank loans have been limited throughout to 50 percent of the value of the land and 20 percent of the value of the permanent insured buildings, but beginning in 1933 the meaning of value shifted from a modified sales-value concept to what is now called normal value. This latter value is, in a sense, the most probable future value or the figure about which future values are expected to fluctuate.

Under this interpretation of value, the loan base on which the percentage limits were to be applied was considerably higher during the earlier thirties than would have been the case under the previous modified sales-value concept.

During a period of higher land values, however, the normal-value concept may act as a restriction rather than a relaxation. But the ability of the Land Bank Commissioner to make loans up to 75 percent of the normal value does represent a relaxation from those restrictions imposed upon the land banks; and the authority of the Farm Security Administration to make loans based on the purchase price and the cost of necessary improvements represents additional liberalization.

In the case of all of the agencies, the probable future income of a property is given consideration and represents a practical limitation on the amount that will be loaned. The Federal land banks and the Land Bank Commissioner make loans chiefly on the basis of the probable income under average management, while the Farm Security Administration makes loans to farmers where it is believed that the loan will pay out under proper management, particularly where the income from the land appears to be responsive to better practices. Extensive supervision of the management of properties on which loans are outstanding has not been emphasized by the Farm Credit Administration. Although this additional feature in the Farm Security Administration loan program undoubtedly makes possible certain loans which otherwise would not be adequately secured, the cost to the lender of decreasing risks by this method has to be considered in conjunction with the resulting reduction in the risk.

Changed Provisions as to Loan Charges and Repayment Methods.—Substantial changes have been made during the quarter-century 1916-41 both in the provisions of farm-mortgage loan contracts relating to loan charges and in those relating to methods of repayment. The contract interest rate charged on Federal land bank loans was limited, in the beginning, to a rate that would not exceed by more than 1 percent the rate of interest on the last issue of bonds. Later this was amended to permit a larger spread on the approval of the Governor of the Farm Credit Administration. The maximum interest charge has remained throughout at 6 percent, so that only when land bank bonds

could be marketed at a rate less than 5 percent was this amendment effective.

Actual rates charged land bank borrowers, as distinguished from the contract rates, have been considerably reduced through Federal contributions. Beginning in 1933 the land bank interest rate was reduced to 4½ percent and later to 3½. The 3½-percent rate has been in effect since June 30, 1935, and under present legislation will continue in effect until July 1, 1942. In addition to these changes, the 8-percent interest rate which could be charged on default payments and on taxes, insurance, and other advances, has been voluntarily reduced by the banks.

The interest rate on Commissioner loans was limited to a contract rate not to exceed 5 percent, but an amendment of July 22, 1937 reduced this maximum to 4 percent for all interest payable after July 22, 1937, and before July 1, 1940. A further amendment of June 1940 reduced the rate to 3½ percent on interest payable on or after July 1, 1940, and before July 1, 1942. The interest rate on Farm Security loans is limited to 3 percent.

Methods provided by Federal agencies for the repayment of loan principal and the payment of interest have gone through several modifications. Loans from all of these agencies require the repayment of principal on an amortization basis. The developments in repayment methods therefore have come about through modifications that have been made in this general principle. These consist primarily of provisions for extensions, deerrals, and reamortizations, which were authorized for Federal land bank loans during the early 1930's and for Commissioner loans somewhat later, and the more recent variable repayment schemes applicable to both groups of loans.

An extension usually permits a borrower to pay a due installment within a short time after the due date. Extensions are meant to help a borrower to make his payment out of money he will soon make from his farming. Extensions may involve a longer period (up to 5 years in the case of land bank and Commissioner loans) in which the borrower is permitted to repay any delinquent installments in annual or semiannual

installments. Deferments, on the other hand, usually involve paying only the interest during the deferred period, with the regular principal installments postponed until a later time.

Reamortization may involve the amortization of any amounts due over the remainder of the term of the contract or may actually involve an extension of the term of the contract. Most Commissioner loans have recently been reamortized for a period longer than the 10 years originally provided.

Variable repayment schemes usually base the amount payable on the amount of the borrower's annual income or a percentage of the crops produced. A good example of this type of repayment is used by the Farm Security Administration in requiring repayments on tenant-purchase loans, although the Federal land banks and the Commissioner also have provided borrowers with a somewhat similar method.

Changes in the terms and conditions of loans represent a broadening of the general credit services available from Federal agencies, but to the extent that a general credit service is an objective, many restrictions still remain that are not justified alone on the basis of what would be considered a safe investment policy. Probably a number of satisfactory loans would exceed either the maximum absolute amount or the maximum amount allowable in relation to value. Further, there are higher risk loans which could be made on a sound credit basis if loan charges could be made commensurate with probable risks. Then numerous borrowers would prefer that their loans not be repaid on an amortized basis, yet these loans might represent sound credit.

Some of the changes in terms and conditions were supposed to be temporary expedients to meet adverse agricultural conditions, but some have been in effect long enough to indicate a tendency to provide a more generalized agricultural-credit service.

Development of the Organizational Structure

The expanded credit services that the several Federal agencies can now render have had important effects both upon their number and upon their internal organization. The Federal

land bank was envisaged originally as an institution to be cooperative in nature and owned by the borrowers, with the Government charged, for the most part, only with regulatory responsibilities. As Federal participation in the farm-mortgage field expanded to meet new demands by farmers and new situations, the interest of the Government grew more pronounced in both the management and the ownership of the banks.

This change in emphasis is exemplified by the method of electing, and the composition of, the board of directors of the Federal land banks. The management function in the initial organization was vested in a board of directors appointed by the Farm Loan Board. As soon as the stock bought by national farm loan associations amounted to \$100,000 for the district, the management was to be transferred to a board of nine directors, six of whom were to be chosen by national farm loan associations and three by the Federal Farm Loan Board.

Both the number and the method of electing the members of the board were changed in 1923. After this date three directors were to be elected by associations, three were to be appointed by the Federal Farm Loan Board, and one, the director-at-large, was to be selected by the Federal Farm Loan Board from three persons nominated by the associations. The number of members was thus reduced from nine to seven, with four of the members appointed by the Federal Farm Loan Board.

This form of organization prevailed until fairly recently when the boards of the various Farm Credit agencies—Federal land bank, Production Credit Corporation, Bank for Cooperatives, and Federal intermediate credit bank—were consolidated into one board of seven members to manage the affairs of all the institutions under the Farm Credit Administration. Three of the members are known as elected directors, one of whom is chosen by national farm loan associations and borrowers from the banks through agents, one is chosen by production credit associations, and one is chosen by the borrowers from the district bank for cooperatives. Three of the members are known as district directors and are appointed by the Governor of the Farm

Credit Administration. One of these district directors is appointed by the Governor from three nominees of the national farm loan associations. The seventh member of the board is known as the director at large, who is also an appointee of the Governor. There is in these changes an obvious shift in the character of Federal participation in the control over land-bank operations.

Many internal reorganizations occurred after 1923 which tended to adapt the organization better to the expanded functions of the land banks. For example, through the delinquencies and foreclosures during the latter part of the 1920's the Federal land banks acquired considerable real estate, resulting in the establishment of a separate section of the banks to handle this phase of their business. Of interest in this connection was the commission established, in 1925, to assist the Spokane bank in managing and disposing of its acquired farm real estate. The commission worked under an agreement with the other 11 banks whereby the other banks made advances and received in return certificates representing their respective interests in the ultimate liquidation of the commission. The activities of this commission terminated in February 1932. In the interim advances aggregating \$2,799,850 were made by the banks. Each participating bank finally received an amount equal to the principal of its advances as well as interest at a rate borne by its last issue of bonds before the date of the advances, although this disposition probably would not have been possible without certain governmental aids extended to the banks in 1932.

Necessity for even greater participation of the Government in the field of mortgage credit in the early 1930's resulted, as seen, in the establishment of additional loan facilities through the office of the Land Bank Commissioner and shortly thereafter through the Federal Farm Mortgage Corporation. The main functions of the Commissioner and the Corporation are reflected in the new types of credit services they were authorized to furnish. Later the farm-mortgage credit program of the Farm Security Administration was added.

The change in the organizational structure of

the entire Federal sector of the mortgage-credit field from that originally set up in 1916 is readily apparent when it is recalled that at the outset the Federal sector consisted of two groups of agencies, both of which were expected to operate to a considerable extent independently of the Government. The Federal land banks were designed to be cooperatively owned and managed institutions under Federal sponsorship and supervision, and the joint stock land banks were to be private institutions under Federal supervision. The Federal land banks have continued, the private joint stock land banks are in liquidation, and the newer Federal additions to the field have been institutions involving direct participation of the Government in mortgage lending. There has thus been a marked shift in the organizational structure in the direction of greater direct Federal participation.

Evolution of Governmental Participation in Financing of Federal Long-Term Mortgage-Credit Institutions.

At the outset the Federal land banks were capitalized primarily by the Government, but it was intended that the initial stock subscription would be gradually retired and that eventually the capital would be owned by national farm loan associations and indirectly by borrowers. By the late 1920's practically all of the stock was owned by the associations. But as the banks needed more funds in the early 1930's, a further Federal subscription of \$125,000,000 was made to the capital stock of the banks. Retirement of the additional stock was to be similar to that of the original subscription. Little had been retired by the latter part of 1940 when, by direction of the President of the United States, the Federal land banks were called upon to retire \$100,000,000 of Government capital. Of this amount only \$57,482,915 represented a reduction of capital stock; the remainder represented a reduction of paid-in surplus. This retirement of capital left the Federal Land Banks of Louisville and Houston without any Government-owned capital stock or any paid-in surplus; and the Federal Land Banks of Springfield, New Orleans, St. Louis, and Berkeley were left without any Government-owned capital stock, although these banks

still had about \$36,000,000 of Government funds in the form of paid-in surplus.

Although the Federal contribution to the capital stock of the Federal land banks has provided some interest-free capital for their operations, the banks have had to get most of their funds from the sale of bonds. The Federal Farm Loan Act provided for the issuance of tax-exempt bonds under the expectation that they would be sold mainly to private investors. Beginning in 1918, however, it became evident that the market would not take the bonds at a rate and in the quantity desired. This market condition reflected not only the relatively high money-market rates but also the fact that the constitutionality of the act was being questioned.

Even after this legal question was settled, the Government retained a substantial interest in the banks in the form of individual farm-loan bonds held by the Treasury; on June 30, 1920, they amounted to around \$212,000,000 but gradual retirement took place until 1926 when it was nearly completed. Again in 1929 and 1930, the bond market was unfavorable and Federal reserve banks bought considerably, but these bonds were held for only short periods and were not outstanding at the end of either year.

With the establishment, in 1934, of the Federal Farm Mortgage Corporation, having capital stock of \$200,000,000 provided from public funds, authority was obtained to issue not only tax-exempt bonds but also bonds that were guaranteed as to both interest and principal. The further authority of the Corporation to buy land bank bonds or to exchange their bonds for land bank bonds extended the ability of the land banks to market their obligations. By December 31, 1934, the Corporation held consolidated land bank bonds in amount of \$579,454,000, which had increased to \$761,130,000 on December 31, 1940. In addition, other governmentally sponsored agencies also have held considerable amounts. The Production Credit Corporation alone held around \$70,000,000 on December 31, 1940.

Operations of the Farm Security Administration are financed on a different basis from either

the land banks or the Federal Farm Mortgage Corporation. Until recently their loans have been financed out of appropriations. Lately, authority was granted the Reconstruction Finance Corporation to loan funds to the tenant-purchase program in return for their mortgage security.

The changes that have taken place during this period in eligibility requirements, loan terms and conditions, and organizational structure, and changes in the methods of financing Federal institutions all are indicative of trends in the character and scope of Federal participation in the field of long-term agricultural credit. But some of these major tendencies cannot be adequately described in terms of operations and structure alone. A broader perspective is required to appraise their combined significance.

MAJOR TENDENCIES IN DEVELOPMENT OF FEDERAL PARTICIPATION

The several changes in the scope and the shifts in emphasis of Federal agency operations (which have been summarized for the combined group of such agencies) may be interpreted still more broadly as reflections and integral parts of certain major drifts or tendencies in Federal participation in farm-mortgage credit. Full recognition of these tendencies is vital in the formulation of future Federal policies in this field, as tendencies already present necessarily will condition future policies to some extent.

The following major tendencies in Federal participation are sufficiently clear-cut to be especially worthy of note: (1) Expansion of Federal mortgage-credit operations into the extra-risk field, (2) increased emphasis on governmental absorption of a part of the cost of mortgage credit, (3) assumption of greater responsibility for assisting farmers to work out their credit problems and for providing continuous supervision of loans, and (4) the acceptance by the Government of responsibility for providing facilities capable of performing functions that may be described in part as central mortgage-banking functions. Not all of the separate movements have operated in harmony with these general tendencies, but the net effect of the many movements has apparently influenced trends in these

directions. Moreover, these several major tendencies have not been unrelated; all in a general way are related to the increased responsibilities assumed by the Government for the welfare of agriculture.

Expansion of Credit Services Into Extra-Risk Sectors of Long-Term Mortgage-Credit Field.

The most noticeable evidences of the expansion of Federal participation into certain extra-risk sectors of the long-term mortgage-credit field is the provision made for Land Bank Commissioner loans in 1933 and for Farm Security Administration loans in later years. It should be noted in passing, however, that the term extra-risk credit has different connotations. The usual meaning is credit extended where the risk of loss on individual loans is high, regardless of whether loan charges are sufficient for this general class of loans to make them safe investments for the lender. Technically speaking, where charges are high enough to cover lender costs, including losses, it would seem inaccurate to refer to such credit in the aggregate as extra-risk credit. Perhaps some of these types of risks should be referred to as credit on farms that have a high enterprise risk.

Credit extended by the Commissioner and the Farm Security Administration, may without much question be classed as higher risk credit than that usually furnished by the land banks, as loans are permitted up to 75 percent of normal value in the case of the Commissioner, and Farm Security loans are permitted for amounts up to 100 percent of current sales value and in some cases for even larger amounts. Before these facilities were established, loans were limited to 50 percent of agricultural value. The operating experience of the Commissioner indicates the presence of extra risk for such loans, but the operating experience of the Farm Security Administration does not cover many years and the available data on cost and loan losses are inadequate for definite conclusions on the degree of risks involved. But it would seem that probable costs would be found to be considerably in excess of the probable returns for many of these loans if the various cost and return probabilities could be fully measured.

Expansion of Federal credit agencies into the field of extra-risk credit has not been confined to the operations of the two agencies thus far mentioned. The Federal land bank operations have been broadened in certain respects to permit such expansion. Orchard loans, for example, are admittedly loans on an enterprise involving higher risks than loans normally made. In order to provide for such increased risk a higher contract-interest rate was authorized. It is probably too early to determine whether the higher interest rate charged was commensurate with the added risks involved. Then, during the early 1930's when land values were low the decision to base loans on a given percentage of a normal value rather than of a modified sales value certainly permitted loans involving higher risks, particularly in view of the fact that loan charges also were decreasing. But loans based on normal value during such a period may not necessarily represent any greater risk, and possibly may involve even less risk, than loans based on sales values during periods of inflated land values. Authority for the Federal land banks to enter the field of extra-risk credit to a limited extent is also evidenced by the expansion in the purposes for which loan proceeds may be used, but the Federal land banks have always tried, in general, to confine their operations mainly to standard-credit risks.

In some respects the decision to liquidate the private joint stock land banks and the later expansion of Federal credit facilities employing public funds are symptomatic of the changes that have come about in the position of the Government in relation to farm-mortgage credit. Conditions in the early and middle 1930's called for something more than adequate standard-risk credit facilities. It was considered necessary for the Federal Government to enter directly into the loan field on a basis involving a degree of risk not normally consistent with safe private lending. Certain social objectives were considered vital enough to justify the Government in extending credit to aid in attaining them even though the financial returns might not cover the full cost of the credit operations.

Diffusion of Credit Costs

Diffusion of credit costs may be viewed from two standpoints. Costs may be spread, even within the borrower group obtaining credit from an agency, by making some carry more of the costs than may be directly attributed to them. A different form of diffusion involves shifting some of the costs to society as a whole by governmental absorption of costs. If, in the former case, the probable costs for individual loans are balanced as nearly as possible with the probable returns for such loans (risks equalized), any resulting distribution of costs represents merely the application of the insurance principle to mortgage-credit costs.

Risks of different loans may not be fully equalized, but because of the character of the mortgage-credit market the agency may be able to make some loans carry the additional costs of others. There has been a tendency for the interest rate charged all borrowers from a particular Federal agency to be the same, with little variation by area or by type of risks. To the extent that loan costs and returns for individual loans are not equalized, this has tended to assess charges on borrowers in proportion to their ability to pay, or their willingness to pay, in view of alternative credit opportunities, rather than on the basis of probable risks or costs for different loans.

That certain of the costs of agricultural credit have tended to be borne more and more by society cannot be questioned. The extent of these shifts cannot be entirely learned even now, because some contingent costs have not yet developed. Among the evidences of costs borne by Government are interest subsidies, advances of interest-free capital, public guaranty of bonds, and direct appropriations of which only a part is expected to be repaid. The financial interest of the Government in the Federal land banks, at the time of their inception, was mainly in respect to the initial capital furnished for launching them. In the early 1920's, the Treasury was authorized to furnish further funds for the purchase of Federal land bank bonds. Beginning in the early 1930's, further capital funds were furnished to the Federal land banks and the Federal Farm Mortgage Corporation

and the bonds of the Corporation were guaranteed as to both principal and interest. Moreover, when the tenant-purchase program was instituted the funds were provided from direct appropriation. Although some of these arrangements, whereby costs are borne by the Government, were measures intended to be temporary, the number and amount of these public contributions have increased and some are now of comparatively long standing.

Expansion of Field of Loan Service and Supervision

Along with the expansion of Federal credit service into the extra-risk field and the absorption of some of the costs by Government has come increased emphasis upon assisting farmers to work out their problems through the supervision of loans. This has been most noticeable in the loan program of the Farm Security Administration, but is also evident in connection with Federal land bank and Commissioner loans.

In the early years of the Federal land banks, primary emphasis was placed on the making of loans that could be expected to work out satisfactorily without continuous contacts between the bank and the borrower. In fact, holding the loan-servicing costs to a minimum was at one time considered essential to the objective of providing standard-risk credit to farmers at a minimum cost. But the entrance of the Government into the second-mortgage field, and into the field of financing farm purchases when the buyer has only a limited equity, has necessitated more direct and continuous contacts between the lender and the borrower, not only to protect the financial interests of the Government, but also to insure that any costs carried by the Government, or any losses suffered, will be justified by appropriate improvements in the practices of the farmers benefited.

This supervision also reflects the added responsibilities assumed by the Federal Government in the general field of agriculture. Originally in regard to the Federal land banks and the private joint stock land banks, the Government assumed responsibility only for improving the structural features of the loan facilities so that farmers could obtain adequate business credit at reasonable rates and on other terms

better adapted to their operations. At that time, these matters appeared to be of primary concern. But the Federal mortgage-credit policy viewed in its entirety now involves also the use of additional Federal credit facilities to accomplish other objectives such as those of the Land Bank Commissioner and tenant-purchase program and special real estate loans of the Farm Security Administration. Both absorption by Government of a part of the credit costs and supervision of borrowers fit in logically with many of the further responsibilities for agricultural welfare assumed by the Government.

Development of Certain Phases of Central Mortgage Banking

When the Government furnished funds to the land banks, during certain unfavorable periods before the post-1929 depression, in a sense the Treasury acted to a limited extent as a central bank for the land banks. In the early stages of that depression similar means were used to provide funds for the land banks, but the establishment of the Federal Farm Mortgage Corporation provided a much more comprehensive system for financing them. Not only did this Corporation become a type of central mortgage bank for the land banks, but it provided funds to refinance directly other privately held farm mortgages. Moreover, on the basis of the funds thus made available to the Federal land banks, the land banks could act to some extent also in the capacity of central mortgage bankers for private lenders.

The central mortgage-banking function thus became diffused through the Federal land bank system, with the land banks tending to operate more as central banks for standard- and other limited-risk credit and the Federal Farm Mortgage Corporation as a central bank for extra-risk credit.

These central-banking operations involved certain elements not usually present in the customary central-banking operations in relation

to commercial banks. In the latter field well-established tradition against taking heavy risks has developed. In fact, in the post-1929 depression special agencies such as the Reconstruction Finance Corporation were set up outside the Federal Reserve System to do most of the emergency financing required in connection with the commercial-banking system. Thus only the emergency phases of the central-banking function have been developed to date in the farm-mortgage credit field. No provision has been made for a permanent institution to supply this kind of service continuously either for the Federal land banks or for private farm-mortgage lenders.

Problems of Basic Policy Growing Out of Government Participation

Many basic questions of public policy that have emerged and are still present in this field need further consideration. It is pertinent to note that the responsibilities now assumed by the Government and the institutional patterns that have developed to cope with these responsibilities, are important basic facts that must be taken into account when considering broad questions of public policy. Responsibilities that have been assumed by the Government either directly or through the several Federal mortgage-credit institutions are now a part of the institutions themselves. Many of them are embodied in existing contractual relationships with farmer-borrowers.

Many of the present relationships of the Government to farm-mortgage lending that were expected to be temporary emergency arrangements have nevertheless become entwined with further developments, and many have become a part of the agricultural pattern. If for no other reason, any future changes that may contemplate reducing the participation of the Government, may have to be attempted as a gradual process of adjustment, rather than as sweeping changes in Federal mortgage-credit policy.



Part III

Current Problems and Issues In Farm-Mortgage Credit Policy

The Competitive Pattern of the Farm-Mortgage Credit Field

PRIMARY EMPHASIS was placed in parts I and II on the presentation of a factual summary of the organization and structure of both the public and private sectors of the farm-mortgage credit system as they have operated during the last three decades. In part III those features of the competitive pattern in the mortgage-credit field which seem most pertinent to the present inquiry are set forth, the broad issues relating to the role of the Government in regard to the farm-mortgage field are considered, and finally certain specific problems relating to the structural features and operating policies of the Federal mortgage-credit agencies are explored. Current problems are considered from the viewpoint of making basic issues and their interrelationships stand out clearly.

COMPLEXITY OF THE PRESENT MORTGAGE-CREDIT SYSTEM

Conceived broadly, the farm-mortgage credit system consists of the entire group of institutional arrangements, public and private, associated with lending on farm real estate security. This system is a part of the entire credit system of the Nation and reflects influences stemming not only from the developments in this broader credit field but also from the agricultural industry. Present mortgage-credit arrangements reflect the adaptations that private lenders have made to changing economic conditions, both within and outside the agricultural field, as

well as positive public programs within the agricultural-credit field. It reflects the character of the credit requirements of agriculture as well as the operating policies adopted by lending agencies.

The multiplicity of forces that are operative in the mortgage-credit field go far to explain its complexity. The credit needs of farmers in different areas and of farmers engaged in different kinds of farming, as well as the types of credit services available in different areas, vary so much that comprehensive generalizations in regard to farm-mortgage credit are of only limited usefulness as a basis of public policy. Moreover, mortgage credit has exhibited widely different characteristics in different periods. Sometimes farm-mortgage credit has been used chiefly for developmental purposes and to finance farm transfers; at other times it has been used more to fund and consolidate past debts and to fund operating losses. And even within these periods the use made of credit has varied by regions, some regions having long passed the stage in which developmental credit was needed in large amounts and others having been at the beginning, or in the midst, of an era of agricultural expansion.

Since public mortgage-credit agencies must operate in a competitive loan market, it is necessary to understand how the competitive process operates in the mortgage-credit field. The mortgage-credit field is characterized by certain

sectors of functional specialization in which active competition is limited largely to certain types of lenders, as well as by certain sectors in which many different types of lenders compete to a substantial extent. Public mortgage-credit facilities may or may not affect the competitive pattern in certain parts of the field, depending partly on the character of the loan service offered. The effect of public mortgage-credit operations may be to supplant certain private credit services or merely to bring greater competitive pressure to bear on them, depending again on the credit policies adopted.

Although too little is known of the competitive structure of farm-mortgage financing, certain of its major features can be isolated sufficiently to throw some light on problems of mortgage-credit policy, especially if the mortgage-credit system is regarded as a money market in which the diverse elements entering into the supply of and the demand for farm-mortgage credit are considered. But as information on the demand side of this market is less readily available than information on the supply side, it is often necessary to infer from actual credit operations (which reflect the influence of both supply and demand factors) the nature of the demand factors in the farm-mortgage credit market. This question of demand factors is in need of much further study.

SURPLUS- AND DEFICIT-CREDIT AREAS

Immobility of farm-mortgage credit is emphasized by the extensive public measures taken to make the surplus loan funds of certain areas available to other areas where there is credit shortage. The Federal Reserve System was designed partly to break down barriers that impede the flow of credit between areas, and one cardinal principle of the Federal farm loan system has been to give greater mobility to farm-mortgage credit.

The fact that loan capital accumulates in certain areas in excess of their credit requirements, whereas in other areas the reverse is true, helps to account for the wide regional differences in the competitive pattern of farm-mortgage lending. Agricultural areas near large industrial and commercial centers, for

instance, often have benefited from surplus loan funds partly because of the larger accumulations of savings within these areas, and partly because of the development of institutions for the pooling and lending of savings drawn from other areas. A high rate of return has often been necessary to attract private loan funds from the surplus to the deficit areas.

Causes are Many.—Many factors have prevented a more even geographical distribution of mortgage credit. For example, to provide facilities to pool loan funds in one area and to lend them in another involves certain special costs. Also, mortgage laws have been more favorable to lenders in certain States than in others, and in some areas special loan hazards growing out of agricultural-enterprise risks and other special lending costs have been greater than in others.

Contradictions are Found.—To keep lending costs within reasonable limits some private centralized lenders select loan territory where costs can be kept at a minimum and where loan hazards can be standardized and more adequately covered by loan charges. As a result, some farmers in deficit-credit areas in which a substantial volume of low-risk and otherwise low-cost loans can be made, often have fared as well in credit service as others in surplus areas. Favorable conditions for extensive lending by large centralized lenders have given some farmers in deficit-credit areas the benefit of outside competition for their loans which has often been as keen as local competition in the definitely surplus-credit areas. This is a partial explanation of why many midwestern farmers in deficit-credit areas enjoyed as favorable credit service from private lenders in the 1920's as did those in the Northeastern States.

But even with the Federal farm loan system and other centralized lending institutions in the field, in the 1920's many borrowers were not in a position to tap the credit reservoirs of surplus-credit areas. A substantial measure of standardization of risks was believed essential to the proper functioning of the Federal farm loan system, and apparently many types of mortgage-credit needs did not fit the loan standards considered necessary. A large proportion of the

farmers in the West and South had to pay as high interest rates on farm mortgages in the 1920's as in the previous decade, despite the expanding land bank and insurance company loans in their territory. Factors in addition to lack of credit institutions for pooling and transferring loan funds on a national basis contributed to the continued high rates of interest.

VARIATIONS IN COSTS OF FARM-MORTGAGE CREDIT SERVICE

Costs involved in furnishing credit vary widely, not only by regions and kinds of farming, but also among different types of loans within the same general area. In this respect farm-mortgage credit is no different from other types of credit. Variations in costs reflect two principal factors which are not always easy to distinguish. One is the cost associated with risks of loss of principal and interest; the other is the administrative cost involved in making and servicing loans. The presence of high risks often is reflected in added administrative costs incurred to protect the lender against losses, but the two factors may vary independently of each other.

TABLE 59.—*Size of farm mortgages recorded by all lenders during 1938; percentage distribution by Farm Credit districts¹*

PERCENTAGE DISTRIBUTION

District	Size of farm mortgages recorded								
	\$500 and less	\$501 to \$1,000	\$1,001 to \$2,000	\$2,001 to \$3,000	\$3,001 to \$4,000	\$4,001 to \$5,000	\$5,001 to \$7,000	\$7,001 to \$10,000	\$10,001 and over
Springfield	19.2	23.1	28.0	14.0	6.8	3.4	2.9	1.5	1.1
Baltimore	24.1	23.0	23.7	11.7	6.6	3.6	3.1	2.3	1.9
Columbia	50.6	21.9	14.1	5.9	2.5	1.6	1.4	1.2	.8
Louisville	27.6	21.2	22.4	11.4	6.6	3.7	3.5	2.1	1.5
New Orleans	53.0	22.5	13.6	4.9	2.1	1.6	1.0	.8	.5
St. Louis	27.7	19.1	18.7	10.2	6.5	4.3	5.5	4.1	3.9
St. Paul	20.5	22.2	23.6	12.5	6.9	4.7	4.9	3.2	1.5
Omaha	9.9	13.6	20.4	13.5	10.6	8.2	9.2	7.6	7.0
Wichita	17.1	20.2	25.6	14.7	8.2	5.6	4.5	2.5	1.6
Houston	16.0	16.9	26.2	14.2	7.5	4.9	4.7	3.7	5.9
Berkeley	10.0	14.7	24.0	15.2	9.9	6.8	6.4	5.1	7.9
Spokane	19.7	21.5	24.4	11.9	6.9	4.3	3.7	3.4	4.2
Total	25.5	20.2	21.9	11.5	6.8	4.3	4.2	2.9	2.7

CUMULATED PERCENTAGES									
Springfield	19.2	42.3	70.3	84.3	91.1	94.5	97.4	98.9	100.0
Baltimore	24.1	47.1	70.8	82.5	89.1	92.7	95.8	98.1	100.0
Columbia	50.6	72.5	86.6	92.5	95.0	96.6	98.0	99.2	100.0
Louisville	27.6	48.8	71.2	82.6	89.2	92.9	96.4	98.5	100.0
New Orleans	53.0	75.5	89.1	94.0	96.1	97.7	98.7	99.5	100.0
St. Louis	27.7	46.8	65.5	75.7	82.2	86.5	92.0	96.1	100.0
St. Paul	20.5	42.7	66.3	78.8	85.7	90.4	95.3	98.5	100.0
Omaha	9.9	23.5	43.9	57.4	68.0	76.2	85.4	93.0	100.0
Wichita	17.1	37.3	62.9	77.6	85.8	91.4	95.9	98.4	100.0
Houston	16.0	32.9	59.1	73.3	80.8	85.7	90.4	94.1	100.0
Berkeley	10.0	24.7	48.7	63.9	73.8	80.6	87.0	92.1	100.0
Spokane	19.7	41.2	65.6	77.5	84.4	88.7	92.4	95.8	100.0
Total	25.5	45.7	67.6	79.1	85.9	90.2	94.4	97.3	100.0

¹ Mortgages recorded include junior mortgages as separate loans.

Farm Credit Administration.

Administrative Costs

Variations in administrative costs per unit of loan volume are associated in part with the size of loans. Certain costs like the routine expenses of placing a loan on the books, the usual legal expenses, and expenses of making collections vary little with the size of loan. The total administrative cost of carrying 100 loans of \$10,000 each will normally be much less than that of carrying a like volume of loans made up of 1,000 loans of \$1,000 each or 2,000 loans of \$500 each.

Size of Loans Varies Widely.—Regional variations in the distribution of mortgages recorded in 1938 by size groups are illustrated by table 59. A substantial part of the present farm-mortgage loan business is in the nature of small-loan business. For the country as a whole, more than 25 percent of all farm mortgages recorded in 1938 were for \$500 or less, almost 46 percent were for \$1,000 or less, and almost 68 percent were for \$2,000 or less. Even more significant is the high proportion of small loans in certain areas. In the New Orleans Farm Credit District, for example, 53 percent of the loans were for \$500

or less, whereas in the Omaha and Berkeley districts only about 10 percent of the loans were for \$500 or less.

Evidence that the wide regional variations in the size of farm-mortgage loans made in 1938 are not merely a recent phenomenon is found in table 60, which shows the estimated average size of mortgages recorded by all lenders, by States, in 1917, 1920, 1925, 1930, and 1935. A striking illustration of the variation even for one State is found in the distribution of mortgage loans by size groups for the period 1917-35 for selected counties in Nevada (table 61).

TABLE 60.—*Average size of mortgages recorded by all lenders, by States, 1917, 1920, 1925, 1930, and 1935*

State and division	1917	1920	1925	1930	1935
	Dollars	Dollars	Dollars	Dollars	Dollars
Maine	2,490	2,980	1,950	1,960	1,710
New Hampshire	1,280	1,420	1,490	1,580	1,650
Vermont	2,130	2,660	2,470	1,950	1,680
Massachusetts	1,730	2,310	2,580	2,390	1,900
Rhode Island	2,800	1,200	2,070	2,640	2,780
Connecticut	1,400	2,100	2,160	2,300	1,770
New England	1,840	2,300	2,210	2,150	1,770
New York	2,220	3,050	2,900	2,500	1,920
New Jersey	1,670	2,400	3,350	2,730	2,250
Pennsylvania	2,900	3,300	3,450	4,130	2,130
Middle Atlantic	2,320	2,970	3,170	3,100	2,030
Ohio	2,880	4,450	2,850	2,440	2,240
Indiana	2,640	4,070	2,870	2,340	2,000
Illinois	4,520	6,870	5,770	4,440	3,800
Michigan	1,680	2,640	2,110	1,740	1,700
Wisconsin	2,190	3,300	2,810	2,740	2,460
East North Central	2,700	4,200	3,400	2,790	2,500

TABLE 60.—*Average size of mortgages recorded by all lenders, by States, 1917, 1920, 1925, 1930, and 1935—Continued*

State and division	1917	1920	1925	1930	1935
	Dollars	Dollars	Dollars	Dollars	Dollars
Minnesota	3,010	5,900	4,220	3,470	3,010
Iowa	6,540	11,080	8,060	6,510	4,740
Missouri	2,220	3,310	2,560	2,090	1,750
North Dakota	2,240	3,600	2,820	2,480	2,810
South Dakota	3,230	6,050	4,620	3,560	2,840
Nebraska	4,370	7,300	5,690	4,920	3,700
Kansas	2,440	3,690	3,090	2,660	2,660
West North Central	3,400	6,060	4,500	3,630	3,050
Delaware	2,920	3,420	3,670	2,990	2,340
Maryland	2,300	3,380	2,850	2,760	2,630
Virginia	1,860	3,310	2,270	2,370	1,810
West Virginia	1,900	3,240	2,300	2,180	1,550
North Carolina	1,350	2,690	1,880	1,420	1,270
South Carolina	1,850	2,990	2,240	1,460	1,320
Georgia	1,730	2,670	2,230	1,320	1,120
Florida	1,120	1,970	7,380	3,050	1,990
South Atlantic	1,640	2,790	2,930	1,760	1,490
Kentucky	3,240	4,840	2,320	1,630	1,690
Tennessee	1,440	2,400	1,500	1,450	1,060
Alabama	1,330	2,160	1,520	1,250	1,010
Mississippi	3,450	4,740	2,550	1,960	1,810
East South Central	2,120	3,350	1,970	1,620	1,390
Arkansas	1,910	2,940	1,830	1,730	1,580
Louisiana	2,230	3,390	2,700	2,040	1,830
Oklahoma	1,350	1,630	1,490	1,660	1,830
Texas	2,850	4,870	3,960	3,880	3,720
West South Central	2,100	3,190	2,750	2,720	2,650
Montana	1,740	2,370	3,200	2,710	2,520
Idaho	2,660	4,290	3,180	2,870	2,320
Wyoming	2,210	3,980	3,130	3,000	3,070
Colorado	2,690	3,950	3,140	2,830	2,480
New Mexico	2,510	3,060	3,920	2,920	2,780
Arizona	5,630	8,170	5,000	4,810	4,660
Utah	2,080	2,900	2,250	2,640	3,020
Nevada	6,090	8,060	8,310	7,210	9,610
Mountain	2,420	3,690	3,270	2,990	2,830
Washington	2,970	3,720	3,130	2,980	3,130
Oregon	2,680	3,820	2,990	2,800	2,610
California	4,910	6,470	6,080	6,060	4,940
Pacific	3,860	5,200	4,920	4,930	4,260
United States	2,640	4,270	3,370	2,830	2,470

TABLE 61.—*Number of farm-mortgage loans recorded each year, 1917-35, in Nevada, classified by size of loan¹*

Year	Loans of indicated value in dollars										Total
	0-999	1,000-1,999	2,000-3,999	4,000-4,999	5,000-7,999	8,000-9,999	10,000-19,999	20,000-59,999	60,000-99,999	100,000 and over	
Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
1917	10	12	18	12	6	2	12	5			77
1918	2	16	18	6	6	3	6	1			58
1919	5	10	10	15	10	6	13	6			75
1920	6	5	19	12	5	7	12	10			76
1921	6	14	21	8	5	6	10	7		1	78
1922	7	17	15	11	8	2	11	11		1	83
1923	5	14	8	11	6	6	8	5		1	64
1924	7	8	11	8	4	5	12	6		1	61
1925	6	13	17	5	7	5	10	7	1	71	
1926	6	9	18	11	11	6	14	5			80
1927	5	12	12	11	9	5	25	8			87
1928	6	9	16	9	9	2	15	6	1		73
1929	6	8	17	7	5	2	11	3			59
1930	6	7	17	8	4	1	5	4			52
1931	12	6	6	5	9	7	14	7	1	1	68
1932	5	2	10	9	5	4	8	7	2	1	53
1933	5	11	14	4	2		1	7			44
1934	18	22	39	23	5	7	10	1	2		132
1935	6	12	21	10	8	2	6	7		1	73
1917-35	129	207	307	185	124	76	200	122	6	8	1,364

¹ Includes data for four counties only.

Several Reasons Involved.—Variations in the size of farm-mortgage loans recorded in the different areas often reflect variations in the average value per farm. But other factors are involved. In some areas, particularly in the South, real estate security is frequently taken for production and other short-term loans not associated with real estate purchases. This helps to account for the higher proportion of small loans in these areas. On the other hand, many of the large loans in the Range States are secured mainly by chattels, and the real estate security may be only an incidental part of the total security for the loan.

Administrative costs vary also with characteristics of mortgage loans other than size. One is the period for which loans are made. Contract periods of loans are sometimes misleading, as the privilege of renewal is often taken for granted, but even so, contract terms reflect to some degree the underlying character of the operations financed and are one indication of the amount of administrative expense involved in keeping in force a given volume of loans.

The average term of mortgage loans made by commercial and savings banks in the period 1927-31 was about 2.1 and for individuals about 3.1 years. But in some areas the average term of bank loan was much higher than the national average; in others it was much lower. For instance, in the New England States the average term of loan by commercial and savings banks in this period was 3.8 years, whereas in the South Atlantic and East South Central States the average was about 1 year. The average term of mortgages recorded by individuals was about 4 years in the West North Central States as compared with 1.5 in the East South Central States.³⁹

There are several other possible indications of variations in the character of the mortgage-loan business in different areas. Administrative costs of lending vary with the character of the security and the legal expenses of lending. In some cases little administrative and legal expense is involved in making and collecting small loans for short periods, and in other cases considerable

expense of this sort may be involved even for larger loans for longer periods. But the point is that administrative costs of furnishing mortgage-credit service do vary widely, which fact alone goes far to explain why credit has been more readily available and has been extended at lower interest rates in some areas than in others.

Affects Outside Competition.—Although the higher administrative costs of mortgage credit for certain types of loans may not be evident to local lenders, the presence of factors that would make costs high if outside lenders were to come in prevents outside competition from making credit available at reduced charges. It is possible that the actual out-of-pocket costs of administration are not abnormally high for many loans made by local individuals, merchants, and country banks (especially as much of the cost may be simply a part of general overhead expenses), when to duplicate the same service through an outside centralized lending institution might involve considerable administrative expense.

Costs Associated with Risks

In certain areas distress farm transfers have been relatively high and in others relatively low, over a considerable period. Although such transfers do not necessarily involve losses to lenders, in the past, losses on loans have been an important element in the cost of furnishing farm-mortgage service. Aside from the wide variations by regions in the stability of farm income and land values, other factors cause variations in risks.

Additional Variations Noted.—Risks vary with the individual borrower, the laws relating to mortgage lending, the particular kind of farming, and the individual farm, as well as with the relationship of the credit obligation to the value of the security. For the purpose of understanding the functioning of the farm-mortgage system as a whole, these variations among loans as regards risk can be looked upon as variations in the cost of furnishing credit service; and insofar as lenders accurately appraise the risks involved, the basis on which they compete for loans is affected by their variations.

³⁹ Additional data by geographic divisions for selected lender groups are included in Appendix table 74.

Private centralized lenders, particularly insurance companies, have attempted to minimize and standardize risks by selecting certain territory and certain types of loans within that territory for their farm-mortgage operations. The competition of such institutions for loans has often been limited mainly to those types which involve no greater administrative costs and risks than are consistent with an established institutional loan policy. Interest rates charged and proportion of value that will be loaned are frequently fixed in advance, and only those loans that conform to these standards are taken. Although somewhat different standards have been adopted by the Federal land banks, the risk and cost strata of the mortgage-credit market in which these institutions have been expected to operate have been defined by legislation and administrative determinations.

Risks May Vary by Lenders.—As with the routine administrative costs of lending, risks involved in particular loans may vary somewhat with the type of lender making the loan, as well as with characteristics of the loans. Local lenders, because of their intimate knowledge of the borrower and the security he can offer, and because they can take prompt action when the security is in danger, can frequently make loans safely which might involve substantially larger risks to a distant lender. But as with administrative costs, the charges that an outside lender would have to make to cover its own risks may have more bearing on the charges actually made by local lenders than the actual costs associated with the risks of these lenders. Local lenders will try to meet competition of outside lenders if practicable, but will be able to continue the higher charges on those loans for which outside competition is not keen. Those borrowers in deficit-credit areas whose loans will qualify for the risk and other standards set by outside lenders may be able to obtain credit from local lenders, even below the full cost of such credit, whereas borrowers whose loans do not fit the loan standards of outside lenders may have to carry even more than their proportionate share of the general overhead costs of local lending. Such a method of distributing overhead costs is not peculiar to farm-mortgage lenders; it is

characteristic of all industries that face varying degrees of competition for their products and services.

Some Discretion for Lenders.—Any lending institution can make particular loans involving administrative and other costs higher than the total charges to be collected on those loans, provided the competitive situation for other loans permits a charge higher than total costs on those loans. Moreover, to the extent that a lender is able to reduce its total costs of operation below those for other lenders making loans of comparable types, it is free to distribute the benefits of these savings largely to particular borrower groups. By the same token, any contribution to the income of the land banks from public sources can be distributed to the high-risk and otherwise high-cost borrowers through loans at uniform interest rates below the cost of the service, including an adequate charge to cover probable losses.

Borrowers who are not able to qualify for the credit service in which there is active competition may also benefit indirectly through the local funds released when outside lenders take over certain of the former local mortgage-credit business; but whether this in fact has occurred on any large scale it is difficult to say. In some cases local lenders may have continued to furnish credit to local borrowers on the same basis as before and may have sought additional outside investments to take the place of that part of their former local loans acquired by outside lenders.

A suggestion that this has occurred is found in the fact that in the 1920's many country banks increased greatly their investments in bonds and other securities, and reduced their local loans. But even so, a large volume of mortgage credit was still furnished by local lenders at the end of the decade 1920-29 for which either the standards of outside lenders were too high or the type of local credit service was satisfactory enough to restrain borrowers from shifting their loans to the outside lenders.

Additional Study Needed.—Additional study should be given to the relationship of the wide variations among farm-mortgage loans with respect to risks and administrative costs to the

competitive pattern in farm-mortgage lending. For example, if the mortgage-credit market were capable of a high degree of standardization in regard to risks and other costs of lending, then an increase in the volume of credit made available in accordance with a fixed standard alone might benefit, directly or through competition, all present owners of mortgaged farms. But available evidence indicates that variations in risks and administrative costs may cause the credit that is made available on standardized terms to flow only to a limited part of the farm-mortgage credit field.

The fact that a large percentage of the farm-mortgage debt is still held by lenders other than the Federal land banks, the Land Bank Commissioner, and other low-interest-rate lenders, despite their relatively favorable interest rates, indicates that the mortgage-credit market has sectors for which low interest rates on standardized credit instruments alone are not an effective competitive factor in attracting loans. Apparently many borrowers either are unable to qualify for loans from the low-interest-rate lenders or consider low interest rates to be less important than other terms and conditions of their present loans. It is possible that even further reductions of interest rates by the Federal institutions would benefit mainly those already enjoying low rates, without significantly broadening the field of operations of these Federal agencies. In the consideration of questions of this character the degree of stratification in the farm-mortgage credit market becomes a practical consideration.

SPECIALIZATION OF LENDER GROUPS IN FARM-MORTGAGE LENDING

This discussion of the competitive pattern in farm-mortgage lending has emphasized thus far mainly the types of credit arrangements which farmers use in borrowing on farm real estate security, with only incidental reference to the way in which the several lender groups have fitted together into the general competitive picture. To see more clearly the actual competitive process in this field, it is necessary to examine further the characteristics of the lending operations of different lender groups. Although it

would be misleading to describe the loan operations of different lenders too rigidly in terms of specialization in certain types of credit, this tendency in the farm-mortgage credit field is clearly apparent.

Evidence of lender-group specialization in farm-mortgage lending might be adduced from several sources. For the present purpose, attention is limited to such indications as area specialization, size of loans made, periods for which loans are made, types of security accepted, and interest rates charged. To avoid an extensive recital of statistics, certain basic materials are included in the Appendix and specific data are used only as illustrations. (See Appendix tables 69, 72, and 74.)

Regional Differences In Lending-Agency Specialization

Any description of the types of credit service furnished by different lenders based on national averages alone may be misleading. The way in which the several lenders have fitted together into the competitive pattern varies in different regions. In some regions clear evidence of functional specialization among lender groups is seen, whereas in others the differences in the credit fields served by different types of lenders are less apparent. Some of these differences may be illustrated briefly from information for selected States for the latter part of the 1920's. Developments in this period illustrate certain basic competitive factors in the mortgage-credit field. Data are not available to show, in detail, similar relationships for the latter part of the decade 1930-39, a period in which mortgage lending again assumed a more competitive character, but it is believed that much the same general competitive forces were operative as in the period 1925-29.

Lender Specialization Not Great in New York.—In the Northeastern States local credit sources predominated in 1930 and still are most important. For example, in New York, banks, individuals, and other local lenders held about 84 percent of the farm-mortgage debt in 1930. Certain characteristics of the mortgage loans made in New York by local lenders in the late 1920's are pertinent. The average size of loans

made by local banks was about the same as for those made by the Federal land bank, and the interest rates were little higher than those of the land bank. In contrast to many other areas, the period for which local banks made loans averaged about 4 years. As such loans are often readily renewable, it does not appear from such indications that the Federal land bank and the local banks were furnishing radically different types of credit service in these years in this State. Although the loans made by individuals were smaller on the average than land bank loans, the contract interest rate was only slightly higher. The joint stock land banks made somewhat larger-than-average-size loans, but the interest rate was comparable with that charged by local lenders.

The State of New York thus illustrates a situation in which different lender groups apparently did not operate in any marked degree in noncompetitive or functionally different sectors of the mortgage-credit field.

Colorado Differs.—On the other hand, Colorado illustrates a somewhat different competitive pattern. As in New York, local banks, individuals, and other local lenders were important sources of farm-mortgage credit, holding about 70 percent of the entire farm-mortgage debt of Colorado in 1930. Also, as in New York, individuals were by far the largest source of mortgage loans, holding about 46 percent of the total in 1930. Average loans made by individuals, 1925-29, were smaller than those made by local banks, whereas average life insurance company loans were much larger than those made by local banks. Federal land bank loans were on the average smaller than those made by local banks in most of the years.

Despite the presence of the Federal land bank making loans at an average contract rate around 5.5 percent, both local lenders and life insurance companies were able to continue charging much higher interest rates.⁴⁰ This suggests only limited interest-rate competition be-

tween the Federal land bank and the insurance companies and between the Federal land bank and many local lenders.

It is of interest also that in Colorado the average contract term of mortgages recorded by local banks, 1927-31, was 2.5 years as compared with about 4 in New York for the same period. Average contract terms of mortgages recorded by insurance companies and individuals, 1927-31, in Colorado were 7.8 and 3.5 years, respectively. Local banks charged substantially higher interest rates than insurance companies on new loans recorded and somewhat higher rates than individuals. The relatively high interest rates and short terms of bank loans and their relatively large size suggest that the mortgage credit furnished by these lenders was more in the nature of production and livestock credit, whereas life insurance companies specialized in large loans for longer terms. With individuals holding about 46 percent of the entire farm-mortgage debt, it is probable that such holdings represented somewhat more nearly a cross section of the entire farm-mortgage debt of the State.

Georgia Differs.—Similar information for Georgia brings out a substantial degree of specialization among different lender groups. As compared with the other two States mentioned, in Georgia life-insurance companies and land banks were more important as sources of outstanding mortgage debt. In 1930 life insurance companies held about 25, the Federal land bank 20.5, and the joint stock land banks 7.7 percent of the total. Georgia also illustrates well the division of the mortgage credit field somewhat along geographic lines, even within a State. Life insurance loans were concentrated mainly in certain counties where more large loans were available. In 2 of the years in the latter part of the 1920's, loans recorded by life insurance companies and joint stock land banks averaged around \$7,000. This is explained in part by the type of agriculture and land-value situation in territory within the State in which loans were made. Interest rates charged by life insurance companies on loans recorded in the latter part of the 1920's averaged by years, as high as 7 percent and as low as 6.6. The joint stock land banks charged 6 percent. But

⁴⁰ The interest rates used in these and subsequent comparisons are contract rates. The effective rates are somewhat higher in most cases. The stock-purchase requirement for Federal land bank borrowers tends to make the effective rate higher than the contract rate on their loans, and various commissions and bonuses for other lenders add to the contract rate.

even though interest rates were higher than those of the Federal land bank, insurance companies held more mortgage debt in Georgia in 1930 than did the Federal land bank.

For both local banks and individuals the average size of loans made in Georgia in the later years of the 1920's was relatively small, running for individual years from about \$1,200 to \$2,100. Federal land bank loans averaged somewhat larger. The average contract term of local bank loans recorded, 1927-31, was less than 1 year, and for individuals 2.3 years. Average interest rates charged on new loans ran as high as 7.9 percent for banks and 7.6 for individuals for certain years in the period 1925-29. Apparently the type of mortgage lending done by banks and individuals (often merchants) differed from that done by either the land bank or the insurance companies. At least the relatively low land bank interest rates had no important competitive effect on interest rates charged by other lenders.

Iowa Considered.—The illustrations based on New York, Colorado, and Georgia are believed to be fairly typical of the general areas represented. One further illustration for the Corn Belt is afforded by certain data for Iowa. This has been peculiarly a life insurance company State, these institutions holding about 42 percent of the entire farm-mortgage debt in 1930. At that time the Federal land bank held only 6.7, and the joint stock land banks only 7.2 percent of the total. The size of loans recorded for all lender groups averaged high in the period 1925-29, but those by life insurance companies and joint stock land banks were much larger than for other lenders. During this period their average-size loan ranged by years from about \$10,000 to \$12,000, whereas those for local banks and individuals averaged between \$5,300 and \$6,300. Land bank loans were intermediate between those of insurance companies and local banks in regard to size.

Iowa provides a large volume of relatively large mortgages well suited to life insurance company lending. Even the average size of the loans made by local banks and individuals was as large as the average size of loans made by life insurance companies in many States. The

average contract terms of mortgages made by local banks and individuals in Iowa, 1927-31, were 3.3 and 4.4 years, respectively, suggesting again that the types of loans were somewhat different from those made in Colorado or Georgia.

A striking feature of farm-mortgage lending in Iowa in the period 1925-29 was the relative uniformity of interest rates among the several lender groups. The average interest rates charged by the several lender groups were, with the exception of local banks, much the same, and even for local banks the average rate was less than 1 percent higher than the land bank rate in most years. This is in sharp contrast to Georgia and Colorado, where the differential ranged between 2 and 3 percent.

Interest-Rate Competition Varies.—In Iowa, as in New York, somewhat more extensive interest-rate competition among different lender groups was found than in many other States. It is probable that in New York the availability of local funds tended to equalize interest rates charged by different lenders, whereas in Iowa the character of the agriculture invited outside competition in the making of loans. In States like Georgia and Colorado outside competition apparently did not influence greatly the local interest rates, partly because the character of many of the loans did not invite outside competition. The costs and risks involved in making many of the mortgage loans were too high to be carried by centralized agencies lending at relatively fixed interest rates on standardized security.

Competitive Effect of Outside Lenders Upon Contract Terms of Mortgages

Further evidence on the resistance of certain types of mortgage credit to standardization, even though favorable interest rates are offered by outsiders, is afforded by data on the trend of average-contract terms of mortgages by different lender groups. It was thought by many that availability of long-term amortized loans through the land banks would operate, because of competition, to cause other lenders to offer loans with similar provisions. But little evidence is found to indicate that this was the result in

the period 1917-35. The reasons are perhaps similar to those which accounted for the continuation of high rates charged by local lenders in the 1920's in the face of the expanded operations of the lower interest rate lenders. Specialization in certain types of loans tended to reduce competition among lenders. In the 1920's outside lenders apparently tended to take over a large part of the mortgage business that met their credit standards in regard to risks and costs, leaving to local lenders the mortgages which involved higher risks and other higher costs or which either were better suited to short-terms or could not qualify for long terms.

For the country as a whole the average term of years for which mortgages were written by insurance companies in the period 1917-21, was about 7.5 (table 62). The average term of loans by insurance companies in the next 5-year period, 1922-26, increased somewhat, the average being 8.7 years. This suggests that land bank competition may have had some effect on mortgage-credit terms, but in the next 5-year period, 1927-31, the average fell to 8.1 years, and in the period 1932-35, fell to 7.2. The period since 1935 may have seen a reversal of this trend, but no comprehensive data are available. The fact that insurance companies have not felt the need to lengthen appreciably the terms of their loans suggests that the demand for long-term loans is not particularly strong from their borrowers.

TABLE 62.—*Average term of mortgages filed by selected private lender groups, United States, 1917-21, 1922-26, 1927-31, and 1932-35*

Lender	1917-21	1922-26	1927-31	1932-35
	Years	Years	Years	Years
Insurance companies	7.5	8.7	8.1	7.2
Individuals	3.7	3.3	3.1	2.9
Banks	2.7	2.5	2.1	1.9
Others ¹	4.7	5.7	4.7	4.3

¹ Excluding Federal and joint stock land banks and Land Bank Commissioner.

For the miscellaneous other lenders (other than banks and individuals) for which data are shown, the movement of the average term of loan has been in the same general direction as that for insurance companies.

Not only did the average contract term of mortgages made by individuals and local banks

not increase during the period of rapid growth of the land banks, but the average actually was reduced (table 62). This suggests that one effect of outside competition was to shift mortgage financing suited to low interest rates and long terms to the land banks and insurance companies, with the result that local banks and individuals were left with a larger proportion of their total loans of a character suited to short terms.

Short-Term Loans Still Widely Used.—That the national trends are roughly typical of the trends of the average term of mortgages in the different regions is seen from table 63. These data suggest that a large part of the farm-mortgage financing of the country is of such a character that either the lenders are unwilling to make long-term loans or borrowers see no great advantage in demanding such loan provisions.

A question that requires further study is the character of the agricultural operations underlying the financing that continues to be done on short terms and at interest rates higher than those offered by the land banks and insurance companies. It is possible that inertia among both borrowers and lenders, as well as legal restrictions on certain of the lenders, may help to explain this situation. But the almost Nationwide tendency of local interest rates and contract terms of mortgages to remain out of line with those of the land banks suggests that reasons rooted deeply in the nature of agricultural operations or farming practices cause many borrowers to use short-term loans and to pay relatively high interest rates.

TABLE 63.—*Average term of mortgages filed for selected private lender groups, in selected States, 1917-21, 1922-26, 1927-31, and 1932-35*

Lender and State	1917-21	1922-26	1927-31	1932-35
	Years	Years	Years	Years
Insurance companies:				
New York	5.2	2.2	2.6	2.7
Colorado	9.1	8.7	7.8	7.4
Georgia	7.1	7.8	8.4	8.8
Iowa	7.3	7.9	8.0	6.0
Individuals:				
New York	8.5	7.2	6.5	6.0
Colorado	3.7	3.4	3.5	3.2
Georgia	2.6	2.4	2.3	2.1
Iowa	5.3	4.4	4.4	4.0
Banks:				
New York	5.9	4.2	3.7	2.9
Colorado	2.7	2.7	2.5	2.0
Georgia	1.6	1.2	.9	.8
Iowa	4.2	3.7	3.3	3.1
Others: ¹				
New York	7.9	6.7	5.3	5.3
Colorado	4.3	4.5	4.5	6.8
Georgia	2.9	2.0	1.2	1.5
Iowa	5.2	4.9	4.7	4.9

¹ Excluding Federal and joint stock land banks and Land Bank Commissioner.

NEED FOR FURTHER RESEARCH ON STRUCTURE OF FARM-MORTGAGE MARKET

Formulation of an effective program of public action in the mortgage-credit field must rest, in part at least, on an understanding of the nature of the competitive forces operating in this field. This "money market" is perhaps best described as a series of partly independent and partly overlapping markets, with the extent and character of the competition among lenders varying at a particular time by areas and kinds of farming, and over a longer time with changes in economic conditions. Competitive relationships that have prevailed in the past are not necessarily desirable or inevitable for the future, but the persistence of certain basic elements of diversity suggests the need for careful consideration of their significance for public policy.

Problems Are Many.—Problems for further research are many. To what extent is the lack of standardization in the terms under which credit has been extended to farmers a reflection of forces operating through the supply side of the farm-mortgage market and to what extent a reflection of forces operating through the demand side? If chiefly as a result of special conditions affecting the supply of mortgage credit, then somewhat better possibilities for extending to farmers certain of the advantages of obtaining credit on a standardized basis may exist than if the present lack of standardization arises mainly from the demands of farmers for diverse types of credit. This question bears upon the extent to which it is feasible, and in the best interests of agriculture, to use the competition of federally sponsored institutions that furnish credit on a standardized basis to bring pressure upon private mortgage lenders.

A tendency has been noted to view high interest rates and short terms for mortgage credit extended by private lenders in certain areas and for certain types of credit as primarily the result of an unsatisfactory supply situation in the mortgage-credit market which could be corrected by a change in the organization of credit facilities. Many believed that this situation could be changed materially by measures operating through the supply side of the market. Definite improvement has resulted from such

measures as those provided by the Federal farm loan system, but results to date suggest that although farmers naturally prefer low interest rates and other loan provisions favorable to them, some may want, even more, other features of loan contracts that may be inconsistent on a cost basis with low interest rates.

Other problems involve learning more about the types of ordinary business credit that are best adapted to different types of farming, different aspects of farm operations, and varying requirements of borrowers as to sound management of their own financial affairs as a whole. For some kinds of farming it may be that the advantages, from the standpoint of cost, of borrowing on standardized credit terms more than offset any disadvantages of adapting the scale of operations and other features of the farm enterprise to conform to standardized credit arrangements. In other cases the opposite situation may prevail. Better organization of mortgage-credit facilities to reduce the cost of standardized mortgage credit may aid particular kinds of farming more than others.

Farmers Have Different Needs.—Some farmers might be able and willing to pay for the added costs involved in providing them with credit in amounts and on terms that fit into the peculiar requirements of their farm operations. Long-term loans requiring periodic curtailment of principal may be better adapted to certain kinds of farming and to certain types of borrowers. For others, accumulation of savings in the form of repayment of real estate debts may neither be suited to their plans for farm operations nor best adapted to their general financial plans. Local private lenders can perhaps offer distinct advantages to certain types of borrowers and large centralized lenders to other types of borrowers. This may partially explain the present division of the loan field.

Evidently the nature of the demand for mortgage credit needs close study. The exploratory material presented in this chapter provides at least a working hypothesis that low interest rates may be only one of many attributes of a mortgage contract considered desirable by many borrowers.

Issues and Problems Relating to the Role of the Government in Farm-Mortgage Credit

IN THE CONSIDERATION of specific current problems relating to Federal mortgage-credit institutions, many of the cleavages of opinion and differences of emphasis have their roots in certain basic general issues. Moreover, the real issues often lie largely outside the specific field of Federal mortgage-credit policies. Many questions with respect to the objectives sought through these policies and methods best adapted to the achievement of these objectives are broader than generally believed. The purpose here is to relate some of the more important issues in regard to Federal mortgage-credit policy both to other issues in this field and to the broader field of which these issues are an integral part.

PRIVATE VERSUS PUBLIC MORTGAGE-CREDIT FACILITIES

Whether primary reliance should be placed on private or public credit facilities to furnish farm-mortgage credit, is an issue that pervades practically all specific current problems. In the appraisal of specific proposals the question immediately arises as to their probable effects upon the ability and willingness of private enterprise to function effectively. This in turn usually raises the further question of whether, in the future, private credit shall be expected to do the bulk of the farm-mortgage financing, with Federal agencies fitting in only where private agencies function poorly; or whether

Federal agencies shall furnish the bulk of farm-mortgage credit, with private lenders operating in fields not well suited to Federal operations.

This issue may be somewhat academic, but the viewpoint adopted with regard to the desirability of continued private operation in the farm-mortgage credit field will necessarily color the appraisal made of specific proposals as to the Federal sector of this field.

Although private financing has had certain unsatisfactory features, private credit facilities must still be recognized as having certain advantages for the farmer, particularly in regard to adaptability to special circumstances, that are difficult to duplicate through centralized public agencies except at high cost. Moreover, a decision to expand the credit sectors now covered by Federal agencies may have significant implications in regard to the character of the mortgage-credit services to be offered and the loan charges to be made by Federal agencies. Such a decision may affect indirectly other services to be furnished by private lenders in addition to mortgage-credit service; and the policies adopted as to farm-mortgage credit may have indirect effects on those adopted in other fields of Federal credit services. Decisions bearing on this question should be considered in terms of still broader questions than those related directly to farm-mortgage credit facilities alone.

But the public purposes to be achieved through extensive participation of the Government in

farm-mortgage financing may be so essential as to make the disadvantages negligible. It is possible that the results expected of a coordinated Federal mortgage-credit service are such that the profit motive of private financing alone cannot be expected to accomplish them. For example, public policy operating through Federal mortgage-credit channels might be made to serve as a beneficial form of public action designed, along with other action programs, to assist agriculture in adapting to changing economic conditions. Considerations of this character may justify the sacrifice of certain of the advantages to farmers of private credit facilities.

It is unnecessary in most cases to decide once for all the general question of the proper role of private and public mortgage-credit agencies. This question usually is only one of many that arise in connection with specific problems. But the sum total of a large number of specific decisions may have the ultimate effect of constituting a decision on the broader issue involved. Needless to say, this is not exclusively a problem of mortgage credit. It is a problem that ultimately arises with respect to the kind of agricultural economy and even the kind of general economy that is in the best interest of society.

SOCIAL OBJECTIVES AND THE COST PRINCIPLE OF LENDING FOR FEDERAL MORTGAGE INSTITUTIONS

Whether the pursuit of social objectives by Federal mortgage-credit institutions is consistent with the cost principle of lending is a question that frequently arises. To bring such questions to an issue requires an agreement on the definitions which such commonly used terms as social objectives and cost principle of lending are to be given.

The term social objectives is variously used but usually connotes, insofar as public policy is concerned, an objective of increasing group welfare through governmental action. The mere fact that a Federal credit agency is established presumes that certain objectives are recognized which apparently cannot be fully attained by private lending alone. Regarded in this light, no real issue appears as to whether

Federal mortgage-credit institutions should pursue social objectives. The real issues relate to the particular objectives to be sought and to the limits within which such activities are to be confined.

In connection with these limits, issues are sometimes stated in terms of a choice between a business-credit standard and a social-credit standard for the operation of a particular Federal mortgage-credit institution. Both of these standards would appear to involve the pursuit of social objectives. The term business-credit standard usually means that only those social objectives shall be sought which are consistent with the cost principle of lending. The latter term is used to mean that the costs of the institution are expected to be paid by the borrowers from that institution. Following a business-credit standard places limitations on the extent and character of the social objectives that may properly be attempted—limitations resulting from the necessity for engaging only in those types of operations that promise to be self-supporting.

A social-credit standard is not clearly distinguished from a business-credit standard by the presence of social objectives. But such a standard is distinctive as regards the attitude taken toward the cost principle of lending. Under a social-credit standard the term "social" is distinctive if applied to the method of covering costs, which presumably is partly by governmental absorption of costs. Governmental absorption of costs relaxes certain restrictions upon an institution in the pursuit of its objectives—restrictions that the necessity for covering its own costs would impose upon it.

Whether a particular Federal mortgage-credit institution should be required to operate according to a business-credit standard or should be permitted to operate on a basis which involves partial absorption of its costs by the Government raises questions both as to the validity of the additional social objectives sought and as to the relative merits of using credit channels as contrasted to other channels for the achievement of agreed-upon objectives. The former question is chiefly in the realm of general public policy. The latter question, discussed in later chapters

in its relationship to other specific problems, relates to the feasibility of using credit facilities as instruments of public policy.

TYPE OF FEDERAL MORTGAGE-CREDIT SERVICE TO BE FURNISHED ON BUSINESS STANDARDS

Wide differences appear in the policies that may be followed, even within the general limits set by each of these credit standards—business and social. The objectives to be implemented and the extent of public contributions to be made available can vary widely within a social standard of credit policy. And even a business-credit standard may mean very different things to different people, although they may be in substantial agreement as to the desirability of confining operations within the general limits set by adherence to the business-cost principle of lending. These differences relate mainly to the scope and character of the business-credit service to be made available through Federal mortgage-credit agencies.

Specialized Versus General Credit Service.—One phase of the divergence of opinion as to what constitutes a desirable business-credit standard comes to focus in the question as to whether the Federal agencies should offer a specialized or general mortgage-credit service. Mortgage credit is used in a wide range of financing operations and has been furnished by a wide variety of lenders. So one question is, should Federal agencies confine their operations to the types of credit service best suited to standardized lending over a wide area, or should they attempt to provide a diversified service to meet the variations in regional, type-of-farming, and personal requirements of different farm borrowers? Should the Federal mortgage-credit agencies extending business credit stand ready to make only those loans that can be administered economically and carried with a minimum of risk, or should their loan standards be flexible enough to permit the making of loans that involve widely varying risks and administrative costs?

The answer to such questions may turn mainly on the ability of Federal agencies to furnish certain types of mortgage-credit service at a cost lower than, or as low as, private lenders. Cer-

tain costs are present regardless of the lender, and in making some types of loans local private lenders probably have distinct advantages. On the other hand, centralized lenders have definite advantages in the furnishing of certain types of credit service, especially if the mortgages are of such quality that they can be used as collateral for high-grade bonds to be sold in the competitive central money markets.

The tendency to increased cost of centralized administration must be considered in the light of the savings available through taking advantage of keen competition in the central money markets for high-grade investments. At what point the cost factor in lending may become the deciding factor as to the feasible expansion of Federal mortgage-credit service on a business basis is a question that needs additional study. But if the objective is to provide the most economical business-credit service for farmers, whether through public or private agencies, this point must be considered in dealing with the type of service the Federal agencies should attempt to offer.

Specific Versus General Objectives.—Operating policies of a business-credit institution will vary also, depending on whether certain specific—as contrasted to rather general—objectives are sought. This is closely related to the question of specialized versus general credit services but involves other somewhat independent issues as well.

An example of a general objective would be that of reducing the cost and improving the quality of the type of mortgage-credit service to be furnished through improvements in the organization and structure of the mortgage-credit facilities. Insofar as other aspects of the agricultural pattern are concerned, such a policy might be largely passive, leaving the agricultural economy to adapt itself to the changes made with respect to credit facilities. At the other extreme, Federal mortgage-credit facilities might be operated on a business basis, but with benefits confined mainly to certain groups, for the purpose of promoting such objectives as home ownership, conservation, and better use of land resources, or several other possible specific objectives. To the extent that the oper-

ating plan of Federal mortgage-credit agencies results in savings in the cost of furnishing credit, these savings can be passed on to promote certain changes in the agricultural economy which would not be possible if the farmers involved had to pay higher charges for credit through competing sources.

The issues here are as broad as those involved in agricultural policy as a whole. Fundamentally the question is, What objectives are considered most significant and which of these objectives can be promoted most advantageously through credit policy? Such questions must be answered when setting up or modifying the legal and administrative framework within which Federal mortgage-credit agencies are to operate.

Pace-Setting Versus Provision of Major Credit Source.—Most issues relating to the particular kind of business-credit standard best adapted to the Federal agencies are interrelated. But the question whether these institutions should conceive of their functions as those of a competitive pace-setting agency as contrasted to more complete coverage of the sectors of the field in which they operate presents certain additional problems. The pace-setting function implies that the Federal agencies will attempt to operate, whether in a particular sector of the mortgage-credit market or in all sectors, only enough to provide better standards of borrowing and lending and to implement the adoption of such standards. Under such a plan of operation their activities would be directed only toward provision of one of several competing mortgage-credit sources; setting the general plane of lending for private lenders would be regarded as more important than direct provision of mortgage credit through Federal agencies. The other view might be that the Federal agencies should attempt to expand their operations as far as feasible on a business basis, with the benefits to farm borrowers arising directly from the terms and conditions of the Federal-agency loans.

The issue is stated here in extreme form, but the emphasis given to one or the other viewpoint will influence the general direction of loan policy. For example, should the fact that competing private lenders are able to take loan business

away from the Federal agencies be a matter of great concern so long as farmers obtain satisfactory mortgage-credit service? A certain volume of loan business is necessary for economical and effective operation even as a pace-setting institution, but the question would remain as to whether vigorous efforts to expand operations even beyond this point should be made. A small volume of loans and the willingness of Federal agencies to enter the field if necessary, may be adequate for the pace-setting function in some areas. In other areas it might be necessary to carry operations much further to insure that farm owners receive credit on terms consistent with the cost of furnishing it.

Issues like these cannot be settled independently of many others. This issue is closely related to the question of temporary versus continuing mortgage-credit service.

Temporary Versus Continuous Service.—The question of temporary versus continuous services by Federal agencies is one facet of the broader question of the extent to which it is desirable that Federal agencies expand the scope of their services. Variations in the scope of operations as between different periods rather than in the general scope of Federal mortgage-credit operations are involved.

The last three decades afford ample evidence that there are times when neither private lenders nor Federal institutions that rely directly on the money market for loan funds can make sound mortgage loans in the volume necessary to meet the requirements of agriculture. An important function of the Federal land banks and the Federal Farm Mortgage Corporation in the post-1929 depression was to take over mortgages held by private lenders. Should this be regarded as their principal function, with provision of mortgage credit under more favorable circumstances confined chiefly to pace-setting operations, or should the Federal agencies be expected to try to retain their present position in the field? Should the tendency of mortgage business to flow to the Federal agencies in times of credit stringency, and the corresponding tendency for loans to flow back to private lenders in more normal times, be regarded as a desirable tendency to be encouraged or as a development to be

avoided? When circumstances requiring action like that taken in the 1930's arise, there may be no alternative, but the question of the attitude to be taken toward such operations remains. Should such operations be regarded as temporary deviations from an ideal relationship of Federal agencies to other lenders, or as a necessary central-banking function that should be performed by these Federal agencies when the private credit system is unable to function properly?

Clearly the central-banking type of credit service would be different in some respects from that based on the attitude that these agencies should be an important source of credit at all times. For one thing, the latter type of service probably could be standardized more than could a service designed to ease the private market for mortgages in times of stringency. To serve as a cushion for disturbances in the private-credit system might require considerable variation in loan standards with changing conditions, at one time exercising a restraining influence on the mortgage-credit market, and at another operating to ease the market.

A Federal agency charged with something akin to a central-banking function in the mortgage-credit field probably could function only to a limited extent within the limits set by a business-credit standard. The proper performance of this function probably would require that business costs be ignored to some degree, depending on the severity of the mortgage-credit shortage or on the extent of the tendency in prosperous times for private lenders to go to excesses in granting farm-mortgage credit. It is not always clear whether advocates of the central-banking concept of Federal mortgage-credit agencies would expect such a function to be performed mainly on the basis of a business-credit standard, or whether they would expect these limitations to be partially ignored.

Several Modified Forms of Business-Credit Standards.—Further types of business-credit standards might apply the cost principle to an institution's operations as a whole but might depart from such a standard for particular classes of loans or for all loans at particular times. Thus an attempt might be made to finance the extension

of high-cost credit at rates below cost out of earnings in excess of costs from other loans; moreover, profits earned in prosperous times might be used to furnish credit below cost in depressed times.

Insofar as the limitations set by adherence to the cost principle for a Federal credit institution's operations as a whole are observed, outside limits are thereby placed on the extent to which a below-cost lending policy can be pursued with respect to particular loans. The extent to which certain groups of borrowers can be made to carry a part of the cost of the credit used by others, will depend on the additional earnings from particular groups that can be obtained without inviting outside competition. This may depend in turn on the relative efficiency of the Federal agencies.

TYPES OF SOCIAL-CREDIT STANDARDS

The many possible types of social-credit standards may be classified both as to objectives and as to the methods used to achieve them. Objectives may be highly specialized or of a general character, and methods used to achieve a given objective may also vary. A general factor, fundamental in such a credit system, is the length to which society will go in absorbing the costs of the program. This sets certain limits to the objectives and influences the methods to be adopted.

Many Possible Objectives.—One of several objectives of a social-credit policy may be to increase the net income of all borrowers from the Federal agency in question. To the extent that the Government carries a part of the cost of furnishing mortgage credit, the immediate costs of farm operations for present owners are reduced, tending to leave a larger net income for these farmers. If applied without restrictions to all borrowers from a particular Federal agency, such a credit program discriminates not only between borrowers and nonborrowers but also between borrowers from the particular Federal agency and borrowers from other lenders. But among those served by the Federal agency no conscious distinction is made on the basis of need.

A standard directed only to the amelioration

of hardships of borrowers from the Federal agency further discriminates between those in need and those not in need but may not reach needy borrowers from private lenders and others without mortgage debts.

Another standard, likely to involve considerable governmental absorption of costs, is relief of the mortgage-credit market as a whole when a general credit stringency occurs. Closely related is the tightening of this market when private lenders tend to loan excessively. Once the downward spiral of credit stringency and deflation is in full motion, it may not be possible to halt and reverse the trend without assuming risks and incurring other costs that will place a financial burden on the Government. Certain borrowers may receive the immediate benefit through refinancing their loans, but the expectation is that the indirect benefits will extend to still others, including sectors of the economy other than agriculture. Relief of the hardships of particular borrowers likewise is expected to have other desirable effects, but emphasis in both cases is upon the particular individuals involved.

All of these objectives of social-credit policy tend to affect the general pattern of agriculture, but positive shaping of the agricultural pattern is often a secondary consideration. A somewhat different standard is involved if shaping the agricultural pattern is made the primary objective. For example, if promotion of ownership of family-size farms by their operators is considered a primary objective, then special credit facilities can be made available to finance such a program and the Government may be willing to share a larger part of the risks and costs in the extension of such credit than for other types of credit. Or the objective may be to assist families stranded on worn-out land or in a kind of farming that grows products no longer in sufficient commercial demand. Credit may be made available on special terms to enable such farmers to reorganize their farms to produce other products, or to produce the same products more efficiently. Extension of credit for such purposes at a cost below that consistent with the risks and administrative costs involved may

provide a significant contribution to making the needed changes.

These types of social-credit objectives are illustrative only. There is an almost limitless field for the use of credit to achieve social objectives if the limitations imposed by operation under the cost principle are relaxed. But such public policies involve costs and are likely to have some undesirable effects. For example, efforts to raise the general level of farm income, to ease or tighten the mortgage-credit market as conditions seem to warrant, and to relieve hardships associated with farm debts, if not carefully administered, may tend to remove some of the motives for readjusting the agricultural pattern to a basis that will enable farmers to carry on without such assistance. On the other hand, desirable changes in the agricultural pattern looking toward long-run objectives may create immediate hardships that do not seem warranted. This is partly a conflict between immediate and long-run objectives.

In many respects problems that arise in the choice of objectives to be achieved through use of social standards of credit administration are not unlike the conflicts of group interests and conflicts between immediate and long-run interests that must be faced in the broader field of public finance.

Methods Diverse.—As an essential feature of social-credit standards is governmental absorption of part of the costs involved, the methods for putting such standards into effect usually differ mainly with respect to the way in which public subsidies are administered in connection with credit operations. Close relations between the objectives sought and the methods adopted are found, but certain broad differences in methods are in part independent of the objectives.

Common methods of absorbing a part of the costs of an agency often involve such governmental action as the guarantee of its obligations, the payment of a part or all of its administrative expenses, and the contribution of interest-free funds to finance its loan operations. Such contributions to the expenses of a credit agency may or may not be linked with specific encumbrances of the contribution for certain purposes.

A somewhat different arrangement involves a general contribution to the agency as a unit, but with specific duties assigned to the agency, the income from the performance of which cannot be expected to cover their full cost. This plan directs the public contribution more specifically into the financing of certain activities but still leaves much to the administrative discretion of the agency.

The phase of the lending operations to be subsidized can be made still more specific by provision for subsidies to particular types of borrowers. In this case, the emphasis differs from that in which the subsidy is for the agency as a unit.

The preferable method depends in part on questions of administrative feasibility. By leaving the actual administration of a subsidy largely to administrative discretion, it is possible to utilize more fully the technical knowledge of those operating the agency. But certain dangers are always inherent in conferring discretionary power, as it is possible that the benefits will not be used to the best advantage. Such a course has also the disadvantage that such an agency may not be held strictly accountable for efficient operations, as a part of the contribution may be drained away by uneconomical practices. On the other hand, provision for specific subsidies to particular borrower groups limits administrative discretion with corresponding disadvantages.

A further distinction as to the administration of credit subsidies relates to whether the receipt of these subsidies is made conditional on compliance with certain requirements. Certain present subsidies are made available to all borrowers from the particular agency with no requirements as to compliance other than those considered necessary in connection with the loan itself. Other subsidies are definitely linked to compliance requirements. If the objective is to provide relief or to raise the general level of farm income, then the grant of a subsidy alone may be sufficient. But if the objective is to make the subsidy both a means for assisting farmers in bringing about changes in the general agricultural pattern, and an occasion for exerting a positive directional influence tending further to

encourage such changes, then the case for compliance requirements becomes much stronger.

A significant question with regard to the entire field of social credit is the extent to which it is feasible and desirable to make the granting of these subsidies an occasion for social control designed to remove the causes that made a subsidy necessary. Just as the field of social credit is closely interrelated with that of fiscal policy, so also is it an integral part of the broader field of social control of private enterprise. To achieve most satisfactory results may require a fusion of the administrative techniques found in several interrelated fields of public policy.

ADMINISTRATIVE STRUCTURE OF FEDERAL MORTGAGE-CREDIT AGENCIES

Although closely related to many other problems of Federal farm-mortgage credit policy, problems relating to administrative structure involve several partially independent issues.

Centralized Administration Versus Cooperative Control.—How best to achieve a good balance between centralization of administrative control in the hands of public officials and control by the borrowers from the Federal mortgage-credit institutions is a continuing problem in this field. The pressure of events has worked strongly in the direction of increased centralization of control in the hands of the Government. This was an almost inevitable counterpart of the increased responsibilities assumed by the Government in this field. So long as the Government finds it necessary to carry heavy financial and other responsibilities with respect to the Federal farm-mortgage agencies, it seems inevitable that a substantial measure of centralization of control in the Federal Government will continue. The assumption of responsibility and the exercise of control are difficult to separate in the administrative process. The issue does not seem to be as between completely centralized public control and completely decentralized borrower control, but relates to the extent to which decentralized borrower control can be fitted into such a credit system.

The Federal land bank system, in which this issue is most important, was established on the

basis of considerable local autonomy on the part of borrower associations, coupled with the assumption of certain financial responsibilities by these associations. Although the results to date are none too encouraging, it does not follow that borrower control has no place in this field. That kind of control, however, cannot be left to operate in an irresponsible way, whether viewed in the light of the interests of borrowers themselves or of the public interest in these credit facilities.

The problem resolves itself into a question of dividing the administrative processes in such a way that the Government will retain those controls that are essential for the promotion and protection of the public interests in this credit system and at the same time will delegate to local groups those responsibilities and administrative duties which will effectively harness the knowledge and self-interest of these groups. The social disadvantages of undue centralization of control in the hands of Government and the benefits of decentralized control by borrowers are regarded by many as justifying maintenance of a substantial degree of borrower control in this field, even though the immediate financial costs may be somewhat heavier thereby. Participation of local groups in the administrative process may have sufficiently valuable byproducts—serving, for example, to provide a basis for cooperative action and to develop better practices in the use of credit—to warrant higher immediate costs.

The Question of Financial Responsibility.—How much financial responsibility can properly be assigned to local borrower associations is a question on which sharp differences of opinion are found. Without attempting here to explore this issue fully, at least two different issues are recognized. The placing of financial responsibility on local associations of borrowers may be evaluated primarily, either as an incentive to effective cooperative action in the administration of the loan business of an association or as one means of differentiating among borrowers as regards total charges for mortgage credit.

When viewed as an incentive to cooperative action, the issue turns on whether this or some other device will more effectively promote

interest in the associations and stimulate borrowers to work cooperatively. For example, is a financial penalty for unsound administration likely to be more effective than a financial bonus for sound administration? If promotion of cooperative action is taken as the principal goal, then the placing of financial responsibility for losses on these associations becomes only one of many possible means of promoting this objective.

But if the primary purpose is to find an effective means of distributing the costs of furnishing mortgage credit among different borrowers according to an objective standard for measuring such costs, then the effects of financial responsibility on the willingness or unwillingness of borrowers to cooperate is of less concern. Moreover, a further test to be applied may have to be whether the placing of financial responsibility on entire associations is the best way to distribute costs among borrowers. Is this method better than a distribution of costs by type-of-loan groupings in which loans involving similar risks and administrative costs are charged similar interest rates? Would a surcharge on certain types of loans rather than joint responsibility of a heterogeneous group of borrowers for losses more effectively and more equitably provide for losses and special loan costs?

The issues here are often confused because of the presence of even more basic issues on which cleavages of opinion occur. These issues, which appear to be mere questions of structure and administrative organization, root deeply in further questions, as, for instance, whether a business-credit standard based on costs or some other standard involving a measure of governmental absorption of costs is to be applied.

How Differentiate Lending-Agency Functions?—Of a somewhat different character are the issues that arise in regard to the proper basis for differentiating between the functions best performed by the several Federal mortgage-credit agencies. Should all farm-mortgage credit from Federal sources be furnished by a single credit agency, or should different types of credit service be under separate administrative control? If the latter view is accepted, what should be the basis for differentiating among agencies? These questions, like many others of adminis-

trative organization, cannot be answered in terms of a single principle unless that principle is so general as to leave unanswered most of the real questions at issue.

It is sometimes suggested that all farm-mortgage credit facilities of the Government should be under a single administrative agency. Certain advantages would result insofar as closer coordination of credit policy probably would be possible within one administrative unit and certain expenses might be reduced through the elimination of duplicate facilities and personnel. But advantages also result from having certain types of credit service linked administratively with other predominantly non-credit Federal programs. Certain of the Federal credit facilities are only incidental parts of still broader programs. The advantages of coordination and of savings through reduction of personnel within an entire program may be as great as though the credit facilities themselves were joined administratively.

The issue here is largely whether the granting of credit is the dominant feature of the several agencies extending credit or whether other features are so important in some cases that credit activity is not the proper basis for grouping of functions. In either case, provision for coordination between credit and other noncredit agencies is needed, and it may make little practical difference how the several agencies are set up administratively if effective coordination is achieved.

Assuming that some differentiation of functions is desirable, what are the several possible classifications of services for this purpose? One possible basis depends upon whether the service is to be furnished on a business standard or on a standard requiring a measure of governmental absorption of costs. This basis has certain advantages in that furnishing credit on a business basis requires administrative techniques differing from those required to administer a predominantly social-credit program, and probably does not involve so many administrative decisions directly affecting other programs. Social credit, by its nature, is more directly related to broader action programs involving public expenditures and control.

Assuming further that a general differentiation should be made on the basis of business versus social standards, should the distinction be made on the basis of the credit or the borrower? For example, a borrower may have obtained part of his credit on a business basis and part on a basis involving high risks and other costs which may result in losses to the Government. Should the entire debt of such a farmer be carried by a social-credit agency, or should a business-credit agency carry a part of it?

This is one of the difficult problems involved in any plan to distribute functions according to the character of the credit used. It has been suggested, for instance, that some of the delinquent loans held by the land banks and the Federal Farm Mortgage Corporation should be shifted to an agency designed to operate according to social-credit standards. The suggestion has been made, too, that the land banks should grant credit up to their statutory limit in connection with the tenant-purchase program, leaving the remainder to be financed out of public funds. Such a plan would differentiate functions on the basis of the character of the credit rather than on the entire financial position of the borrower.

Differentiation on the basis of the credit service has the advantage of uniformity of treatment with respect to all business credit furnished, whereas differentiation on the basis of the borrower provides for uniformity of treatment of all borrowers considered eligible for special credit facilities. Provision of a part of the total credit required by a high-risk borrower by an agency operating on a business standard also reduces the credit required from other public agencies but may increase the financial risks to the agency taking the less secure portion of the loan.

Within both the business-credit field and the social-credit field wide variations in types of credit service are found. For example, some business credit involves extra risks and costs, but it may not be considered desirable to absorb a part of these costs. Other business credit is definitely low-risk and low-cost. Are such diverse types of business-credit service properly administered by the same agency, or should separate agencies be charged with the granting

of each type of credit? This question arises in regard to the future functions of the land banks and the Federal Farm Mortgage Corporation.

On the other hand, it may be difficult to distinguish between some farmers with extra-risk Commissioner loans granted on a strict business basis, and others with loans from the Farm Security Administration where greater emphasis is placed on governmental absorption of costs. Where to draw the line between extra-risk credit that should be required to be self-supporting and extra-risk credit that is properly furnished on a partial-subsidy basis raises both general questions of public policy and specific questions regarding administrative machinery. The presence of high risks alone apparently is not an entirely satisfactory basis for allocation of functions.

At present the credit furnished by both organizations involves public subsidies, and the difference may lie more in the economic and financial status of the borrowers from these two agencies. But sufficient similarity exists in regard to both the credit furnished and the borrowers served to raise a question as to whether extra-risk credit should be furnished through a separate agency or divided between the land banks and the Farm Security Administration.

Within the field served by the Farm Security Administration are found types of credit service ranging from extra-risk credit involving only limited possibilities of eventual losses to loans representing largely grants. A question arises whether a valid distinction can be drawn for administrative purposes between such types of loans. Would it be better to administer separately those loans which are expected to be repaid in full, under a measure of Federal supervision and guidance, leaving those loans which involve grants at the outset to be administered through a rural relief agency? Advantages can be cited for such a plan, like that of permitting a better comparison of costs and results, but other advantages are found in the freedom to shift a borrower from one status to another within a single administrative unit as the economic and social position of the borrower change. It is possible that many of the advantages of separate administration can be achieved by segregation

of functions within administrative units as well as through separation of agencies for partially independent operations.

Whatever method of allocating functions to different agencies might be adopted, certain borderline cases will always exist, and, in time, it may be necessary to move certain borrowers from one classification to another. Effective administration would seem to require continued efforts to segregate loan services according to broad types of service with constant coordination between administrative units to prevent duplication of services and gaps in the service not filled either by private or public agencies.

How Coordinate Credit Service as a Whole?—Other problems relating to the administrative structure of the Federal sector of the field arise with regard to the relations of the Federal mortgage-credit agencies not only to other Federal agricultural-credit agencies but also to the entire credit system of the Nation. The issues extend too far into other fields to be treated adequately here, but it should be recognized that problems of administrative structure for Federal mortgage-credit agencies cannot be considered entirely in terms of relations within this field alone.

One question continuously comes to the front. After all, is mortgage credit in itself a valid basis for the definition of an agency's functions? For example, would the furnishing of business credit to agriculture regardless of the type of security be a more appropriate basis for grouping of functions? It has been suggested that the borrowing of funds on a long-term basis does not provide a sufficient number of contacts between the borrower and the lender for effective administration and continued interest of the borrower in his local association. Some believe that cooperation among borrowers would be increased if mortgage-credit service were combined with other credit service and perhaps even other financial services. The question may have to be answered mainly in terms of ultimate goals. It is possible that the development of effective borrower control requires that the administrative structure of Federal agencies embrace a number of credit services used by farmers. At least a question arises as to whether credit service provided according to business standards

is not a more effective grouping of Federal credit services than credit service based on a specific type of security.

Many phases of the administrative structure of Federal mortgage-credit agencies present issues in regard to the relation of Government to private agencies. The structure established will reflect the answers given to many of the basic questions of policy raised earlier. Is it intended that Federal agencies shall stand ready to furnish a complete credit service for agriculture or merely to operate in certain sectors of the credit field? If the former is intended, operating units will be required in all areas, and variations in structure, by areas, may be required to serve the varying credit needs. If the latter is the goal, then it may be possible to operate in only part of the country and with a fairly rigid administrative structure. These and many related questions depend for their answers upon the position taken with regard to even more basic issues of Federal mortgage-credit policy.

Although somewhat less tangible than the other issues noted, many administrative problems concern the relation of the Federal system of agricultural credit to the credit and fiscal system of the country as a whole. Administrative arrangements may be required to coordinate Federal agricultural-credit policy with the credit policies of Federal agencies furnishing nonagricultural credit. A more unified Federal credit program may be required, including coordination of Federal agricultural-credit programs with general credit and fiscal policy. Questions here relate to administrative machinery for fitting agricultural-credit programs into a national credit program. It may be possible to prevent agricultural-credit and other credit programs from working at times at cross purposes. For example, what arrangements will permit full consideration of the possible conflicts between a policy of Federal agricultural-credit agencies, which may have as an indirect consequence the weakening of the earning power and financial stability of commercial banks, and a policy of Federal agencies charged with supervision of commercial banking which is designed to increase its earning power and financial stability?

Efforts of monetary and credit authorities to restrain unwise use of credit in certain sectors may have as an indirect consequence unnecessary restriction of credit to agriculture. Should formal administrative arrangements be made to deal with possible conflicts of credit policies or should informal coordination be used as the occasion arises? The answers may turn as much on the attitude taken toward the significance of a national credit policy that is effectively co-ordinated as on the feasibility of methods for achieving such coordination.

FEDERAL ACTION TO IMPROVE PRIVATE MORTGAGE-CREDIT SERVICE

At present, about 60 percent of the farm-mortgage debt is held by private lenders, and on the basis of the discussion of the farm-mortgage credit field as a whole (chapter 11) good reasons are apparent for thinking that a substantial part of the farm-mortgage credit will continue to be furnished by such lenders. One of the most fruitful fields for the improvement of farm-mortgage credit facilities may lie in the private credit field.

Several channels are available through which the Government may influence private mortgage-credit practices. Among the most important are: (1) Education and setting of standards; (2) competition of Federal agencies; (3) exercise of indirect control by standing ready to refinance privately held mortgages; (4) indirect control by providing insurance against losses arising from mortgage loans; (5) direct control through authority to supervise private financial institutions; and (6) direct control of borrowing by clients of Federal programs.

Although not specifically mentioned above, the more general field of Federal credit and monetary policy is a significant channel through which all private lending can be influenced. This phase of the problem is not discussed here, for it involves all fields of credit, of which private farm-mortgage credit is only a small part.

Education and Setting of Standards.—Education and setting of loan standards has long been a means by which the Government has attempted to improve borrowing and lending practices. This function can be performed through regular

extension-service channels and by the Federal lending agencies themselves. The setting of standards by example is a function well adapted to actual loan operations, as the Federal agencies are in a better position to pioneer than many private lenders and can make available to private lenders the benefits of their experience. In adaptation of loan provisions to fluctuating income, measurement of farm-mortgage risks, and development of loan standards, the Federal agencies are in a position to carry on pioneering work of somewhat the same character in the credit field as is now done in other fields by the experiment stations.

But perhaps an agency other than a Federal lending agency should make the results of public- and private-lender experience available to private lenders. A Federal lender in direct competition with private lenders may not wish to weaken its own competitive position by aiding other lenders to improve their service. In this respect a Federal agency operating as a pace-setting institution and expected to bring competitive pressure on private lenders may not be well suited to the task of aiding private lenders in improving their loan practices. But if the viewpoint is adopted that the primary purpose of the Government in this field is to improve mortgage-credit facilities for agriculture, regardless of whether such services are furnished publicly or privately, much can be said for a program designed to aid borrowers in deciding how to finance their operations and to aid both public and private lenders in improving their loan standards.

One suggested approach is that the farm real estate appraisal function be made entirely independent of any governmental loan agency, and that this service be available to borrowers, prospective sellers and buyers, and private lenders. A plan of this sort would require high professional standards and extensive safeguards but might provide an effective means whereby technical knowledge of real estate values, farm income, and farm-mortgage credit could be fully used by all borrowers and lenders. The possible educational benefits to be derived might even justify the financing of a portion of the cost by the Federal Government as a part of a general educational program for agriculture.

Whether appraisal procedures have arrived at a stage that would justify making such a service available generally may be one of the most important practical questions involved. The service might have to be confined chiefly to a systematic organization of the facts and to objective conclusions based on specific standards. The terms of a loan would have to be set by the borrower and the lender in the light of their own interpretation of the facts, but a program like this might provide a better basis for decisions regarding loan practices.

In any program designed to improve private lending practices the Government must not be expected to achieve perfection in the setting of standards. As a forecast of the future is involved in any loan transaction, and as individuals tend to appraise the future differently, the efforts of the Government in this respect perhaps could be expected only to encourage private lenders and borrowers to consider all relevant facts and to interpret them in the light of a broader experience than is available through their personal observations. Nevertheless, both borrowers and lenders might well benefit as much by a chance to call upon the Government for technical assistance in regard to the financial aspects of farming as through the use of other services furnished to farmers by the Government.

Competition of Federal Agencies.—Competition by Federal agencies represents one method of setting standards for private lenders, the motivation used being chiefly economic pressure. But as a general method of influencing private lending on farm-mortgage security, competitive pressure by Federal agencies presents certain problems.

To be effective the Federal agencies would have to so operate that their willingness to make loans, if necessary, would induce private lenders to offer credit on more satisfactory terms. Such a method is better suited to forcing down interest rates and to bringing pressure for liberalization of other loan terms than to raising standards when private lenders are inclined to loan too liberally. Other devices may be needed to curb undue liberality.

How effectively the Federal credit agencies can use competitive pressure to improve private lending standards depends also on the ability

and willingness of the Federal lenders to adapt their loan service to this function. The farm-mortgage credit market is made up of many semi-independent markets in which the character both of the demand for credit and of the available supply of credit vary greatly. These semi-independent markets are partly geographical and partly functional in nature. A Nation-wide Federal credit system has to consider the advantages to it of standardizing its loan service in order to facilitate economical administration. But a standardized credit service is not well adapted to bring competitive pressure at a multiplicity of points great enough to induce private lenders to alter their loan practices, but not so great as to attract the bulk of the loan business. A conflict, therefore, may arise between the use of Federal agencies on the one hand as a means of bringing pressure to bear on those sectors of the market in which such pressure may be needed, and the use of such agencies on the other hand to provide farm-mortgage credit at the lowest possible cost.

Certain other limitations to such use of Federal lending agencies arise out of the alternative opportunities of private lenders to invest in other fields. Competitive pressure in regard to farm-mortgage loans may result only in the withdrawal of certain private lenders from the farm-mortgage field. To be able so to adjust Federal lending policy that competitive pressure is a constructive force probably would require careful and continuous study, not only of the changing competitive currents in the several sectors of the farm-mortgage market, but also of the competitive situation in related fields of investment.

A further point is the bearing of Federal credit subsidies on the ability of Federal agencies to exert on private lenders the degree of pressure needed. If it is considered good national policy to subsidize certain groups of farm owners through credit channels, it may be necessary to give up some of the use of Federal competition to improve private loan standards. Credit subsidies that are effective in giving farmers credit below cost, including adequate provision for risks, may increase the competitive advantage of Federal agencies to the point which makes

private lending in such mortgages unprofitable in view of other investment opportunities.

Perhaps the possibilities of improving private lending practices in regard to interest rates and other loan terms through Federal competition are less promising than is sometimes thought. The fact that private lenders charge high rates and offer credit on other terms not favorable to farmers, may not be accounted for so much by a lack of competition as by the presence of certain high costs of lending. Efforts directed toward removal of some of the causes of high lending costs may prove even more constructive as a long-run policy than Federal competition in which a part of the costs may be shifted to other borrowers or absorbed by the Government. Federal competition may be a useful instrument of public policy only in particular types of situations and may not be well adapted as a general method of improving private lending practices.

Indirect Control Associated With Federal Assistance to Private Lending.—Exercising a measure of control in connection with a program of assistance to private lenders may enable the Government to improve private lending practices. Two types of such assistance may be considered briefly. The Government might offer special refinancing facilities to private lenders who hold mortgages that meet eligibility tests for such a service. For the private lender this would provide an opportunity to shift sound mortgages to another lender in times of credit stringency. In normal times the private lender could enlarge his scope of operations by servicing mortgages and assuming the risks of loss, even though the funds might be furnished by a Federal agency. Private lenders using this service might be required to conform to prescribed standards of lending.

A similar type of service would provide the administrative structure for a mutual farm-mortgage insurance system designed to reduce the cost of carrying farm-mortgage risks. To be eligible for such service, private lenders might be required to conform to certain standards set by the insuring agency.

Both of these measures have been in operation in regard to urban-home mortgages. Whether similar arrangements on a large scale are suited

to farm-mortgage lending, in view of the extensive Federal loan services already in operation, involves a number of problems. A service like this to private lenders would be expected to increase their efficiency as lenders, and this probably would enable them to compete more effectively with existing Federal lenders as well as among themselves. A decision to embark on such a program might require extensive changes in the functions of existing Federal agencies.

These programs might be operated, however, in close harmony with extensive direct Federal lending. If existing Federal credit agencies were expected to serve directly only those needs to which their plan of operation is best adapted, then the refinancing and insurance services might be confined chiefly to credit needs not so well suited to their operations. Or, this service might be made available on equal terms to public and private lenders, leaving the volume and character of the mortgage-credit business done by each group to be determined by their relative abilities to furnish service. For example, both groups of lenders might wish to make part of their loans on a basis that did not carry either the refinancing or insurance privilege but might stipulate that one condition for making other loans should be that the borrower provide insurance or meet the tests for the refinancing privilege. That might broaden the field of effective competition for mortgage loans, not only between these two groups of lenders but also among private lenders.

The principal appeal of such a plan is its promise both of a means for exercising some public control over private-lending standards and of an opportunity to increase the efficiency with which private lenders can furnish mortgage credit. It leaves to private lenders responsibility for detailed administration of loans. This may mean a degree of flexibility of credit service difficult to achieve economically through centralized loan agencies. One function of the Government in relation to private loans would be assisting to develop a more efficient method of carrying financial risks that arise either as a result of individual loan failures or of group failures in times of monetary and credit stringency.

But aside from problems of an administrative character, the further issue is raised as to whether any plan directed mainly to increasing the efficiency of private lending will go far enough. Such a plan might confine the field of public credit agencies within narrow limits. But the public agencies may be called upon to serve as a channel through which to distribute subsidies as well as to make loans to farmers, and for this additional purpose they may need direct contacts with a large number of borrowers. A program of increasing the efficiency of private lenders might involve using channels other than farm-mortgage credit to distribute public subsidies.

Supervision of Private Financial Institutions.—A large part of the commercial-banking system operates under Federal supervision and the joint stock land banks have represented a specialized private mortgage-credit system under Federal supervision.

Improving farm-mortgage credit service of commercial banks through public supervision is a phase only of the broader problem of increasing the efficiency of the commercial-banking system. This subject is obviously too large for treatment here. But it may be noted that many of the issues relating to the structure and operating standards of the commercial-banking system bear on the efficiency with which these institutions can function in the mortgage-credit field. For example, the question of the value of self liquidation as a test of sound commercial-bank lending, and the question of the extent to which provision for shifting nonliquid assets to other agencies is an adequate substitute for self-liquidation, have important implications concerning the ability of commercial banks to furnish mortgage credit. Moreover, the issues relating to the contributions that branch banking could make toward improving the agricultural-credit service of commercial banks are pertinent here. But in all of these questions the issues extend beyond the problems of farm-mortgage credit. Supervision of commercial banks must be considered in the light of the functions of the commercial-banking system as a whole.

The place that private mortgage-credit insti-

tutions like the joint stock land banks should occupy in the field is not now an active issue but many once believed that these banks would eventually overshadow the Federal land banks. In other countries private mortgage banks have flourished alongside public institutions and in this country private mortgage banking and similar investment institutions are still a real factor in some areas. If it is considered desirable to extend public control over private lenders in this field, the chartering of private institutions under Federal supervision provides one of several means for improving private mortgage-credit standards.

Control of Borrowing Practices of Clients of Federal Programs.—The supervision of certain of the clients of Federal programs gives some chance to influence private lending standards. As a condition of receiving assistance, these clients may be required to finance their operations according to prescribed standards. Willingness of the Government to assist such borrowers may encourage private lenders to furnish credit on the required basis. Through giving these borrowers advice and other assistance the risk involved may be reduced, so that private lenders may feel justified in extending more satisfactory credit terms.

This method has some points in common with a program of farm-mortgage loan insurance. By assuming a part of the risks of such farmers, or by providing administrative arrangements whereby they can carry their risks collectively on a more economical basis, loans can be made less risky for the lender. A promising experimental field for cooperation between the

Federal Government and private lenders in the development of a sounder basis of private financing of extra-risk credit may possibly be found in this method.

Many Problems Inherent in Complexity of Private Mortgage-Credit Service.—There is some danger that governmental efforts to improve private mortgage-credit practices may attempt to encourage standardization, without due regard for the inherent advantages of private lenders in giving desirable flexibility. A part of the field lends itself well to standardization of risks and loan terms, and increasing the proportion of such credit that can be furnished on a standardized basis tends to focus competition on interest rates for a larger proportion of the loans. This reduces the cost of credit to the borrowers whose loans can meet such tests.

But low interest charges may be of less consequence to many borrowers than other features of a contract. A basic question arises, therefore, as to what standards shall be adopted to appraise existing private-credit services. More need for improvement may appear when the sole test is the interest rate charged, than when the interest rate is considered as only one of several elements in the entire mortgage-credit service. The prominence given to interest rates in the consideration of mortgage-credit policy may have detracted from the importance of making improvements in other aspects of the service, such as adapting loan contracts to wide variations in kinds of farming operations to be financed and to variations in the character of the income available to carry debts.

Standards of Loan Policy For the Federal Land Banks

MANY specific current problems relating to the Federal land banks are concerned directly with standards of loan policy. Others have important implications for loan policy, even though superficially they may appear unrelated. These questions relate to the general type of credit service the Federal land banks should attempt to furnish, the specific loan contracts to be offered, and the charges to be made. Broad issues are considered here without regard to existing legal standards and, to avoid confusion of issues, the discussion is based on the assumption that the Federal land banks will be expected to operate on a self-supporting basis.

Is GREATER FLEXIBILITY OF LOAN SERVICE DESIRABLE?

Many believe that the loan services now available from the land banks are not sufficiently well adapted to meet the varying needs of farmers. This criticism in some instances reflects only a desire that the land banks should pursue credit policies involving excessive risks. But other real issues are involved. The question arises as to whether, without assuming excessive risks, the land banks can properly offer a more varied credit service.

This problem is sometimes stated in terms of increasing the ability of the land banks to compete with private lenders for new loans. Some believe that the type of credit service now per-

mitted by the land banks hampers them unnecessarily in competing for new mortgage business. As the financial interests of the land banks alone would not appear to be a sufficient reason for broadening the loan services of these institutions (unless it could be shown that the net benefits of such Federal-agency competition with other lenders would be desirable) it appears that still more fundamental reasons must be found if changes are to be made in the character of the land bank loan service.

Use of Loan Proceeds and Eligibility of Borrowers

Little demand is apparent for changes in regard to the purposes for which the proceeds of land bank loans may be used. But the general question persists as to the desirability of any restrictions other than those required for sound lending. This immediately raises the question: What are the primary functions of the land bank system? Is one of the major functions of the land banks to help shape the agricultural pattern, with restriction of loans according to the use to be made of proceeds as one method, or is their principal function to meet all financially sound needs for farm-mortgage credit? Assuming that one of their functions is to assist in the shaping of the agricultural pattern, insofar as this is possible on a self-supporting basis of operation, how effective is such a policy likely to be in view of the presence of private lenders

who are not under obligation to restrict the use of loan proceeds in the same way?

It is possible that the regulative or promotional effect of such restrictions on the use of loan proceeds may be small—may be limited mainly to the financial advantages that the land banks can offer those borrowers who will act in a way to promote the agricultural program desired. Even more direct methods might be better adapted to this objective.

Similar questions may be raised in regard to requirements dealing with the eligibility of borrowers for land bank loans. Assuming, for instance, that the promotion of ownership of farms by their operators is considered sound national policy, is credit preference for such borrowers a good method of promoting this policy? No very good basis exists for the evaluation of past efforts, but it does not appear that over a period of time the tenure pattern of farms on which the land banks have held loans has been radically different from that for most private lenders. But a real question arises as to how much farm ownership by the operators can be promoted by a credit system operating within the limits set by charging enough to cover the full cost of the credit service.

Term of Loan and Method of Repayment

When the land banks were established the long-term farm-mortgage loan repayable in periodic installments during the life of the loan was not common. Today this principle is accepted by many as a cardinal principle of sound mortgage financing, although only a small part of the privately held farm-mortgage debt is based on such contracts. A question may be raised as to whether such a basis of farm-mortgage financing is universally the most desirable, or whether a contract like this is adapted only to particular types of financing. For instance, are all types of agricultural enterprises equally well adapted to regular periodic repayment of loans during the life of the loan? Perhaps use of credit to obtain or retain control of a farm is more important to some borrowers than annual accumulations of savings to be invested in their farms. Is his farm always the best place for the farmer to invest his savings? Would

a farmer be more secure in his possession of a farm if principal repayments were allowed to fluctuate with his income? The extent to which the amortization principle has had to be modified in the last decade indicates that rigid enforcement of periodic repayment does not fit all cases. At least, it seems clear that many sound methods of farm-mortgage financing other than that by the long-term amortization loan may be found.

Another question relates to whether the land banks need furnish any types of loan service other than are now provided in order to perform their functions adequately. Those borrowers whose financing fits existing standards may be the ones for whom it is desired to furnish special credit facilities. Further, financing that is better done on other terms should perhaps be financed by private lenders or by other Federal agencies, but the public policy standard here is not entirely clear. Restriction of the advantages of the land bank system to borrowers wishing to use loan proceeds in a particular way or to borrowers with certain tenure characteristics is easily interpreted in terms of public objectives. But similar restrictions based on the adaptability of a particular type of loan contract to the borrower's own financial objectives or to the character of his farm enterprise are difficult to fit into any clear-cut national policy.

A further question may be raised as to whether the long-term loan repayable on a amortization basis has undesirable features. For example, what effect does the fact that a loan is repayable in installments, thus tending, in time, to improve the security for the loan, have on the initial amount that a lender will advance for buying a farm? Some believe that this method of lending, aside from the rate of interest charged, may be conducive to excessive loans with resulting bad consequences for both the borrower and the lender. What effect does the ability of a farmer to plan his finances for a long period, with no worry about refinancing his loan every few years, have on the total amount of debt he is willing to assume? In other words, is the long-term amortization loan in itself an inflationary influence tending to increase land values and debts? Whether this is the case is difficult to determine,

but any tendency in this direction may be a consideration as over against the well-recognized benefits of this loan plan for particular borrower groups.

Adaptability of Federal Land Banks to Flexible Loan Service

Besides the broad questions of public policy that are bound up closely with the question of flexibility of credit service, others of a different character relate to the administrative feasibility of such a loan program. In a credit system national in scope the desire to achieve greater administrative efficiency gives an incentive to standardize operations as much as possible. If a principal objective of the land banks is to reduce the cost of credit for its borrowers, considerable weight must be given to administrative efficiency which nevertheless may work against efforts to provide greater flexibility in loan service.

An answer to the question of flexibility of loan standards for the land banks thus may be made in part on the basis of the importance attached to partially conflicting objectives. If low-cost credit for those borrowers who can qualify for standardized loans is considered essential, it may be necessary to obtain flexibility in the mortgage-credit field as a whole by leaving the credit fields not suited to standardization to other lenders; or, to achieve greater flexibility of loan service, and at the same time provide the low-cost credit on a standardized basis, it may be necessary to provide for differentiation among types of loans as regards interest rates and other charges. This question, although closely related to loan standards, presents so many independent problems that it is considered separately later.

INFLUENCE OF REFINANCING FUNCTION OF LAND BANKS ON LOAN STANDARDS

Much of the discussion of loan standards for the land banks has been based on the assumption that the farmer-borrower is free to incur debt according to his own appraisal of the prospects of profitable use of credit. Historically one of the principal services of the land banks has been to refinance existing obligations, frequently incurred originally under more favorable economic conditions. In these cases the total

amount of debt owed by the farmer is already fixed. The decision of the land bank, accordingly, may have to be governed by a different set of circumstances than would prevail if the farmer were considering only the incurring of a new debt. The land bank may be obliged either to refinance the existing obligations or to refuse the loan. Refusal to make the loan may protect the bank's own financial position, but the farmer is already committed to his present indebtedness.

At certain times it is as important for a business enterprise to minimize its losses as to maximize its profits. The question may well be raised, therefore, whether it is a function of land bank loan operations to aid farmers in minimizing their losses as well as to aid them in maximizing their profits. In many respects probably little difference is found between loan standards directed toward these two aims. But in the attitude to be adopted by the lender there is a significant difference. The former standard would confine land bank operations mainly to the financing of profitable farming enterprises, whereas the latter would permit loans where the farmer may eventually suffer some loss, even though the lender may not lose.

By making credit available at a low cost and by freeing the farmer from the immediate danger of losing his farm, one service of the land bank may be to give the farm owner a longer period in which to absorb the remaining losses by reducing his living expenses or by some other means. Apparently, only on the basis of some such concept of land bank policy does a part of the land bank lending of the last decade fit into a business-credit standard of operations. If the excessive debt is owed to the land bank itself, both the borrower and the lender are committed by existing arrangements. Here, clearly, the loan standards for the land banks may have to emphasize minimizing of losses for both parties rather than maximizing profits for the borrower.

The question raised here specifically in terms of loan standards is basic insofar as the proper functions of the land bank system are concerned. If in the future land banks are called upon to perform a business-credit service involving debt

refinancing under as unstable economic conditions as in the past, it may be necessary to regard the function of the land banks, in part at least, in terms of easing the shock of economic change insofar as this can be done on a business basis. A measure of flexibility in loan standards may be required, from period to period, as well as with respect to the type of credit service given in a particular period. Flexibility from period to period may involve the adoption of a fiscal period much longer than a year as the basis for ascertaining whether the service as a whole is self-supporting. Frank recognition of such a function for the land banks may require also critical reexamination of other aspects of loan standards that are based more largely on the concept of lending to farmers for normal business purposes.

UNIFORMITY OF LOAN CHARGES AS A FACTOR AFFECTING LOAN POLICY

It is not possible to consider adequately many of the questions relating to standards of loan policy and flexibility of credit service apart from the question of the charges to be made for the service. A decision to grant different types of mortgage credit involving varying amounts of risk or administrative costs necessarily brings to the forefront the question of differentiating loan charges by types of loans. To what extent can the land banks successfully carry on a loan business involving varying costs for different types of loans, and at the same time adhere to the principle of uniformity of interest rates and other loan charges?

The principle of uniform interest rates is regarded by many as a cardinal principle of sound loan policy for the land banks. But the desirability of uniform loan charges as a basic principle for the land banks is sometimes questioned. The issue may not turn so much on the abstract question of the social desirability of uniformity of loan charges as on the necessary operating consequences and implications of such a policy. Uniform loan charges may help to set indirectly the loan standards that the land banks will have to follow, or may determine the volume of lending that can be done if loan standards are adopted to conform with uniform loan charges.

Any lending institution, public or private, can carry some loans that do not contribute their proportionate share to the total cost of conducting the loan business, including provision for adequate reserves for losses, provided on other loans it is possible to collect more than would be required to carry these types of loans alone. This is partly a matter of following the principle that under certain circumstances additional business, which covers its special cost and contributes something to the overhead costs of operation, adds to the total net earnings or reduces the net losses for the business as a whole. There are limits to the application of this principle, but it must be recognized that it can be applied to some extent in the case of the land banks as well as for other loan agencies.

One limitation to the charging of a greater portion of the costs of the system to the low-cost business is the ability of private lenders specializing in low-cost loans to underbid the land banks on the interest rate or overbid on the amount of credit that will be extended. A loan agency, like a life insurance company or a specialized mortgage institution, can specialize in low-cost farm-mortgage lending and thus will not have to charge more than just enough to cover the cost of the particular type of credit service it is furnishing.

That the uniform interest-rate policy of the land bank system may have prevented the land banks from obtaining any large part of the loans in certain Middle Western States in the 1920's is suggested by the small percentage of total credit furnished by these institutions in areas of relatively low private interest rates.

If uniform interest rates are charged, and if other charges are made relatively uniform, the loan standards of the land banks may have to be formulated so that the highest cost types of business will be refused and the lowest cost business will be lost to private competitors. To the extent that private lenders can furnish the low-cost credit at a rate lower than the uniform charges of the land banks, the land banks will be hampered also in their ability to carry high-cost loans yielding only the uniform rate.

So long as the present reduced interest rates on farm-mortgage loans are in effect, the public

subsidy feature modifies these tendencies. For many low-cost borrowers the reduced land bank interest rates reduce the incentive to shift their loans to private lenders. On such loans the public subsidy may be received mainly by the land banks, at least in the first instance, for the actual cost to the land banks of lending to these low-cost borrowers may be little if any higher than the present reduced interest rates. This subsidy is thus available to the land banks to carry the additional costs of other higher cost loans for which even the contract interest rate may not cover all costs, including adequate provision for losses.

The subsidy thus permits the land banks to provide a wider range of credit service, insofar as variations in costs and risks are concerned, than would be possible if they were required to operate on a self-supporting basis. Moreover, the removal of these subsidies might impose a hardship on particular land banks as well as on the high-cost borrowers who could not take advantage of present low private-lender interest rates.

METHODS FOR ADAPTING LOAN CHARGES TO CREDIT COSTS

Problems relating to flexibility of loan standards and adaptation of the system of charges to conform with different loan standards pertain largely to new loan business, as the land banks are already bound by contractual arrangements in regard to existing loans. Only as the rewriting of present mortgages gives opportunity can changes be made with respect to these loans. Accordingly, it seems most fruitful to consider this problem primarily in terms of new business.

One way to operate the land banks on a self-supporting basis with a system of uniform loan charges would be to make all loans on a basis that will bring them within the cost and risk stratum consistent with the uniform loan charges. But if it is considered desirable for the land banks to furnish additional types of credit service, both in higher and lower cost and risk strata than are consistent with the uniform loan charges, it may be necessary to devise means to make the charges consistent with the variations in loan costs.

The most direct method to do this would be to levy on each loan all of the direct costs for that loan that can be accurately measured or estimated for the future and then provide for a further special charge by groups of loans to cover additional costs. This further charge would be to cover losses and other costs that can be estimated reasonably well for entire groups of loans, but that cannot be estimated accurately for each loan separately. Thus the total charges for a particular loan might consist of (1) the cost of the borrowed funds, (2) all special costs that are associated directly with the placing of the loan on the books, (3) an estimate of minimum future servicing costs for loans of this type, and (4) a surcharge applicable to all loans of this type to build up an adequate reserve to cover those additional administrative costs and those losses that may be predictable for a homogeneous group of loans but not predictable for individual loans within the group.

This method would require classification of new loans according to the probabilities that the loans will give rise to losses and other special costs. For all loans a minimum surcharge would be required to cover those additional administrative costs and losses that might develop for any loan. The main differentiation would relate to the probabilities of additional costs and losses that appear, from experience, to be associated with certain types of loans. It is possible that the aggregate loan charges in relation to the principal of a loan would vary greatly among loans even in the same area. This feature of the plan might present some administrative complications.

Indirect ways of varying loan charges to conform with loan costs are many. The present plan whereby land bank borrowers are required to buy stock in their national farm loan association provides one basis for differentiating by groups of borrowers as to effective charges for credit. Other plans provide for patronage dividends to these associations on the basis of their contribution to the net earnings of the land bank. All such plans have the advantage that the existing administrative structure can be utilized.

Questions arise as to whether administrative

costs and losses vary by geographic areas as much as by types of loans; and whether a farm loan association is a satisfactory unit over which to spread the unpredictable costs and losses for individual loans incident to farm-mortgage lending. To provide a sound financial structure for the carrying of such costs may necessitate blanketing a part of the unpredictable costs and losses over a still larger group of borrowers.

If uniformity of loan charges on a national basis operates to narrow the scope of the loan service that the land banks can offer on a self-supporting basis, then the same is true only to a lesser extent if uniformity of charges is applied to any smaller area. The land banks may be called upon to furnish low-cost and low-risk credit to some farmers and high-cost and high-risk credit to others even in the same farm loan association. Uniform loan charges within an association, high enough to cover aggregate costs and losses, may cause the low-cost credit to be furnished by private lenders, leaving the land banks with more of the high-cost lending. This will mean raising the charges still higher to cover the resulting higher average costs.

But moderate regional variation in loan standards and loan charges may be all that is desired. This can be accomplished in a measure by the types of plans discussed above. It may be that greater efficiency of the land banks arising from their plan of operations will provide sufficient margin between their charges and competitive charges of private lenders to allow all the variation in credit service within a region that is desired. Moreover, the continuation of public subsidies would permit continued effective competition by the land banks for low-cost loans with the public subsidy on such loans available to carry the additional costs on high-cost loans. The administrative problems of direct application of the cost principle to loans with similar risks and other costs may make more feasible a plan providing moderate differentiation by areas supplemented by public subsidies.

To provide for some differentiation of loan charges within farm loan associations, while at the same time providing general differentiation by associations would be possible. For example, local associations might require as a condition

for the granting of high-risk or otherwise high-cost types of credit that an additional contribution be made to the reserve fund of the association. Or the land bank itself might require such a contribution, or even the furnishing of loan insurance, as a condition for making such loans. If the public interest required it, the Government might even carry a part or all of the additional cost of such insurance for certain types of borrowers.

Means are available whereby the land banks can engage in lending in several cost and risk strata of the mortgage-credit market on a self-supporting basis, but the real issue may be whether it is desired, after all, that the land banks should operate on this principle.

RELATION OF LOAN STANDARDS TO OTHER AGRICULTURAL PROGRAMS

A somewhat different group of questions pertains to the relation land bank loan standards should have to other agricultural programs. Land bank policy should be, insofar as possible, in harmony with the objectives of other agricultural programs. In fact, it is probable that in many cases the conditions that must be met to qualify for a sound loan are identical with the objectives of other noncredit programs.

But it should be recognized, that land bank loans are made for long periods and must carry provisions applicable to the consequent uncertainties. There is the possibility, therefore, that the loan standards of the land banks, which in a sense are part of a long-range agricultural program, may be in apparent conflict at times with other current programs that are subject to change annually or oftener.

A mortgage contract involves contractual relationships designed to protect the interests of both parties over an extended period. To make these relationships subject to change along with changes made in other agricultural programs may be difficult administratively and may even nullify some of the advantages of long-term contracts.

This problem has many facets. For instance, is the granting of credit by the land banks an appropriate occasion for requiring compliance with other Federal agricultural programs? The

extent to which those borrowers who otherwise would not voluntarily participate in such programs can be induced to do so if this is a required condition for obtaining a loan will depend largely on the competitive situation in farm-mortgage lending.

To the extent that land banks can offer advantages to borrowers not available from other lenders, these advantages may be used to induce borrowers to comply with or to participate in other programs. But the advantage to different borrowers may vary widely depending on many specific features of the credit service and the loan charges. Some borrowers might not gain enough from the mortgage-credit arrangements to compensate for the disadvantage, real or fancied, of taking part in another program. Others might be so induced. It would be difficult to adjust the loan standards and system of charges for the land banks to provide an incentive for all borrowers to participate in other agricultural programs.

What weight should be given to the probable future effects of existing agricultural programs in arriving at basic guides to loan policy, such as normal value, prospective farm income available for debt service, and the prospective degree of stability of income? Extending credit involves a forecast of the future. Should it be assumed that the agricultural program as a whole will provide for larger and more stable farm income during the full life of loans currently closed? Should past experience in the loan field be given reduced weight in loan policy? To what extent should loan policy discount possible future improvements in the agricultural economy and thus provide for larger loans, lower interest rates, or other loan features consistent with these expected improvements?

These are not easy problems. If the land banks were to "assume the worst," that is, either that such programs will be short-lived or that they will not bring about the expected improvements in agriculture, these banks might follow a loan policy so conservative that more optimistic competitors would take over much of the new loan business. On the other hand, if the land banks are too optimistic about the future effects of these other programs on farm income,

they may not only suffer heavy financial losses but may exert an undesirable influence on land values and on the general agricultural pattern.

Even if the land banks should correctly forecast future benefits to farmers of these other programs and arrange their credit policies to provide loans that future incomes will support, a part of any advantage to agriculture may be capitalized into higher debts and land values so that some of the increased income of future farmer-borrowers will be drained away to pay for the higher capital costs of farm ownership. Such a loan program may transfer a part of the larger income to other economic groups, in the form of larger interest payments, through the resulting influence on land values and the volume of farm debt.

What kind of a land bank loan policy actually would be most nearly in harmony with a general agricultural program designed to increase the level and stabilize the flow of farm income? Could the land banks, by refusing to take full account of the prospective effects of such programs on farm income, prevent such expected future incomes from being capitalized into higher debts and land values? This might be possible to a limited extent if farmers could thereby be induced to save the increased income or to use it to raise their level of living or to pay debts. But the result might be a loss of loan business by the land banks. As the land banks must operate in a competitive loan market, their independent power to require that farms be bought more largely out of savings, is limited. This is only one phase of the more general question as to the extent to which governmental contributions to farm income can be retained in the long run by farmers as net income, if such contributions are regarded by new purchasers of farms and lenders as permanent increases in the gross incomes of farmers.

LOAN-STANDARDS POLICY THE FOCAL POINT OF MAJOR ISSUES IN FEDERAL MORTGAGE-CREDIT POLICY

Probably more of the basic issues relating to Federal mortgage-credit policy come to a focus on problems of loan standards than on any other aspect of the operations of the Federal land

banks. Whether these banks should operate on a business standard or on a social-credit standard is basic to any discussion of this question. As the problem of credit subsidies is treated separately, this discussion has related only to the problems raised when the land banks are assumed to be confined to a business standard. But even within these limits it is evident that the loan standards of the land banks must reflect the relative importance attached to different and sometimes conflicting public objectives. To say that the land banks should operate on a business standard leaves still unanswered a multitude of other questions relating to their loan standards.

Many of these questions can be answered in terms of the ability of the land banks to operate successfully in a competitive market. Unless these banks are to be relieved of some of their costs through public subsidies, their loan stand-

ards must be of such character that they can survive in competition with private lenders. Types of credit service they can offer as regards risks and other costs, charges they should make for different loan services, the extent to which their operations can be made to further the objectives of other agricultural programs, all should be considered in the light of the competitive situation in farm-mortgage lending. Only through public absorption of a part of the costs of these institutions or through governmental actions altering the basis on which private lenders can extend mortgage credit, can the limitations imposed by the competition of private lenders be relaxed. A part of the price of operating according to the cost principle of lending is the necessity for confining the scope of the activities of the land banks within certain limits.

Problems of National Farm Loan Associations

ATTENTION recently has been centered on the problem of the national farm loan associations, chiefly because of their losses resulting from their endorsement of the Federal land bank loans closed through them and because losses on such loans have impaired much of the capital stock of these associations, which is owned by their borrower-members. The effective cost of credit to a substantial number of the borrowers from the land banks has thus been increased above the costs represented by the contract interest rate and other loan charges.

The status of national farm loan associations has been reviewed in earlier chapters, but a review of the financial condition of these associations alone does not make entirely clear just where the difficulties lie. Neither is it clear what means are available for correcting such difficulties. It is evident from the record that the stock of many national farm loan associations is so impaired that they are practically insolvent and unable to render a comprehensive loan service to borrowers in the area, and that the condition of other associations is sufficiently serious to impair substantially their ability to serve borrowers or potential borrowers. But to appraise the significance of this situation involves problems that can be considered adequately only when the purposes and functions of these associations as a part of the entire land bank system are made the points of reference.

Several Approaches to the Problem.—Any appraisal of the national farm loan association situation will be affected by whether the losses of these

associations are considered to have been excessive. Losses on farm-mortgage loans have not been confined to the land bank system. Insofar as the losses for individual associations or for the entire system are considered excessive, it becomes necessary to seek effective means of reducing such losses in the future. This is chiefly a matter of the loan policies to be followed, and thus is not entirely a national farm loan association problem.

But regardless of whether the losses are considered to have been excessive, it is clear that such losses have given rise to many problems involving these associations. One approach to these problems is concerned with the justification for the additional loan charges placed on borrowers as a result of the losses. Some regard losses as simply an additional charge placed on borrowers and justified by the risk carried by the land banks on member-borrowers' loans. This approach to the problem is directly related to the broader question of the correct relationship of loan charges to risks and other loan costs.

A second approach that may be taken is through the argument that, as a result of a too close tie-up between the general loan-service functions and the loss-distribution function of the associations, their financial losses unnecessarily impaired their ability to render a comprehensive loan service. This raises the general question of the relationship between the loan-service function and the loss-distribution function of these associations.

A third approach may regard the financial

position of the associations as a result of faulty arrangements for the allocation of income and losses among different segments of the land bank system. Some believe that undue responsibility has been placed on the associations for losses without adequate provisions for allocating income to them to carry the losses. This raises the question of the right basis for the distribution of losses and income among the several segments of the system.

RELATIONSHIP OF LOAN CHARGES TO RISKS AND OTHER COSTS

Considering first the possibility that the loss to the borrower arising from his failure to receive dividends on, or a full return of, his capital stock may represent a cost that is justified from the standpoint of the risk involved, it is necessary to ascertain just how much cost this loss to the borrower actually involves. Several cost possibilities exist. The financial condition of the land bank and the association may be such that dividends are paid on the association stock, thus partially or fully offsetting the cost to the borrower of the stock subscription. Before 1931 nearly 29 million dollars had been paid by the land banks in dividends, and a large part of this was available for dividends to borrowers. Further, the association may pay no dividends but the borrower's stock may be repaid in full, in which case the loss of return on investment in stock is the only additional cost to the borrower. If the stock is impaired also, the cost to the borrower includes both the loss of return on his investment in the stock of the associations and the loss of the investment itself.

Effect of Stock Purchase on Interest Rate Varies.—To illustrate the effect of the stock purchase on the effective rate of interest paid, let it be assumed that the interest rate for alternative investment by the borrower is the same as the contract rate carried by his mortgage. Let it be assumed further that the borrower invests 5 percent of the original amount of his amortized loan in an association's stock which does not become impaired but on which no dividends are ever paid. Under these conditions the borrower will in effect be charged for a 6-percent loan made on a 10-year basis an additional annual charge

of about 0.5 percent, on a 20-year basis an additional 0.46 percent, and on a 34½-year basis an additional 0.41 percent. If the rate of interest is 4 percent, the additional charge on a 10-year loan would amount to 0.34 percent; on a 20-year loan, 0.32 percent; and on a 34½-year loan, 0.29 percent. However, if the borrower loses also his stock investment and receives no dividends the increase in the effective interest rate will be even greater. For example, on a 6-percent loan for 10 years the effective interest rate would be increased by 1.13 percent, for a 20-year loan by 0.66 percent, and on a 34½-year loan by 0.47 percent. On a 4-percent loan the increases would amount to 1.08 percent on a 10-year loan, 0.59 percent on a 20-year loan, and 0.39 percent on a 34½-year loan.

Question of Equity Involved.—When losses are sustained by an association they are distributed *pro rata* among individual borrowers in the association on the basis of the amount originally borrowed. But under these circumstances, as illustrated above, the longer the term of the loan the smaller is the increased effective interest rate paid by the borrower.

Any decision as to whether these variations in credit costs for different borrowers are justified necessarily raises the question of the proper basis for judging the fairness of the resulting distribution. One standard of equity often employed is that variations in the effective interest rate charged should conform with variations in probable losses and other lending costs for different loans at the time the loans were made. This standard is probably more important where the institution's policy is to operate on a business basis. In cases in which special social objectives predominate, for instance in serving a particular class of borrowers where the costs are a minor consideration, another standard might be involved.

Assuming the former standard of equity, the risks and other costs involved for different loans do not necessarily vary with the amount loaned, which is the basis for determining the amount of stock to be subscribed. A loan of \$5,000 on a \$40,000 property may be a relatively safe loan, whereas a loan of \$5,000 on a \$12,000 property may be more risky. Yet the stock subscribed by

each borrower would be the same in each case. To the extent, therefore, that other means are not employed for equalizing loss and other cost probabilities for different loans, a distribution of losses entirely on the basis of the amount of stock subscribed cannot be considered equitable by this standard.

A question also arises as to whether in the event of association losses, the resulting differences in effective interest rates charged on loans of different terms are necessarily consistent with such a standard of equity. Much depends on how this indirect method of varying the effective rate of interest is combined with other features of different loan contracts. It is generally recognized that low-risk loans can normally be made on a longer term basis than can high-risk loans. High-risk loans are frequently made on a relatively short-term basis. The increased effective interest charge that may result from making high-risk loans on a short-term basis is consistent with attempting to make total loan charges for high-risk loans cover their high loss and other cost probabilities. Likewise, the considerations in regard to risk that appear to warrant making certain types of loans for long terms may also justify an arrangement that will bring about relatively lower effective interest rates on such loans.

But in many cases low-risk loans are wanted only for relatively short terms, and the potential higher charge may not be warranted. This possibility may cause the borrower to look elsewhere for his financing. On the other hand, high-risk loans may be desired for long terms and therefore a higher effective interest rate may be warranted; yet the present arrangements with respect to uniform contract interest rates, together with the stock-purchase requirements would tend, in many cases, to reduce the potential effective interest rate as the term of the loan was made longer.

In some associations the capital stock is fully impaired, and the losses charged against the association exceed the value of the stock. They are collectible out of any present assets of the association in addition to the capital stock of the land bank, and out of future income. As the liability of the borrower is now virtually limited

to the amount of his capital stock in the association, his effective interest rate is not increased because of such additional losses accruing to the association.⁴¹ Lack of other assets or sources of future income may therefore bring losses to the land bank which must be met out of its accumulated reserves or future income. This may mean a partial distribution of such losses over other borrowers of the land bank. But under present provisions associations are usually charged only with the losses that occur in their area.

Although the present method of distributing losses among different association borrowers does not necessarily work equitably in all cases, if properly handled it provides an effective mechanism for varying interest charges in accordance with the risks inherent in different loans. An advocate of the elimination of the stock-subscription feature as a method of distributing losses would have to make a counter-proposal that would be equally as equitable. It is possible that risks should be further equalized, that the contract interest rate itself should be varied more to reflect remaining variations in risks, that the required stock subscription for borrowers or groups of borrowers be even more than 5 percent of the amount loaned, or that some other device be employed.

RELATION OF LOSS-DISTRIBUTION FUNCTION TO LOAN-SERVICE FUNCTION

If the buying of capital stock in an association by borrower-members is viewed as a method of building up a reserve out of which future losses are to be carried, it would seem unnecessary that the other functions of the association should be impaired or made ineffective by the utilization of this reserve when losses occur. Under the provisions of the Federal Farm Loan Act as amended, if there is a default under the terms of any endorsed first mortgage held by a Federal

⁴¹ Owners of national farm loan association stock were not held individually responsible after June 16, 1933, for the contract, debt, or engagement of such association entered into after that date except to the extent of the amount paid in and represented by their shares. Before June 16, 1933, owners of stock were liable for double the amount of their stock. Owners of national farm loan association stock are technically still liable for the contract, debt, or engagement of an association entered into before June 16, 1933.

land bank, the association may be required within 30 days to make good this default either by payment in cash or by the substitution of an equal amount of bonds (12 U. S. C., par. 921). Moreover, the act provides that, upon receiving evidence that any association has failed to meet any of its outstanding obligations, the Farm Credit Administration may declare the association insolvent and appoint a receiver (12 U. S. C., par. 961). In lieu of a receiver, the Farm Credit Administration may appoint a conservator where the continuation in business of the association seems to be in the interest of its creditors (usually the land bank) and stockholders. As a result of the conservatorship the association may continue to operate under section 25-b of the Farm Credit Administration Act of 1937.

Associations in classes 1 and 2, which represent about 42 percent of the associations, are the only ones whose ability to fully serve borrowers in their community and the Federal land banks for the district, is not impaired. See p. 75 for description of NFLA classes. The services of the other 58 percent are decreased, to some degree, due to losses. The principal service which these latter associations are unable to perform is that of accepting new loans. These associations consist of those operating under section 25-b of the Farm Credit Administration Act of 1937, those associations in classes 3 and 4 not operating under section 25-b, and those associations which have voluntarily become dormant and whose records have been sent to the Federal land bank for safekeeping. In areas covered by any of these associations, potential borrowers must be serviced either as direct borrowers or as borrowers through the association operating under the special provisions of the act (25-b).

If the borrower obtains a direct loan, the contract rate of interest is 0.5 of one percent higher and if through an impaired association operating under section 25-b, 0.25 of one percent higher than the regular rate for the loans closed through a solvent association. In both instances the borrower subscribes 5 percent of his loan to the stock of the Federal land bank, instead of to the stock of the national farm loan association. But in the case of 25-b associations the association endorses the mortgage for the new borrower.

If either the stock impairment is removed prior to the time when 10 or more borrowers have a minimum of \$20,000 worth of loans in good standing which would permit a compartment to be formed, or if the compartment is actually completed, the land bank stock is converted to association stock. In the former case the conversion is to old association stock with the same rights and liabilities as that of members of the association before it became impaired, whereas in the latter case the conversion is to association stock which is segregated from the old group. In either case the interest rate is reduced to the rate on loans through a regular solvent association. Thus it is obvious that borrowers in an area where the association is in class 3 or 4, where the association is operating under section 25-b, or where the association is dormant, farmers do not have the same privileges as farmers in areas covered by a solvent association. It is further clear that such associations' inability to serve is due primarily to losses.

The general character of the services other than carrying losses which national farm loan associations are expected to render may be indicated by the following list:

- (1) Informing farmers as to the types of loans available from the Federal land banks and the Land Bank Commissioner.
- (2) Assisting applicants for loans in making out their applications and in closing loans.
- (3) Making recommendations to the land banks with respect to loan policies and standards.
- (4) Collecting matured installments on loans, purchase-money mortgages, and real estate contracts.
- (5) Checking contracts to determine whether borrowers have lived up to their terms in such matters as keeping current their taxes and assessments, properly using loan proceeds, and maintaining buildings and improvements.
- (6) Procuring and submitting offers to buy farms owned by the land bank or the Federal Farm Mortgage Corporation.
- (7) Managing farms held by the land bank or the Corporation in the association's territory.
- (8) Arranging for transfers of loans and inspecting properties in connection with the partial release of security.
- (9) Keeping certain records and accounts.

While impaired associations are able to perform most of the services mentioned, except that of taking new loans, it is quite evident that they

cannot be of maximum assistance to borrowers or to the bank.

Segregation of Functions May Be Desirable.—From a purely organization standpoint, therefore, consideration should be given to the segregation of the loss-distribution function from the routine service functions of the association. For the system as a whole and to a degree for each land bank, solvency is the essence of ability to serve borrowers, but this is not so essential to the ability of associations to perform a part of their administrative function.

The cause of insolvency of an association may in some instances have been mismanagement of the association itself, or too lenient loan standards by the land banks, but in most cases is probably due to unforeseeable business conditions, and other contingencies. In those few cases where the association's condition is due to its own mismanagement, some provision for regulating future operations might be necessary, but receivership would not necessarily be the only method of accomplishing this objective. If it is not caused by poor management, the function of absorbing losses might logically be separated from other service functions of the association and the financial liability of the association limited. But in case limited liability is provided, some control over the management of the associations would appear to be essential, particularly where mismanagement is partially or wholly responsible for its insolvency.

DISTRIBUTION OF LOSSES AND INCOME

The possibility may now be considered that losses in the aggregate may not have been excessive but have been charged against the national farm loan associations without providing them with an adequate income out of which to meet them. The loan charges in the aggregate may be sufficient to cover the probabilities of losses and other unpredictable costs for the portfolio, but the income may not be distributed to those segments charged with these losses and other costs.

The associations are liable for any loan default of a member-borrower and the member-borrowers as a group are liable, for practical purposes, only to the extent of their subscription to

the stock of the association. The borrower who defaults on his loan is liable to the full value of his property offered as security and the value of his other assets to the extent that they may be obtained through a deficiency judgment. Any losses in excess of those recoverable from the borrower in default and from the stock subscription of the other members of the association are recoverable out of the other assets of the association.

But what are the sources of income to the associations, and what are the administrative costs? Is provision made for sufficient income to cover the administrative costs of the association and leave funds for building reserves and to meet current losses?

Although dividends on land bank stock once were important, income of the association is now derived primarily from an allowance from the Federal land banks and the Federal Farm Mortgage Corporation for the servicing of their assets. These allowances during 1939 were around 83 percent of total income of the associations. The services to be rendered by associations include the collection of matured installments, managing properties acquired by the land banks or the Corporation, keeping certain records on outstanding loans, making recommendations as to the treatment of delinquencies, and other routine services connected with handling loans after they have been closed. The amount of the allowance is based on the value of such services to the land bank and the Corporation. To the extent that such allowances cover only the costs of performing these services, nothing is available from this source to meet losses on loan defaults or to build up association reserves for future losses.

The next largest source of income now available to national farm associations is fees. This source furnished about 12.4 percent of their total income in 1939. Fees not to exceed 1 percent of the amount applied for may be charged borrowers to cover expenses of the association for such costs as making out their applications, closing loans, and appraisal of the property to be used as security. These fees probably closely approximate the average cost of the service rendered and are not designed to form the basis

for an accumulation of reserves out of which to meet losses. Additional income is derived from interest on special reserve accounts and other assets of the associations, but income from such sources together with other miscellaneous sources in 1939, amounted to less than 5 percent of the total association income.

Thus, it is evident from the nature of association income that such income is not designed specifically to provide funds to carry the entire cost of absorbing association losses.

Losses may be met out of accumulated assets, as well as out of current income. Those associations classed as "impaired to the full extent of their capital stock," however, have only limited assets other than land bank stock. For class 4 associations, 95 percent of the assets on December 31, 1939, was made up of stock in the Federal land banks. (See p. 75 for classification of associations.) Comparable percentages for associations in classes 3, 2, and 1, were 95.2, 93.2, and 89.0 percent, respectively.

Insofar as allowances and fees are based on average costs, the income of an association that is available for meeting losses is influenced by the operating efficiency of that association as compared with others. Size has a bearing on the relative operating efficiency of different associations. A recent study of the Farm Credit Administration shows that 44 percent of all associations operating on December 31, 1939, had less than 100 loans outstanding; 28 percent had between 100 and 199 loans; 14, between 200 and 299 loans; 11, between 300 and 499 loans; and 3 percent, 500 loans or over. Another factor is the extent of the territory over which an association operates. A distribution of associations for the United States is shown graphically in figure 34, page 171. In certain parts of the country the operating area of an association is extensive, and even though the area is not large, the association headquarters may not be readily accessible to the borrower.

The management of an association has a considerable bearing on its operating efficiency. The kind of directors and the kind of secretary-treasurer affect efficiency. All the officers except the secretary-treasurer are borrowers of the banks and probably have the interest of the

borrowers at heart. From the standpoint of the operating efficiency of an association, conflicts between the interests of the officers as borrowers and as representatives of the association may occur.

Recognition of the relationship of factors like size of associations, operating territories, and management to the operating efficiency of associations, has been given by the Federal land banks and the Farm Credit Administration in providing for the consolidation of associations, joint offices of national farm loan and production credit associations, and realignment of association territories (ch. 6).

From the absence of specific provision other than for dividends on land bank stock to supply associations with income with which to meet losses, it is apparent that the sponsors of the Federal Farm Loan Act did not expect losses in many associations to exceed the subscriptions of capital stock. But the act did, however, provide the Federal land banks with an interest rate higher than the cost of the loanable funds which was intended to cover administrative costs and to establish reserves for losses. Building up reserves out of earnings by the land banks has been facilitated also by the Government investments in the capital stock of the bank and paid-in surplus—all interest-free funds. Although most of the land banks have substantial reserves from which to meet losses, the banks that have insufficient reserves present a problem. The system as a whole appears to have considerable income and reserves available to meet present or future losses, and consideration might well be given to methods of spreading a part of the losses over the entire system. This would appear to be entirely consistent with the joint obligation of the banks on consolidated farm-loan bonds.

From the standpoint of the ability of national farm loan associations to function effectively, it would seem either that the liability of the associations for losses should be limited and the functions other than absorbing losses segregated, or that ways should be provided for them to obtain sufficient income from which to meet their administrative costs and establish adequate reserves for losses.

MINIMIZING LOSSES

Since the associations might have functioned without serious difficulty if large losses had not occurred, the possibility that losses may have been excessive cannot be overlooked. Even though the future judgment of the land banks in making loans may be greatly improved, some future losses are inevitable, and the main consideration is to provide for such eventualities.

The Federal Farm Loan Act empowers the national farm loan associations to make an investigation as to the character and solvency of the applicant, and to make an appraisal of the security. The association may also make a recommendation either approving or disapproving the application. No loan can be made by the land bank unless it is approved unanimously by the loan committee of the association, so the association has within its power an opportunity to reduce losses through its own recommendations. While the loan committee of the association is made up of local farmer-borrowers whose acquaintance with local circumstances should be valuable in enabling the association to decrease the risks, their local relationships may sometimes make them reluctant to assume that responsibility. The problem of establishing loan standards which will minimize losses is probably the primary responsibility of the Federal land banks and the Farm Credit Administration.

In areas where losses are concentrated, as in the northern Great Plains area and in the eastern part of the Cotton Belt, some reexamination of previous loan standards is, of course, necessary. The general belief that these two areas, for example, have been adversely affected by abnormal weather and price conditions suggests the need for careful consideration of what is to be regarded as the normal situation for purposes of making long-term loans in these areas.

Related to the question of decreasing the losses from loan defaults is the efficiency of the system in handling acquired farm real estate. It was not intended that the banks would keep a continuous inventory of real estate, so it has been their policy to dispose of such properties as quickly as possible.

As the Government has several agencies equipped with facilities for handling certain types of real estate, methods of transferring certain of the acquired properties to these other agencies might well be considered. For instance, the tenant-purchase program might well buy such of these farms as are sound farming units; or, if a farm is unsuitable for farming, the land might be taken over as part of the public domain.

APPLICATION OF COOPERATIVE PRINCIPLES TO LONG-TERM FARM-MORTGAGE CREDIT

An attempt has been made to set forth the framework within which national farm loan association problems must be considered and to indicate possible lines of public policy for dealing with specific problems. But certain other aspects of the national farm loan association problem transcend these more immediate problems. One is the extent to which borrowing on long-term farm-mortgage credit constitutes a fertile field for the cooperative method of business organization.

It is well known that cooperatives have flourished in some fields and have been less successful in others. It is recognized also that a particular form of cooperation may be well adapted to certain fields but not so well adapted to others. Are there then certain unique features of borrowing on long-term mortgages which have a bearing on the type of cooperative organization best adapted to this field? Do certain aspects of borrowing on long-term mortgages lend themselves better than others to cooperative action? Perhaps the best long-run results may be expected if local cooperatives are confined chiefly to certain phases of the mortgage-credit field.

What are the principal phases of cooperative action in long-term farm-mortgage credit? A credit cooperative may be viewed either as a cooperative purchasing association in which farm owners band together to obtain mortgage credit wholesale or as a cooperative marketing association in which they band together to market mortgages on their farms. From whichever viewpoint this cooperative action is regarded, it has some elements in common with

other types of cooperatives. But the great importance of cooperative sharing of financial risks in this field is perhaps the distinguishing feature of a mortgage-credit cooperative.

The fact that a mortgage-credit cooperative involves the sharing of those risks inherent in long-term contracts tends to increase the probability that particular transactions will involve heavy losses. A mortgage-credit cooperative has some of the features of an insurance cooperative, but it is probable that in most cases the basis for pooling of risks is not so well worked out as in other fields involving cooperative assumption of risks. The actuarial basis for cooperative carrying of risks in this field is far from a stage of development comparable with that for fire and other types of farmer insurance.

The successful operation of the insurance principle requires that a sufficiently large number and a sufficiently diversified group of risks be combined to permit the transmutation of individual risks into costs to be shared by the group, and on a basis which makes the insurance cost in each case less burdensome than the necessary consequences of individual assumption of risk by the lender or by the borrower. If each borrower were to provide an individual lender (who is unable to diversify his investments) with the same degree of security for his loan as is available to the lender by buying a share in a block of mortgages mutually guaranteed by a large group of borrowers, the loan probably would have to be much smaller, and the loan terms much more favorable to the lender. But if borrowers mutually guarantee each other's obligations and pay an insurance surcharge to build up reserves to meet unpredictable losses on individual loans, the size of an individual loan can be larger or the loan charges can be lower. In this way borrowers can reap advantages through mutual guaranty of their loans similar to those obtainable through any other form of insurance.

The insurance principle is applicable to the entire loan portfolio of a large institutional lender as well as to a group of individual mortgages against which participation certificates are sold. To take full advantage of diversification of risks it is necessary to have much the

same fundamental arrangement in either case, for diversification, both through a sufficiently large number of cases and by inclusion of risks of a diversified character, is essential.

In either case a sound basis exists for adapting the insurance charges to conform with variations among loans in risk and other probable costs. In the case of cooperative assumption of risks by borrowers, there is an incentive to adapt loan charges to conform with costs, including risks, so that all members of the cooperative are treated equitably. True insurance does not contemplate that low risks will pay the same insurance rate as high risks, and competition tends to prevent this. A cooperative which attempts to assess a part of the high-risk loan costs to the low-risk loans must face the possibility of losing low-risk loans to its competitors. Failure to adapt insurance charges to risks and other probable costs would generally be regarded as inequitable and would tend to be self-defeating. In the case of a large institutional lender the latter factor is present regardless of the stand taken on the question of equitable treatment of different borrowers.

Although the national farm loan associations as now organized may be well adapted to the application of cooperative principles to the routine administrative business and service operations of cooperative mortgage-credit borrowing, they may be very poorly adapted to the cooperative assumption of credit risks. A single association may have neither the requisite number of loans nor sufficient diversification in the character of risks to provide an adequate basis for performing the insurance function. To obtain the full advantages of cooperation it may be necessary to restrict the sphere of cooperative action of individual associations mainly to those aspects of mortgage-credit borrowing not so directly associated with the joint assumption of risks, leaving such aspects of their operations to an administrative unit large enough to permit application of the insurance principle to this type of risk.

Leaders of the cooperative movement in farm-mortgage credit generally recognize that the cooperatives aim to do a great deal more than reduce the cost of farm-mortgage credit. Such

cooperatives are envisioned by many as a part of the institutional framework within which the democratic process can be developed to contribute to a better agriculture. For such purposes there may be no advantage in large size, and some actual disadvantages. The problem apparently is to find the type of institutional

structure which promises to preserve those advantages of cooperative action which can be obtained best through small groups. At the same time this form of cooperative should not be charged with responsibility that can be discharged efficiently only by a relatively large unit.

Farm-Mortgage Credit Subsidies

FROM THE FISCAL STANDPOINT farm-mortgage credit subsidies represent one of several forms of public expenditures. They are worthy of study from that standpoint alone, but as such they are not sufficiently distinct to call for special consideration in this report. This type of public expenditure is considered here as an instrument of public agricultural policy. The purpose is to suggest techniques for the evaluation of credit subsidies rather than to pass judgment on any particular form of subsidy.

Costs and Benefits Difficult to Measure.—In common with other activities of Government, it is difficult to measure in a very meaningful way the costs and benefits of a particular type of credit subsidy. Costs are measurable in a fiscal sense, but to measure the cost to those ultimately paying for the subsidy raises all of the intricate questions of the incidence and economic effects of taxation and public credit. Measurement of the benefits of the subsidy for different borrowers presents similar problems. Questions relating to the incidence and economic effects of the subsidies are no less intricate than those relating to the costs. That such subsidies transfer income from one group to another is evident, but how much is transferred, and from whom to whom, can be answered only in terms of tendencies.

A CLASSIFICATION BY BASIS FOR SELECTING BENEFICIARIES

Existing farm-mortgage credit subsidies may be classified in numerous ways. One of these is a classification according to the basis used in selecting the beneficiaries.

One group of credit subsidies consists of general contributions by the Government to a credit agency as a unit. Typical of this group are the tax-exemption that bonds issued by the land banks and the Federal Farm Mortgage Corporation have enjoyed, the Federal guaranty of the obligations of the latter institution, and contributions of interest-free capital to these institutions by the Government. The particular uses to which the subsidies resulting from these measures are expected to be put and their intended beneficiaries are not specified except indirectly as these institutions are obliged to perform certain services, the income from which is not expected to cover their full cost.

A second type is allocated also on an agency basis but the use to be made of the funds is more specific. For example, a subsidy may be granted to all borrowers from a Federal institution according to a fixed formula regardless of need or any other specific eligibility tests. Perhaps the best example is the temporary interest-rate reduction for land bank and Land Bank Commissioner borrowers. The fact that a farm owner is indebted to one of these agencies alone renders him eligible for the subsidy, thus making the Federal contribution practically a blanket contribution to all borrowers from these agencies. The test of eligibility is not the fact that a farm owner has a mortgage debt or that he is overburdened with debt, but rather that he owes a mortgage debt to a particular lender.

A third type is selective in a different sense, and is found where the approach to agricultural problems is based largely on the individual case

method. The basis of selection, for example, may be the need of the particular borrower for financial assistance, the prospects of rehabilitating himself if given this assistance, or his willingness to follow certain approved farming or home-management practices. Examples are found in the program of the Farm Security Administration. This basis of selecting the beneficiary is in sharp contrast to an unincumbered contribution to an agency as a unit or to the blanketing of subsidies over all borrowers from particular Federal agencies. Factors such as the personal characteristics of the borrower, his own financial situation, or the characteristics of the farm enterprise, become bases for the determination of eligibility.

Just as the form of a tax affects its ultimate incidence and its broader economic effects, so also the form of a subsidy determines in part who receives the benefit and what indirect consequences may attend the granting of the subsidy. To explore the ramifications of this topic is not feasible here, but some problems of confining subsidies to the intended beneficiaries may be illustrated.

MANY FACTORS INFLUENCE THE INCIDENCE OF SUBSIDIES

It is well recognized that shifting of a tax through market processes is much less likely to occur if the tax is regarded as temporary. The same is believed to apply to public subsidies. There is less likelihood that subsidy benefits will be bought and sold on the market or capitalized into land values and debts if it is generally expected that the subsidy will soon be removed.

Then there may be less likelihood that a subsidy will be passed on through market processes if it is associated with the personal characteristics or situation of the recipient rather than with the farm itself. If associated entirely with the farm, any new buyer might, to paraphrase a common concept in taxation theory, "buy himself free of the benefits of the subsidy," and the benefit of future subsidies might accrue largely to the one who owned the farm at the time the subsidy was granted, in the form of a rise in the value of his farm. The same might be true if the subsidy were written into a long-term mortgage

contract that could be assumed by a future buyer. The extent to which such market forces would be operative would depend, of course, on buyers' and sellers' belief in the permanency of the subsidy.

Whether particular subsidies tend to be retained to a greater extent by certain farmers than by others, and whether within the same group some are more likely to retain them than others, are general questions having a bearing on credit-subsidy policy. The questions here relate not only to how different subsidized groups will react to the receipt of a subsidy but also to how others outside the subsidized group will react. Just as placing a tax on certain groups may not set in motion market forces sufficiently strong to enable them to pass the tax on to others through the price system, so also granting a subsidy to certain groups may not set in motion the market forces that will diffuse it to others. A subsidy to farmers which attracts others to the field, or causes those in the field to expand their operations, may become widely diffused, benefiting consumers, landlords, and producers of other products. But a subsidy insufficient to make the particular kind of farming attractive to others, or cause those who otherwise would leave to remain in the field or expand their operations, will be retained much better by the subsidized group. Because a subsidy to low-income groups provides little inducement for others with higher incomes to engage in low-income yielding pursuits, it is commonly believed that a subsidy granted only to farmers at the bottom of the income scale is retained to a greater extent than one granted to higher income groups.

The size of the subsidy may also have a bearing on its prospects of being shifted. There is sufficient inertia in the agricultural economy that a small amount of credit subsidy may merely be absorbed by the recipients in a higher level of living or in paying off debts without setting in motion market forces sufficient to diffuse it to other groups. A larger subsidy, however, might overcome such inertia and result in a substantial diffusion of the benefits to other groups. How far the presence of inertia can be relied upon to retain subsidy benefits for those for whom they

are intended is difficult to predict, but this aspect of the situation is one of several to be considered.

The tendency for a subsidy to be shifted through the operation of market forces may be offset by other measures associated with the giving of the subsidy which reduce its attractiveness to the recipients. For example, if a farm-mortgage credit subsidy is associated with public controls not generally favored by farmers because of restrictions placed on their freedom, the market influence is likely to be less than if granted without such restrictions. The necessity to submit to public control may offset any tendency for others to enter the field or for those already in the field to expand their operations.

The main point to be emphasized is that farm-mortgage credit subsidies cannot be properly evaluated and improved in their effectiveness, without taking into account their manifold interrelationships with economic processes which superficially may not appear to be related to credit subsidies. If these interrelationships are ignored in the formulation of credit-subsidy programs because they cannot always be stated precisely, the results of the subsidies may be far different from those the general public and their elected representatives expect, thus unnecessarily casting discredit on a potentially useful instrument of public agricultural policy.

VARIED STANDARDS EXIST FOR THE EVALUATION OF CREDIT-SUBSIDY POLICY

To appraise different types of mortgage-credit subsidies it is necessary to look also to their avowed objectives. Although the precise public ends intended to be served by a particular form of credit subsidy are not always entirely clear, certain general public objectives have been present in varying degrees in past and present subsidy programs, or conceivably might be considered desirable in the future.

Federally sponsored agencies are not normally expected to pay more than nominal dividends to their stockholders, even after these agencies are well established. Hence they are often in an unfavorable position to attract private capital to cover the initial costs of getting them under way. A public contribution to such credit agencies, not earmarked for specific purposes,

places them in practically the same initial financial position that new private enterprises are able to attain through their ability to attract developmental capital by holding forth prospects of large dividends and appreciation in the value of stock.

The presumption is that such public subsidies to federally sponsored agencies are to be temporary, and will be removed when no longer needed to carry the expenses of launching the institution as a going concern. The continuance of these public subsidies may be considered necessary for an extended period, however, to promote still other public objectives that seem to require the absorption of a part of the institutions' costs by the Government. For instance, many believe it good public policy in periods of reduced farm income and land values for the Federal mortgage-credit agencies to make loans somewhat larger in relation to the value of the property than in normal times. This may involve a subsidy if agricultural conditions do not improve as much as is expected. This loan policy was adopted in the recent depression to reduce the volume of involuntary farm transfers and the distress associated therewith, and to retard a too rapid decline of land values.

There would seem to be an appropriate place for credit subsidies to a Federal credit agency as a unit with no specific earmarking of the funds, where the public objective to be promoted can be set forth only in general policy terms. It is well recognized that in regard to many governmental processes it is not feasible for the Congress to do more than set forth a general legislative standard to guide an administrative agency. Subsidies of this character are not so well adapted, however, where it is feasible for the Congress to set up specific rules governing the uses to be made of the public subsidy. When a subsidy is provided without specific earmarking provisions, the lending agency itself may be subject to undue pressure to use it in a particular way. Also to the extent that the subsidy relieves the Federal agency of the pressure of private-lender competition, there may be a tendency for the agency to relax efforts to increase its operating efficiency.

A specific objective of credit subsidies may also be to improve directly the net income position

of all borrowers from the Federal agencies and indirectly of other indebted farmers through the competitive influence of these subsidies on the charges for credit by unsubsidized credit sources. This doubtless has been an objective of blanket interest-rate reductions for land bank and Commissioner borrowers. Another objective may be to give direct financial assistance to disadvantaged groups of farmers regardless of the source of their loans. The difference between this objective and the one above lies mainly in the selection of the recipients. Another objective usually associated with the granting of financial aid to particular individuals is to bring about needed changes in the farming practices and home-management program of the borrower. The granting of a subsidy may be intended not only to enable these farmers to improve their financial position but also to provide for public guidance of their operations.

Thus a large number of public objectives may serve separately or in combination as bases for the evaluation of any particular type of farm-mortgage credit subsidy. As regards any particular subsidy, several questions need to be asked. Does the subsidy go ultimately to the group for whom it is intended? Do the ones within the subsidized group for whom largest subsidies are intended actually receive the largest? Are the long-run effects such that the recipients are given both a motive and the ability to correct the situation giving rise to the subsidy; or are the effects such that a continuation of present public subsidies is required or further needs for subsidies are created? Does the subsidy give only an apparent benefit to agriculture as a whole, because of its secondary effects on the private-credit market and on the charges for other credit services used by agriculture?

Such questions should be asked at each juncture, even though definite and conclusive answers are not always possible. Only by facing such questions squarely can those types of subsidies which accomplish most efficiently the desired public objectives ultimately be evolved. A few of the many problems of credit subsidies may be illustrated by a consideration of present blanket interest-rate subsidies granted to Fed-

eral land banks and Land Bank Commissioner borrowers.

PROBLEMS ILLUSTRATED BY BLANKET FARM-MORTGAGE INTEREST-RATE SUBSIDIES

A question often asked is whether the blanket farm-mortgage interest-rate subsidy provided by the temporary reduction of interest rates payable on land bank and Commissioner loans is the best way to distribute a given amount of public subsidy to farmers. What is best of course depends partly on what public objectives are sought.

If the purpose is to contribute along with other measures to raising the general level of farm income, such a method, in the first instance at least, does raise the net income of the particular farmers who receive the credit subsidy. But only a small fraction of all farmers are benefited directly by this subsidy, as only about one-third of all farms are mortgaged, and of the mortgages on these farms only a part are held by the Federal institutions. Moreover, the amount of the subsidy to borrowers from the Federal agencies, measured in terms of the reduction from the contract interest rate, varies with the contract interest rate carried by the mortgage, which reflects chiefly the period in which the loan was originally made.

But even though the reduction in the rate is the same for all borrowers, the actual monetary benefit from this type of credit subsidy may vary also for different borrowers depending on the quality of their loans. For some mortgages the present 3½-percent interest rate is perhaps only a little lower than either the competitive rate on such mortgages or the actual cost to the Federal institutions themselves of carrying such loans. For other loans the 3½-percent rate may be much below either the competitive rate or the actual cost to these Federal institutions. From this viewpoint a greater part of the actual benefits of the subsidy may accrue to the high-risk and otherwise high-cost borrowers from these institutions. This may be desired, but it is important to recognize that even an equal reduction from the contract interest rate for two different borrowers does not necessarily mean an equal monetary benefit to these two borrowers.

Thus the actual operations of a blanket interest-rate reduction for borrowers from the Federal agencies may provide, more largely than is sometimes thought, for the distribution of the subsidy according to the present financial position of the borrower. Instead of contributing proportionately to the net income of all borrowers from these institutions, the effect may be to give a substantial subsidy to the borrower who is unable to refinance his loan at a rate as low as the present contract rate, and to give practically no subsidy to the borrower who is in so strong a financial position that a private lender would refinance his loan at a rate comparable to the reduced rate.

If, then, the blanket reductions in interest rates are a type of selective subsidy, even within the particular group of farm owners eligible to benefit from them, the question may be raised whether the principle of selection is the most desirable one. Assume, for example, that the chief public objective of the subsidy is to assist heavily indebted farmers to retain possession of their farm homes. Insofar as those farmers whose loans involve high risks and other high costs to the lender are also in danger of losing their farms, this method of granting subsidies does tend to distribute subsidies largely to the group that should receive them.

But loans involving high risks and other high costs are associated also with certain types of profitable commercial farm enterprises as well as with farms whose owners are in a weak financial position. It is probable that for certain groups of high-risk and high-cost mortgages the present or prospective income from the farms as a group on which the mortgages rest is sufficiently high on the average to pay a relatively high interest rate. The risks of loss to the lending institution may be due mainly to the possibility that particular loans of this type may cause very heavy losses or give rise to very large administrative costs. If these farms as a group are capable of yielding an average income sufficient to cover the unpredictable losses or other special costs that might occur on any of the loans, there may be a justifiable place for a loan-insurance charge, either to be included in the interest rate or to be charged separately. Such a charge

would be merely one of several elements in the total cost of conducting these types of farming enterprises.

By providing for a type of subsidy that confers benefits chiefly on the basis of the mere presence of high risks or other high lending costs, regardless of their causes, it is probable that some risky but profitable kinds of commercial farming receive substantial public subsidies, whereas other equally profitable but less risky kinds do not. Moreover, some farmers with relatively high-risk or otherwise high-cost loans may be in no immediate danger of losing their farms, yet may be receiving a substantial subsidy. These variations in the treatment of different borrower groups are independent of the variations in the interest rates on their mortgages.

Blanket reductions of this sort may be appraised also as one means of inducing compliance with other agricultural programs. It is questionable whether this type of subsidy is well suited to induce compliance with a national agricultural program designed to cause all farmers to alter their operations or practices. Only a small proportion of all farmers probably would be benefited sufficiently to make this instrument of public policy well suited to such an objective, as only a small proportion of all farmers are indebted to the land banks or have Commissioner loans, and of these, not all receive sufficient benefit to cause them to comply with a public agricultural program that in their own individual cases appears to place them at a disadvantage.

But it is possible that those least likely to comply voluntarily with a particular national agricultural program may also be those that receive most benefits from the blanket reductions in farm-mortgage interest rates. This involves many questions reaching beyond the scope of the present report. To answer this question with respect to a program designed to improve land use practices and to conserve land resources, for instance, would involve a determination of whether the blanket interest-rate reductions are most beneficial to those least inclined to make the desired changes in their farming practices. Specific analyses would be required for all major programs before final conclusions could be offered on this point.

A still different public purpose may be to bring additional competitive pressure to bear on private lenders to reduce their interest rates or otherwise grant credit more liberally. Such a subsidy, if not merely a temporary matter, can have some influence in this direction. However, if interest-rate competition is to be effective in bringing down private-lender interest rates, it may be necessary also to provide public mortgage-credit services more nearly like those of private lenders. That some borrowers obtain credit at relatively high rates from private sources, despite the present low Federal interest rates, suggests that not all types of service offered by private lenders or wanted by farmers are available from public lenders.

These interest-rate subsidies may be appraised also as one method of providing additional income for the land banks. To the extent that some of the land bank borrowers would have paid the full contract interest rate stipulated in their mortgages, the Treasury payments to compensate for interest-rate reductions represent only a shift in the source of income. Others, however, might not have paid the full contract rate either because they could have refinanced their loans with private lenders at a rate lower than the contract rate on their loan or because they were unable to pay the full amount.

On December 31, 1940, over 77 percent of the outstanding Federal land bank loans carried contract interest rates of 5 percent or higher and over 29 percent carried rates of 5½ percent or higher. Some of these loans probably would have been refinanced with other lenders if borrowers had not received the temporary interest-rate reduction. The land banks might have had to refinance some of these loans at lower rates to meet the competition of private lenders. This would have reduced their income from what it has been with the Treasury subsidy.

It is hard to say in how many cases the Treasury payment to the land banks represents interest that the borrower would not have been able to pay. But the fact that the Treasury compensates the land banks for the difference between the contract rate and the reduced rate on delinquent loans indicates that some income

is derived that is not entirely a shift in the source.

Evidently no necessary and direct connection exists between the amount of additional income accruing to a particular land bank as a result of the interest-rate subsidy and the need of that bank for additional income to meet losses and administrative expenses. The amount paid to a land bank varies with the average contract rate carried by its loans, and the part that represents income that otherwise would not have been available also may vary widely by banks.

For instance, a land bank with a large proportion of its loans carrying high contract rates would receive proportionately larger gross payments from the Treasury. If these high-interest-rate loans could be refinanced at substantially lower interest rates with private lenders, or if to retain them the land bank would have to rewrite them at much lower contract rates, the contribution of the Treasury to that land bank's income would be substantial. Likewise, if the high-interest-rate mortgages were largely distress mortgages, with the Treasury payment representing chiefly income that otherwise could not have been collected because of the borrowers' inability to pay, that land bank would receive a substantial amount of additional income from the subsidy.

But if a large proportion of a bank's loans carried low contract rates, and if these borrowers were able to pay the full contract rate and had no cheaper alternative source of funds, such a bank might be receiving practically no income from the subsidy in addition to what it otherwise could have obtained from its borrowers.

It is possible that the right combination of circumstances might give the largest income increment to the banks most in need of additional income, but the result would be largely fortuitous. Specific analysis by individual land banks would be required to determine what the effects of the interest-rate subsidy has been on the income position of the several banks.

Clearly the blanket method of distributing credit subsidies is not very well adapted to a

number of the public objectives that might be considered paramount. But it should be borne in mind that the blanket interest-rate reductions for land bank and Commissioner borrowers are only one form of credit subsidies, and that credit subsidies in turn are only one form of total agricultural subsidies. Just as when a particular tax is considered separately it may have many defects that are less serious when the tax is considered in relation to the entire tax system, so also the defects of a particular form of subsidy may be less serious if that subsidy is considered as a part of the entire subsidy pattern.

Nevertheless only by separate analysis of each form of subsidy in some such manner as illustrated above can the combined effect of all the subsidies be appraised. Rather than rely upon one subsidy to compensate for the deficiencies of another, perhaps better final results would be obtained if procedures for the distribution of particular credit subsidies were set up spe-

cifically to implement the particular public objective desired.

For example, if the chief objective is to prevent the loss of farm homes, credit subsidies might be given directly for this purpose and associated administratively with other measures designed to save these homes. Or, if the main purpose is to raise the income level of farmers generally, perhaps the fact that a debt is owed to a particular Federal institution is a too narrow base for the distribution of subsidies.

How far it may be desirable to go in attempting to refine the techniques for granting credit subsidies may depend, of course, on the likelihood of their permanence. If these subsidies are expected to be a semipermanent aspect of agricultural policy, the entire credit-subsidy program might well be subjected to the same careful scrutiny to which taxation has long been subjected.

Adjustment of Farm Debts

A PROBLEM considered in recent years is the feasibility of so adjusting excessive and poorly arranged farm debts that the net results for debtors, creditors, and the general public will be more satisfactory than when customary legal procedures are followed. Court procedures for dealing with these situations have been worked out through an evolutionary process, and are designed to protect, not only the financial interests of debtors and creditors, but also general public interest in arrangements that facilitate the use of long-term contract in business and personal finance. Most of the problems of debt adjustment pertain to possible improvements of these legal procedures without sacrificing unduly their recognized advantages.

Some problems of debt adjustment relate mainly to the approach to be adopted, others mainly to specific features of administrative procedures to be followed. As specific details of administration depend largely on the general approach adopted, a brief review is made of the several approaches that have been implicit in specific proposals for farm-debt adjustment.

PROBLEMS OF GENERAL APPROACH

A basic question relates to the proper scope of a program of farm-debt adjustment. Either of two attitudes may be taken. On one hand, debt adjustment may be regarded as embracing only a rearrangement of the terms of outstanding loans so that the farmer will have a better chance to repay the full debt at the agreed interest rate. On the other hand, debt adjustment may be

regarded as including also a reduction in the total amount payable, either principal, or interest, or both; this is perhaps the more usual concept of the proper scope of debt adjustment.

Assuming that debt rearrangement and reduction without public subsidies are involved, the question arises as to whether such debt adjustments are to be approached as merely compromise adjustments in which none of the parties involved are expected to receive any more or less favorable treatment than their existing equities warrant; or whether the procedure should favor particular parties to the contract. For example, is the process intended only to provide a mediation service in which the debtor and his creditors can arrive by direct negotiation at a more satisfactory settlement than otherwise would be possible? Or, is it intended that either debtors or creditors are to be favored? In other words, is the purpose to enable the lender to collect a maximum amount or to enable the borrower to pay a minimum amount?

The approach may be made an integral part of a still broader program involving the use of public funds to promote a wide variety of agricultural objectives. The viewpoint may be that the ultimate objective is to enable heavily indebted farmers to continue as owner operators even if a public contribution is required to accomplish it. Debt adjustment may become merely one way to grant assistance to farmers and may be associated with a comprehensive program of rehabilitation and public supervision. Here the emphasis is upon what is needed to rehabilitate a particular farmer; it

may involve reduction of his debts or the interest rate, or both. The public contribution to this end may take the form of absorbing that part of his debt which his creditors cannot waive without sacrificing their own equities. A slightly different procedure would require only the public lending agencies to sacrifice a part of their claims, with public subsidies to reimburse them for resulting losses.

Another approach might involve carrying through a business-debt adjustment with all creditors, including the Federal lending agencies, but with provision for rehabilitation as a separate phase of the process. These two phases are difficult to separate completely, as the willingness of the Government to assist a borrower may be a factor in any decision of his creditors regarding the adjustments they will offer. For example, a creditor may be willing to accept an adjustment of the total amount to be paid that is somewhat less favorable to him, if the Government is willing to take action that will make more probable the payment of the reduced contractual amount. The contribution of the Government may thus make possible a measure of control over both debtor and creditors, often to their mutual advantage.

It makes considerable difference whether a debt-adjustment program is set up with emphasis upon adjustment of the farmer's entire finances, or whether the program is designed to adjust only the debts owed to Federal agencies. The former approach requires that debts owed to these agencies be considered along with other obligations and may require different administrative procedures from those needed if the Federal agencies attempt to adjust their own claims separately. To carry through a complete adjustment of a farmer's entire finances may require special debt-adjustment machinery, whereas the adjustment of a particular Federal agency's claims may be done largely by the Federal agency itself.

A debt-adjustment program in which debt adjustment is offered on a standardized basis to all farmers who can qualify, is in contrast to one that considers each situation separately, on its own merits. The former procedure may require that a Federal agency make adjustments accord-

ing to a legislative standard, whereas the latter may make the function of the Government largely one of mediation between the farmer and all of his creditors, including the Federal agencies.

The particular approach that should be taken will depend partly on what is expected to be accomplished. This phase of the question is closely tied up with the national agricultural policy. But regardless of the particular approach or combination of approaches adopted, certain fundamental aspects of debt adjustment must be considered in any plan. Attention is now turned to some of these considerations.

WIDE VARIATIONS IN NEED FOR AND BENEFITS TO BE DERIVED FROM DEBT ADJUSTMENT

Farmers with debt difficulties represent many diverse situations, with the causes for their difficulties, the types of adjustments needed, and the extent to which debt adjustment will provide a solution of their problems varying from case to case. A great many farmers borrowed originally during periods of relatively high farm income and land values. Some of them have been able to work out of this situation in spite of heavy debts and reduced incomes; others have had to give up their farms; others are on the verge of foreclosure or may soon arrive at that point.

Many special circumstances explain why different farmers have had widely different debt experiences. The severity of the depression varied widely by areas and kinds of farming, and different degrees of economic recovery have been experienced in different areas and for different kinds of farming. Adverse climatic conditions and major changes in the demand for certain agricultural products have made it impossible for many reasonably competent farmers to meet the terms of their obligations.

But not all of the debt distress can be attributed to unfavorable price and climatic conditions. Human misfortunes and deficiencies as well as mistaken judgments must be recognized as contributing causes.

For some borrowers, relatively minor rearrangements of the terms of debts may suffice, provided the concessions granted by one creditor do not constitute merely a relinquishment

of claims to other creditors and leave the farmer in the same financial position as before. For others, more drastic debt readjustments may be required, and for still others a debt adjustment that attempts only to readjust the claims of creditors in conformity with their real value may not alone be sufficient. Present debt difficulties may be largely symptomatic of maladjustments in the farm enterprise that would be present even after a drastic debt readjustment. In such cases debt adjustment may have to be combined with a program of rehabilitation and reorganization of the farm enterprise. Moreover, some cases will always be found for which no feasible form of debt adjustment will provide a solution and for which foreclosure or similar methods of debt liquidation may be inevitable.

Standardized Procedures Difficult.—Regardless of the approach taken, debt adjustment apparently does not lend itself readily to a high degree of standardization. There is a strong presumption in favor of the individual case method of approach, even though general legislative standards may be required to insure substantially equal treatment for farmers similarly situated. Whether the privilege of debt adjustment is made available to borrowers as a matter of right, and differentiation is provided through the administrative process, or whether the presumption is that farmers should pay their contractual obligations unless they can prove their cases, raises other questions to be discussed later. In either event these would appear to be good reasons for primary reliance on the individual-case method of approach.

SOME LIMITATIONS TO DEBT ADJUSTMENT

In the formulation of a farm-debt adjustment program attention must be given to its inherent limitations and to certain obstacles and possible indirect consequences that may have a bearing on the proper scope of the program and the administrative procedures to be followed. Certain of these limitations may be severe enough to counsel restriction of debt-adjustment efforts to those situations in which they clearly promise beneficial results, leaving other situations to be dealt with by other measures or by a combina-

tion of measures in which debt adjustment may be only one part of a larger program.

Debt adjustment alone can be expected to contribute only moderately to the aggregate income of agriculture. The proportion of all farmers, or even of all farmers with debts, that would be affected by this program would be relatively small for the country as a whole, although for particular areas a substantial proportion of the farm owners with debts might be affected. This fact emphasizes that debt adjustment should be regarded as one of several measures to improve the economic position of farmers. It is a special approach to specific types of maladjustments rather than a general panacea. For those farmers and their creditors who would be included in a debt-adjustment program, the financial readjustments can prove beneficial; it is with respect to the benefit to these immediate groups that debt adjustment must primarily be considered.

Whether any adjustment is needed by particular borrowers or justified by their creditors depends in part on the future trends of farm income and land values as they may affect the financial position of the debtor and the value of his security. The extent and character of any adjustment to be made will depend on virtually the same considerations. But the presence of uncertainty does not preclude efforts to adjust debts, for all credit operations necessarily involve forecasts of the future.

If the outlook is for agricultural conditions that will increase the income of the farmers now in difficulty, and will raise land values, private creditors may be reluctant to grant reductions. They may prefer to foreclose immediately to obtain the benefit of any prospective rise in land values, or to permit the farmer to continue for a time on the same basis with the expectation that he will eventually be able to work out of his difficulties. Although a favorable agricultural outlook may thus hamper debt reduction, it may nevertheless stimulate debt rearrangement. Conversely an unfavorable outlook may be conducive to debt reduction but may hamper debt rearrangement.

For many cases in which present farm debts

appear excessive, either the cause of the difficulty or the effective remedy may lie largely outside the farm-debt field. Many apparently overindebted farmers may use inefficient farm-management practices; their farm units may be the wrong size or the quality of soil may be poor and not suitable for the kind of farming they are trying to do; the families and the farms may not be adapted to each other; living expenses may be relatively high because of poor home management; any number of causes may reduce their income below the maximum that could be produced, or raise their expenses beyond reasonable limits.

Before debt adjustment is attempted a decision may have to be reached as to whether it is feasible to correct those underlying difficulties that have their origin largely outside the farm-debt field and which now make it impossible for these farmers to carry a reasonable amount of debt.

In some cases the debt reduction that private creditors can justifiably make or the rearrangement of debts that can be effected without a public subsidy will be only a temporary stopgap. Some farmers may not be able to carry a debt equal to the value of their assets. Private creditors can hardly be expected to sacrifice their own financial interests and public creditors can take heavy additional losses only if these losses are absorbed in some way by public contributions.

It is difficult to say in how many cases the farmer would still be left in such a precarious position after the adjustment that foreclosure would merely be postponed. Eligibility tests and continued supervision of the farmer's operations will help here. Some direct financial assistance by the Government may be justified to prevent a debt adjustment once made from breaking down. But the question arises as to whether debt adjustment in some cases may commit public authorities to a policy of continued public assistance which does not promise to improve the ultimate financial position of the farmers now in difficulty.

Possible effects of a debt-adjustment program on the attitudes of debtors and creditors toward credit obligations must also be considered.

The effect on the debt-paying morale of debtors will depend in part on how the program is administered. The program probably can be administered in a way that it will improve the debt-paying morale of those for whom adjustments are actually worked out but there is a problem in regard to those debtors who are in no immediate difficulty or whose difficulties do not require adjustment. These debtors might resent the adjustments of the debts of others whose efforts to meet their obligations have been less diligent than their own.

To avoid the resentment of those just beyond the border-line and to prevent debtors who have heretofore paid their obligations from relaxing future efforts, it may be necessary to confine interest reductions and scale-downs of indebtedness to those deserving cases for which it is generally agreed that there is no reasonable hope for full payment of the debt. This may restrict the program mainly to those already in such serious distress that debt adjustment alone will be insufficient, and may exclude from the program certain types of borrowers who could benefit greatly from minor adjustments that would keep them out of future difficulties.

The effect of the program on the attitude of private creditors depends in part on the possibility that they will be induced or compelled to take excessive losses on the loans and in part on the extent to which their ability to enforce collection of existing and future loans is impaired. The extent to which the risk of loss or the cost of making and servicing loans is increased, will tend to be reflected ultimately in the charges and other terms and conditions of new loans. But this can be avoided by setting up and administering the program to obtain for private creditors as much through the adjustment and later collection of their distress loans as they probably could otherwise obtain.

Whether a debt-adjustment program would have any noticeable effects on land values or on the ultimate financial position of public and private lenders is difficult to foresee. It is possible that the consideration of individual cases would contribute to a better understanding of the actual value of farm real estate in the community and that the prevailing local attitudes

on real estate values would be modified. This might be all to the good. On the other hand, by keeping farms off the market through preventing some foreclosures, it is possible that the temporary depressing effects which such sales might exert on the market for farms would be avoided. In regard to the financial position of lenders, immediate recognition of existing losses and probable future losses might be necessary; to this extent present assets might have to be revalued. This might also be to the good in some respects, in that prompt measures would have to be taken to restore their financial position. It is difficult to see how the long-run financial position of lenders would be affected adversely except where lenders are coerced by public opinion into accepting adjustments that involve undue losses.

Efforts to adjust debts will almost certainly reveal many additional problems which, because of their association with debt difficulties, have appeared to arise out of the debt situation, but which have their origin largely elsewhere. Once these situations have been corrected as a part of the debt adjustment, it may be necessary to continue supervision and assistance of borrowers to prevent their recurrence. It may be necessary to expand greatly the supervisory services of the Government. Whether this method would be more costly than rehabilitating farmers after forced liquidation of their debts has taken place, it is difficult to know. Apparently one important limit to a debt-adjustment program may be the availability of facilities for continued supervision and rehabilitation.

PROBLEMS OF ADMINISTRATIVE ORGANIZATION AND PROCEDURE

Further questions arise as to what administrative organization and procedures are best adapted to such a program. Some of the requirements seem fairly clear, but there is room for considerable variation to meet particular situations.

A good argument can be made for emphasis upon the individual-case approach because of the difficulties involved in fitting a standardized plan of adjustment to all cases. A further reason is found in the many and diverse types of

creditors that may be involved. Creditors can resort to legal action to collect debts and debtors can seek protection through other legal procedures. Hence, in each case the adjustment must be one that is acceptable to both in view of alternatives open to them. Public funds may be used to bridge the gap between these two interests, but the extent to which such a public contribution is justified will vary from case to case. The principle that seems to be most widely accepted by students of these problems is that only by the individual-case method can the benefits to creditors and debtors be maximized and possible undesirable complications minimized.

Widespread agreement is found on the point that better results are obtained if the farmer's entire financial position is considered. A farmer in a weak financial position is likely to have not only a mortgage on his farm but also an accumulation of other debts as well as delinquent taxes. For one creditor to enter into a debt-reduction agreement with a borrower may enable other creditors to obtain more than they otherwise would. So there is an advantage in attempting to have all creditors, both public and private, participate in the consideration of the entire financial position of the farmer and in the formulation of a complete readjustment program acceptable to all creditors.

A special advantage comes also from having a disinterested party assemble all the pertinent facts that bear on the farmer's debts and his present and potential ability to meet them. This information is essential if the debtor and each of his creditors are accurately to appraise their own interests. The function of mediator is one peculiarly adapted to a governmental agency or a quasi-public body representing community interests rather than those of either the debtor or his creditors. As alternative methods are already open to both the debtor and his creditors to terminate an unsatisfactory debt situation, a disinterested third party in which all can have confidence is especially important.

To provide an atmosphere in which debtors and creditors can cooperate effectively in debt adjustment, much can be said for a local committee composed of public-spirited citizens to

serve as the disinterested third party. To the extent that such committees can work out recommendations that will meet with general approval in the community, it may be possible to obtain greater cooperation from creditors and to remove any suggestion that the program is designed to bring undue pressure on creditors for the benefit of debtors. By placing on local groups as much responsibility as possible for dealing with these problems, there is also an advantage in relieving the pressure upon the Government to deal with problems that can be settled locally.

Many debt situations, however, doubtless are of such a character that a single creditor may wish to negotiate directly with the borrower without calling upon an outside mediator. There would not appear to be any reason why a creditor that wishes to negotiate with the borrower directly or through an agent should not be free to do so. In fact, that opportunity can hardly be denied a creditor. If debtor and creditor fail to reach agreement, a disinterested third party may provide an additional means of bringing them together. The existence of such a mediation service would interfere in no way with the right of a creditor to deal directly with his borrowers.

To make a decentralized debt-adjustment program function properly at least three functions can well be performed by the Government:

(1) There is the function of providing the necessary technical assistance in setting up and operating the local debt-adjustment machinery. Technical assistance may be needed in bringing debtors and creditors together and in assembling the necessary information on which to base a sound debt adjustment. Educational activities can help to create the proper community attitudes toward debt adjustment. The functions of the Government in these respects might well be separated from all loan operations in order that Federal debt-adjustment officials may not appear to represent the interests of Federal loaning agencies.

(2) A second function would be to provide means for the cooperation of Federal credit

agencies with other creditors in working out debt adjustments. For such cooperation the Federal lending agencies need authority to reduce the principal amounts of their loans. The granting of such authority, however, need not and should not mean that Federal agencies should make concessions inconsistent with their duties as lenders, but rather it should provide the means whereby both debtor and creditor may meet existing situations of excessive debt in an equitable and realistic manner. Effective cooperation between creditors is best developed when no one expects another to assume a disproportionate part of the debt adjustment.

(3) A third function might well be to provide rehabilitation assistance to farmers for whom a business-debt adjustment alone does not seem adequate. This function might well be performed by the same agency that deals with other rehabilitation cases and according to standards applicable to the entire rehabilitation field. The rehabilitation agency might well be a party to the debt-adjustment proceedings, as it is a potential future creditor. The amount of adjustment that present creditors can afford to offer and the extent to which rehabilitation services will be made available are interrelated. But there are some advantages in having separate responsibility for granting adjustments on existing loans and for carrying out any future rehabilitation. Federal lending agencies may be expected to operate, in general, according to principles somewhat different from those usually followed by private lenders. But in the interest of enlisting private-lender co-operation in debt adjustment, a good basis is found for the adoption by the Federal loan agencies of standards for debt adjustment which can be met on a basis of equality by private lenders. This would not prevent the Government from giving whatever aid is justified to heavily indebted farmers, but would enable it to offer this aid in a way that would not hamper effective adjustment of a farmer's entire debt situation. This procedure would also permit a uniform policy in regard to assistance of heavily indebted farmers whether or not a Federal agency is a creditor.

FEDERAL AGENCY PARTICIPATION IN FARM-DEBT ADJUSTMENT

Each lender, whether public or private, must face many individual problems. Only a few may be noted here, as experience in the process will furnish the basis for decisions on many detailed matters of policy.

Definite Versus Conditional Adjustment.—One question is whether the Federal agencies should favor an adjustment that is made final at the time of adjustment or one that is made conditional on future developments. There are certain advantages to fixing definitely all the terms of the adjusted debt at the time of the adjustment whenever this is practicable. Definiteness in contractual arrangements is nearly always desirable. Both parties then have a definite basis for planning their operations—the lender can reschedule the payments due him; and the borrower knows not only the sum total of indebtedness for which he is responsible, but also the size and frequency of his payments. Moreover, when the arrangements have been made definite, the adjustment can be looked upon as a completed affair, and the uncertainties of the preadjustment period as things of the past.

On the other hand, there will doubtless be many instances where, for a variety of reasons, it will not be practicable or desirable for all terms to be fixed immediately. For example, where widely fluctuating and uncertain economic or climatic conditions have been principal contributing causes to the need for debt adjustment, both parties may find it advantageous to leave the principal and terms of payment for determination after a trial period.

Again, if the need for debt adjustment has arisen largely from changed conditions to which the type of farming has not been adjusted, and if the debt adjustment is accompanied by a reorganization of the farm appropriate to the new conditions, a test period of operation will often be helpful to both parties as a basis for reaching final decisions as to a fair valuation and reasonable terms.

Moreover, a conditional adjustment may encourage creditors to maintain greater continuing interest in the borrowers, and provide

a more satisfactory basis for continued supervision. Farmers, on the other hand, would doubtless feel a greater obligation to abide by any agreed-upon plans for operations. Thus both parties would be led to a keener appreciation of the productive capacity of the land, and of the operational problems incident to its management.

The question of definite versus conditional adjustment may not be so much one of general debt-adjustment policy as one of meeting most effectively the specific circumstances of each individual case. In cases where final decision cannot be reached at once, perhaps the best general arrangement is a conditional one which contemplates definite settlement at the end of a specific period, or at any time prior thereto, agreeable to both parties.

The decision as to the most satisfactory arrangement in a particular case will depend upon specific circumstances. Thus, in an area where the kind of farming involves relatively little uncertainty regarding the outlook for the future, little difference of opinion may exist between debtors and creditors as regards both future prospects and a proper basis for final settlement. Under such circumstances, it may be possible to reach agreement at once, or after a short trial period. In some cases, too, the origin of the debt difficulties may have been such that debt adjustment alone will go far toward righting the situation. Here again a final adjustment may be possible immediately or after a short trial period.

But the case may be quite different where future prospects are uncertain and a continued process of correction of underlying causes of the need for debt adjustment may be required. With the presence of great uncertainty in regard to future prospects, the gap between creditors' and debtors' views concerning a fair basis for adjustment may be wider. The choice may be between a conditional adjustment or no adjustment at all. A "standstill agreement" with temporary relief from present debts may actually be the only feasible solution short of court action.

Considerations like these raise the question as to the degree of rigidity and uniformity needed

in a national policy of debt adjustment to best serve the needs of agriculture. The real need is a policy sufficiently flexible to meet the many types of situations to be found where some measure of adjustment is called for, but sufficiently definite to provide patterns for effective cooperation with other creditors and with debtors, in facilitating adjustment of debt in cases where debt adjustment is justifiable.

Refinancing Versus Continuation of Private Creditors.—Considerable debt adjustment associated with the refinancing of farmers' debts by Federal agencies has already taken place. From the standpoint of simplicity of administration, much can be said for debt adjustment on this basis. A Federal agency willing to provide additional funds with which to pay off private creditors is in an excellent position to require a substantial reduction of private claims. With all of a farmer's debts then owed to one agency, the competitive pressure of different creditors to collect their debts is removed and any special consideration that may be granted by the Federal agency to the borrower is less likely to be drained away to pay private creditors.

Although attractive in many respects, the adjustment of debts by refinancing private claims through Federal agencies has certain disadvantages. A plan like this tends either to increase the financial risks of Federal lenders or to restrict debt adjustment to those cases in which the adjusted debt can be brought within the maximum amount that the Federal agencies can properly assume. Then it is not entirely clear that the refinancing of debts owed to private creditors will place as much responsibility on local communities to solve their own problems as might be desired. There may be decided advantages in utilizing cooperative debt-adjustment procedures to maintain the interest of local groups in the agriculture of the area. Having participated in the reorganization of a farmer's finances, local private lenders may be willing and well able to supervise his operations informally until he has rehabilitated himself. Some of the values of the cooperative method are intangible and cannot be stated in monetary terms but nevertheless may be quite significant.

In a general agricultural program that stresses

democratic processes at all levels it may well be that even some inefficiency in terms of monetary costs could be accepted as a valid cost of maintaining local interest and participation in the solution of local agricultural problems. A compromise between the principle of refinancing private claims at reduced amounts and that of cooperative adjustment by all creditors may be necessary. Both debtors and creditors are free agents, and their action will govern in part the action that Federal agencies can take. Some creditors may desire cash and be glad to accept a reduced settlement, especially if their claims are none too well secured and their expenses of collection are likely to be large. Others may have special interests in the borrower and his success and may wish to continue their present creditor relationship. The answers to such problems probably are not to be found in general principles but rather in the circumstances of each case.

Methods for Deferment of Adjustment May Vary.—A phase of Federal participation in farm-debt adjustment that has received much attention is deferment of adjustment of long-term real estate loans. It presents many difficult and more-or-less independent problems. Assuming that the debt situation of a farmer is such that deferment appears either the most desirable or the only feasible way of reaching an adjustment, what are the further problems?

One group of problems relates to whether the title to the property should remain with the debtor or should pass to the lender, during the interim period pending the final adjustment. In either event the payments to be made by the borrower during the deferment period presumably would be determined by his ability to pay rather than by the original contract. An advantage results from the requirement that title pass to the lender, as this might discourage applications for debt adjustment by unworthy borrowers. Also, the borrower might have a greater incentive to improve his operations so that he could eventually reacquire the farm. On the other hand, if the passing of title relieves him of any possible deficiency judgment, his creditors cannot benefit from any subsequent improvement of his position.

But whether title does or does not pass to the lender may be of less importance than other features of the arrangement for deferment. The farmer presumably would have little or no equity in the farm anyway, so the mere passing of title probably would have no effect on his real financial position in most cases.

Perhaps more important are the terms under which the eventual adjustment is to be made. A good case can be made for having the basis of this adjustment fully set forth. The question is, What basis for final adjustment will best promote the interests of both parties?

One plan would provide for fixing the adjusted debt on the basis of an average of several appraisals made at stated intervals during the period of deferment, with a provision that in no case should the adjusted debt exceed the original debt plus any unpaid interest which has accumulated during the period. A plan like this tends to give to the creditor the benefit of a part at least of any rise in the value of the security. Likewise, the borrower tends to benefit from any fall in the value of the security. But this element of uncertainty may be undesirable in some respects. A criticism of such a plan is that it may not encourage the farmer to maintain or improve his farm, so it might be desirable to attach certain compliance features to the agreement requiring the farmer to maintain the farm and to provide for reduction of the debt to take account of any improvements made by the farmer.

Another suggested plan of deferment would definitely fix the amount of the reduced debt, but would provide that such reduction should be made available only at the end of a stated period. To be eligible for such a reduction the farmer might be required to conform with provisions designed to protect the creditor and to improve the farmer's own position. Fixing the amount

of the reduction provides greater certainty, although it may be as difficult to establish the new debt as though a final adjustment were made in the first instance. If conditions should become less favorable the farmer might choose to give up the farm rather than eventually assume a debt that appears to be too high; or he may have to ask for a new adjustment at the end of the period. If conditions become more favorable he stands to benefit.

Various plans have been suggested whereby the farmer would be given an incentive to work out of his difficulties during the deferment period. One plan would make debt reduction conditional on a given amount of principal repayment during the period. This would make his ability to earn an amount sufficient to repay a part of the principal the test of his right to the adjustment. A danger is that such payments of principal might be made at the cost of unsound farm operations, improper long-run land use, or inadequate provision for family living. It has been suggested as an alternative that the right to a debt reduction be made conditional on meeting even more general provisions aimed at requiring the farmer to improve his farm and home-management practices.

Without further illustration of the many issues raised with regard to methods of deferring the adjustment, it is clear that any plan involves difficult problems. One problem common to all is the cost of adequate supervision during the deferment period. But this cost may have to be evaluated against other possible costs that may arise in the event that no adjustment is made; or, if an adjustment is made, against the costs of any rehabilitation that may become necessary. No one plan of deferment is likely to fit all cases. Some general differentiation may be required to conform with varying State laws and still further differentiation would be needed to meet the situations of different farmer borrowers.



Statistical Appendix

TABLE 64.—Estimated farm-mortgage debt, by States, Jan. 1, 1910–40

State and division	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919
	<i>1,000 dollars</i>									
Maine	13,055	12,920	12,944	13,756	14,568	14,595	14,042	16,027	19,125	18,927
New Hampshire	5,647	5,237	5,630	6,214	6,481	7,039	7,646	7,983	8,082	7,807
Vermont	14,716	13,973	15,200	17,000	17,828	20,465	23,689	24,969	25,133	25,859
Massachusetts	20,206	20,315	21,560	24,536	26,566	28,483	29,115	30,340	30,225	28,826
Rhode Island	1,977	2,123	2,208	2,478	2,768	2,922	2,825	2,839	2,730	2,292
Connecticut	14,601	15,957	17,490	19,927	22,846	24,938	25,269	26,234	24,110	22,052
New England	70,202	70,525	75,032	83,911	91,057	98,442	102,586	108,392	109,405	105,763
New York	145,737	148,953	156,889	167,127	174,284	177,942	180,740	183,528	197,647	209,880
New Jersey	30,555	31,334	32,100	40,703	46,432	38,487	28,509	22,728	25,728	28,760
Pennsylvania	93,424	93,009	100,739	110,136	116,841	122,381	117,188	108,683	118,106	120,971
Middle Atlantic	269,716	273,296	289,728	317,966	337,557	338,810	326,437	314,939	341,481	359,611
Ohio	114,874	120,916	128,384	135,801	144,224	158,295	165,136	177,068	189,421	192,793
Indiana	113,276	121,861	130,994	139,615	146,740	143,556	149,847	162,019	179,406	190,716
Illinois	267,361	297,216	321,432	332,809	338,369	334,448	332,383	362,810	413,224	455,911
Michigan	113,278	118,236	131,054	144,537	156,711	173,278	186,536	200,410	207,232	208,008
Wisconsin	198,219	212,259	237,449	264,764	297,499	326,156	347,472	386,068	409,372	410,132
East North Central	807,008	870,488	949,313	1,017,526	1,083,543	1,135,733	1,181,374	1,288,375	1,398,655	1,457,560
Minnesota	144,477	168,798	191,671	221,102	261,315	303,936	336,382	379,820	416,556	427,752
Iowa	430,690	484,300	546,708	595,272	659,801	717,919	792,700	888,231	986,643	1,066,535
Missouri	207,279	225,445	254,555	261,688	268,034	278,671	305,347	337,670	352,791	365,240
North Dakota	97,830	117,709	131,412	148,865	160,642	169,864	168,138	193,930	219,365	243,705
South Dakota	84,943	103,432	119,853	134,418	151,563	164,584	175,606	207,498	230,259	256,738
Nebraska	148,366	160,354	171,327	185,939	195,630	217,193	229,557	266,528	318,545	378,855
Kansas	163,359	159,712	155,198	170,459	173,577	180,875	194,700	223,601	269,672	293,312
West North Central	1,276,944	1,419,750	1,570,724	1,717,743	1,870,562	2,033,042	2,202,430	2,497,278	2,793,831	3,032,137
Delaware	5,775	6,383	8,099	8,045	7,951	7,560	7,316	7,591	7,789	8,078
Maryland	28,733	31,782	41,036	40,780	40,906	37,944	37,195	39,098	37,386	45,044
Virginia	22,181	25,838	29,282	29,537	30,897	35,780	35,135	40,048	44,109	46,991
West Virginia	7,771	7,474	8,846	9,190	9,737	9,870	8,962	8,079	8,820	10,175
North Carolina	17,028	18,207	18,487	20,940	22,367	24,580	25,910	34,846	36,922	38,113
South Carolina	20,583	20,150	20,664	21,811	23,363	26,119	26,214	28,030	31,050	40,045
Georgia	24,383	24,774	34,236	35,091	37,316	39,576	42,918	49,712	53,053	63,561
Florida	3,880	5,307	10,321	11,933	12,279	11,617	13,660	13,490	11,890	15,490
South Atlantic	130,334	139,915	170,971	177,327	184,816	193,046	197,310	220,894	231,019	267,497
Kentucky	36,296	40,727	34,144	32,662	39,413	43,954	40,198	43,969	46,488	77,870
Tennessee	21,687	26,004	28,437	29,875	33,860	34,194	37,058	40,964	54,651	69,464
Alabama	21,456	23,020	24,715	28,737	31,786	25,065	22,213	24,369	28,583	40,199
Mississippi	29,338	28,799	31,206	35,196	40,608	38,228	39,336	39,946	42,525	52,665
East South Central	108,777	118,550	118,502	126,470	145,667	141,441	138,805	149,248	187,247	240,198
Arkansas	17,485	21,844	26,915	31,730	34,384	35,584	39,467	42,828	50,737	63,004
Louisiana	18,683	19,957	22,745	26,690	30,308	34,086	33,054	31,862	31,314	37,197
Oklahoma	64,166	82,444	108,058	108,236	107,487	107,685	127,034	148,221	180,237	194,295
Texas	160,171	181,726	214,139	254,823	276,064	273,832	278,461	295,965	335,846	392,610
West South Central	260,505	305,971	371,857	421,479	448,243	451,187	478,016	518,876	598,134	687,106
Montana	16,952	24,046	32,471	48,326	60,188	73,454	79,760	97,068	118,226	136,647
Idaho	21,423	23,263	25,890	31,934	35,477	41,436	47,206	57,481	75,687	95,352
Wyoming	7,363	9,082	11,188	13,809	13,985	14,780	15,253	18,414	22,759	26,295
Colorado	35,492	40,626	43,502	46,459	45,333	45,723	49,546	61,668	86,617	111,542
New Mexico	4,301	6,242	7,776	9,483	10,049	10,544	10,869	12,846	18,401	25,443
Arizona	4,338	7,068	9,755	11,686	12,377	12,643	12,074	13,942	21,387	27,551
Utah	6,609	8,249	9,109	10,065	10,471	11,562	14,003	18,088	22,154	28,605
Nevada	2,977	3,243	3,200	3,651	3,949	4,196	5,115	6,666	9,770	10,465
Mountain	99,455	121,819	142,891	175,413	191,829	214,338	233,826	286,173	375,001	461,930
Washington	44,203	45,953	51,655	72,215	82,356	92,672	88,394	83,965	94,755	101,901
Oregon	33,304	33,732	37,546	46,741	51,308	53,303	51,421	57,753	69,052	79,060
California	107,415	122,122	151,539	190,888	220,420	238,771	255,826	299,958	338,280	344,602
Pacific	184,922	201,807	240,740	309,844	354,084	384,746	395,641	441,676	50,2,087	525,563
United States	3,207,863	3,522,121	3,929,758	4,347,679	4,707,358	4,990,785	5,256,425	5,825,851	6,536,860	7,137,365

¹ Including District of Columbia.

TABLE 64.—Estimated farm-mortgage debt, by States, Jan. 1, 1910–40—Continued

State and division	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Maine	<i>1,000 dollars</i>									
21,081	26,227	26,520	27,950	30,492	27,831	27,124	25,313	25,176	26,336	
New Hampshire	8,564	9,430	9,439	9,320	8,673	8,019	8,730	9,486	10,020	11,027
Vermont	28,452	30,645	31,116	31,537	31,810	28,470	29,936	27,522	31,169	34,741
Massachusetts	30,621	31,734	33,313	34,283	34,420	34,240	36,472	37,883	43,335	46,162
Rhode Island	2,208	2,046	2,182	2,583	2,631	2,769	2,571	2,650	3,279	3,660
Connecticut	23,831	25,246	30,484	36,456	38,784	39,788	38,027	38,024	39,628	40,932
New England	114,757	125,328	133,054	142,129	146,810	141,117	142,860	140,878	152,607	162,858
New York	227,270	234,069	237,806	242,511	244,586	242,829	250,428	254,302	255,535	253,043
New Jersey	40,610	52,479	52,535	48,671	45,421	46,299	51,172	59,931	60,628	57,002
Pennsylvania	138,167	160,137	168,856	172,200	169,766	157,492	155,927	153,706	157,022	162,568
Middle Atlantic	406,047	446,685	459,197	463,382	459,773	446,620	457,527	467,939	473,185	472,613
Ohio	226,458	277,930	277,162	271,081	266,702	236,813	228,074	242,542	263,030	273,971
Indiana	219,141	261,779	283,714	293,448	290,223	277,512	278,002	277,259	282,202	283,830
Illinois	530,222	642,267	686,648	705,644	710,871	661,611	648,021	659,732	656,106	641,005
Michigan	219,898	241,575	245,726	251,664	249,201	236,261	235,488	221,730	210,971	221,570
Wisconsin	466,959	540,681	546,186	569,846	583,148	526,613	497,612	453,725	468,678	497,220
East North Central	1,662,678	1,964,232	2,039,436	2,091,683	2,100,145	1,938,810	1,887,197	1,854,988	1,880,987	1,917,596
Minnesota	485,481	582,346	595,114	606,134	609,013	575,547	528,816	493,087	490,600	491,544
Iowa	1,187,185	1,503,660	1,535,369	1,535,943	1,567,032	1,479,538	1,381,033	1,279,838	1,252,557	1,249,233
Missouri	421,051	507,739	526,672	511,571	483,973	465,690	479,049	485,118	495,754	480,608
North Dakota	285,569	317,918	320,282	312,870	289,264	234,174	229,606	216,192	224,083	235,762
South Dakota	315,897	413,420	445,641	451,281	461,513	405,507	347,828	318,875	314,314	305,816
Nebraska	465,690	615,310	678,934	691,732	683,482	612,437	566,510	556,579	546,831	531,495
Kansas	344,597	435,629	489,778	527,397	535,134	505,041	475,806	458,083	454,484	440,113
West North Central	3,506,470	4,376,022	4,591,790	4,636,928	4,629,411	4,277,934	4,008,648	3,807,772	3,778,713	3,734,571
Delaware	9,602	11,346	11,451	9,564	8,022	8,315	10,297	9,344	10,098	9,362
Maryland	51,934	65,308	64,975	62,247	54,946	55,298	55,929	56,281	56,847	55,192
Virginia	67,073	89,899	85,606	83,374	84,638	85,601	87,774	85,994	89,500	91,963
West Virginia	17,881	22,534	25,309	26,322	25,044	21,853	23,322	25,711	27,104	27,437
North Carolina	66,983	86,902	85,521	81,386	81,582	85,069	100,991	118,614	122,783	114,218
South Carolina	52,460	85,082	103,954	98,154	87,970	78,279	81,998	81,952	78,156	70,138
Georgia	96,441	117,111	142,514	139,878	132,963	127,301	124,499	124,896	127,258	118,266
Florida	21,695	27,528	29,042	29,532	29,540	29,694	70,680	97,378	76,980	59,581
South Atlantic	391,969	505,770	548,372	530,457	504,705	491,410	555,490	600,170	588,726	546,157
Kentucky	116,926	145,235	135,038	115,793	106,972	100,286	106,153	111,274	115,739	117,449
Tennessee	83,382	100,171	90,124	83,091	88,062	82,837	91,571	105,376	113,448	118,328
Alabama	63,093	77,253	73,684	67,569	69,667	69,172	78,380	85,228	94,236	96,136
Mississippi	89,039	124,981	146,556	139,942	130,208	125,741	123,777	124,575	123,493	107,860
East South Central	358,440	447,640	445,402	406,395	394,909	378,036	399,881	426,453	446,916	439,773
Arkansas	84,673	113,574	123,073	117,784	107,455	104,215	100,682	103,599	107,882	99,910
Louisiana	48,809	57,136	60,423	57,354	59,767	64,916	69,346	68,890	68,051	62,927
Oklahoma	221,493	239,407	264,687	284,766	272,528	235,493	228,963	240,360	270,016	270,942
Texas	450,209	492,032	530,289	555,786	560,622	518,718	564,997	621,467	646,276	658,002
West South Central	805,184	902,149	978,472	1,015,690	1,000,372	923,342	963,988	1,034,316	1,092,225	1,091,781
Montana	170,493	195,701	194,098	192,092	162,488	127,067	108,811	111,109	114,023	121,323
Idaho	124,852	148,154	156,613	158,737	144,454	113,187	111,264	110,397	110,024	110,862
Wyoming	35,542	47,071	55,423	59,514	57,504	48,244	42,555	36,724	36,386	39,736
Colorado	146,905	184,872	197,018	203,064	191,128	165,265	148,187	143,736	140,245	138,237
New Mexico	28,213	33,486	35,754	32,297	31,112	31,789	33,085	34,855	35,487	37,590
Arizona	34,218	47,222	50,090	48,748	38,789	33,013	29,895	28,226	30,993	37,286
Utah	39,219	46,516	48,569	52,095	49,137	43,007	43,039	44,021	46,011	50,159
Nevada	13,233	16,940	21,500	25,053	20,855	19,516	16,874	15,967	16,340	16,178
Mountain	592,675	719,962	759,065	771,600	695,467	581,088	533,710	525,035	529,509	551,371
Washington	115,437	131,707	138,596	152,920	143,426	128,046	131,266	136,027	147,464	155,233
Oregon	91,951	112,293	120,046	133,368	127,799	113,109	113,048	113,986	120,132	127,392
California	404,064	489,338	488,827	441,069	462,102	493,138	519,598	550,858	546,493	557,214
Pacific	611,452	733,338	747,469	727,357	733,327	734,293	763,912	800,871	814,089	839,839
United States	8,448,772	10,221,126	10,702,257	10,785,621	10,664,919	9,912,650	9,713,213	9,658,422	9,756,957	9,756,559

¹ Including District of Columbia.

TABLE 64.—Estimated farm-mortgage debt, by States, Jan. 1, 1910-40—Continued

State and division	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
	<i>1,000 dollars</i>										
Maine.....	27,613	28,251	28,704	32,756	29,894	30,626	31,606	31,290	30,883	30,907	30,427
New Hampshire.....	11,756	11,879	12,020	12,053	11,004	12,423	12,994	13,059	13,268	13,551	13,738
Vermont.....	35,365	34,658	33,659	32,771	31,966	31,390	31,390	32,300	32,946	33,538	34,085
Massachusetts.....	48,984	49,518	53,069	51,225	49,544	49,613	49,563	50,852	52,276	53,846	54,497
Rhode Island.....	4,632	4,616	4,714	4,620	4,031	4,065	4,276	4,451	4,589	4,597	4,548
Connecticut.....	43,358	47,248	52,384	52,374	49,630	47,886	47,742	48,506	49,137	50,135	51,030
New England.....	171,708	176,170	184,500	185,799	176,969	176,003	177,571	180,458	183,099	186,574	188,325
New York.....	233,791	228,312	231,352	229,972	216,473	213,634	214,275	213,632	211,709	209,085	206,112
New Jersey.....	64,180	63,255	53,170	52,059	48,360	49,206	49,058	49,303	49,747	50,018	50,215
Pennsylvania.....	168,492	182,466	184,498	177,286	159,991	150,738	147,874	145,508	142,889	141,578	139,530
Middle Atlantic.....	456,463	464,033	469,020	459,317	424,824	413,578	411,207	408,443	404,345	400,681	395,857
Ohio.....	272,738	263,388	255,786	241,308	220,731	224,261	219,103	212,311	209,339	208,005	207,308
Indiana.....	269,913	260,001	255,215	235,491	218,721	224,169	216,771	207,883	203,517	201,480	198,996
Illinois.....	614,059	572,099	557,299	534,070	495,900	483,342	478,025	456,036	439,619	432,070	420,927
Michigan.....	221,432	214,002	204,530	192,772	180,986	187,493	187,118	184,311	180,072	177,394	173,959
Wisconsin.....	505,472	509,194	484,937	454,115	406,286	415,741	416,572	410,740	400,472	390,097	382,687
East North Central.....	1,883,614	1,818,684	1,757,767	1,657,756	1,522,624	1,535,006	1,517,589	1,471,281	1,433,019	1,409,046	1,383,877
Minnesota.....	476,210	461,252	445,465	410,753	380,382	411,162	410,340	370,947	358,706	351,030	343,512
Iowa.....	1,196,197	1,142,778	1,079,337	982,484	862,440	787,159	750,163	721,657	700,729	684,751	657,868
Missouri.....	442,820	422,849	391,936	352,970	311,859	286,460	271,851	260,705	255,230	249,673	238,914
North Dakota.....	239,772	226,309	212,455	192,010	178,234	203,958	208,241	190,749	181,975	164,862	153,459
South Dakota.....	293,080	279,225	267,336	246,432	218,745	216,592	206,412	191,550	178,525	165,750	151,910
Nebraska.....	510,453	519,077	516,323	487,587	437,824	431,686	414,850	394,937	375,980	355,417	334,560
Kansas.....	411,747	422,667	429,156	409,963	371,181	357,123	348,909	335,999	324,911	319,404	309,602
West North Central.....	3,570,279	3,474,157	3,342,008	3,082,199	2,760,665	2,694,140	2,610,766	2,466,544	2,376,056	2,290,887	2,189,825
Delaware.....	9,581	9,383	8,245	8,091	8,631	8,668	8,581	8,452	8,300	8,150	7,979
Maryland ¹	50,377	49,234	50,530	48,974	47,433	43,166	43,900	43,724	43,199	43,135	43,339
Virginia.....	91,000	87,699	83,795	77,974	73,829	75,093	74,417	72,333	72,044	71,613	70,566
West Virginia.....	26,177	26,304	24,751	23,255	23,685	24,459	24,288	23,535	23,158	22,710	22,064
North Carolina.....	111,880	108,940	105,210	95,249	88,497	93,905	91,933	89,819	87,394	85,631	84,923
South Carolina.....	64,433	58,958	52,986	46,077	44,403	49,336	48,793	46,890	45,999	44,921	43,243
Georgia.....	113,060	104,907	95,789	83,833	75,398	82,866	81,706	81,052	80,566	80,115	79,286
Florida.....	52,840	49,076	44,321	39,555	39,828	44,151	44,548	42,543	41,139	40,749	40,666
South Atlantic.....	510,348	494,501	465,927	423,008	401,704	421,644	418,166	408,348	401,799	397,024	392,066
Kentucky.....	116,250	112,547	107,143	101,219	97,034	105,225	105,015	104,805	103,862	105,299	105,729
Tennessee.....	115,280	110,377	104,815	96,581	90,473	92,316	91,670	90,478	88,487	87,922	87,047
Alabama.....	97,890	94,893	89,070	80,773	72,935	72,182	70,161	69,038	68,762	69,095	69,309
Mississippi.....	103,312	100,662	100,734	87,965	81,364	84,489	81,954	77,610	78,619	78,080	83,854
East South Central.....	432,732	418,479	401,762	366,538	341,806	354,212	348,800	341,931	339,730	340,396	345,939
Arkansas.....	99,085	100,347	95,077	83,575	69,477	68,593	68,662	66,877	66,476	66,078	66,213
Louisiana.....	63,838	62,464	61,855	58,887	56,587	59,750	57,898	56,045	54,868	54,495	53,299
Oklahoma.....	274,971	267,612	272,307	251,011	211,664	202,160	191,648	182,066	172,599	167,305	162,189
Texas.....	671,434	659,422	652,184	626,915	603,389	604,184	588,475	574,940	558,842	543,928	530,172
West South Central.....	1,109,328	1,089,845	1,081,423	1,020,388	941,117	934,687	906,683	879,928	852,785	831,806	811,873
Montana.....	129,744	137,577	138,553	130,741	113,346	110,179	110,950	106,512	101,932	99,308	96,504
Idaho.....	115,547	118,538	116,420	108,475	96,511	98,457	97,472	93,476	91,046	89,963	87,441
Wyoming.....	43,337	44,068	41,200	40,472	35,772	36,709	37,223	37,595	37,520	37,202	37,023
Colorado.....	138,248	138,598	134,269	128,482	114,623	109,359	108,484	104,036	100,395	97,117	94,965
New Mexico.....	38,054	40,054	39,348	33,955	28,935	27,492	28,454	27,999	27,719	27,325	26,768
Arizona.....	41,690	42,766	39,728	33,505	31,005	30,797	30,551	30,918	31,011	31,576	31,506
Utah.....	51,875	50,471	48,616	46,268	44,648	43,757	46,557	46,371	46,362	45,932	45,635
Nevada.....	15,617	15,802	19,302	18,902	16,928	17,464	17,097	16,516	17,870	17,492	17,782
Mountain.....	575,012	587,874	577,436	540,400	481,768	474,214	476,788	463,423	453,855	445,915	437,624
Washington.....	161,557	160,562	161,553	152,639	138,295	133,375	130,574	124,829	121,583	120,711	118,522
Oregon.....	135,917	137,294	134,746	127,435	116,863	116,408	115,477	112,013	108,877	104,756	103,957
California.....	614,810	636,682	637,862	622,904	580,484	532,704	525,246	532,599	538,990	543,100	541,929
Pacific.....	912,284	934,538	934,161	902,978	835,642	782,487	771,297	769,441	769,450	768,567	764,408
United States.....	9,630,768	9,458,281	9,214,004	8,638,383	7,887,119	7,785,971	7,638,867	7,389,797	7,214,138	7,070,896	6,909,794

¹ Including District of Columbia.

TABLE 65.—Estimated farm-mortgage debt and amounts held by selected lender groups, by geographic divisions, Jan. 1, 1910–40

UNITED STATES

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks	Life insurance companies	Individuals, banks, and others
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	3,207,863			336,961	2,820,902
1911	3,522,121			423,454	3,098,667
1912	3,929,758			479,653	3,450,105
1913	4,347,679			550,158	3,797,521
1914	4,707,358			597,462	4,109,896
1915	4,990,785			669,984	4,320,801
1916	5,256,425			765,571	4,490,854
1917	5,825,851			861,144	4,964,707
1918	6,536,860	39,112	1,888	955,591	5,540,269
1919	7,137,365	157,021	8,384	1,018,163	5,953,797
1920	8,448,772	296,386	60,038	974,826	7,117,522
1921	10,221,126	356,010	77,959	1,205,778	8,581,379
1922	10,702,257	443,062	85,017	1,432,367	8,741,811
1923	10,755,621	655,681	218,775	1,556,203	8,354,962
1924	10,664,919	822,151	392,639	1,792,145	7,657,974
1925	9,912,650	923,077	446,429	1,942,624	6,600,520
1926	9,713,213	998,552	545,559	2,030,301	6,138,801
1927	9,658,422	1,068,642	632,574	2,123,664	5,833,542
1928	9,756,957	1,144,984	667,314	2,172,863	5,771,796
1929	9,756,559	1,182,813	656,516	2,138,980	5,778,250
1930	9,630,768	1,185,765	626,980	2,105,477	5,712,546
1931	9,458,281	1,175,832	590,811	2,059,221	5,632,417
1932	9,214,004	1,151,659	536,644	2,007,361	5,518,340
1933	8,638,383	1,105,610	459,183	1,869,169	5,204,430
1934	7,887,119	1,273,881	392,438	1,661,046	4,559,754
1935	7,785,971	2,501,824	255,931	1,258,900	3,769,316
1936	7,638,867	2,853,966	175,677	1,054,770	3,554,454
1937	7,389,797	2,888,912	133,499	936,454	3,430,932
1938	7,214,138	2,835,962	104,163	895,470	3,378,543
1939	7,070,896	2,723,022	87,362	887,336	3,373,176
1940	6,909,794	2,583,901	65,719	883,414	3,376,760

TABLE 65.—Estimated farm-mortgage debt and amounts held by selected lender groups, by geographic divisions, Jan. 1, 1910–40—Continued

MIDDLE ATLANTIC

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks	Life insurance companies	Individuals, banks, and others
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	269,716				
1911	273,296				
1912	289,728				
1913	317,966				
1914	337,557				
1915	338,810				
1916	326,437				
1917	314,939				
1918	341,481		576	0	
1919	359,611		3,682	0	318
1920	406,047		8,421	0	138
1921	446,685		9,956	0	134
1922	459,197		12,265	0	478
1923	463,382		18,662	553	505
1924	459,773		25,515	5,000	866
1925	446,620		30,270	11,092	511
1926	457,527		35,248	15,367	469
1927	467,939		39,195	19,891	413
1928	473,185		43,571	22,688	360
1929	472,613		46,237	23,713	292
1930	456,463		46,952	23,331	470
1931	464,033		46,440	21,513	412
1932	469,020		46,085	19,677	443
1933	459,317		45,008	17,361	538
1934	424,824		49,405	15,245	527
1935	413,578		41,890	10,066	501
1936	411,207		89,825	7,733	489
1937	408,443		91,646	6,652	461
1938	404,345		93,469	5,925	572
1939	400,681		92,439	5,359	1,217
1940	395,857		89,247	4,737	1,214

NEW ENGLAND

Year					
1910	70,202			0	70,202
1911	70,525			0	70,525
1912	75,032			16	75,016
1913	83,911			0	83,911
1914	91,057			0	91,057
1915	98,442		108	98,334	
1916	102,586			94	102,492
1917	108,392			79	108,313
1918	109,405	603		35	108,767
1919	105,763	2,949		34	102,780
1920	114,757	5,967		34	108,756
1921	125,328	7,021		30	118,277
1922	133,054	8,496		32	124,526
1923	142,129	11,438		66	130,625
1924	146,810	14,689		57	132,064
1925	141,117	16,189		56	124,872
1926	142,860	17,933		45	124,862
1927	140,878	18,894		46	121,938
1928	152,607	20,346		43	132,218
1929	162,858	20,341		41	142,476
1930	171,708	20,316		34	151,358
1931	176,170	19,674		31	156,465
1932	184,500	19,644		29	164,827
1933	185,799	19,718		29	166,052
1934	176,969	22,693		35	154,241
1935	176,003	35,340		35	140,628
1936	177,571	40,363		30	137,178
1937	180,458	42,442		20	137,996
1938	183,099	43,255		11	139,833
1939	186,574	42,535		11	144,028
1940	188,325	40,486		16	147,823

EAST NORTH CENTRAL

Year					
1910	807,008				
1911	870,488				
1912	949,313				
1913	1,017,526				
1914	1,083,543				
1915	1,135,733				
1916	1,181,374				
1917	1,288,375				
1918	1,398,655	3,480		822	148,279
1919	1,457,560	13,604	1,534	152,892	1,289,530
1920	1,662,678	28,884	8,623	145,903	1,479,268
1921	1,964,232	35,105	18,406	169,570	1,741,151
1922	2,039,436	43,337	19,546	198,877	1,777,676
1923	2,091,683	70,030	46,244	222,929	1,752,480
1924	2,100,145	96,494	89,600	270,118	1,643,933
1925	1,938,810	113,967	103,604	311,226	1,410,013
1926	1,857,197	124,255	128,904	340,467	1,293,571
1927	1,854,988	141,608	142,987	368,449	1,201,944
1928	1,880,987	158,702	151,062	380,349	1,190,874
1929	1,917,596	173,924	150,293	379,547	1,213,832
1930	1,883,614	179,194	147,405	370,366	1,186,649
1931	1,818,684	177,928	140,724	370,976	1,129,056
1932	1,757,767	174,865	130,424	369,700	1,082,778
1933	1,657,756	167,033	112,677	348,820	1,029,226
1934	1,522,624	197,828	99,823	317,581	907,392
1935	1,535,006	474,977	68,658	249,716	741,655
1936	1,517,589	578,720	45,257	213,402	635,210
1937	1,471,281	586,206	35,944	189,459	659,672
1938	1,433,019	572,628	30,053	187,111	643,227
1939	1,409,046	549,703	25,767	194,923	638,653
1940	1,333,877	524,588	22,094	201,712	635,483

TABLE 65.—Estimated farm-mortgage debt and amounts held by selected lender groups, by geographic divisions, Jan. 1, 1910-40—Continued

WEST NORTH CENTRAL

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks	Life insurance companies	Individuals, banks, and others
1910	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	1,276,944	254,423	1,022,521		
1911	1,419,750	274,856	1,144,894		
1912	1,570,724	311,103	1,259,621		
1913	1,717,743	349,000	1,365,743		
1914	1,870,562	368,627	1,501,935		
1915	2,033,042	414,006	1,619,036		
1916	2,202,430	471,114	1,731,316		
1917	2,497,278	628,222	1,969,056		
1918	2,793,831	785	605,656	2,175,983	
1919	3,032,137	44,694	6,176	633,777	2,347,490
1920	3,506,470	85,461	41,645	621,258	2,758,106
1921	4,376,022	106,049	46,656	760,155	3,463,162
1922	4,591,790	126,704	49,634	881,247	3,534,205
1923	4,636,923	171,892	112,573	943,787	3,408,676
1924	4,629,411	208,712	179,030	1,065,222	3,140,438
1925	4,277,934	232,202	189,592	1,184,712	2,671,427
1926	4,008,648	247,074	209,202	1,236,271	2,316,101
1927	3,807,772	263,627	223,336	1,286,180	2,034,629
1928	3,778,713	283,244	216,731	1,315,813	1,962,925
1929	3,734,571	293,613	201,840	1,289,363	1,949,755
1930	3,570,279	292,847	186,831	1,224,577	1,866,024
1931	3,474,157	292,103	174,033	1,194,974	1,813,047
1932	3,342,008	284,251	152,427	1,154,038	1,751,292
1933	3,052,199	274,294	121,633	1,074,022	1,612,250
1934	2,760,665	337,172	96,738	938,961	1,387,794
1935	2,694,140	807,962	56,577	692,395	1,137,206
1936	2,610,766	975,099	32,995	569,958	1,032,714
1937	2,466,544	1,011,471	23,375	495,291	936,407
1938	2,376,056	1,001,306	17,423	455,609	902,718
1939	2,290,887	952,942	14,824	440,024	883,097
1940	2,189,825	897,280	11,043	417,974	863,628

SOUTH ATLANTIC

1910	130,334			14,139	116,195
1911	139,915			12,263	127,652
1912	170,971			17,641	153,330
1913	177,327			17,866	159,461
1914	184,816			19,029	165,787
1915	193,046			21,645	171,401
1916	197,310			26,883	170,427
1917	220,894			32,113	188,781
1918	231,019	3,053	281	31,361	196,324
1919	267,497	12,976	674	32,404	221,444
1920	391,069	25,152	2,163	39,385	324,369
1921	505,770	30,707	2,658	51,209	421,196
1922	548,372	43,923	4,309	67,737	432,403
1923	530,457	69,619	9,852	71,191	379,75
1924	504,705	83,094	25,200	72,624	323,787
1925	491,410	90,513	36,601	71,386	292,910
1926	555,490	100,165	53,692	67,294	334,339
1927	600,170	104,010	71,595	66,002	358,563
1928	588,726	106,814	80,411	61,924	339,577
1929	546,157	108,073	82,356	69,077	298,651
1930	519,348	103,186	78,071	57,332	280,759
1931	494,501	97,987	72,450	54,426	269,638
1932	465,927	93,162	64,225	50,641	257,899
1933	423,008	86,900	53,643	42,947	239,518
1934	401,704	105,427	44,807	36,057	215,413
1935	421,644	192,891	27,842	28,267	172,644
1936	418,166	200,215	21,652	26,031	170,268
1937	408,348	191,833	17,889	26,099	172,527
1938	401,799	185,126	14,505	27,621	174,547
1939	397,024	177,287	11,871	29,270	178,596
1940	392,066	167,894	9,605	20,572	184,995

TABLE 65.—Estimated farm-mortgage debt and amounts held by selected lender groups, by geographic divisions, Jan. 1, 1910-40—Continued

EAST SOUTH CENTRAL

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks	Life insurance companies	Individuals, banks, and others
1910	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	108,777				
1911	118,650				
1912	118,502				
1913	126,470				
1914	145,667				
1915	141,441				
1916	138,805				
1917	149,248				
1918	187,247				
1919	240,198				
1920	358,440				
1921	447,640				
1922	445,402				
1923	406,395				
1924	394,909				
1925	378,036				
1926	407,920				
1927	399,881				
1928	426,453				
1929	446,916				
1930	432,732				
1931	418,479				
1932	401,762				
1933	366,538				
1934	341,806				
1935	354,212				
1936	348,800				
1937	341,931				
1938	339,730				
1939	340,396				
1940	345,039				

WEST SOUTH CENTRAL

1910	260,505				20,454	240,051
1911	305,971				27,113	278,858
1912	371,857				31,422	340,435
1913	421,479				43,013	378,466
1914	448,243				57,688	390,655
1915	451,187				67,862	383,325
1916	478,016				79,226	398,790
1917	518,876				90,690	428,286
1918	598,134				99,307	494,450
1919	687,106				116,182	545,941
1920	805,184				52,337	4,865
1921	902,149				61,915	5,906
1922	978,472				77,394	6,124
1923	1,015,690				112,555	27,365
1924	1,000,372				142,793	44,700
1925	923,342				162,837	47,267
1926	963,988				179,785	68,997
1927	1,034,316				196,755	89,937
1928	1,092,225				213,292	102,264
1929	1,091,781				220,900	102,862
1930	1,109,328				224,043	98,962
1931	1,089,845				225,200	93,755
1932	1,081,423				225,716	87,417
1933	1,020,388				220,494	80,420
1934	941,117				239,881	71,924
1935	934,687				361,991	50,871
1936	906,683				383,853	40,113
1937	879,928				383,718	31,203
1938	852,785				372,223	25,428
1939	831,806				356,791	21,434
1940	811,873				338,401	12,198

TABLE 65.—Estimated farm-mortgage debt and amounts held by selected lender groups, by geographic divisions, Jan. 1, 1910-40—Continued

MOUNTAIN

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks	Life insurance companies	Individuals, banks, and others
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1910	99,455			2,488	96,967
1911	121,819			3,338	118,481
1912	142,891			5,107	137,784
1913	175,413			7,979	167,434
1914	191,829			10,334	181,495
1915	214,338			12,179	202,159
1916	233,826			14,452	219,374
1917	286,173			16,724	269,449
1918	375,001	6,532	0	15,613	352,856
1919	461,930	20,049	0	20,147	421,734
1920	592,675	33,546	1,057	13,599	544,473
1921	719,962	39,116	1,084	19,086	660,676
1922	759,065	47,692	1,129	21,651	688,593
1923	771,600	73,218	4,543	25,103	668,736
1924	695,467	92,913	9,200	27,572	565,782
1925	581,088	99,981	10,689	28,433	441,985
1926	533,710	103,763	15,507	27,054	387,386
1927	525,035	104,851	20,954	26,536	372,694
1928	529,509	108,508	23,319	27,724	369,958
1929	551,371	109,458	23,676	27,973	390,264
1930	575,012	108,945	22,840	40,091	403,136
1931	587,874	108,836	21,829	34,125	423,084
1932	577,436	107,244	20,460	32,183	417,549
1933	540,400	102,892	19,083	30,216	388,209
1934	481,768	105,663	17,309	27,176	331,620
1935	474,214	158,210	12,347	20,962	282,695
1936	476,788	175,904	8,493	18,262	274,129
1937	463,423	172,630	5,341	16,698	268,754
1938	453,855	169,093	3,699	17,030	264,033
1939	445,915	163,781	2,998	15,916	263,220
1940	437,624	157,017	2,686	15,555	262,366

PACIFIC

Year					
1910	184,922			7,453	177,469
1911	201,807			7,713	194,094
1912	240,740			9,337	231,403
1913	309,844			9,387	300,457
1914	354,084			10,627	343,457
1915	384,746			12,672	372,074
1916	395,641			15,914	379,727
1917	441,676			19,155	422,521
1918	502,087	5,802	0	18,521	477,764
1919	525,563	19,862	0	20,972	484,729
1920	611,452	30,576	681	18,286	561,909
1921	733,338	34,258	1,772	20,020	677,288
1922	747,469	40,900	2,794	23,773	680,002
1923	727,357	56,640	9,027	30,003	631,687
1924	733,327	65,658	21,000	34,910	611,759
1925	734,293	69,198	26,076	40,618	598,401
1926	763,912	72,492	30,815	44,442	616,163
1927	800,871	75,725	37,583	48,619	638,944
1928	814,089	78,959	42,974	53,314	638,842
1929	839,839	80,432	44,025	54,734	660,648
1930	912,284	79,576	42,707	60,931	729,070
1931	934,538	78,700	40,873	61,360	753,605
1932	934,161	76,719	38,693	62,605	756,144
1933	902,978	74,555	35,274	60,793	732,356
1934	835,642	96,161	30,899	56,999	651,583
1935	782,487	204,951	18,913	46,902	511,721
1936	771,297	226,762	11,106	41,122	492,307
1937	769,441	227,525	7,374	36,850	497,692
1938	769,450	225,734	3,055	38,309	502,352
1939	768,567	221,111	1,875	36,348	509,233
1940	764,408	211,253	1,407	34,603	517,145

TABLE 66.—Percentage distribution of total amount of farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35¹

UNITED STATES

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	62.9	16.5	8.4	—	—	12.2	100.0
1911	59.9	19.2	9.0	—	—	11.9	100.0
1912	58.4	18.3	11.4	—	—	11.9	100.0
1913	61.7	17.8	8.7	—	—	11.8	100.0
1914	60.0	19.6	8.6	—	—	11.8	100.0
1915	54.9	21.0	12.4	—	—	11.7	100.0
1916	50.0	24.2	14.3	—	—	11.5	100.0
1917	53.7	20.0	12.9	2.0	0.1	11.3	100.0
1918	58.8	16.3	8.3	5.8	.4	10.4	100.0
1919	57.6	18.4	7.3	4.7	1.8	10.2	100.0
1920	59.3	18.3	10.7	1.7	.5	9.5	100.0
1921	46.5	25.2	11.5	3.8	.2	12.8	100.0
1922	37.5	23.0	13.5	9.0	5.7	11.3	100.0
1923	34.5	22.0	18.4	7.7	7.0	10.4	100.0
1924	37.2	23.0	16.7	7.8	3.5	11.8	100.0
1925	39.9	21.8	16.0	5.6	6.1	10.6	100.0
1926	39.4	21.3	16.5	6.8	5.8	10.2	100.0
1927	40.3	22.4	14.2	7.8	4.5	10.8	100.0
1928	42.9	23.9	13.4	6.2	2.2	11.4	100.0
1929	44.4	23.4	13.9	4.5	1.1	12.7	100.0
1930	44.9	25.8	12.9	4.0	.4	12.0	100.0
1931	44.6	27.2	10.6	3.9	.4	13.3	100.0
1932	45.0	28.7	8.2	4.1	.5	13.5	100.0
1933	31.4	18.5	5.1	33.3	.4	11.3	100.0
1934	14.4	7.6	3.1	68.3	.2	6.4	100.0
1935	26.6	16.6	6.8	40.4	.7	8.9	100.0

NEW ENGLAND

Year	Individuals	National and State banks	Mutual savings banks	Federal land bank and Land Bank Commissioner	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent
1910	76.8	10.1	10.0	—	3.1	100.0
1911	77.4	9.2	8.4	—	5.0	100.0
1912	74.0	10.7	10.6	—	4.7	100.0
1913	80.3	9.7	7.3	—	2.7	100.0
1914	72.1	12.7	9.1	—	6.1	100.0
1915	70.2	16.8	7.9	—	5.1	100.0
1916	67.8	14.9	12.4	—	4.9	100.0
1917	68.7	12.0	10.7	3.6	5.0	100.0
1918	77.7	7.4	2.5	7.1	5.3	100.0
1919	68.4	10.8	7.6	9.5	3.7	100.0
1920	73.4	10.8	9.2	3.3	3.3	100.0
1921	69.7	9.9	9.4	5.8	5.2	100.0
1922	56.3	12.8	10.8	11.5	8.6	100.0
1923	47.6	17.7	9.1	12.9	12.7	100.0
1924	53.4	16.5	10.4	10.0	9.7	100.0
1925	51.9	17.0	9.7	8.8	12.6	100.0
1926	54.7	17.4	11.0	6.2	10.7	100.0
1927	54.6	18.9	9.6	7.6	9.3	100.0
1928	46.3	22.5	12.8	5.7	12.7	100.0
1929	48.6	22.0	10.6	4.3	14.5	100.0
1930	50.6	18.7	14.4	4.6	11.7	100.0
1931	48.7	18.5	13.9	5.3	13.6	100.0
1932	50.3	16.2	7.3	6.5	19.7	100.0
1933	45.1	12.9	5.5	22.6	13.9	100.0
1934	26.0	7.6	3.7	49.0	13.7	100.0
1935	33.5	15.2	6.1	32.7	12.5	100.0

See footnotes at end of table.

TABLE 66.—Percentage distribution of total amount of farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35¹—Continued

MIDDLE ATLANTIC

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent
1910	84.5	9.3	—	6.2	100.0	
1911	85.0	7.2	—	7.8	100.0	
1912	81.3	10.3	—	8.4	100.0	
1913	79.4	14.1	—	6.5	100.0	
1914	80.6	11.6	—	7.8	100.0	
1915	80.7	13.5	—	5.8	100.0	
1916	78.2	14.6	—	7.2	100.0	
1917	78.9	13.3	1.6	6.2	100.0	
1918	80.6	9.8	5.7	3.9	100.0	
1919	79.2	10.3	6.1	4.4	100.0	
1920	82.4	11.5	1.2	4.9	100.0	
1921	79.7	13.1	2.5	4.7	100.0	
1922	70.1	16.4	6.9	6.1	100.0	
1923	62.6	16.2	8.1	5.9	7.2	100.0
1924	60.3	18.8	9.0	5.6	6.3	100.0
1925	58.7	20.1	7.5	7.3	6.4	100.0
1926	55.7	23.4	6.2	6.6	8.1	100.0
1927	54.8	19.6	9.5	5.0	11.1	100.0
1928	53.3	24.5	6.9	2.5	12.8	100.0
1929	55.5	25.2	5.9	1.5	11.9	100.0
1930	52.3	26.3	5.2	.4	15.8	100.0
1931	58.0	27.3	5.5	(?)	9.2	100.0
1932	58.7	26.7	5.0	1.0	8.6	100.0
1933	52.8	17.0	21.4	.8	8.0	100.0
1934	24.6	9.0	57.8	.5	8.2	100.0
1935	43.5	16.9	29.9	1.0	8.7	100.0

EAST NORTH CENTRAL

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	69.6	16.4	8.1	—	5.9	100.0	
1911	69.2	19.0	6.5	—	5.3	100.0	
1912	65.6	18.7	9.4	—	6.3	100.0	
1913	67.7	19.1	6.6	—	6.6	100.0	
1914	66.8	19.5	5.8	—	7.9	100.0	
1915	61.4	22.4	9.7	—	6.5	100.0	
1916	56.7	24.0	9.6	—	9.7	100.0	
1917	52.9	24.2	10.6	0.9	0.2	11.2	100.0
1918	58.2	19.4	9.5	3.2	.8	8.9	100.0
1919	55.3	23.7	5.8	3.4	1.4	10.4	100.0
1920	54.7	22.2	10.8	1.2	1.4	9.7	100.0
1921	49.5	24.4	12.3	2.2	.7	10.9	100.0
1922	38.5	23.8	14.4	6.9	6.0	10.4	100.0
1923	29.1	22.1	22.2	6.5	10.0	10.1	100.0
1924	31.6	23.7	21.7	7.4	6.0	9.6	100.0
1925	31.3	24.7	21.1	4.0	8.6	10.3	100.0
1926	31.5	23.2	21.8	6.8	6.7	10.0	100.0
1927	34.8	23.3	16.6	9.2	5.3	10.8	100.0
1928	35.1	24.2	17.3	9.0	3.6	10.8	100.0
1929	36.8	23.9	17.9	6.6	2.7	12.1	100.0
1930	39.3	25.8	18.6	4.2	1.0	11.1	100.0
1931	43.4	27.5	13.0	4.0	1.3	10.8	100.0
1932	46.1	29.3	9.1	2.6	.9	12.0	100.0
1933	29.9	16.5	5.3	41.7	.4	6.2	100.0
1934	10.6	5.8	1.8	77.6	.2	4.0	100.0
1935	22.8	14.8	6.4	49.6	.2	6.2	100.0

See footnotes at end of table.

TABLE 66.—Percentage distribution of total amount of farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35¹—Continued

WEST NORTH CENTRAL

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Mortgage companies	State and county agencies	Joint stock land banks	Others	All lenders
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1910	60.5	14.5	14.4	—	3.8	0.7	6.1	100.0	
1911	53.8	16.8	18.1	—	6.6	.6	4.1	100.0	
1912	52.5	17.9	20.0	—	3.6	.6	5.4	100.0	
1913	60.0	16.6	13.5	—	4.4	.4	5.1	100.0	
1914	55.8	18.4	15.8	—	4.3	.6	5.1	100.0	
1915	51.9	19.3	19.2	—	4.7	.5	4.4	100.0	
1916	44.1	22.2	23.0	—	4.9	.3	5.5	100.0	
1917	48.6	18.8	23.3	—	2.4	.8	(?)	4.8	100.0
1918	59.3	14.5	13.6	4.1	2.5	1.7	0.6	3.7	100.0
1919	55.3	17.5	11.7	3.5	2.7	1.8	3.1	4.4	100.0
1920	60.3	15.5	15.9	1.3	2.0	.9	.2	3.9	100.0
1921	46.4	22.9	19.9	2.2	2.7	.9	(?)	5.0	100.0
1922	33.1	21.1	23.7	5.4	3.2	.9	8.0	4.6	100.0
1923	29.8	19.2	32.0	4.8	2.3	1.3	6.5	4.1	100.0
1924	32.3	19.9	28.3	5.0	2.3	5.2	2.6	4.4	100.0
1925	34.8	19.3	28.7	4.0	2.0	1.5	4.7	5.0	100.0
1926	33.9	16.9	31.0	5.2	2.1	1.6	4.3	5.0	100.0
1927	37.5	17.8	26.4	6.7	2.0	1.6	3.3	4.7	100.0
1928	42.1	18.6	24.2	5.1	2.3	2.1	1.5	4.1	100.0
1929	43.6	17.9	25.9	3.4	1.9	1.8	1.0	4.5	100.0
1930	47.9	18.8	21.7	3.3	1.8	2.2	.1	4.2	100.0
1931	47.1	19.7	19.6	3.1	2.3	2.6	.4	5.2	100.0
1932	51.3	20.6	14.1	5.9	1.8	1.4	.3	4.6	100.0
1933	29.2	11.5	9.0	43.9	1.6	.6	.1	4.1	100.0
1934	11.4	4.1	4.8	77.5	.5	.2	(?)	1.7	100.0
1935	21.0	11.1	10.2	54.1	.6	.4	.2	2.4	100.0

SOUTH ATLANTIC

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	67.6	24.4	—	0.6	—	7.4	100.0
1911	62.1	26.0	—	3.3	—	8.6	100.0
1912	65.8	21.2	—	3.2	—	9.5	100.0
1913	70.5	20.0	—	1.9	—	7.6	100.0
1914	68.6	22.8	—	1.8	—	6.8	100.0
1915	64.6	22.3	—	4.9	—	8.2	100.0
1916	63.9	25.2	—	5.9	—	5.0	100.0
1917	57.8	23.5	3.0	7.8	0.1	7.8	100.0
1918	59.9	17.6	8.0	6.5	.2	7.8	100.0
1919	63.0	18.1	5.5	4.5	.3	8.6	100.0
1920	62.3	21.0	2.7	5.1	.2	8.7	100.0
1921	50.8	25.6	6.1	8.4	.0	9.1	100.0
1922	42.9	24.3	13.1	5.5	4.3	9.9	100.0
1923	44.4	21.0	8.3	9.6	8.4	8.3	100.0
1924	48.6	21.6	9.1	6.2	5.1	9.4	100.0
1925	55.6	15.4	4.9	3.3	8.0	12.8	100.0
1926	51.2	16.9	4.1	4.4	9.9	13.5	100.0
1927	48.9	23.7	3.9	3.7	8.2	11.6	100.0
1928	47.2	25.0	4.1	3.9	5.1	14.7	100.0
1929	47.1	23.3	3.1	4.8	1.2	20.5	100.0
1930	48.3	26.8	1.8	3.8	.8	18.5	100.0
1931	50.2	27.1	2.4	2.8	.8	16.7	100.0
1932	48.1	26.5	2.6	3.8	1.3	17.7	100.0
1933	34.3	15.1	31.9	3.2	2.5	13.0	100.0
1934	18.1	8.9	61.9	2.7	1.7	6.7	100.0
1935	38.2	20.7	20.7	4.1	2.1	14.2	100.0

TABLE 66.—Percentage distribution of total amount of farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35¹—Continued

EAST SOUTH CENTRAL

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	61.1	17.6	5.1	16.2	100.0		
1911	62.7	20.7	4.0	12.6	100.0		
1912	56.8	17.5	10.9	14.8	100.0		
1913	60.8	20.2	4.5	14.5	100.0		
1914	60.3	21.2	6.9	11.6	100.0		
1915	54.0	26.2	8.4	11.4	100.0		
1916	51.9	27.5	10.8	9.8	100.0		
1917	53.6	23.1	1.5	11.3	10.5	100.0	
1918	62.8	18.9	6.2	4.9	0.0	7.2	100.0
1919	68.9	18.2	3.9	3.4	.5	5.1	100.0
1920	63.6	21.9	2.7	6.5	(2)	5.3	100.0
1921	43.3	31.0	6.7	8.6	(2)	10.4	100.0
1922	36.5	28.4	14.7	6.3	5.9	8.2	100.0
1923	34.8	29.0	12.6	11.4	6.1	6.1	100.0
1924	34.2	32.7	14.1	8.7	2.3	8.0	100.0
1925	37.3	33.4	9.6	9.4	4.4	5.9	100.0
1926	37.4	33.7	9.6	10.1	3.3	5.9	100.0
1927	35.0	36.2	11.1	6.9	1.9	8.9	100.0
1928	38.2	37.3	7.1	6.9	1.1	9.4	100.0
1929	37.6	38.8	5.6	5.9	.6	11.5	100.0
1930	37.3	38.7	3.7	6.6	.6	13.1	100.0
1931	36.6	38.7	3.5	5.8	.4	15.0	100.0
1932	37.4	39.5	2.4	3.7	.4	16.6	100.0
1933	32.5	24.9	18.9	2.8	.9	20.0	100.0
1934	21.3	12.8	53.6	2.3	.5	9.5	100.0
1935	33.3	25.5	20.0	7.5	.6	13.1	100.0

WEST SOUTH CENTRAL

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	Joint stock land banks	Others	All lenders
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1910	57.0	16.7	5.7	3.7	16.9	100.0		
1911	52.0	21.1	4.0	9.1	13.8	100.0		
1912	57.8	12.7	10.4	8.6	10.5	100.0		
1913	56.1	12.3	12.7	6.2	12.7	100.0		
1914	57.7	14.7	5.3	5.7	16.6	100.0		
1915	46.3	19.3	13.1	9.8	11.5	100.0		
1916	46.3	20.4	13.7	7.1	12.5	100.0		
1917	58.4	10.9	2.2	7.5	9.6	11.4	100.0	
1918	54.2	12.6	7.7	5.8	6.2	0.0	13.5	100.0
1919	52.5	11.0	6.3	9.6	6.3	3.3	11.0	100.0
1920	54.8	11.5	1.8	10.8	7.5	1.3	12.3	100.0
1921	36.9	24.2	5.0	7.5	5.7	(2)	20.7	100.0
1922	37.5	16.6	10.5	12.5	5.3	5.6	12.0	100.0
1923	37.0	18.3	9.7	9.6	5.4	7.6	12.4	100.0
1924	41.5	17.2	10.1	11.2	5.5	3.1	11.4	100.0
1925	43.3	15.2	8.8	8.8	6.6	7.3	10.0	100.0
1926	41.5	17.9	10.1	10.0	2.9	7.4	10.2	100.0
1927	39.8	17.0	8.9	11.6	4.5	5.2	13.0	100.0
1928	44.9	16.9	6.7	12.5	4.8	2.2	12.0	100.0
1929	47.9	17.5	4.2	14.0	4.2	.6	11.6	100.0
1930	42.5	22.8	5.8	10.6	3.4	.8	14.1	100.0
1931	39.7	23.8	5.9	11.7	5.5	(2)	13.4	100.0
1932	37.2	25.8	4.8	13.6	2.6	(3)	16.0	100.0
1933	28.9	18.1	31.5	5.8	2.6	.1	13.0	100.0
1934	18.0	7.7	53.7	4.4	1.6	(2)	14.6	100.0
1935	29.9	15.2	28.8	8.1	1.8	1.9	14.3	100.0

TABLE 66.—Percentage distribution of total amount of farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35¹—Continued

MOUNTAIN

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	State and county agencies	Joint stock land banks	Others	All lenders
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1910	69.3	12.4	1.8	4.7	1.2	4.7	1.2		100.0
1911	67.3	15.4	3.8	3.0	1.3	3.6	9.2	100.0	
1912	58.0	19.0	5.0	4.9	1.3	5.8	11.8	100.0	
1913	57.8	16.0	4.7	5.8	1.0	5.8	14.7	100.0	
1914	52.7	25.9	2.8	5.0	1.4	5.0	12.2	100.0	
1915	56.6	19.9	2.9	3.9	1.1	3.9	15.6	100.0	
1916	52.6	26.3	4.4	4.4	1.3	3.6	11.0	100.0	
1917	58.7	17.2	4.4	3.1	1.3	3.6	11.7	100.0	
1918	58.9	14.5	8.1	2.3	1.9	3.3	11.0	100.0	
1919	58.0	19.3	6.4	1.7	3.6	1.0	9.8	100.0	
1920	59.2	20.4	2.0	2.5	3.8	1.0	(2)	11.1	100.0
1921	44.6	28.4	5.7	4.0	1.9	(2)	12.9	100.0	
1922	34.5	26.0	14.3	3.9	3.3	1.1	2.0	14.9	100.0
1923	37.7	22.3	14.7	4.2	3.4	1.5	3.3	12.9	100.0
1924	41.0	22.0	12.9	5.0	2.7	3.6	1.7	11.1	100.0
1925	44.9	21.6	8.5	5.6	4.8	1.9	4.9	7.8	100.0
1926	45.8	19.5	9.6	4.9	4.1	2.1	5.5	8.5	100.0
1927	47.8	19.3	10.8	5.4	5.2	1.2	3.5	8.8	100.0
1928	50.9	19.7	7.9	4.5	6.0	2.5	1.3	7.2	100.0
1929	55.0	18.7	7.0	4.2	3.6	2.4	.2	8.9	100.0
1930	49.5	23.7	7.7	4.7	3.7	2.4	.6	7.7	100.0
1931	48.1	24.7	6.6	4.0	2.7	2.0	.1	11.8	100.0
1932	41.0	27.5	4.1	5.4	5.2	1.5	.2	15.1	100.0
1933	28.6	22.1	17.9	2.6	5.2	.7	.2	22.7	100.0
1934	11.1	7.5	64.9	2.0	1.7	.2	.4	12.2	100.0
1935	22.7	15.2	37.4	2.6	3.3	.7	.1	18.0	100.0

PACIFIC

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	Others	All lenders	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
1910	50.3	29.2	1.5	3.1	1.1	17.9	100.0	
1911	58.5	29.6	2.5	3.1	3.1	6.3	100.0	
1912	49.7	31.5	1.5	4.7	12.6		100.0	
1913	50.0	30.1	2.0	2.7	15.2	100.0		
1914	56.1	28.8	1.8	1.7	11.6		100.0	
1915	52.2	27.6	4.8	2.4	13.0	100.0		
1916	47.7	37.9	4.8	1.1	8.5	100.0		
1917	48.5	35.1	3.6	3.3	1.3	8.2	100.0	
1918	51.0	27.6	9.0	3.5	1.4	7.5	100.0	
1919	51.6	30.1	6.5	2.4	0.0	9.5	100.0	
1920	52.1	34.3	2.2	2.2	1.0	.5	7.7	100.0
1921	44.6	36.2	4.4	4.1	.9	1.1	8.7	100.0
1922	35.4	36.2	10.5	4.5	3.9	1.1	8.4	100.0
1923	35.9	36.7	6.8	4.7	6.8	.5	8.6	100.0
1924	36.6	39.6	4.8	4.3	3.3	.6	10.8	100.0
1925	37.7	38.2	4.9	4.4	5.3	.5	9.0	100.0
1926	41.7	33.6	5.8	4.9	4.6	.5	8.9	100.0
1927	41.4	34.4	5.9	4.7	5.8	.3	7.5	100.0
1928	44.4	37.9	4.0	3.4	1.8	.2	8.3	100.0
1929	44.1	34.3	2.9	3.6	1.0	.1	14.0	100.0
1930	44.0	37.7	2.4	5.4	.3	1.1	9.1	100.0
1931	42.3	39.3	2.5	2.0	.2	1.0	12.7	100.0
1932	40.1	42.2	3.0	1.5	.9	.2	12.1	100.0
1933	31.1	34.1	22.9	1.4	(2)	.4	10.1	100.0
1934	16.4	16.7	61.0	1.3	(2)	.1	4.5	100.0
1935	31.2	33.1	24.4	1.8	.8	.1	8.6	100.0

¹ Figures are based on data obtained in a project conducted during 1936 and 1937 under the joint sponsorship of the Bureau of Agricultural Economics and the Works Progress Administration. The project compiled information on more than 2,500,000 mortgages totaling over \$8 billion dollars recorded in the official records of more than 600 counties, or about 20 percent of the counties in the United States. The number of counties included in the sample before 1917 was somewhat smaller than in the years after that date. Similar data by States, 1917-35, are available on request to Bureau of Agricultural Economics, U. S. Department of Agriculture.

² Less than 0.05 percent.

TABLE 67.—Estimated interest rates on outstanding farm mortgages, by States, Jan. 1, 1910–40¹

State and division	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924
Maine	<i>Pct.</i>														
Maine	7.3	7.3	7.3	7.3	7.2	7.1	7.0	6.8	6.5	6.4	6.4	6.5	6.6	6.6	6.6
New Hampshire	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.1	5.1	5.1	5.2	5.1	5.2
Vermont	5.2	5.2	5.2	5.3	5.2	5.3	5.3	5.3	5.3	5.2	5.2	5.3	5.2	5.3	5.3
Massachusetts	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.4	5.4	5.5	5.6	5.7	5.8	5.9
Rhode Island	5.9	5.9	5.7	5.6	5.7	5.7	5.8	5.8	5.8	5.7	5.8	5.8	6.0	6.0	6.0
Connecticut	5.4	5.4	5.4	5.5	5.5	5.5	5.6	5.6	5.6	5.6	5.7	5.7	5.8	5.9	5.9
New England	5.7	5.7	5.6	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.7	5.8	5.8	5.9
New York	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.6	5.7	5.7
New Jersey	5.4	5.4	5.5	5.5	5.4	5.4	5.6	5.7	5.6	5.5	5.5	5.7	5.8	5.9	5.9
Pennsylvania	5.2	5.3	5.3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.5	5.5	5.6	5.7	5.8
Middle Atlantic	5.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.6	5.6	5.7	5.8
Ohio	6.0	5.9	5.8	5.8	5.9	5.9	5.8	5.9	5.8	5.8	5.9	6.0	6.1	6.2	6.2
Indiana	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.7	5.8	5.8	5.9	6.0	6.1	6.1
Illinois	5.4	5.3	5.4	5.4	5.4	5.5	5.5	5.5	5.5	5.6	5.7	5.7	5.9	6.0	6.0
Michigan	5.8	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.9	5.9	5.9	6.0	6.1	6.2	6.2
Wisconsin	5.3	5.3	5.3	5.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6	5.8	5.8
East North Central	5.6	5.5	5.5	5.5	5.6	5.6	5.7	5.7	5.7	5.7	5.7	5.8	5.9	6.0	6.0
Minnesota	5.6	5.7	5.7	5.7	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.9	5.9	6.0
Iowa	5.4	5.4	5.4	5.5	5.4	5.4	5.5	5.5	5.5	5.6	5.6	5.7	5.8	5.8	5.8
Missouri	6.0	6.0	6.1	6.1	6.0	6.0	6.0	6.0	6.0	6.1	6.2	6.3	6.4	6.4	6.4
North Dakota	6.9	7.0	7.0	7.2	7.3	7.2	7.1	6.9	6.8	6.6	6.5	6.7	6.7	6.7	6.7
South Dakota	6.2	6.1	6.1	6.2	6.1	6.1	6.2	6.1	6.1	6.0	6.0	6.3	6.4	6.3	6.3
Nebraska	5.5	5.5	5.6	5.6	5.6	5.6	5.7	5.8	5.7	5.7	5.8	5.9	6.0	6.1	6.1
Kansas	5.7	5.6	5.7	5.7	5.7	5.8	5.8	5.9	5.9	5.9	6.0	6.1	6.3	6.4	6.4
West North Central	5.7	5.7	5.8	5.8	5.8	5.8	5.9	5.8	5.8	5.8	5.8	5.9	6.0	6.1	6.1
Delaware	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.7	5.8	5.8	5.9	5.9	5.9
Maryland	6.0	5.9	5.8	5.7	5.8	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Virginia	5.8	5.8	5.9	5.9	6.0	6.0	6.0	6.0	6.0	5.9	5.9	5.9	5.9	5.9	5.9
West Virginia	6.0	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.0	5.9	5.9	5.9	5.9	5.9	5.9
North Carolina	6.0	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.9	5.9	6.0	6.0	6.0	5.9
South Carolina	7.8	7.7	7.7	7.8	7.8	7.8	7.7	7.6	7.4	7.1	7.1	7.2	7.2	7.2	7.1
Georgia	7.9	7.9	7.8	7.7	7.7	7.6	7.5	7.6	7.4	7.2	7.2	7.1	7.2	7.2	7.1
Florida	7.6	7.0	7.6	7.7	7.3	7.4	7.2	7.4	7.3	7.3	7.3	7.5	7.4	7.2	7.3
South Atlantic	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.5	6.5	6.5	6.5	6.6	6.6	6.6	6.5
Kentucky	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	6.0	6.0	5.9	6.0	6.0	5.9
Tennessee	5.9	5.9	5.9	5.8	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9	6.0	6.0	5.9
Alabama	8.0	7.9	7.9	7.9	7.9	7.8	7.9	7.7	7.6	7.3	7.4	7.4	7.3	7.1	6.8
Mississippi	8.9	9.0	8.7	8.2	7.5	7.2	7.2	7.2	6.9	6.6	6.4	6.6	6.6	6.7	6.6
East South Central	7.1	7.0	7.1	7.0	6.8	6.6	6.6	6.5	6.4	6.3	6.3	6.4	6.4	6.4	6.3
Arkansas	8.2	8.0	7.8	7.8	7.9	8.0	8.0	7.8	7.3	7.0	7.0	7.1	7.3	7.2	7.1
Louisiana	7.6	7.4	7.4	7.6	7.8	7.8	7.6	7.4	7.2	7.1	7.1	7.0	7.1	7.0	6.9
Oklahoma	6.6	6.5	6.3	6.3	6.3	6.4	6.8	7.0	6.7	6.7	6.8	6.9	7.2	7.3	7.1
Texas	7.9	7.9	7.9	7.9	7.8	7.8	7.8	7.7	7.7	7.5	7.4	7.5	7.6	7.5	7.4
West South Central	7.6	7.5	7.4	7.4	7.4	7.5	7.5	7.5	7.3	7.2	7.2	7.2	7.4	7.4	7.2
Montana	7.5	7.5	7.4	7.6	7.7	7.8	7.8	7.7	7.6	7.4	7.3	7.3	7.3	7.4	7.4
Idaho	8.5	8.3	8.2	8.2	8.1	8.1	7.9	7.8	7.6	7.4	7.3	7.3	7.5	7.5	7.4
Wyoming	8.6	8.7	8.7	8.6	8.3	8.0	7.8	7.7	7.6	7.5	7.3	7.6	7.9	7.8	7.7
Colorado	7.3	7.1	7.0	7.0	7.1	7.1	7.0	6.9	6.8	6.7	6.7	6.7	7.0	7.0	7.1
New Mexico	8.6	8.5	8.5	8.4	8.3	8.4	8.4	8.3	8.2	8.2	8.0	8.0	7.7	7.5	7.5
Arizona	9.7	8.6	8.4	8.0	8.5	8.5	8.4	8.3	7.8	7.7	7.6	7.8	7.9	7.8	7.5
Utah	8.9	8.4	8.2	7.9	7.8	7.6	7.5	7.3	7.2	7.0	7.0	7.0	7.1	7.0	6.9
Nevada	6.6	6.9	7.7	7.8	8.1	8.2	8.1	8.4	7.6	7.3	6.9	6.8	7.0	7.0	6.8
Mountain	7.9	7.8	7.7	7.7	7.8	7.8	7.7	7.6	7.4	7.3	7.2	7.2	7.3	7.3	7.3
Washington	7.2	7.4	7.5	7.4	7.4	7.4	7.3	7.3	7.1	6.9	6.8	6.8	6.9	7.0	7.0
Oregon	7.4	7.4	7.4	7.5	7.6	7.5	7.4	7.4	7.1	7.0	6.8	6.8	6.8	6.7	6.7
California	6.9	6.8	6.7	6.5	6.5	6.5	6.6	6.7	6.6	6.6	6.5	6.6	6.7	6.7	6.7
Pacific	7.0	7.0	7.0	6.8	6.9	6.9	6.9	6.9	6.8	6.7	6.6	6.7	6.8	6.8	6.8
United States	6.0	6.0	6.1	6.1	6.1	6.1	6.2	6.1	6.1	6.1	6.1	6.2	6.3	6.4	6.3

See footnote at end of table.

TABLE 67.—Estimated interest rates on outstanding farm mortgages, by States, Jan. 1, 1910-40¹—Con.

State and division	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Maine	Pct.															
New Hampshire	6.6	6.5	6.3	6.2	6.1	6.1	6.1	6.1	5.8	5.7	5.2	5.2	5.1	5.2	5.2	5.2
Vermont	5.2	5.1	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.2	5.0	5.0	5.0	5.0	5.0	5.0
Massachusetts	5.3	5.3	5.3	5.3	5.4	5.4	5.3	5.4	5.4	5.2	5.1	5.0	4.9	4.9	5.0	5.0
Rhode Island	5.8	5.9	5.9	6.0	6.0	6.0	5.9	5.9	5.9	5.8	5.6	5.4	5.4	5.3	5.3	5.3
Connecticut	6.0	6.0	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.8	5.6	5.2	5.2	5.0	5.0	5.0
New England	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.7	5.5	5.3	5.3	5.2	5.2	5.2
New York	5.7	5.7	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.7	5.6	5.4	5.4	5.3	5.3	5.3
New Jersey	5.9	5.9	6.0	6.0	5.9	5.9	5.9	5.9	5.9	5.8	5.6	5.4	5.3	5.2	5.2	5.2
Pennsylvania	5.8	5.8	5.8	5.9	5.9	5.8	5.9	5.9	5.9	5.8	5.5	5.2	5.2	5.2	5.2	5.2
Middle Atlantic	5.8	5.8	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.7	5.6	5.3	5.3	5.2	5.2	5.2
Ohio	6.2	6.1	6.1	6.2	6.1	6.2	6.2	6.2	6.0	5.6	5.2	5.2	5.1	5.1	5.1	5.2
Indiana	6.0	6.0	5.9	5.9	5.8	5.8	5.8	5.8	5.8	5.6	5.3	4.8	4.8	4.7	4.8	4.8
Illinois	6.0	5.9	5.8	5.8	5.6	5.7	5.7	5.7	5.7	5.5	5.4	4.9	4.9	4.7	4.7	4.7
Michigan	6.2	6.3	6.2	6.1	6.1	6.1	6.1	6.2	6.1	5.9	5.5	5.1	5.1	4.9	4.9	5.0
Wisconsin	5.9	5.8	5.8	5.7	5.7	5.6	5.6	5.6	5.5	5.4	5.2	4.8	4.8	4.7	4.7	4.7
East North Central	6.0	6.0	5.9	5.9	5.8	5.8	5.8	5.8	5.8	5.6	5.4	4.9	4.9	4.8	4.8	4.8
Minnesota	5.9	5.9	5.8	5.6	5.5	5.5	5.4	5.4	5.4	5.3	5.1	4.8	4.7	4.5	4.5	4.5
Iowa	5.8	5.8	5.7	5.6	5.6	5.5	5.5	5.5	5.4	5.2	5.2	4.8	4.8	4.7	4.7	4.7
Missouri	6.3	6.2	6.1	6.1	6.0	5.9	5.9	5.9	5.8	5.7	5.5	5.4	5.3	5.4	5.4	5.4
North Dakota	6.6	6.6	6.3	6.2	6.2	6.1	6.0	6.0	6.0	5.8	5.3	4.8	4.7	4.5	4.6	4.6
South Dakota	6.1	6.1	5.9	5.7	5.7	5.6	5.6	5.6	5.6	5.5	5.3	4.9	4.9	4.7	4.7	4.7
Nebraska	6.2	6.0	5.8	5.7	5.6	5.6	5.5	5.5	5.5	5.4	5.3	4.8	4.8	4.6	4.6	4.6
Kansas	6.3	6.2	6.1	5.9	5.8	5.8	5.8	5.9	5.9	5.8	5.5	5.1	5.0	4.9	4.9	5.0
West North Central	6.1	6.0	5.9	5.8	5.7	5.6	5.6	5.6	5.5	5.3	4.9	4.9	4.7	4.7	4.8	4.8
Delaware	5.8	5.8	5.8	5.9	5.8	5.8	5.9	5.8	5.9	5.8	5.6	5.3	5.3	5.3	5.3	5.3
Maryland	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.7	5.4	5.2	5.1	5.0	5.1	5.1
Virginia	5.9	5.9	5.9	5.9	5.9	5.8	5.9	5.9	5.9	5.5	5.2	4.7	4.8	4.7	4.8	4.8
West Virginia	5.9	5.9	5.9	5.9	5.8	5.8	5.9	5.8	5.8	5.5	5.3	4.9	4.9	4.8	4.8	4.8
North Carolina	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.7	5.5	5.2	5.2	5.0	5.0	5.1
South Carolina	7.0	6.8	6.7	6.6	6.6	6.6	6.7	6.7	6.6	6.0	5.5	5.0	5.1	4.9	4.9	5.0
Georgia	6.9	6.9	6.9	7.0	6.9	6.9	6.9	6.9	6.9	6.9	6.4	5.8	5.5	5.4	5.4	5.5
Florida	7.4	7.6	7.6	7.5	7.5	7.3	7.2	7.2	7.1	6.5	5.9	5.6	5.6	5.4	5.4	5.5
South Atlantic	6.4	6.5	6.5	6.4	6.4	6.3	6.3	6.3	6.3	5.9	5.5	5.2	5.2	5.0	5.1	5.1
Kentucky	5.9	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.5	5.2	4.8	4.8	4.7	4.8	4.8
Tennessee	5.8	5.8	5.7	5.8	5.7	5.7	5.7	5.7	5.7	5.4	5.2	4.9	4.9	4.7	4.8	4.8
Alabama	6.7	6.7	6.7	6.7	6.6	6.6	6.6	6.6	6.6	6.1	5.5	5.1	5.2	5.1	5.2	5.2
Mississippi	6.5	6.5	6.4	6.4	6.3	6.2	6.2	6.2	6.2	5.8	5.6	5.2	5.3	5.3	5.3	5.5
East South Central	6.2	6.2	6.1	6.1	6.1	6.1	6.1	6.0	5.7	5.4	5.0	5.0	4.9	5.0	5.0	5.1
Arkansas	7.0	6.9	6.8	6.8	6.7	6.6	6.7	6.6	6.6	6.3	5.9	5.4	5.5	5.4	5.4	5.5
Louisiana	6.7	6.6	6.5	6.4	6.3	6.4	6.4	6.4	6.0	5.7	5.3	5.3	5.3	5.3	5.3	5.3
Oklahoma	6.8	6.6	6.5	6.4	6.3	6.3	6.3	6.3	6.3	6.1	5.7	5.4	5.2	5.3	5.3	5.3
Texas	7.3	7.1	7.0	6.9	6.8	6.8	6.7	6.7	6.7	6.3	5.9	5.4	5.4	5.3	5.3	5.4
West South Central	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.2	5.8	5.4	5.4	5.3	5.3	5.4
Montana	7.2	7.0	6.9	6.8	6.8	6.8	6.8	6.8	6.8	6.5	6.1	5.7	5.7	5.6	5.6	5.6
Idaho	7.2	7.1	7.0	6.9	6.9	6.8	6.7	6.7	6.6	6.3	5.9	5.3	5.3	5.2	5.3	5.3
Wyoming	7.5	7.1	6.5	6.3	6.3	6.2	6.2	6.1	5.9	5.5	5.1	4.9	4.9	5.0		
Colorado	7.1	6.9	6.8	6.6	6.5	6.5	6.5	6.6	6.6	6.2	6.0	5.5	5.5	5.4	5.4	5.4
New Mexico	7.5	7.4	7.4	7.3	7.2	7.2	7.4	7.3	7.3	6.6	6.1	5.6	5.6	5.5	5.6	5.6
Arizona	7.3	7.1	6.9	6.8	6.9	6.9	7.0	6.9	6.8	6.4	6.0	5.4	5.4	5.3	5.3	5.3
Utah	6.9	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.7	6.2	5.7	5.1	5.1	5.0	5.1	5.1
Nevada	6.7	6.6	6.7	6.6	6.5	6.5	6.3	6.6	6.5	6.2	6.0	5.7	5.7	5.7	5.7	5.8
Mountain	7.2	7.0	6.9	6.8	6.7	6.7	6.7	6.7	6.7	6.3	5.9	5.5	5.5	5.4	5.4	5.4
Washington	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.4	6.4	6.0	5.7	5.2	5.2	5.1	5.2	5.2
Oregon	6.5	6.4	6.3	6.2	6.2	6.2	6.2	6.2	6.2	5.9	5.6	5.3	5.2	5.1	5.2	5.2
California	6.7	6.7	6.7	6.6	6.6	6.6	6.6	6.6	6.6	6.4	6.0	5.7	5.7	5.6	5.6	5.7
Pacific	6.7	6.6	6.6	6.5	6.5	6.5	6.5	6.5	6.5	6.3	5.9	5.5	5.5	5.5	5.5	5.5
United States	6.3	6.2	6.1	6.1	6.0	6.0	6.0	6.0	6.0	5.8	5.5	5.1	5.1	5.0	5.0	5.0

¹ Contract rates except on loans of Federal land banks, 1934-40, and Land Bank Commissioner, 1938-40, which are included at temporarily reduced rates. Rates charged during period 1937-40 by lenders other than Federal land banks and Land Bank Commissioner were assumed to be same as those charged on Jan. 1, 1936. See footnote 1 to table 66 for source of data for lenders other than the Federal land banks and the Land Bank Commissioner.

TABLE 68.—Average contract interest rates on farm mortgages recorded by selected lender groups, by geographic divisions, 1910–35

UNITED STATES¹

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1910	6.34	6.68	5.62	-----	6.82	6.39	
1911	6.42	6.74	5.85	-----	6.49	6.43	
1912	6.41	6.63	5.89	-----	6.84	6.43	
1913	6.25	6.69	6.05	-----	6.75	6.36	
1914	6.31	6.67	5.91	-----	6.61	6.38	
1915	6.28	6.69	6.11	-----	6.66	6.39	
1916	6.30	6.68	5.76	-----	6.42	6.32	
1917	6.27	6.55	5.61	5.02	5.60	6.31	6.22
1918	6.30	6.78	5.92	5.38	5.90	6.55	6.31
1919	6.30	6.82	6.09	5.50	6.00	6.47	6.36
1920	6.28	6.93	6.07	5.50	5.99	6.73	6.40
1921	6.73	7.57	6.50	5.94	6.00	7.34	6.95
1922	6.68	7.28	6.29	5.70	6.00	6.93	6.67
1923	6.49	7.01	5.51	5.51	5.90	6.67	6.33
1924	6.48	6.97	5.67	5.49	5.92	6.47	6.34
1925	6.45	6.80	5.52	5.45	5.83	6.51	6.29
1926	6.44	6.83	5.50	5.27	5.78	6.44	6.26
1927	6.34	6.80	5.55	5.13	5.79	6.39	6.22
1928	6.30	6.71	5.54	5.08	5.74	6.41	6.23
1929	6.32	6.78	5.62	5.25	5.72	6.46	6.30
1930	6.27	6.85	5.82	5.53	5.96	6.47	6.36
1931	6.27	6.86	5.85	5.54	5.80	6.49	6.38
1932	6.15	6.83	5.87	5.57	5.87	6.64	6.38
1933	6.01	6.60	5.79	5.08	5.98	6.34	5.84
1934	5.87	6.44	5.59	5.02	5.93	5.89	5.33
1935	5.74	6.28	5.53	4.73	5.95	6.01	5.43

NEW ENGLAND

Year	Individuals	National and State banks	Mutual savings banks	Federal land bank and Land Bank Commissioner	Others	All lenders
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1910	5.76	5.56	5.25	-----	5.95	5.71
1911	5.65	5.60	5.22	-----	5.33	5.59
1912	5.64	5.83	5.17	-----	5.28	5.58
1913	5.58	5.57	5.17	-----	5.75	5.53
1914	5.55	5.75	5.28	-----	5.45	5.52
1915	5.56	5.48	5.19	-----	5.71	5.52
1916	5.60	5.62	5.42	-----	5.63	5.55
1917	5.62	5.73	5.63	5.00	5.49	5.60
1918	5.72	5.78	5.71	5.34	5.45	5.67
1919	5.70	5.90	5.79	5.54	5.64	5.69
1920	5.91	5.96	5.81	5.50	5.48	5.89
1921	5.93	5.99	5.85	6.00	6.30	5.94
1922	6.01	5.98	5.85	5.64	6.35	5.95
1923	5.94	5.98	5.87	5.52	6.90	6.02
1924	5.94	5.99	5.83	5.50	6.16	5.92
1925	5.83	5.90	5.79	5.48	6.18	5.87
1926	5.91	5.85	5.79	5.41	5.96	5.84
1927	6.00	5.84	5.83	5.09	6.02	5.91
1928	5.92	5.90	5.79	5.09	5.92	5.85
1929	5.93	5.90	5.79	5.21	6.06	5.89
1930	5.89	5.91	5.86	5.51	5.94	5.88
1931	5.91	5.96	5.79	5.52	5.96	5.90
1932	5.90	5.94	5.83	5.52	6.07	5.89
1933	5.72	5.79	5.70	5.07	5.73	5.58
1934	5.58	5.61	5.51	5.02	5.29	5.28
1935	5.44	5.67	5.50	4.74	5.47	5.26

See footnote at end of table.

TABLE 68.—Average contract interest rates on farm mortgages recorded by selected lender groups, by geographic divisions, 1910–35—Continued

MIDDLE ATLANTIC

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1910	5.39	5.68	-----	-----	-----	5.82
1911	5.38	5.75	-----	-----	-----	5.38
1912	5.49	5.79	-----	-----	-----	5.60
1913	5.45	5.65	-----	-----	-----	5.64
1914	5.51	5.71	-----	-----	-----	5.43
1915	5.56	5.79	-----	-----	-----	5.81
1916	5.54	5.76	-----	-----	-----	5.76
1917	5.51	5.76	5.00	-----	-----	5.77
1918	5.53	5.91	5.40	-----	-----	5.78
1919	5.57	5.71	5.50	-----	-----	5.87
1920	5.69	5.80	5.54	-----	-----	5.84
1921	5.82	5.94	5.93	-----	-----	5.78
1922	5.79	5.95	5.63	6.00	-----	5.95
1923	5.79	5.99	5.57	6.00	-----	5.98
1924	5.79	5.99	5.58	6.00	-----	5.98
1925	5.90	5.97	5.56	6.00	-----	5.98
1926	5.91	5.97	5.50	6.00	-----	5.99
1927	5.89	5.99	5.19	6.00	-----	5.85
1928	5.89	5.97	5.06	6.00	-----	5.82
1929	5.86	5.97	5.29	6.00	-----	5.86
1930	5.89	6.00	5.66	6.00	-----	5.90
1931	5.82	5.97	5.69	6.00	6.01	5.90
1932	5.76	5.91	5.62	6.00	5.95	5.82
1933	5.62	5.90	5.11	6.00	5.91	5.63
1934	5.59	5.91	5.04	5.80	5.34	5.31
1935	5.38	5.76	4.80	6.00	5.59	5.30

EAST NORTH CENTRAL

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1910	5.42	5.83	5.19	-----	-----	5.85	5.52
1911	5.61	5.93	5.32	-----	-----	5.89	5.69
1912	5.57	5.91	5.28	-----	-----	5.95	5.62
1913	5.54	6.09	5.31	-----	-----	5.86	5.64
1914	5.64	5.98	5.42	-----	-----	5.93	5.70
1915	5.69	6.04	5.55	-----	-----	6.06	5.76
1916	5.64	5.95	5.37	-----	-----	5.86	5.69
1917	5.54	5.94	5.25	5.03	5.50	5.76	5.64
1918	5.73	6.02	5.53	5.42	5.90	5.88	5.77
1919	5.70	6.10	5.65	5.50	6.00	5.98	5.84
1920	5.84	6.21	5.82	5.50	6.00	6.06	5.91
1921	6.14	6.64	6.24	5.95	6.00	6.50	6.31
1922	6.12	6.56	5.95	5.72	5.94	6.48	6.20
1923	5.94	6.30	5.33	5.50	5.75	6.27	5.89
1924	5.91	6.31	5.45	5.50	5.86	6.27	5.92
1925	5.83	6.25	5.42	5.43	5.62	6.21	5.87
1926	5.85	6.24	5.50	5.06	5.49	6.28	5.86
1927	5.82	6.27	5.40	5.04	5.56	6.29	5.82
1928	5.78	6.24	5.41	5.01	5.55	6.25	5.81
1929	5.80	6.28	5.48	5.13	5.61	6.32	5.85
1930	5.82	6.40	5.69	5.49	5.90	6.31	5.98
1931	5.80	6.36	5.71	5.45	5.83	6.21	5.98
1932	5.72	6.35	5.59	5.54	5.89	6.26	5.95
1933	5.57	6.20	5.47	5.02	5.88	5.72	5.47
1934	5.35	6.03	5.39	5.00	5.70	5.40	5.11
1935	5.27	5.86	5.25	4.66	6.00	5.56	5.10

TABLE 68.—Average contract interest rates on farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35—Continued

Year	WEST NORTH CENTRAL							
	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Mortgage companies	State and county agencies	Joint stock land banks	All lenders
1910	5.89	6.27	5.26	5.82	5.36	5.90	5.83	
1911	5.94	6.37	5.54	5.89	5.36	6.13	5.92	
1912	5.89	6.26	5.44	5.69	5.41	6.13	5.82	
1913	5.83	6.31	5.51	5.93	6.12	6.06	5.86	
1914	5.85	6.39	5.62	5.91	5.58	6.04	5.93	
1915	6.02	6.28	5.55	5.99	5.91	6.10	5.99	
1916	5.90	6.22	5.30	5.76	6.12	5.77	5.82	
1917	5.83	6.24	5.24	5.01	5.68	5.35	5.50	5.73
1918	5.83	6.42	5.56	5.36	6.04	5.48	5.90	5.88
1919	5.91	6.50	5.64	5.50	5.98	5.51	6.00	5.97
1920	5.88	6.64	5.82	5.50	6.18	5.96	5.94	6.02
1921	6.48	7.59	6.25	5.94	6.75	6.58	6.00	6.84
1922	6.40	7.19	5.92	5.71	6.45	6.44	6.00	6.58
1923	6.07	6.84	5.25	5.52	6.06	5.70	5.84	6.18
1924	6.03	6.79	5.41	5.49	6.67	5.45	5.84	6.11
1925	5.83	6.51	5.27	5.39	6.09	5.45	5.63	6.01
1926	5.78	6.54	5.20	5.12	5.95	5.44	5.44	6.00
1927	5.75	6.44	5.22	5.01	5.97	5.44	5.44	6.04
1928	5.66	6.29	5.22	5.00	5.84	5.30	5.32	5.94
1929	5.70	6.34	5.35	5.18	6.00	5.49	5.44	6.04
1930	5.69	6.34	5.56	5.50	5.97	5.49	5.50	6.15
1931	5.75	6.40	5.55	5.53	5.92	5.53	5.50	5.97
1932	5.65	6.49	5.58	5.56	6.01	5.39	5.60	6.04
1933	5.61	6.20	5.44	5.07	5.45	5.38	6.00	5.69
1934	5.29	5.97	5.33	5.01	5.77	5.28	5.60	5.32
1935	5.22	5.75	5.37	4.66	5.53	5.16	5.62	5.21
								4.99

TABLE 68.—Average contract interest rates on farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35—Continued

Year	EAST SOUTH CENTRAL							
	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Joint stock land banks	Others	All lenders	
1910	7.55	7.66	-----	5.50	-----	8.19	7.58	
1911	7.36	7.69	-----	6.35	-----	8.10	7.49	
1912	7.07	7.62	-----	6.47	-----	7.45	7.15	
1913	6.51	7.26	-----	5.68	-----	7.07	6.73	
1914	6.58	6.63	-----	5.97	-----	7.49	6.65	
1915	6.56	7.17	-----	6.76	-----	7.13	6.83	
1916	6.56	6.96	-----	6.24	-----	6.87	6.64	
1917	6.31	6.81	5.27	6.18	-----	6.51	6.44	
1918	6.32	6.78	5.34	6.20	-----	6.61	6.36	
1919	6.29	6.86	5.47	5.94	6.00	6.52	6.38	
1920	6.35	7.09	5.50	6.26	6.00	6.68	6.52	
1921	6.58	7.33	5.88	6.74	6.00	6.88	6.80	
1922	6.47	7.20	5.67	6.27	6.00	7.11	6.59	
1923	6.35	7.08	5.46	5.88	6.00	6.62	6.38	
1924	6.38	7.14	5.46	5.83	6.00	6.62	6.46	
1925	6.42	7.20	5.42	5.96	6.00	6.57	6.54	
1926	6.31	7.21	5.17	5.71	6.00	6.42	6.45	
1927	6.41	7.32	5.06	5.97	6.00	6.60	6.57	
1928	6.36	7.27	5.06	5.80	6.00	6.50	6.58	
1929	6.39	7.29	5.18	5.59	6.00	6.33	6.63	
1930	6.45	7.23	5.58	5.86	6.00	6.40	6.68	
1931	6.34	7.22	5.61	5.98	6.00	6.39	6.61	
1932	6.28	7.04	5.76	6.09	6.00	7.05	6.68	
1933	6.16	6.94	5.09	5.82	6.00	6.95	6.30	
1934	6.18	6.78	5.06	5.88	6.00	6.50	5.68	
1935	6.10	6.78	4.93	5.77	5.91	6.78	6.08	

WEST SOUTH CENTRAL

Year	WEST SOUTH CENTRAL							
	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Joint stock land banks	Others	All lenders	
1910	7.55	7.35	7.27	8.15	7.45	7.60	7.53	
1911	7.70	7.27	8.16	6.83	-----	7.36	7.36	
1912	7.84	7.14	7.37	7.42	-----	8.10	7.67	
1913	7.55	7.39	7.55	7.48	-----	7.88	7.54	
1914	7.77	7.55	8.12	7.28	-----	7.33	7.65	
1915	7.08	7.77	8.12	7.20	-----	7.53	7.42	
1916	7.40	8.03	7.42	7.10	-----	7.23	7.50	
1917	7.37	7.74	5.06	7.50	6.79	6.67	7.22	
1918	7.37	7.57	5.34	7.37	6.91	7.07	7.14	
1919	7.44	8.24	5.51	7.43	7.15	6.00	7.03	7.31
1920	7.45	7.97	5.48	7.31	7.44	6.00	7.43	7.42
1921	8.04	8.38	5.93	7.54	7.29	6.00	8.25	7.95
1922	7.73	8.40	5.70	7.75	7.19	6.00	7.47	7.16
1923	7.54	7.91	5.52	6.99	6.70	6.00	7.50	7.16
1924	7.58	8.18	5.49	7.10	7.00	6.00	7.09	7.27
1925	7.45	7.68	5.48	6.99	6.73	6.00	7.13	7.06
1926	7.46	7.54	5.32	6.88	6.39	6.00	7.06	6.98
1927	7.38	7.59	5.13	6.75	6.78	6.00	6.34	6.91
1928	7.37	7.66	5.10	6.47	6.50	6.00	6.75	6.99
1929	7.24	7.74	5.35	6.44	6.66	6.00	6.93	7.09
1930	7.36	8.06	5.50	6.94	6.49	6.00	7.09	7.33
1931	7.35	7.61	5.52	6.76	6.72	5.80	7.09	7.20
1932	7.23	7.85	5.52	6.38	6.37	6.00	7.41	7.23
1933	6.87	7.10	5.12	6.90	6.29	6.00	6.70	6.34
1934	6.68	7.56	5.10	6.20	6.13	5.80	6.17	5.77
1935	6.71	7.21	4.94	6.11	6.81	6.00	6.51	6.18

See footnote at end of table.

TABLE 68.—Average contract interest rates on farm mortgages recorded by selected lender groups, by geographic divisions, 1910-35—Continued

MOUNTAIN												
Year	Individuals		Banks		Federal and Land Bank Commissioner		Insurance companies		Mortgage companies		State and county agencies	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
1910	7.96	8.94		7.33	7.66	6.14		7.92	8.02			
1911	8.05	8.45		7.77	7.79	6.16		7.65	8.04			
1912	7.74	8.17		8.52	6.67	6.42		7.65	7.82			
1913	7.80	9.01		7.88	7.13	6.43		7.46	7.87			
1914	7.80	8.27		8.29	7.24	6.52		7.45	7.85			
1916	7.65	8.24		7.91	7.06	6.64		7.26	7.62			
1916	7.48	8.07		7.22	7.10	5.88		7.32	7.56			
1917	7.17	8.22		6.06	7.26	6.78	5.91		7.26	7.26		
1918	7.26	8.39		6.42	7.08	6.87	6.06		7.26	7.23		
1919	7.13	8.08		5.50	6.76	6.74	5.84	6.00	7.09	7.18		
1920	7.39	8.59		6.61	7.21	7.01	6.64	6.00	7.94	7.62		
1921	7.76	8.81		5.97	7.36	7.48	6.13	6.00	8.14	7.96		
1922	7.69	8.42		6.68	7.23	7.27	6.21	6.00	7.69	7.62		
1923	7.41	8.36		5.50	7.02	7.24	6.07	6.00	7.65	7.30		
1924	7.32	8.06		5.50	6.65	7.06	5.44	6.00	7.72	7.17		
1925	7.23	7.87		5.45	6.57	7.04	6.52	6.00	7.42	7.07		
1926	7.13	7.91		6.49	6.47	6.90	5.49	6.00	6.75	6.95		
1927	7.16	7.77		5.30	6.64	7.11	5.54	6.00	7.30	7.00		
1928	7.20	7.76		6.28	6.64	7.23	5.80	6.00	7.66	7.11		
1929	7.16	7.97		6.37	6.12	7.09	6.61	6.00	7.39	7.10		
1930	7.11	7.86		5.52	6.19	7.07	5.74	6.00	7.69	7.12		
1931	7.02	8.08		5.43	6.36	6.94	5.54	6.00	7.52	7.20		
1932	6.92	7.84		6.47	6.24	6.22	5.85	6.00	7.25	7.12		
1933	6.83	7.75		5.15	6.29	6.84	5.89	6.00	6.60	6.63		
1934	6.43	7.50		5.03	5.97	6.42	5.60	6.00	6.11	5.57		
1935	6.19	7.21		4.80	5.95	6.44	5.75	6.00	5.67	5.72		

PACIFIC

PACIFIC											
Year	Individuals		Banks		Federal and Land Bank Commissioner		Insurance companies		Mortgage companies		Others
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	All lenders
1910	6.85	6.88		6.46		7.66	7.14	6.94			
1911	6.70	6.56		6.91		8.19	6.84	6.73			
1912	6.46	6.87		6.77		7.64	6.67	6.70			
1913	6.79	6.89		6.85		7.74	6.71	6.83			
1914	6.87	6.89		7.07		7.76	6.88	6.91			
1915	6.82	6.81		6.97		7.31	6.41	6.80			
1916	7.01	6.80		7.15		7.37	7.31	7.00			
1917	6.58	6.54		6.00	6.82		7.38	6.58	6.53		
1918	6.56	6.96		5.40	6.54		7.36	7.26	6.60		
1919	6.45	6.99		6.50	6.58		7.56	7.03	6.63		
1920	6.53	7.03		6.53	6.55	6.00	7.70	6.88	6.68		
1921	6.77	7.37		6.00	7.32	6.00	8.37	7.28	7.05		
1922	6.78	7.13		6.70	6.44	6.00	8.14	7.02	6.77		
1923	6.68	7.03		6.53	6.22	6.00	7.76	6.56	6.68		
1924	6.72	7.04		5.48	6.39	6.00	7.72	6.91	6.79		
1925	6.61	7.09		6.45	6.00	6.00	7.22	6.62	6.69		
1926	6.62	7.00		5.50	5.88	6.00	6.58	6.74	6.68		
1927	6.63	6.96		5.40	6.05	6.00	7.70	6.47	6.59		
1928	6.59	6.76		6.24	6.19	6.00	7.44	6.51	6.58		
1929	6.64	6.77		6.42	5.94	6.00	8.50	6.45	6.60		
1930	6.62	6.88		5.63	6.12	6.00	6.88	6.63	6.68		
1931	6.61	7.07		5.60	6.98	6.00	7.12	6.64	6.71		
1932	6.50	6.79		6.50	6.36	5.82	7.29	6.62	6.61		
1933	6.35	6.58		6.11	6.39	6.00	6.91	6.57	6.17		
1934	6.08	6.33		6.02	5.93	6.00	6.40	5.71	5.45		
1935	5.96	6.35		4.87	6.95	6.00	6.10	6.15	5.82		

¹ Similar data by States, 1917-35, available on request to the Bureau of Agricultural Economics, U. S. Department of Agriculture. See footnote 1 to table 66 for source of data.

TABLE 69.—Average contract interest rates on farm mortgages recorded by selected lender groups, in selected States, 1917-35¹

NEW YORK

Year	Individuals	National and State banks	Federal land bank and Land Bank Commissioner	Mutual savings banks	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1917	6.6	5.9	5.0	5.7	6.0	6.6	
1918	5.6	5.9	6.4	5.9	6.0	6.6	6.6
1919	6.6	5.9	6.6	6.0	5.8	5.6	
1920	5.7	5.8	5.6	6.0	5.7	6.7	
1921	5.8	6.9	6.9	6.0	6.9	6.8	
1922	5.8	6.0	5.6	6.0	6.0	6.8	
1923	5.8	6.0	6.6	6.0	6.0	5.9	5.8
1924	5.8	6.0	6.6	6.0	6.0	6.2	5.8
1925	5.9	5.9	5.6	6.9	6.0	5.9	5.9
1926	6.9	5.9	5.5	6.0	5.9	5.9	
1927	5.9	6.0	5.1	6.0	6.0	6.9	5.8
1928	5.9	6.9	5.1	6.0	6.0	6.0	5.8
1929	6.9	6.9	5.2	6.0	6.0	5.9	5.8
1930	5.9	6.0	6.6	6.0	6.0	6.0	5.9
1931	5.8	5.9	5.6	6.0	6.0	6.9	6.9
1932	5.8	5.9	5.6	6.0	6.0	6.0	6.8
1933	5.7	6.9	5.2	5.8	6.0	5.9	5.7
1934	5.6	6.9	5.1	5.3	5.8	5.4	6.4
1935	6.4	6.7	4.8	6.8	6.0	6.8	5.3

GEORGIA

Year	Individuals	Banks	Insurance companies	Federal land bank and Land Bank Commissioner	Joint stock land banks	Others	All lenders
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1917	7.5	7.3	6.6	5.1	7.5	7.2	
1918	7.3	7.6	6.7	5.5	7.3	7.1	
1919	7.4	7.5	6.6	6.6	7.4	7.2	
1920	7.6	7.6	6.3	6.4	7.4	7.3	
1921	7.8	7.7	6.8	5.9	7.8	7.5	
1922	7.8	7.8	7.0	5.8	7.7	7.5	
1923	7.7	7.8	6.7	5.5	7.0	7.4	
1924	7.7	7.6	7.0	5.5	6.0	7.8	7.4
1925	7.6	7.8	6.8	5.5	6.0	7.5	7.3
1926	7.6	7.9	6.8	5.5	6.0	7.8	7.6
1927	7.5	7.8	6.6	5.4	6.0	7.8	7.6
1928	7.5	7.8	7.0	5.3	6.0	7.6	7.4
1929	7.6	7.7	6.7	6.4	6.0	7.8	7.6
1930	7.7	7.8	6.7	5.9	6.0	7.7	7.6
1931	7.7	7.8	6.2	6.0	6.0	7.7	7.6
1932	7.4	8.0	7.0	6.9	6.0	7.8	7.6
1933	7.6	7.9	6.3	6.2	6.8	7.5	6.7
1934	7.4	7.3	6.2	6.1	6.0	6.6	6.8
1935	7.1	7.4	6.0	5.0	5.9	7.2	6.7

See footnote at end of table.

TABLE 69.—Average contract interest rates on farm mortgages recorded by selected lender groups, in selected States, 1917-35¹—Continued

COLORADO

Year	Individuals		Banks		Mortgage companies		Federal land bank and Land Bank Commissioner		Insurance companies		Joint stock land banks		Others		All lenders	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1917	6.6	7.3	6.7	5.0	6.7	6.0	6.7	6.0	6.7	6.7	6.7	6.7	6.7	6.7	6.0	6.5
1918	6.7	7.2	7.0	5.5	6.0	6.0	6.0	6.0	6.0	6.8	6.7	6.8	6.7	6.7	6.0	6.5
1919	6.7	6.9	6.9	5.5	6.2	6.2	6.2	6.2	6.2	6.8	6.7	6.8	6.7	6.7	6.1	6.5
1920	6.9	7.7	6.9	5.5	6.7	6.7	6.7	6.7	6.7	7.2	7.0	7.2	7.0	7.0	6.1	6.5
1921	7.4	8.2	7.2	6.0	6.8	6.8	6.8	6.8	6.8	7.8	7.5	7.8	7.5	7.5	6.1	6.4
1922	7.3	7.5	7.1	5.7	6.8	6.0	6.0	6.0	6.0	7.5	7.2	7.5	7.2	7.0	6.1	6.4
1923	7.0	7.7	7.0	5.5	6.5	6.5	6.5	6.5	6.5	7.4	7.0	7.4	7.0	7.0	6.1	6.4
1924	7.0	7.4	6.8	5.5	6.4	6.0	6.0	6.0	6.0	7.6	6.9	7.6	6.9	6.9	6.1	6.5
1925	7.0	7.8	6.8	5.4	6.3	6.0	6.0	6.0	6.0	7.3	6.8	7.3	6.8	6.8	6.1	6.4
1926	6.9	7.4	6.8	5.5	6.2	6.0	6.0	6.0	6.0	5.8	6.6	5.8	6.6	6.6	6.0	6.4
1927	6.8	7.2	6.5	5.3	5.9	6.0	6.0	6.0	6.0	6.6	6.6	6.6	6.6	6.6	5.9	6.6
1928	6.8	7.2	6.5	5.2	6.3	6.0	6.0	6.0	6.0	6.8	6.7	6.8	6.7	6.7	5.9	6.6
1929	6.8	7.7	6.7	5.4	6.0	6.0	6.0	6.0	6.0	6.6	6.8	6.6	6.8	6.8	5.9	6.4
1930	6.9	7.5	6.4	5.5	6.0	6.0	6.0	6.0	6.0	6.9	6.9	6.9	6.9	6.9	6.2	6.3
1931	6.7	7.7	6.6	5.5	6.2	6.2	6.2	6.2	6.2	7.5	6.9	7.5	6.9	6.9	6.2	6.6
1932	6.7	7.4	6.6	5.5	6.3	6.0	6.0	6.0	6.0	7.1	6.9	7.1	6.9	6.9	6.1	6.5
1933	6.6	7.3	6.5	5.2	5.8	6.0	6.0	6.0	6.0	5.9	6.5	5.9	6.5	6.5	6.1	6.5
1934	6.4	6.7	5.6	5.0	6.2	6.0	6.0	6.0	6.0	6.5	5.6	6.5	5.6	5.6	5.9	6.2
1935	6.2	7.1	6.0	4.7	5.7	6.0	6.0	6.0	6.0	6.6	5.4	6.6	5.4	5.4	5.6	6.0

IOWA

Year	Individuals		Banks		Insurance companies		Mortgage companies		Federal land bank and Land Bank Commissioner		Joint stock land banks		Others		All lenders	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1917	5.5	5.8	5.1	5.6	5.0	5.5	5.7	5.4	5.0	5.5	5.7	5.4	5.0	5.7	5.3	5.3
1918	5.5	5.9	5.5	5.9	5.3	5.9	5.7	5.6	5.3	5.9	5.7	5.6	5.3	5.4	5.4	5.5
1919	5.6	6.0	5.5	5.9	5.5	6.0	5.8	5.7	5.8	5.8	5.7	5.8	5.7	5.6	5.4	5.5
1920	5.6	6.0	5.6	6.0	5.5	6.0	5.9	5.7	6.0	5.9	5.7	5.9	5.7	5.6	5.5	5.6
1921	6.1	6.9	6.0	6.3	5.9	6.0	6.1	6.2	6.0	6.2	6.1	6.2	6.1	6.1	5.7	5.5
1922	6.1	6.6	5.8	6.2	5.8	6.0	6.2	6.1	6.0	6.2	6.1	6.1	6.0	6.0	5.9	5.5
1923	5.8	6.4	5.2	6.0	5.5	5.6	5.9	5.7	5.5	5.9	5.7	5.9	5.7	5.7	5.5	5.5
1924	5.8	6.4	5.4	5.9	5.5	5.5	5.7	5.8	5.7	5.8	5.7	5.8	5.7	5.7	5.5	5.5
1925	5.6	6.3	5.3	6.1	5.4	5.5	5.8	5.6	5.5	5.8	5.6	5.8	5.6	5.6	5.5	5.7
1926	5.5	6.2	5.2	5.8	5.2	5.3	5.8	5.5	5.3	5.8	5.5	5.5	5.5	5.5	5.6	5.9
1927	5.5	6.1	5.2	5.9	5.0	5.3	5.8	5.5	5.0	5.3	5.8	5.5	5.5	5.5	5.6	6.3
1928	5.4	6.0	5.2	5.9	5.0	5.2	5.8	5.5	5.0	5.2	5.8	5.5	5.2	5.5	5.8	6.3
1929	5.4	6.0	5.3	6.0	5.2	5.3	5.8	5.5	5.2	5.3	5.8	5.5	5.5	5.5	5.5	6.2
1930	5.4	6.1	5.5	5.8	5.5	5.6	6.0	5.6	5.6	6.0	5.6	5.6	5.6	5.6	5.4	6.0
1931	5.5	6.0	5.5	5.8	5.5	5.5	5.8	5.6	5.5	5.8	5.6	5.6	5.5	5.5	5.8	5.9
1932	5.4	6.2	5.4	5.9	5.5	5.6	5.8	5.6	5.5	5.8	5.6	5.6	5.5	5.5	5.8	5.9
1933	5.2	5.8	5.3	5.6	5.1	5.4	5.4	5.2	5.0	5.3	4.9	5.1	5.1	5.1	5.8	5.9
1934	5.1	5.7	5.1	5.7	5.0	5.3	5.3	4.9	5.0	5.3	4.9	5.1	5.1	5.1	5.8	5.9
1935	5.0	5.5	5.2	5.4	4.7	5.5	5.2	4.9	5.0	5.5	5.2	4.9	4.9	4.9	5.8	6.0

TABLE 70.—Average contract interest rates on outstanding farm mortgages held by selected lender groups, by geographic divisions, Jan. 1, 1910-36¹

UNITED STATES

Year	Federal land banks and Land Bank Commissioner		Joint stock land banks		Insurance companies		Individuals		Banks		Others	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	6.0	—	—	—	—	—	—	—	—	—	—	6.5
1911	6.0	—	—	—	—	—	—	—	—	—	—	6.5
1912	6.1	—	—	—	—	—	—	—	—	—	—	6.5
1913	6.1	—	—	—	—	—	—	—	—	—	—	6.5
1914	6.1	—	—	—	—	—	—	—	—	—	—	6.5
1915	6.1	—	—	—	—	—	—	—	—	—	—	6.5
1916	6.2	—	—	—	—	—	—	—	—	—	—	6.5
1917	6.1	—	—	—	—	—	—	—	—	—	—	6.5
1918	6.1	5.0	5.8	5.7	6.1	6.4	6.4	6.4	6.4	6.4	6.4	6.4
1919	6.1	5.3	5.9	5.8	6.1	6.4	6.4	6.4	6.4	6.4	6.4	6.4
1920	6.1	5.4	6.0	5.8	6.1	6.5	6.5	6.5	6.5	6.5	6.5	6.4
1921	6.2	5.4	6.0	5.9	6.2	6.6	6.6	6.6	6.6	6.6	6.6	6.4
1922	6.3	5.5	6.0	5.9	6.3	6.7	6.7	6.7	6.7	6.7	6.7	6.6
1923	6.4	5.6	6.1	6.0	6.4	6.8	6.8	6.8	6.8	6.8	6.8	6.7
1924	6.3	5.6	6.1	6.0	6.3	6.7	6.7	6.7	6.7	6.7	6.7	6.6
1925	6.3	5.6	6.1	6.0	6.3	6.7	6.7	6.7	6.7	6.7	6.7	6.6
1926	6.2	5.6	6.1	6.0	6.2	6.6	6.6	6.6	6.6	6.6	6.6	6.6
1927	6.1	5.5	6.0	5.9	6.1	6.5	6.5	6.5	6.5	6.5	6.5	6.5
1928	6.1	5.4	5.9	5.8	6.1	6.5	6.5	6.5	6.5	6.5	6.5	6.5
1929	6.0	5.4	5.8	5.7	5.9	6.3	6.3	6.3	6.3	6.3	6.3	6.2
1930	6.0	5.4	5.9	5.8	6.0	6.4	6.4	6.4	6.4	6.4	6.4	6.2
1931	6.0	5.4	5.9	5.8	6.0	6.4	6.4	6.4	6.4	6.4	6.4	6.2
1932	5.8	5.4	5.9	5.8	5.9	6.3	6.3	6.3	6.3	6.3	6.3	6.2
1933	5.8	5.4	5.9	5.8	5.9	6.3	6.3	6.3	6.3	6.3	6.3	6.2
1934	5.7	5.4	5.9	5.8	5.9	6.3	6.3	6.3	6.3	6.3	6.3	6.2
1935	5.7	5.2	5.9	5.6	5.9	6.3	6.3	6.3	6.3	6.3	6.3	6.0
1936	5.6	5.1	5.9	5.6	5.9	6.3	6.3	6.3	6.3	6.3	6.3	5.9

NEW ENGLAND

Year	Federal land banks and Land Bank Commissioner		Joint stock land banks		Insurance companies		Individuals		Banks		Others	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	5.7	—	—	—	—	—	—	—	—	—	—	5.3
1911	5.7	—	—	—	—	—	—	—	—	—	—	5.5
1912	5.6	—	—	—	—	—	—	—	—	—	—	5.4
1913	5.7	—	—	—	—	—	—	—	—	—	—	5.4
1914	5.6	—	—	—	—	—	—	—	—	—	—	5.5
1915	5.6	—	—	—	—	—	—	—	—	—	—	5.4
1916	5.6	—	—	—	—	—	—	—	—	—	—	5.5
1917	5.6	—	—	—	—	—	—	—	—	—	—	5.5
1918	5.6	5.0	5.6	5.5	5.6	5.9	5.9	5.9	5.9	5.9	5.9	5.5
1919	5.6	5.3	5.6	5.5	5.6	5.9	5.9	5.9	5.9	5.9	5.9	5.5
1920	5.6	5.4	5.8	5.7	5.8	6.1	6.1	6.1	6.1	6.1	6.1	5.5
1921	5.7	5.4	5.8	5.7	5.8	6.1	6.1</					

TABLE 70.—Average contract interest rates on outstanding farm mortgages held by selected lender groups, by geographic divisions, Jan. 1, 1910-36¹—Continued

MIDDLE ATLANTIC

Year	All lenders	Federal land banks and Land Bank Commissioner	Joint stock land banks	Individuals	Banks	Others
1910	5.4			5.4	5.5	5.4
1911	5.4			5.4	5.5	5.5
1912	5.5			5.4	5.6	5.5
1913	5.5			5.4	5.7	5.5
1914	5.5			5.4	5.7	5.5
1915	5.5			5.4	5.7	5.5
1916	5.5			5.5	5.8	5.6
1917	5.5			5.5	5.8	5.6
1918	5.5	5.0		5.5	5.8	5.6
1919	5.6	5.3		5.5	5.8	5.6
1920	5.6	5.4		5.6	5.8	5.7
1921	5.6	5.4		5.6	5.8	5.7
1922	5.6	5.5		5.6	5.8	5.7
1923	5.7	5.6	6.0	5.7	5.9	5.8
1924	5.8	5.6	6.0	5.7	6.0	5.8
1925	5.8	5.5	6.0	5.7	6.0	5.9
1926	5.8	5.5	6.0	5.7	6.0	5.9
1927	5.8	5.5	6.0	5.8	6.0	5.9
1928	5.8	5.5	6.0	5.8	6.0	5.9
1929	5.8	5.5	6.0	5.8	5.0	5.9
1930	5.8	5.4	6.0	5.8	5.0	5.9
1931	5.9	5.4	6.0	5.9	6.0	5.9
1932	5.9	5.5	6.0	5.9	6.0	6.0
1933	5.9	5.5	6.0	5.9	6.0	6.0
1934	5.8	5.4	6.0	5.9	5.9	6.0
1935	5.7	5.3	6.0	5.7	5.9	5.9
1936	5.5	5.2	6.0	5.7	5.8	5.8

EAST NORTH CENTRAL

Year	All lenders	Federal land banks and Land Bank Commissioner	Joint stock land banks	Insurance companies	Individuals	Banks	Others
1910	5.6			5.2	5.5	5.9	6.4
1911	5.5			5.2	5.4	5.9	6.2
1912	5.5			5.2	5.5	5.9	5.9
1913	5.5			5.2	5.5	5.9	5.9
1914	5.6			5.2	5.5	5.9	5.8
1915	5.6			5.2	5.6	5.9	5.9
1916	5.7			5.3	5.6	6.0	5.9
1917	5.7			5.3	5.6	6.0	5.9
1918	5.7	5.0	5.5	5.3	5.6	5.9	5.8
1919	5.7	5.3	5.7	5.4	5.6	6.0	5.8
1920	5.7	5.4	5.9	5.4	5.6	6.0	5.9
1921	5.8	5.4	6.0	5.5	5.7	6.1	5.9
1922	5.9	5.6	6.0	5.7	5.8	6.1	5.9
1923	6.0	5.5	6.0	5.7	5.9	6.4	6.2
1924	6.0	5.5	5.9	5.6	5.9	6.4	6.3
1925	6.0	5.5	5.9	5.6	5.9	6.4	6.3
1926	5.9	5.6	5.9	5.6	5.9	6.3	6.2
1927	5.9	5.6	5.9	5.6	5.9	6.3	6.2
1928	5.9	5.4	5.8	5.5	5.9	6.2	6.3
1929	5.9	5.4	5.8	5.5	5.8	6.2	6.2
1930	5.8	5.3	5.8	5.5	5.8	6.1	
1931	5.8	5.3	5.8	5.5	5.7	6.2	
1932	5.8	5.3	5.8	5.5	5.7	6.3	
1933	5.8	5.3	5.8	5.5	5.7	6.3	
1934	5.7	5.3	5.8	5.5	5.6	6.3	
1935	5.5	5.1	5.7	5.5	5.1	6.2	
1936	5.4	5.0	5.8	5.5	5.4	5.9	

TABLE 70.—Average contract interest rates on outstanding farm mortgages held by selected lender groups, by geographic divisions, Jan. 1, 1910-36¹—Continued

WEST NORTH CENTRAL

Year	All lenders	Federal land banks and Land Bank Commissioner	Joint stock land banks	Insurance companies	Individuals	Banks	Others
1910	5.7			5.3	5.9	6.0	5.7
1911	5.7			5.3	5.8	6.1	5.7
1912	5.8			5.4	5.9	6.2	5.8
1913	5.8			5.4	5.9	6.2	5.9
1914	5.8			5.4	5.8	6.2	5.9
1915	5.8			5.4	5.8	6.3	5.9
1916	5.9			5.5	5.9	5.3	6.0
1917	5.8			5.5	5.9	5.3	5.9
1918	5.8	5.0		5.6	5.4	5.8	6.2
1919	5.8	5.3		5.8	5.3	5.4	6.3
1920	5.8	5.4		5.4	5.0	5.5	5.9
1921	5.9	5.4		5.4	6.0	5.5	5.9
1922	6.0	5.5		5.5	5.0	5.6	6.1
1923	6.1	5.6		5.6	6.0	5.7	6.0
1924	6.1	5.6		5.6	5.9	5.5	6.2
1925	6.1	5.6		5.6	5.9	5.6	6.2
1926	6.0	5.5		5.5	5.9	5.5	6.2
1927	5.9	5.4		5.6	5.0	5.6	6.0
1928	5.8	5.4		5.4	5.8	5.5	5.9
1929	5.7	5.3		5.3	5.8	5.4	5.9
1930	5.6	5.3		5.3	5.8	5.4	5.8
1931	5.6	5.3		5.3	5.8	5.7	5.8
1932	5.6	5.3		5.3	5.7	5.3	5.8
1933	5.6	5.3		5.3	5.7	5.3	5.8
1934	5.6	5.3		5.3	5.7	5.3	5.8
1935	5.4	5.1		5.1	5.7	5.3	5.7
1936	5.3	5.0		5.0	5.8	5.4	5.6

SOUTH ATLANTIC

Year	Percent						
1910	6.6			7.7	6.5	5.8	6.6
1911	6.6			7.6	6.4	6.8	6.5
1912	6.5			7.5	5.4	7.2	6.3
1913	6.5			7.4	6.4	7.1	6.3
1914	6.6			7.4	6.4	7.1	6.5
1915	6.6			7.2	6.5	7.0	6.5
1916	6.6			7.2	5.5	6.9	6.5
1917	6.6			7.0	6.4	7.0	6.5
1918	6.5			5.0	6.8	6.4	6.5
1919	6.5			5.3	6.0	6.7	6.5
1920	6.5			5.5	6.0	6.5	6.5
1921	6.5			5.5	6.0	6.5	6.6
1922	6.6			5.6	6.0	6.6	6.7
1923	5.5			5.7	6.0	6.6	6.8
1924	5.5			5.7	6.0	6.5	6.8
1925	6.4			5.7	6.0	6.6	6.6
1926	6.5			5.6	6.0	6.5	6.8
1927	6.5			5.5	6.0	6.4	6.9
1928	5.4			5.6	6.0	5.5	6.8
1929	6.4			5.6	6.0	6.7	6.8
1930	6.3			5.5	5.0	6.4	6.8
1931	6.3			5.5	6.0	6.7	6.7
1932	6.3			5.6	6.0	6.3	6.6
1933	6.3			5.6	6.0	6.3	6.7
1934	6.1			5.4	6.0	6.3	6.6
1935	5.8			5.3	6.0	6.4	6.1
1936	5.7			5.3	6.0	6.1	6.2

See footnote at end of table.

TABLE 70.—Average contract interest rates on outstanding farm mortgages held by selected lender groups, by geographic divisions, Jan. 1, 1910-36¹—Continued

EAST SOUTH CENTRAL

Year	All lenders	Federal land banks and Land Bank Commissioner	Joint stock land banks	Insurance companies	Individuals	Banks	Others
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	7.1	—	—	5.9	7.2	6.9	7.7
1911	7.0	—	—	5.8	7.1	6.8	7.9
1912	7.1	—	—	5.9	7.1	6.9	7.8
1913	7.0	—	—	6.1	7.1	6.9	7.5
1914	6.8	—	—	6.0	6.8	6.8	7.3
1915	6.6	—	—	6.1	6.6	6.5	7.2
1916	6.6	—	—	6.1	6.5	6.7	7.3
1917	6.5	—	—	6.1	6.5	6.6	7.1
1918	6.4	5.0	—	6.1	6.4	6.4	6.9
1919	6.3	5.3	—	6.2	6.3	6.4	6.8
1920	6.3	5.4	6.0	6.2	6.3	6.5	6.7
1921	6.3	5.4	6.0	6.3	6.3	6.6	6.7
1922	6.4	5.5	6.0	6.4	6.4	6.9	6.7
1923	6.4	5.6	6.0	6.4	6.5	7.0	6.9
1924	6.3	5.6	6.0	6.3	6.4	7.0	6.8
1925	6.2	5.6	6.0	6.2	6.4	7.1	6.7
1926	6.2	5.6	6.0	6.2	6.5	7.1	6.7
1927	6.1	5.5	6.0	6.1	6.5	7.0	6.6
1928	6.1	5.5	6.0	6.1	6.4	7.0	6.5
1929	6.1	5.4	6.0	6.1	6.5	6.8	6.4
1930	6.1	5.4	6.0	6.0	6.5	6.8	6.3
1931	6.1	5.4	6.0	6.0	6.5	6.8	6.4
1932	6.1	5.4	6.0	6.0	6.5	6.8	6.5
1933	6.0	5.4	6.0	5.9	6.5	6.7	6.7
1934	6.0	5.3	6.0	5.9	6.4	6.6	6.7
1935	5.7	5.2	6.0	5.9	6.3	6.5	6.2
1936	5.7	5.2	6.0	6.0	6.3	6.5	6.1

TABLE 70.—Average contract interest rates on outstanding farm mortgages held by selected lender groups, by geographic divisions, Jan. 1, 1910-36¹—Continued

MOUNTAIN

Year	All lenders	Federal land banks and Land Bank Commissioner	Joint stock land banks	Insurance companies	Individuals	Banks	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1910	7.9	—	—	9.0	7.8	8.7	7.8
1911	7.8	—	—	8.5	7.6	8.8	7.7
1912	7.7	—	—	8.1	7.6	8.6	7.6
1913	7.7	—	—	8.0	7.6	8.5	7.6
1914	7.8	—	—	7.9	7.7	8.6	7.5
1915	7.8	—	—	7.8	7.7	8.5	7.5
1916	7.7	—	—	7.8	7.7	8.3	7.4
1917	7.6	—	—	7.7	7.6	8.1	7.3
1918	7.4	5.1	—	7.6	7.4	8.1	7.2
1919	7.3	5.3	—	7.6	7.3	8.2	7.1
1920	7.2	5.4	6.0	7.4	7.2	8.2	7.0
1921	7.2	5.4	6.0	7.4	7.1	8.3	7.1
1922	7.3	5.5	6.0	7.3	7.3	8.5	7.3
1923	7.3	5.6	6.0	7.3	7.3	8.5	7.3
1924	7.3	5.6	6.0	7.2	7.4	8.5	7.4
1925	7.2	5.6	6.0	7.1	7.5	8.1	7.5
1926	7.0	5.6	6.0	7.0	7.3	7.9	7.4
1927	6.9	5.5	6.0	7.0	7.1	7.8	7.2
1928	6.8	5.5	6.0	6.9	7.1	7.8	7.1
1929	6.7	5.5	6.0	6.9	7.0	7.7	7.0
1930	6.7	5.5	6.0	6.8	7.0	7.9	6.8
1931	6.7	5.5	6.0	6.6	7.0	7.9	6.8
1932	6.7	5.5	6.0	6.6	7.0	7.9	6.8
1933	6.7	5.5	6.0	6.5	6.9	7.9	6.8
1934	6.5	5.5	6.0	6.5	6.8	7.7	6.6
1935	6.1	5.2	6.0	6.4	6.6	7.6	6.3
1936	5.9	5.2	6.0	6.3	6.4	7.2	6.1

WEST SOUTH CENTRAL

Year	Percent						
1910	7.6	—	—	7.3	7.6	7.9	7.7
1911	7.5	—	—	7.3	7.5	7.2	7.6
1912	7.4	—	—	7.3	7.6	7.0	7.3
1913	7.4	—	—	7.2	7.6	7.0	7.4
1914	7.4	—	—	7.2	7.6	7.2	7.4
1915	7.5	—	—	7.1	7.7	7.2	7.4
1916	7.5	—	—	7.3	7.5	8.2	7.4
1917	7.5	—	—	7.2	7.4	8.4	7.4
1918	7.3	5.1	—	7.3	7.3	7.9	7.2
1919	7.2	5.3	—	7.3	7.2	7.9	7.1
1920	7.2	5.4	6.0	7.2	7.3	7.9	7.1
1921	7.2	5.4	6.0	7.2	7.4	7.9	7.2
1922	7.4	5.6	6.0	7.3	7.6	8.3	7.4
1923	7.4	5.6	6.0	7.3	7.7	8.3	7.4
1924	7.2	5.6	6.0	7.2	7.7	8.2	7.5
1925	7.1	5.6	6.0	7.2	7.7	8.0	7.4
1926	6.9	5.6	6.0	7.1	7.5	8.0	7.1
1927	6.8	5.5	6.0	7.1	7.5	7.8	6.9
1928	6.7	5.4	6.0	7.0	7.4	7.6	6.8
1929	6.6	5.4	6.0	6.9	7.3	7.6	6.7
1930	6.6	5.4	6.0	6.9	7.3	7.8	6.6
1931	6.6	5.4	6.0	6.9	7.3	8.0	6.5
1932	6.6	5.4	6.0	6.6	7.4	7.8	6.4
1933	6.6	5.4	6.0	6.6	7.4	7.8	6.5
1934	6.4	5.4	6.0	6.6	7.2	7.5	6.5
1935	6.1	5.2	6.0	6.5	7.0	7.3	6.4
1936	5.9	5.2	6.0	6.4	6.7	7.3	6.3

PACIFIC

Year	Percent						
1910	7.0	—	—	6.9	7.1	7.0	7.0
1911	7.0	—	—	6.9	7.0	7.1	7.1
1912	7.0	—	—	6.9	6.9	6.8	7.2
1913	6.8	—	—	7.0	6.7	6.9	7.1
1914	6.9	—	—	7.0	6.7	7.0	7.1
1915	6.9	—	—	7.0	6.8	7.0	7.0
1916	6.9	—	—	7.0	6.9	6.9	6.9
1917	6.9	—	—	7.1	6.9	6.8	7.0
1918	6.8	5.1	—	7.1	6.8	6.7	6.9
1919	6.7	5.3	—	7.0	6.7	6.8	7.0
1920	6.6	5.4	6.0	7.0	6.5	6.9	7.1
1921	6.7	5.4	6.0	7.0	6.5	6.6	7.0
1922	6.8	5.5	6.0	6.9	6.6	7.3	7.1
1923	6.8	5.6	6.0	6.8	6.7	7.2	7.1
1924	6.8	5.6	6.0	6.8	6.8	7.1	6.9
1925	6.7	5.5	6.0	6.7	6.8	7.0	6.9
1926	6.6	5.5	6.0	6.6	6.7	6.7	6.7
1927	6.6	5.5	6.0	6.5	6.5	6.7	6.6
1928	6.5	5.5	6.0	6.4	6.6	7.0	6.5
1929	6.5	5.5	6.0	6.4	6.6	6.9	6.5
1930	6.5	5.5	6.0	6.3	6.6	6.9	6.4
1931	6.5	5.5	6.0	6.2	6.6	6.8	6.3
1932	6.5	5.5	6.0	6.1	6.6	6.9	6.4
1933	6.5	5.5	6.0	6.1	6.6	6.9	6.4
1934	6.4	5.4	6.0	6.0	6.0	6.5	6.4
1935	6.0	5.2	6.0	6.0	6.0	6.3	6.2
1936	5.9	5.2	6.0	6.0	5.9	6.2	6.4

¹ See footnote 1 to table 66 for source of data.

TABLE 71.—Average size of farm mortgages recorded by selected lender groups, by geographic divisions, 1917-35

UNITED STATES

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
1917	2,460	2,630	5,810	2,310	6,500	2,140	2,640
1918	2,860	2,760	5,750	2,560	11,080	2,290	2,880
1919	3,480	3,120	6,970	3,340	11,550	2,730	3,460
1920	4,190	3,840	8,100	3,740	11,670	3,520	4,270
1921	2,780	3,650	6,450	3,440	10,410	3,380	3,310
1922	2,540	3,140	6,710	3,180	8,890	2,910	3,190
1923	2,630	3,280	7,350	3,450	6,780	2,890	3,430
1924	2,560	3,230	7,100	3,680	6,520	3,030	3,280
1925	2,760	3,200	7,310	3,430	6,910	2,870	3,380
1926	2,700	3,080	6,760	3,910	6,260	2,690	3,300
1927	2,510	2,990	6,150	3,880	6,110	2,600	3,050
1928	2,560	3,020	6,470	3,950	5,550	2,640	3,030
1929	2,520	2,920	6,330	3,880	5,490	2,620	2,940
1930	2,400	3,020	5,910	4,010	5,040	2,430	2,830
1931	2,150	3,110	5,840	3,880	3,660	2,560	2,670
1932	1,950	3,140	6,300	3,480	3,130	2,620	2,500
1933	1,810	3,030	5,490	2,780	2,550	2,930	2,480
1934	1,850	2,590	6,020	2,690	3,010	2,690	2,540
1935	1,760	2,380	5,710	3,020	4,370	2,460	2,470

NEW ENGLAND

Year	Individuals	National and State banks	Mutual savings banks	Federal land banks and Land Bank Commissioner	Others	All lenders
1917	1,750	2,240	1,930	2,840	1,590	1,840
1918	1,860	1,980	1,520	2,330	1,740	1,880
1919	2,020	2,590	1,880	3,350	2,180	2,150
1920	2,290	2,450	2,130	3,630	1,820	2,300
1921	1,880	2,120	1,970	3,510	2,410	1,990
1922	1,840	2,290	1,790	3,630	2,000	2,020
1923	1,840	2,760	2,230	3,790	2,330	2,210
1924	1,970	2,400	2,340	3,630	2,390	2,210
1925	2,000	2,290	2,090	3,520	2,650	2,210
1926	2,120	2,290	2,340	3,550	2,390	2,250
1927	2,200	2,500	2,300	3,190	2,170	2,310
1928	1,850	2,460	2,440	3,520	2,230	2,140
1929	2,070	2,800	2,310	3,510	2,220	2,290
1930	1,930	2,460	2,580	3,530	2,000	2,150
1931	1,830	2,550	2,530	3,300	1,970	2,090
1932	1,660	2,620	2,080	3,560	1,800	1,900
1933	1,570	2,230	1,850	2,260	1,880	1,820
1934	1,530	1,920	2,090	2,210	2,020	1,930
1935	1,510	1,940	1,590	2,170	1,700	1,770

TABLE 71.—Average size of farm mortgages recorded by selected lender groups, by geographic divisions, 1917-35—Continued

MIDDLE ATLANTIC

Year	Individuals	Banks	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
1917	2,180	3,070	2,830	-----	2,830	2,320
1918	2,180	3,080	2,690	-----	2,030	2,270
1919	2,330	3,210	2,760	-----	2,060	2,410
1920	2,890	3,770	2,760	-----	2,950	2,970
1921	2,620	3,870	3,140	-----	2,360	2,730
1922	2,480	3,600	3,150	8,890	2,480	2,660
1923	2,510	3,770	3,770	6,040	2,910	2,870
1924	2,560	3,930	3,490	5,200	2,420	2,890
1925	2,830	4,350	3,620	4,800	2,600	3,170
1926	3,190	5,140	3,300	4,880	3,350	3,630
1927	2,630	3,820	3,600	3,820	3,320	3,010
1928	2,570	4,430	3,340	3,450	3,340	3,030
1929	2,500	5,090	3,360	3,670	3,070	3,100
1930	2,430	5,040	3,450	2,650	3,530	3,100
1931	2,320	5,310	3,010	2,550	2,690	2,830
1932	1,900	4,250	2,860	2,050	2,220	2,330
1933	1,830	3,130	2,240	2,490	2,380	2,110
1934	1,740	2,720	2,150	2,200	2,350	2,090
1935	1,800	2,550	2,210	2,470	1,960	2,030

EAST NORTH CENTRAL

Year	Individuals	Banks	Insurance companies	Federal land banks and Land Bank Commissioner	Joint stock land banks	Others	All lenders
1917	2,460	2,700	5,620	1,850	4,450	2,720	2,700
1918	2,700	2,740	5,870	2,760	8,270	2,770	2,890
1919	3,270	3,190	6,050	3,610	6,740	3,630	3,400
1920	3,890	3,820	7,880	4,390	10,130	4,460	4,200
1921	2,830	3,270	6,200	4,030	8,450	3,660	3,280
1922	2,550	2,870	6,130	3,840	7,010	3,050	3,150
1923	2,600	3,070	6,060	3,930	5,860	3,070	3,540
1924	2,630	2,910	7,280	4,140	5,600	3,050	3,430
1925	2,580	3,000	7,340	3,440	6,490	2,880	3,400
1926	2,590	2,860	6,910	4,450	6,070	2,770	3,380
1927	2,580	2,800	6,080	4,770	5,680	2,600	3,160
1928	2,580	2,790	6,530	4,950	4,980	2,450	3,140
1929	2,450	2,730	5,880	4,960	4,540	2,570	2,990
1930	2,280	2,760	5,590	4,320	3,410	2,460	2,700
1931	2,080	2,760	5,350	3,750	3,210	2,370	2,540
1932	1,900	2,770	5,080	2,970	2,370	2,610	2,350
1933	1,800	2,680	5,130	2,420	2,460	2,130	2,270
1934	1,810	2,220	4,810	2,550	2,890	2,200	2,430
1935	1,910	2,140	5,680	2,970	2,890	1,890	2,500

TABLE 71.—Average size of farm mortgages recorded by selected lender groups, by geographic divisions, 1917-35—Continued

WEST NORTH CENTRAL

Year	Individuals		Banks		Insurance companies		Federal land banks and Land Bank Commissioner	Mortgage companies	State and county agencies	Joint stock land banks	Others	All lenders
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars						
1917	3,240	2,890	6,290	3,100	1,430	2,030	11,730	2,650	3,400			
1918	3,950	3,020	6,090	3,970	1,650	2,010	16,390	2,950	3,760			
1919	4,760	3,640	7,310	5,310	2,070	4,210	11,710	4,330	4,610			
1920	6,510	4,600	8,620	6,330	2,580	3,970	11,750	4,940	6,060			
1921	4,150	3,680	6,900	4,940	2,300	2,100	10,800	3,810	4,250			
1922	3,500	3,420	7,080	4,750	2,310	3,780	9,430	3,710	4,190			
1923	3,580	3,390	7,630	5,510	1,920	3,240	8,390	3,330	4,420			
1924	3,600	3,470	7,420	5,940	1,820	4,200	8,270	3,880	4,300			
1925	3,740	3,640	7,870	6,270	1,650	2,950	9,360	4,490	4,500			
1926	3,410	3,180	7,110	7,030	1,550	2,830	9,510	3,970	4,160			
1927	3,320	3,120	6,440	6,540	1,320	1,650	9,040	3,670	3,810			
1928	3,440	3,300	6,820	6,560	1,550	2,920	8,430	3,490	3,890			
1929	3,330	3,070	6,600	5,850	1,380	2,790	7,920	3,320	3,690			
1930	3,410	3,190	6,350	6,060	1,300	2,630	6,210	3,150	3,630			
1931	2,810	2,890	5,790	5,040	1,580	2,210	6,050	2,990	3,140			
1932	2,480	2,650	5,620	4,120	1,180	1,620	5,580	2,590	2,730			
1933	2,230	2,610	5,680	3,150	1,850	1,440	1,940	2,910	2,790			
1934	2,230	2,180	6,560	3,130	700	2,120	2,890	2,450	2,970			
1935	2,250	2,400	6,050	3,500	1,430	1,070	7,060	2,700	3,050			

SOUTH ATLANTIC

Year	Individuals		Banks		Federal land banks and Land Bank Commissioner	Insurance companies	Joint-stock land banks	Others	All lenders
	Dollars	Dollars	Dollars	Dollars					
1917	1,500	1,600	2,310	4,520	1,830	1,730	1,640		
1918	2,070	1,800	2,100	4,950	2,850	2,090	2,100		
1919	2,630	2,150	2,720	3,910	5,210	3,340	2,630		
1920	2,770	2,400	2,960	5,560	4,910	3,090	2,790		
1921	1,940	2,620	2,820	5,430	2,160	2,270			
1922	1,770	2,260	2,520	4,340	5,500	2,140	2,130		
1923	1,970	2,060	2,460	7,650	4,500	2,400	2,320		
1924	1,930	2,060	2,750	6,250	5,390	2,150	2,200		
1925	2,860	2,220	2,350	5,970	4,140	3,990	2,940		
1926	2,550	2,140	2,370	5,410	3,570	3,200	2,660		
1927	1,990	2,360	2,280	3,690	3,510	2,220	2,230		
1928	1,800	2,020	2,330	4,990	3,590	2,460	2,060		
1929	1,640	1,850	2,570	4,390	3,670	2,180	1,880		
1930	1,530	1,860	2,200	4,600	4,050	2,010	1,760		
1931	1,390	1,910	2,460	5,810	1,990	1,680	1,610		
1932	1,310	2,040	1,980	5,230	1,610	1,710	1,590		
1933	1,250	1,750	2,000	3,700	2,120	2,220	1,670		
1934	1,200	1,710	1,870	5,140	2,510	1,690	1,700		
1935	1,190	1,510	1,960	3,860	2,980	1,640	1,490		

See footnote at end of table.

TABLE 71.—Average size of farm mortgages recorded by selected lender groups, by geographic divisions, 1917-35—Continued

EAST SOUTH CENTRAL

Year	Individuals		Banks		Federal land banks and Land Bank Commissioner	Insurance companies	Joint stock land banks	Others	All lenders
	Dollars	Dollars	Dollars	Dollars					
1917	1,800	2,050	1,640	6,620					
1918	2,350	2,080	1,690	6,960					
1919	3,650	2,480	2,740	8,700	(1)				
1920	3,220	3,200	3,060	10,010	(1)				
1921	1,910	3,560	3,480	8,910	(1)				
1922	1,720	2,600	2,560	5,770	8,160	2,710	2,360		
1923	1,750	2,670	2,820	8,580	6,750	2,610	2,540		
1924	1,490	2,350	2,900	7,350	6,280	2,610	2,180		
1925	1,440	2,060	2,420	8,040	7,290	1,880	1,970		
1926	1,460	2,050	2,680	7,550	6,060	1,530	1,960		
1927	1,360	2,040	2,660	5,650	6,030	2,180	1,880		
1928	1,340	1,950	2,620	5,250	6,010	6,020	1,760		
1929	1,250	1,890	2,520	5,550	5,390	2,000	1,670		
1930	1,190	1,880	2,090	6,460	5,900	1,900	1,620		
1931	1,120	2,240	2,640	6,810	5,990	2,060	1,680		
1932	1,080	2,310	2,460	4,680	5,280	2,230	1,640		
1933	1,030	1,790	1,970	4,360	4,280	2,580	1,570		
1934	1,240	1,490	1,860	6,000	6,850	2,280	1,590		
1935	950	1,350	2,100	6,050	3,930	1,880	1,390		

WEST SOUTH CENTRAL

Year	Individuals		Banks		Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	Joint stock land banks	Others	All lenders
	Dollars	Dollars	Dollars	Dollars						
1917	2,080	2,230	1,960	4,170	1,400					
1918	2,360	3,170	2,260	4,830	1,420					
1919	2,670	2,540	2,780	8,710	1,290	17,950	2,540	2,710		
1920	2,980	2,870	2,380	7,190	2,630	17,460	3,130	3,190		
1921	2,160	3,890	2,690	4,830	1,710	5,670	5,200	2,940		
1922	2,330	2,770	2,570	6,960	1,470	12,680	3,640	2,840		
1923	2,270	3,430	2,640	5,690	1,460	6,690	3,840	2,880		
1924	2,220	3,530	3,090	5,580	1,790	6,570	3,130	2,780		
1925	2,300	3,180	2,930	4,700	1,890	8,610	2,620	2,750		
1926	2,440	3,580	3,360	4,960	1,240	8,000	2,990	2,990		
1927	2,180	3,140	2,940	5,490	2,040	7,360	3,680	2,860		
1928	2,290	2,960	2,980	5,640	2,050	9,340	3,160	2,780		
1929	2,610	3,130	3,100	6,720	1,810	7,260	3,030	3,010		
1930	2,140	3,370	4,270	4,150	1,510	9,720	3,260	2,720		
1931	2,160	3,760	4,390	6,220	2,760	2,200	3,280	2,990		
1932	2,050	4,290	3,470	10,210	1,890	1,750	4,460	3,140		
1933	1,800	4,500	3,740	6,250	2,540	6,410	3,870	2,990		
1934	1,990	3,740	2,850	4,990	2,580	6,380	4,090	2,850		
1935	1,810	3,420	2,710	5,170	2,720	6,480	3,750	2,650		

TABLE 71.—Average size of farm mortgages recorded by selected lender groups, by geographic divisions, 1917–35—Continued

Year	MOUNTAIN							
	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	State and county agencies	Joint stock land banks	All lenders
1917	2,720	1,920	2,230	3,450	1,450	2,560	2,460	2,420
1918	2,870	2,150	2,500	3,330	1,630	2,780	2,170	2,560
1919	3,490	2,610	2,950	3,960	1,940	3,090	4,150	2,920
1920	3,830	3,410	3,240	4,770	2,790	1,680	4,160	4,380
1921	2,960	3,930	3,800	5,030	2,640	2,570	5,580	3,490
1922	2,800	3,690	3,340	5,700	2,080	3,110	6,690	6,130
1923	2,850	3,460	3,590	5,860	2,250	2,620	5,320	6,240
1924	2,850	3,700	3,840	5,520	1,940	3,140	6,670	5,960
1925	2,830	3,710	3,750	5,950	2,300	3,070	6,350	3,660
1926	2,810	3,420	3,830	5,460	1,980	2,500	5,620	3,980
1927	2,880	3,720	3,620	6,910	2,740	2,160	5,930	3,220
1928	3,060	3,460	3,580	5,710	2,740	3,140	5,660	3,870
1929	2,920	3,220	3,960	4,860	1,940	2,410	4,060	3,010
1930	2,670	4,000	3,960	5,030	1,830	2,850	9,110	2,670
1931	2,500	3,630	3,940	4,750	1,480	3,080	9,090	3,370
1932	2,280	3,550	4,070	9,350	2,540	2,860	8,770	5,290
1933	2,310	3,610	2,260	5,500	2,690	2,640	4,440	7,030
1934	2,140	3,660	2,360	12,610	2,030	2,580	8,770	5,560
1935	2,010	3,460	2,590	4,890	1,830	2,730	3,260	6,850

PACIFIC

Year	PACIFIC							
	Individuals	Banks	Federal land banks and Land Bank Commissioner	Insurance companies	Mortgage companies	Joint stock land banks	Others	All lenders
1917	3,310	5,210	2,370	7,680	3,180	3,890	3,860	
1918	3,760	4,830	2,660	6,830	3,290	4,170	3,920	
1919	4,120	5,740	3,210	6,520	4,030	6,050	4,590	
1920	4,330	6,990	3,720	7,540	11,170	4,280	6,890	5,200
1921	3,480	6,240	3,930	9,300	15,760	3,940	6,230	4,540
1922	3,300	5,570	3,790	9,220	13,270	4,100	4,180	4,330
1923	3,890	6,030	4,090	10,820	12,180	3,360	3,760	4,880
1924	3,650	6,250	4,090	9,570	11,370	4,890	6,400	4,970
1925	3,750	6,000	4,280	9,180	13,390	2,630	5,370	4,920
1926	3,880	5,850	4,750	9,780	11,470	3,590	5,110	4,890
1927	3,720	6,140	4,770	8,260	15,230	2,440	3,710	4,750
1928	4,150	7,020	4,610	7,540	10,260	2,580	4,370	5,110
1929	4,120	6,640	4,670	7,990	13,060	3,020	6,760	5,210
1930	3,990	6,390	4,200	10,230	11,370	7,270	4,440	4,940
1931	3,670	6,490	5,150	6,390	12,300	4,130	6,340	4,860
1932	3,260	6,480	4,850	9,460	20,370	2,600	6,320	4,620
1933	3,450	7,230	3,620	9,540	11,870	6,850	6,880	4,600
1934	3,370	7,120	3,750	10,440	4,050	2,890	3,550	4,020
1935	3,260	6,140	3,730	8,290	6,090	2,200	5,400	4,260

¹ Sample too small to give significant average. See footnote 1 to table 66 for source of data.

TABLE 72.—Average size of farm mortgages recorded by selected lender groups, in selected States, 1917–35¹

NEW YORK

Year	Individuals	National and State banks	Federal land bank and Land Bank Commissioner	Mutual savings banks	Joint stock land banks	Others	All lenders
1917	2,050	2,700	2,060	3,450	—	4,740	2,220
1918	2,230	3,410	3,270	3,040	—	2,020	2,350
1919	2,310	3,180	3,260	4,180	—	1,800	2,420
1920	2,990	4,420	2,890	2,880	—	2,650	3,050
1921	2,590	3,900	3,680	3,900	—	2,390	2,720
1922	2,480	3,940	3,680	4,450	—	2,320	2,750
1923	2,440	3,460	4,200	3,950	7,100	2,360	2,870
1924	2,340	3,740	4,270	3,140	6,770	2,530	2,770
1925	2,430	3,820	4,300	3,770	5,320	2,330	2,900
1926	2,500	4,320	3,500	3,940	5,030	2,980	3,000
1927	2,290	3,010	3,750	4,250	3,810	2,540	2,660
1928	2,290	3,910	3,390	4,180	3,780	3,790	2,710
1929	2,190	3,870	3,800	4,450	4,000	3,140	2,580
1930	2,090	4,210	3,190	2,860	2,660	2,680	2,500
1931	1,930	3,620	3,170	4,180	2,600	2,060	2,280
1932	1,630	3,200	3,960	3,480	1,960	1,670	1,940
1933	1,550	2,940	2,300	3,270	2,620	1,830	1,860
1934	1,510	2,760	2,300	5,230	2,190	2,330	2,060
1935	1,620	2,260	2,370	2,740	2,340	1,790	1,920

GEORGIA

Year	Individuals	Banks	Insurance companies	Federal land bank and Land Bank Commissioner	Joint stock land banks	Others	All lenders
1917	1,580	1,400	4,300	3,200	—	1,370	1,730
1918	2,410	1,560	5,020	2,130	—	1,970	2,300
1919	2,340	2,200	3,030	3,080	—	2,480	2,410
1920	2,610	2,260	4,730	3,050	—	2,860	2,670
1921	1,820	2,750	4,520	2,180	—	1,820	2,350
1922	1,630	2,120	3,600	2,250	—	1,180	1,910
1923	2,030	1,710	3,820	1,780	3,920	2,580	2,070
1924	1,750	1,670	3,740	2,590	6,040	1,450	1,860
1925	1,960	1,710	5,340	2,520	7,760	2,470	2,230
1926	1,990	1,940	4,050	1,670	5,700	3,250	2,280
1927	1,850	2,120	3,240	1,900	5,370	2,250	2,110
1928	1,450	1,210	7,090	1,830	4,680	1,590	1,580
1929	1,440	1,290	5,150	2,590	1,750	2,070	1,640
1930	1,290	1,140	3,000	2,090	—	1,540	1,320
1931	1,100	1,050	5,140	2,560	740	1,400	1,190
1932	1,090	1,260	5,110	1,480	1,500	970	1,180
1933	910	1,290	2,440	1,660	1,780	910	1,240
1934	1,140	940	5,330	1,570	3,050	1,340	1,440
1935	860	940	3,120	1,340	2,100	1,880	1,120

See footnote at end of table.

TABLE 72.—Average size of farm mortgages recorded by selected lender groups, in selected States, 1917-35¹—Continued

COLORADO

Year	Individuals	Banks	Mortgage companies	Federal Land Bank and Land Bank Commissioner	Insurance companies	Joint stock banks	Land	Others	All lenders
1917	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>		
3,040	2,210	2,200	1,690	3,530	-----	1,800	2,690		
1918	3,210	2,320	2,650	1,940	4,140	2,070	2,900		
1919	3,890	3,530	3,740	2,110	4,960	2,430	3,550		
1920	3,950	4,180	4,140	2,740	6,480	3,590	3,950		
1921	3,250	3,930	3,780	3,420	4,690	7,210	3,720		
1922	3,040	4,210	3,450	2,700	8,540	4,990	7,890	3,700	
1923	2,800	3,000	2,650	3,620	7,570	5,260	6,340	3,270	
1924	2,630	5,270	2,430	3,800	5,520	6,770	7,170	3,450	
1925	2,640	3,320	2,370	4,000	9,200	7,280	3,310	3,140	
1926	2,620	3,470	1,910	3,580	6,940	7,030	5,740	3,190	
1927	2,530	4,800	2,540	3,780	9,630	7,280	3,570	3,180	
1928	2,510	3,460	2,930	3,100	4,550	6,940	2,470	2,780	
1929	2,500	4,270	2,310	3,340	5,140	-----	2,350	2,730	
1930	2,520	4,770	2,300	3,800	4,660	13,000	2,360	2,830	
1931	2,290	4,060	2,260	3,790	2,050	-----	1,660	2,470	
1932	2,280	3,860	1,450	2,230	3,870	5,000	5,400	2,820	
1933	2,180	3,990	7,150	1,520	7,280	2,830	4,770	2,750	
1934	2,220	4,520	3,450	2,080	7,280	3,420	4,180	2,340	
1935	1,850	3,220	2,800	2,690	4,110	3,820	2,920	2,480	

TABLE 72.—Average size of farm mortgages recorded by selected lender groups, in selected States, 1917-35¹—Continued

IOWA

Year	Individuals	Banks	Mortgage companies	Federal Land Bank and Land Bank Commissioner	Insurance companies	Joint stock banks	Land	Others	All lenders
1917	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>		
6,020	5,880	8,660	6,380	6,690	14,490	5,360	6,540		
1918	7,240	6,310	8,380	7,920	6,710	16,420	6,000	7,280	
1919	8,340	6,990	11,320	8,300	8,140	15,390	9,020	8,660	
1920	11,360	9,330	12,500	9,460	9,270	16,240	9,290	11,080	
1921	7,470	7,380	9,910	7,890	6,660	12,540	7,600	7,910	
1922	6,040	6,370	10,400	6,580	6,640	11,300	6,870	7,430	
1923	6,230	6,390	10,960	5,340	9,250	11,270	6,580	7,890	
1924	5,960	6,260	10,840	6,510	9,940	12,200	6,720	7,500	
1925	6,380	6,290	11,140	6,170	10,560	12,690	8,480	8,060	
1926	6,040	5,720	10,520	7,750	9,760	11,940	8,360	7,660	
1927	5,580	5,450	10,020	6,900	10,320	10,950	6,790	6,910	
1928	5,600	5,690	10,570	5,220	9,980	11,080	6,520	6,860	
1929	5,780	5,330	10,300	5,820	8,650	10,130	5,750	6,740	
1930	5,650	5,460	10,180	8,920	9,090	7,960	5,190	6,510	
1931	4,580	4,590	8,980	8,720	7,900	6,430	4,800	5,450	
1932	3,860	4,130	7,460	4,640	5,420	5,580	3,690	4,280	
1933	3,660	4,740	8,480	2,780	4,360	4,780	4,920	4,450	
1934	3,510	3,200	8,970	4,700	4,380	4,940	3,540	4,270	
1935	3,710	3,810	9,280	3,050	5,080	5,220	3,410	4,740	

¹ These data available for other States on request to the Bureau of Agricultural Economics, U. S. Department of Agriculture. See footnote 1 to table 66 for source of data.

TABLE 73.—Estimated interest charges payable on farm mortgages outstanding, by States, 1910–39¹

State and division	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919
Maine	1,000 dollars									
New Hampshire	949	944	974	1,024	1,040	1,007	1,031	1,158	1,227	1,289
Vermont	278	278	303	322	342	372	395	406	402	414
Massachusetts	740	752	842	916	1,004	1,162	1,285	1,311	1,328	1,422
Rhode Island	1,072	1,110	1,221	1,356	1,464	1,534	1,586	1,627	1,602	1,632
Connecticut	121	126	132	148	162	164	163	162	144	129
New England	832	910	1,028	1,184	1,321	1,397	1,446	1,418	1,302	1,304
New York	3,992	4,120	4,500	4,950	5,333	5,636	5,906	6,082	6,005	6,190
New Jersey	8,114	8,425	8,931	9,421	9,726	9,910	10,072	10,544	11,367	12,283
Pennsylvania	1,676	1,734	2,007	2,380	2,300	1,843	1,446	1,368	1,516	1,917
Middle Atlantic	4,925	5,169	5,638	6,083	6,414	6,462	6,138	6,164	6,503	7,114
Ohio	14,715	15,328	16,576	17,884	18,440	18,215	17,656	18,076	19,386	21,314
Indiana	7,044	7,316	7,666	8,166	8,870	9,466	10,014	10,726	11,173	12,324
Illinois	6,772	7,289	7,808	8,261	8,370	8,462	8,980	9,819	10,647	11,889
Michigan	15,051	16,498	17,562	18,149	18,425	18,411	19,274	21,501	24,153	27,701
Wisconsin	6,688	7,231	8,020	8,770	9,667	10,626	11,454	12,068	12,283	12,650
East North Central	10,818	11,856	13,368	15,108	16,915	18,531	20,244	21,900	22,605	24,254
Minnesota	46,373	50,190	54,424	58,454	62,247	65,496	69,966	76,014	80,861	88,818
Iowa	8,864	10,238	11,726	13,657	15,968	18,246	20,330	22,575	23,912	25,902
Missouri	24,726	27,835	31,136	34,311	37,537	41,542	46,551	51,749	56,558	62,356
North Dakota	13,014	14,520	15,647	16,044	16,511	17,639	19,402	20,756	21,570	23,804
South Dakota	7,492	8,705	9,946	11,113	11,963	12,232	12,960	14,500	15,862	17,699
Nebraska	5,782	6,842	7,824	8,788	9,686	10,456	11,726	13,279	14,652	17,192
Kansas	8,474	9,186	9,988	10,683	11,559	12,582	14,177	16,780	19,977	24,317
West North Central	9,140	8,911	9,255	9,762	10,160	10,928	12,250	14,470	16,550	18,919
Delaware	77,492	86,237	95,522	104,358	113,384	123,625	137,496	154,109	169,081	190,189
Maryland	340	404	450	446	432	415	416	430	448	505
Virginia	1,801	2,136	2,366	2,362	2,298	2,205	2,256	2,260	2,429	2,854
West Virginia	1,400	1,623	1,744	1,802	2,000	2,128	2,256	2,518	2,710	3,388
North Carolina	457	494	548	574	596	572	518	508	562	826
South Carolina	1,050	1,094	1,182	1,297	1,406	1,512	1,816	2,140	2,230	3,121
Georgia	1,577	1,571	1,645	1,766	1,929	2,028	2,077	2,209	2,569	3,547
Florida	1,951	2,320	2,688	2,790	2,942	3,119	3,495	3,842	4,254	5,752
South Atlantic	334	576	850	910	874	930	992	925	1,004	1,356
Kentucky	8,910	10,218	11,473	11,947	12,477	12,909	13,826	14,832	16,206	21,349
Tennessee	2,278	2,213	1,964	2,122	2,472	2,496	2,492	3,127	4,142	5,802
Alabama	1,400	1,601	1,710	1,858	1,988	2,087	2,256	2,807	3,644	4,678
Mississippi	1,770	1,890	2,114	2,388	2,235	1,855	1,808	2,018	2,556	3,803
East South Central	2,604	2,657	2,810	2,977	2,911	2,804	2,851	2,892	3,198	4,566
Arkansas	8,052	8,361	8,598	9,345	9,606	9,242	9,437	10,844	13,538	18,849
Louisiana	1,593	1,918	2,288	2,605	2,786	3,012	3,265	3,532	4,070	5,167
Oklahoma	1,452	1,583	1,850	2,186	2,502	2,582	2,439	3,311	2,457	3,053
Texas	4,776	6,075	6,821	6,787	6,802	7,777	9,526	11,207	12,528	14,066
West South Central	13,537	15,596	18,445	20,808	21,474	21,535	22,217	24,256	27,556	31,404
Montana	21,358	25,172	29,404	32,386	33,564	34,906	37,447	41,306	46,611	53,690
Idaho	1,528	2,097	3,048	4,175	5,208	6,007	6,858	8,198	9,548	11,284
Wyoming	1,874	2,033	2,373	2,749	3,114	3,548	4,126	5,136	6,422	8,088
Colorado	712	884	1,078	1,172	1,176	1,188	1,306	1,575	1,850	2,278
New Mexico	2,740	2,972	3,156	3,235	3,229	3,363	3,880	5,090	6,696	8,657
Arizona	449	594	726	812	860	900	992	1,293	1,804	2,182
Utah	513	711	877	997	1,062	1,043	1,084	1,412	1,898	2,367
Nevada	640	718	772	808	850	904	1,182	1,454	1,801	2,376
Mountain	210	236	266	302	331	377	486	652	764	840
Washington	8,666	10,245	12,296	14,250	15,830	17,390	19,914	24,810	30,773	38,072
Oregon	3,296	3,631	4,592	5,720	6,485	6,660	6,305	6,422	6,862	7,438
California	2,477	2,643	3,154	3,702	3,936	3,910	4,042	4,599	5,222	5,885
Pacific	7,857	9,206	11,206	13,298	14,934	16,266	18,537	21,215	22,487	24,518
United States	13,630	15,480	18,952	22,720	25,355	26,836	28,884	32,236	34,571	37,841
United States	203,188	225,351	251,745	276,294	296,236	314,255	340,532	378,309	417,032	476,312

See footnotes at end of table.

TABLE 73.—Estimated interest charges payable on farm mortgages outstanding, by States, 1910–39¹—Con.

State and division	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
	<i>1,000 dollars</i>									
Maine	1,523	1,710	1,790	1,932	1,929	1,802	1,685	1,577	1,577	1,639
New Hampshire	458	484	482	464	432	432	472	512	558	606
Vermont	1,550	1,622	1,645	1,668	1,591	1,540	1,520	1,554	1,754	1,880
Massachusetts	1,742	1,850	1,946	1,998	2,009	2,077	2,202	2,426	2,690	2,856
Rhode Island	123	124	143	157	162	159	155	175	204	244
Connecticut	1,404	1,611	1,964	2,215	2,310	2,291	2,240	2,282	2,359	2,486
New England	6,800	7,401	7,970	8,434	8,433	8,301	8,274	8,526	9,142	9,711
New York	12,961	13,262	13,616	13,923	13,934	14,129	14,528	14,726	14,726	14,101
New Jersey	2,620	3,018	2,953	2,769	2,698	2,871	3,304	3,600	3,496	3,299
Pennsylvania	8,261	9,177	9,681	9,834	9,430	9,046	9,002	9,091	9,358	9,677
Middle Atlantic	23,842	25,457	26,250	26,526	26,062	26,046	26,834	27,417	27,580	27,077
Ohio	14,998	16,794	16,892	16,696	15,587	14,310	14,460	15,547	16,511	16,817
Indiana	14,174	16,345	17,555	17,782	17,109	16,626	16,507	16,460	16,529	16,027
Illinois	33,354	38,687	41,472	42,390	41,009	38,825	38,131	37,965	36,951	35,522
Michigan	13,759	14,674	15,129	15,445	15,035	14,668	14,232	13,340	13,264	13,556
Wisconsin	28,120	30,621	31,827	33,275	32,296	29,976	27,646	26,428	27,431	28,230
East North Central	104,405	117,121	122,875	125,588	121,036	114,405	110,976	109,740	110,686	110,152
Minnesota	30,432	34,118	35,473	36,142	35,167	32,570	29,777	28,030	27,394	26,704
Iowa	75,180	85,847	87,871	89,280	87,904	82,652	76,401	71,676	69,749	67,522
Missouri	28,436	32,210	32,939	31,746	30,007	29,351	29,613	29,885	29,365	27,477
North Dakota	19,824	21,187	21,272	20,198	17,471	15,325	14,425	13,844	14,244	14,532
South Dakota	22,010	26,466	28,346	28,948	26,991	23,010	19,947	18,382	17,712	16,950
Nebraska	31,560	35,578	41,715	42,229	39,824	35,796	33,123	31,806	30,563	29,136
Kansas	23,628	28,888	32,514	34,065	33,059	30,657	28,550	27,340	26,352	24,801
West North Central	231,070	267,294	280,130	282,608	270,423	249,361	231,836	220,963	215,379	207,122
Delaware	604	662	616	518	478	543	574	572	570	551
Maryland ²	3,456	3,849	3,761	3,463	3,256	3,285	3,315	3,345	3,316	3,122
Virginia	4,666	5,213	5,008	4,960	5,008	5,058	5,091	5,140	5,316	5,350
West Virginia	1,190	1,410	1,528	1,518	1,376	1,328	1,447	1,551	1,596	1,565
North Carolina	4,580	5,137	4,970	4,847	4,953	5,521	6,508	7,155	7,025	6,693
South Carolina	5,186	6,802	7,265	6,631	5,839	5,525	5,545	5,351	4,924	4,455
Georgia	7,644	9,340	10,186	9,746	9,126	8,688	8,612	8,766	8,512	7,952
Florida	1,816	2,104	2,146	2,150	2,182	3,770	6,374	6,596	5,116	4,165
South Atlantic	29,142	34,517	35,480	33,833	32,218	33,748	37,466	38,476	36,375	33,853
Kentucky	7,801	8,386	7,525	6,609	6,097	6,078	6,377	6,588	6,752	6,763
Tennessee	5,596	5,645	5,170	5,075	4,985	5,033	5,681	6,298	6,670	6,715
Alabama	5,188	5,566	5,108	4,780	4,688	4,935	5,468	5,982	6,289	6,380
Mississippi	6,845	8,865	9,537	8,995	8,413	8,128	8,010	7,928	7,327	6,596
East South Central	25,430	28,462	27,340	25,459	24,183	24,174	25,536	26,796	27,038	26,454
Arkansas	6,957	8,471	8,727	8,083	7,478	7,130	6,992	7,168	6,990	6,609
Louisiana	3,739	4,164	4,152	4,048	4,211	4,455	4,526	4,424	4,183	4,021
Oklahoma	15,808	17,734	19,828	20,010	17,707	15,548	15,297	16,422	17,149	17,136
Texas	35,092	38,493	40,943	41,455	39,502	39,004	41,882	43,956	44,652	45,138
West South Central	61,596	68,862	73,630	73,596	68,898	66,137	68,697	71,970	72,974	72,904
Montana	13,355	14,284	14,234	13,128	10,608	8,367	7,606	7,708	7,983	8,512
Idaho	9,981	11,287	11,788	11,233	9,403	7,984	7,791	7,665	7,610	7,708
Wyoming	3,085	3,987	4,518	4,548	4,033	3,319	2,709	2,347	2,398	2,604
Colorado	11,136	13,080	14,015	13,900	12,568	10,922	9,949	9,485	9,158	9,008
New Mexico	2,442	2,682	2,586	2,369	2,352	2,418	2,507	2,571	2,651	2,771
Arizona	3,135	3,812	3,874	3,352	2,669	2,275	2,035	2,020	2,330	2,725
Utah	3,008	3,370	3,563	3,530	3,175	2,943	2,954	3,035	3,234	3,422
Nevada	1,036	1,332	1,635	1,594	1,370	1,217	1,093	1,077	1,071	1,040
Mountain	47,178	53,834	56,213	53,704	46,178	39,445	36,644	35,908	36,435	37,790
Washington	8,369	9,234	10,108	10,315	9,364	8,756	8,885	9,268	9,748	10,137
Oregon	6,936	7,908	8,624	8,799	7,969	7,301	7,218	7,361	7,731	8,199
California	29,322	32,566	31,264	30,358	32,074	33,938	35,878	36,581	36,442	38,600
Pacific	44,627	49,708	49,996	49,472	49,407	49,995	51,981	53,210	53,921	56,936
United States	574,090	652,656	679,904	679,220	646,838	611,612	598,244	593,006	589,530	581,999

See footnotes at end of table.

TABLE 73.—Estimated interest charges payable on farm mortgages outstanding, by States, 1910-39¹—Con.

State and division	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
	<i>1,000 dollars</i>									
Maine	1,696	1,732	1,870	1,860	1,759	1,697	1,644	1,606	1,581	1,583
New Hampshire	626	630	638	633	641	649	656	656	665	680
Vermont	1,870	1,825	1,781	1,709	1,655	1,590	1,588	1,621	1,643	1,676
Massachusetts	2,930	3,032	3,082	2,935	2,829	2,722	2,696	2,753	2,811	2,873
Rhode Island	272	274	274	252	231	225	226	231	229	230
Connecticut	2,698	2,971	3,120	3,000	2,808	2,652	2,605	2,630	2,653	2,697
New England	10,092	10,464	10,765	10,389	9,923	9,535	9,415	9,497	9,582	9,739
New York	13,455	13,470	13,501	12,867	12,163	11,749	11,517	11,373	11,142	10,982
New Jersey	3,181	3,140	3,106	2,927	2,796	2,706	2,631	2,627	2,614	2,622
Pennsylvania	10,254	10,744	10,617	9,823	8,826	8,022	7,634	7,516	7,341	7,264
Middle Atlantic	26,890	27,354	27,224	25,617	23,785	22,477	21,782	21,516	21,097	20,868
Ohio	16,523	16,001	15,318	13,993	13,080	12,046	11,185	10,839	10,616	10,618
Indiana	15,291	14,919	14,218	12,837	12,284	11,176	10,227	9,812	9,515	9,452
Illinois	33,658	32,012	30,967	28,700	26,818	24,818	22,947	21,565	20,612	20,174
Michigan	13,322	12,854	12,195	11,225	10,473	9,904	9,411	9,105	8,781	8,676
Wisconsin	28,288	27,658	25,968	23,325	21,690	20,996	20,044	19,401	18,605	18,231
East North Central	107,082	103,444	98,666	90,080	84,345	78,940	73,814	70,722	68,129	67,151
Minnesota	25,667	24,612	23,160	20,909	20,684	20,356	18,478	16,815	16,007	15,714
Iowa	64,145	60,801	56,194	49,394	43,704	38,881	35,474	33,704	32,414	31,469
Missouri	25,581	23,968	21,976	19,458	17,308	15,589	14,523	13,946	13,508	13,088
North Dakota	14,109	13,232	12,120	10,772	10,570	10,461	9,532	8,675	7,845	7,217
South Dakota	16,030	15,173	14,251	12,751	11,733	10,882	9,724	8,846	8,068	7,444
Nebraska	28,536	28,572	27,718	25,146	23,437	21,538	19,509	18,218	16,967	15,949
Kansas	24,208	24,875	24,724	22,804	20,529	18,794	17,420	16,507	15,772	15,453
West North Central	198,276	191,233	180,143	161,324	147,965	136,501	124,660	116,711	110,581	106,334
Delaware	554	514	478	488	498	474	454	447	435	426
Maryland ²	2,943	2,961	2,776	2,536	2,313	2,258	2,228	2,183	2,200	
Virginia	5,222	5,026	4,753	4,256	4,027	3,765	3,483	3,478	3,399	3,390
West Virginia	1,534	1,494	1,402	1,305	1,311	1,246	1,163	1,144	1,096	1,076
North Carolina	6,534	6,341	5,929	5,284	5,172	4,903	4,683	4,476	4,346	4,296
South Carolina	4,092	3,735	3,298	2,781	2,791	2,562	2,423	2,282	2,233	2,173
Georgia	7,487	6,932	6,207	5,253	5,008	4,618	4,488	4,377	4,356	4,341
Florida	3,716	3,366	2,997	2,639	2,659	2,518	2,410	2,272	2,211	2,213
South Atlantic	32,082	30,369	28,014	24,782	24,002	22,399	21,362	20,704	20,259	20,115
Kentucky	6,610	6,352	6,025	5,533	5,622	5,284	5,018	4,945	4,912	5,027
Tennessee	6,474	6,167	5,757	5,179	5,025	4,666	4,431	4,306	4,170	4,176
Alabama	6,386	6,085	5,580	4,770	4,250	3,658	3,612	3,468	3,571	3,604
Mississippi	6,334	6,270	5,892	4,985	4,781	4,350	4,181	4,040	4,172	4,363
East South Central	25,804	24,874	23,254	20,467	19,678	17,958	17,242	16,759	16,825	17,170
Arkansas	6,628	6,511	5,930	4,917	4,230	3,909	3,694	3,639	3,596	3,620
Louisiana	4,024	3,981	3,870	3,506	3,418	3,128	3,012	2,870	2,901	2,880
Oklahoma	17,023	17,004	16,511	14,283	12,202	10,989	10,084	9,461	8,907	8,652
Texas	45,003	43,991	42,562	39,481	37,180	33,575	31,232	30,297	29,153	28,562
West South Central	72,678	71,487	68,873	62,187	57,030	51,601	48,022	46,267	44,557	43,714
Montana	9,106	9,420	9,206	8,141	7,004	6,522	6,207	5,943	5,648	5,475
Idaho	7,871	7,854	7,486	6,635	5,929	5,485	5,085	4,915	4,741	4,632
Wyoming	2,730	2,651	2,503	2,271	2,053	1,963	1,903	1,888	1,849	1,842
Colorado	9,000	8,910	8,606	7,768	6,808	6,272	5,857	5,594	5,325	5,193
New Mexico	2,884	2,914	2,676	2,191	1,791	1,647	1,589	1,563	1,527	1,515
Arizona	2,935	2,868	2,518	2,112	1,924	1,755	1,647	1,649	1,650	1,663
Utah	3,434	3,328	3,175	2,901	2,648	2,470	2,373	2,371	2,332	2,324
Nevada	1,012	1,137	1,253	1,132	1,055	1,020	961	985	1,012	1,015
Mountain	38,972	39,082	37,423	33,151	29,212	27,134	25,622	24,908	24,084	23,659
Washington	10,300	10,290	10,014	9,004	7,942	7,178	6,633	6,429	6,230	6,149
Oregon	8,469	8,442	8,124	7,368	6,698	6,317	5,987	5,806	5,497	5,345
California	41,131	41,870	41,520	39,002	34,942	30,924	30,073	30,341	30,339	30,495
Pacific	59,900	60,602	59,658	55,374	49,582	44,419	42,693	42,576	42,066	41,989
United States	571,776	558,909	534,020	483,371	445,522	410,964	384,612	369,660	357,180	350,739

¹ Payable during calendar year. Excludes amounts paid by Secretary of the Treasury to Federal land banks, 1933-39, and Land Bank Commissioner, 1937-39, as reimbursement for interest reductions granted borrowers.² Including District of Columbia.

TABLE 74.—Average term of farm mortgages recorded by selected private lender groups, by geographic divisions, 1917-21, 1922-26, 1927-31, and 1932-35

Period and lender	United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1917-21:	Years	Years	Years	Years	Years	Years	Years	Years	Years	Years
Insurance companies	7.5	4.3	7.7	7.4	6.8	9.4	7.1	8.6	10.1	
Individuals	3.7	4.4	5.7	4.4	4.5	2.4	1.8	3.4	3.7	3.1
Banks	2.7	4.9	3.7	3.7	3.4	1.4	1.4	2.2	2.3	1.9
Others ¹	4.7	4.8	7.6	4.6	6.2	2.6	2.8	4.1	5.1	4.1
1922-26:	Years	Years	Years	Years	Years	Years	Years	Years	Years	Years
Insurance companies	8.7	3.7	10.0	8.0	10.6	11.0	8.3	8.6	9.6	
Individuals	3.3	3.5	5.1	3.9	4.0	2.1	1.6	3.5	3.4	3.2
Banks	2.5	3.8	2.9	3.3	3.1	1.3	1.4	2.3	1.9	2.2
Others ¹	5.7	3.8	7.2	5.1	8.5	2.2	2.2	5.0	6.7	6.5
1927-31:	Years	Years	Years	Years	Years	Years	Years	Years	Years	Years
Insurance companies	8.1	3.1	10.1	7.5	9.1	8.6	7.1	7.5	7.9	
Individuals	3.1	3.5	4.8	3.6	4.0	2.0	1.5	3.2	3.4	3.2
Banks	2.1	3.8	2.8	2.7	2.9	1.0	1.0	1.7	1.8	2.7
Others ¹	4.7	3.4	6.2	5.1	7.2	1.9	1.6	4.1	6.8	4.8
1932-35:	Years	Years	Years	Years	Years	Years	Years	Years	Years	Years
Insurance companies	7.2	5.9	7.3	6.4	9.1	8.8	7.6	8.9	8.4	
Individuals	2.9	3.4	4.8	3.3	3.7	2.1	1.5	2.8	3.2	3.0
Banks	1.9	3.8	2.5	2.5	2.8	1.0	1.0	1.6	1.4	1.9
Others ¹	4.3	3.0	6.7	5.3	4.9	2.7	2.1	4.9	5.7	4.3

¹ Excludes joint stock land banks but includes State and county agencies. See footnote 1 to table 66 for source of data.

TABLE 75.—National farm loan associations: Number in operation, by Farm Credit districts, Dec. 31, 1917-40¹

Year	District												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
1917 ²	55	77	157	194	168	140	126	79	344	153	87	259	1,839
1918 ²	111	130	319	265	305	320	420	265	387	276	146	421	3,365
1919	127	165	357	312	318	368	525	360	410	322	174	452	3,890
1920	132	170	372	320	321	392	525	376	404	324	176	454	3,966
1921	133	178	432	347	326	390	556	377	409	321	180	459	4,108
1922	137	193	506	405	350	416	606	399	448	342	197	488	4,487
1923	140	197	508	419	356	415	630	419	454	350	200	502	4,590
1924	139	198	508	426	361	426	646	427	456	351	198	507	4,643
1925	139	199	510	430	365	424	647	430	457	349	200	507	4,657
1926	141	200	508	431	364	427	649	432	457	349	200	507	4,665
1927	141	201	509	433	365	424	648	435	455	349	202	507	4,669
1928	141	201	508	434	365	420	647	438	456	350	201	509	4,670
1929	141	201	505	435	365	417	647	438	456	349	199	509	4,662
1930	141	202	501	434	365	415	649	438	456	347	199	509	4,656
1931	141	202	501	434	365	414	648	438	453	347	199	510	4,652
1932	143	202	501	434	365	414	648	438	453	343	199	509	4,649
1933	147	205	514	463	366	441	691	496	453	357	207	512	4,852
1934	147	209	528	486	366	467	729	503	469	365	212	520	5,001
1935	167	210	535	490	368	474	730	502	471	365	213	509	5,034
1936	167	210	542	489	366	472	730	502	455	365	213	467	4,978
1937	167	210	520	479	317	427	722	502	358	350	187	442	4,681
1938	165	210	383	471	271	380	637	502	329	325	173	359	4,205
1939	164	210	373	461	258	347	523	490	321	318	171	274	3,910
1940	164	210	372	455	246	341	513	471	319	315	170	270	3,846

¹ Includes inactive national farm loan associations whose records are at the Federal land banks. See pages 71-72 for discussion of these data.

² Nov. 30. Number chartered since organization.

Farm Credit Administration.

TABLE 76.—National farm loan associations: Number and percentage of total by extent of capital impairment, by States and Farm Credit districts, Dec. 31, 1940

District	State	Number in class 1					Percentage in class 1				
		1	2	3	4	All classes	1	2	3	4	1 and 2
1	Maine	Number	Number	Number	Number	Number	Percent	Percent	Percent	Percent	Percent
	New Hampshire	3	1	4	9	17	17.6	5.9	23.5	53.0	23.5
	Vermont	2	4	2	1	9	22.2	44.5	22.2	11.1	66.7
	Massachusetts	7	3	3	0	13	53.8	23.1	23.1	.0	76.9
	Rhode Island	5	3	6	0	14	35.7	21.4	42.9	.0	57.1
	Connecticut	1	0	0	0	1	100.0	.0	.0	.0	100.0
	New York	10	3	1	0	14	71.4	21.4	7.2	.0	92.8
	Now Jersey	26	5	7	13	51	51.0	9.8	13.7	25.5	60.8
	Total	7	1	4	4	16	43.8	6.2	25.0	25.0	50.0
		61	20	27	27	135	45.2	14.8	20.0	20.0	60.0
2	Pennsylvania	Number	Number	Number	Number	Number	Percent	Percent	Percent	Percent	Percent
	New Hampshire	5	0	23	31	59	8.5	.0	39.0	52.5	8.5
	Delaware	0	0	2	1	3	.0	.0	66.7	33.3	0
	Maryland	6	0	12	3	21	28.6	.0	57.1	14.3	28.6
	Virginia	14	0	45	30	89	15.7	.0	50.6	33.7	15.7
	West Virginia	5	0	22	11	38	13.2	.0	57.9	28.9	13.2
	Total	30	0	104	76	210	14.3	.0	49.5	36.2	14.3
		105	8	106	85	304	34.5	2.6	34.9	28.0	37.1
	North Carolina	50	3	43	20	116	43.1	2.6	37.1	17.2	45.7
	South Carolina	17	0	13	20	50	34.0	.0	26.0	40.0	34.0
3	Georgia	25	3	35	35	98	25.5	3.1	35.7	35.7	28.6
	Florida	13	2	15	10	40	32.5	5.0	37.5	25.0	37.5
	Total	105	8	106	85	304	34.5	2.6	34.9	28.0	37.1
	Ohio	64	8	15	2	89	71.9	9.0	16.9	2.2	80.9
	Indiana	65	9	38	22	134	48.5	6.7	28.4	16.4	55.2
	Kentucky	74	5	20	19	118	62.7	4.2	17.0	16.1	66.9
	Tennessee	76	9	24	4	113	67.3	8.0	21.2	3.5	75.3
	Total	279	31	97	47	454	61.5	6.8	21.4	10.3	68.3
	Alabama	41	2	28	14	85	48.2	2.4	32.9	16.5	50.6
	Mississippi	27	1	23	10	61	44.3	1.6	37.7	16.4	45.9
4	Louisiana	12	1	27	54	94	12.8	1.1	28.7	57.4	13.9
	Total	80	4	78	78	240	33.3	1.7	32.5	32.5	35.0
	Illinois	62	5	34	26	127	48.8	3.9	26.8	20.5	52.7
	Missouri	42	2	44	43	131	32.1	1.5	33.6	32.8	33.6
	Arkansas	13	0	17	46	76	17.1	.0	22.4	60.5	17.1
	Total	117	7	95	115	334	35.0	2.1	28.5	34.4	37.1
	Michigan	27	2	46	44	119	22.7	1.7	38.6	37.0	24.4
	Wisconsin	19	6	27	60	112	17.0	5.3	24.1	53.6	22.3
	Minnesota	31	9	53	61	154	20.1	6.9	34.4	39.6	26.0
	North Dakota	1	0	14	103	118	.8	.0	11.9	87.3	.8
5	Total	78	17	140	268	503	15.5	3.4	27.8	53.3	18.9
	Iowa	52	31	37	44	164	31.7	18.9	22.6	26.8	50.8
	South Dakota	6	2	15	93	116	5.2	1.7	12.9	80.2	6.9
	Nebraska	30	14	52	57	153	19.6	9.1	34.0	37.3	28.7
	Wyoming	20	5	8	5	38	52.6	13.2	21.0	13.2	65.8
	Total	108	52	112	199	471	22.9	11.0	23.8	42.3	33.9
	Kansas	65	2	57	15	139	46.8	1.4	41.0	10.8	48.2
	Oklahoma	42	2	18	14	76	55.3	2.6	23.7	18.4	57.9
	Colorado	12	1	27	33	73	16.4	1.4	37.0	45.2	17.8
	New Mexico	14	1	9	6	30	46.7	3.3	30.0	20.0	50.0
10	Total	133	6	111	68	318	41.8	1.9	34.9	21.4	43.7
	Texas	207	13	48	46	314	65.9	4.1	15.3	14.7	70.0
	Arizona	6	0	2	0	8	75.0	.0	25.0	.0	75.0
	Utah	7	4	16	8	35	20.0	11.4	45.7	22.9	31.4
	Nevada	1	0	0	3	4	25.0	.0	.0	75.0	25.0
	California	53	5	24	0	82	64.6	6.1	29.3	.0	70.7
	Total	67	9	42	11	129	51.9	7.0	32.6	8.5	58.9
	Montana	8	2	9	23	42	19.0	4.8	21.4	54.8	23.8
	Idaho	18	2	12	14	46	39.1	4.3	26.1	30.5	43.4
	Washington	20	1	27	11	59	33.9	1.7	45.8	18.6	35.6
12	Oregon	19	3	31	23	76	25.0	3.9	40.8	30.3	28.9
	Total	65	8	79	71	223	29.2	3.6	35.4	31.8	32.8
	Grand Total	1,330	175	1,039	1,091	3,635	36.6	4.8	28.6	30.0	41.4

¹ Classes are defined as:

Class 1. Solvent, no capital impairment.

Class 2. Capital impaired with regard to meeting current obligations, but solvent if given time to work out.

Class 3. Not solvent, impairment not likely to exceed amount of capital.

Class 4. Not solvent, impairment probably exceeds amount of capital.

See pages 75-77 for further discussion of these data.

Farm Credit Administration.

TABLE 77.—Federal land banks: Principal sources of funds for loan operations as of Dec. 31, 1917–40

Year	Individual farm loan bonds outstanding ¹				Consolidated farm loan bonds outstanding ¹			
	United States Treasury ²	Reconstruction Finance Corporation	Others	Total	Federal Farm Mortgage Corporation	Production Credit Corporation ²	Others	Total
	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>
1917	26,970	26,970	141,151	141,151	10,938	10,938	98,500	98,500
1918	60,470	80,681	293,586	334,656	16,727	16,727	830	830
1919	136,885	156,701	293,586	506,172	22,575	22,575	1,500	1,500
1920	211,755	120,465	332,250	664,470	101,200	101,200	896,650	896,650
1921	183,035	249,726	432,761	861,522	101,200	101,200	1,391,523	1,391,523
1922	112,885	529,823	642,708	1,284,416	761,130	761,130	1,758,980	1,758,980
1923	101,885	704,784	806,669	1,617,238	101,200	101,200	967,420	967,420
1924	101,885	812,878	914,763	1,630,426	101,200	101,200	950,770	950,770
1925	88,885	893,307	982,192	1,768,382	101,200	101,200	803,798	803,798
1926	60,495	998,722	1,059,217	2,107,942	101,200	101,200	924,142	924,142
1927	0	1,139,617	1,139,617	2,279,234	98,500	98,500	98,500	98,500
1928	0	1,177,387	1,177,387	2,354,774	816,861	816,861	816,861	816,861
1929	0	1,190,246	1,190,246	2,380,532	1,391,523	1,391,523	1,391,523	1,391,523
1930	0	1,186,438	1,186,438	2,366,976	1,758,980	1,758,980	1,758,980	1,758,980
1931	0	1,170,839	1,170,839	2,347,778	1,829,750	1,829,750	1,829,750	1,829,750
1932	0	18,500	1,129,691	1,148,191	1,813,100	1,813,100	1,813,100	1,813,100
1933	0	43,618	1,100,222	1,143,840	950,770	950,770	950,770	950,770
1934	0	0	968,581	968,581	579,454	579,454	803,798	803,798
1935	0	0	536,744	536,744	754,630	754,630	535,693	535,693
1936	0	0	205,674	205,674	761,130	761,130	896,650	896,650
1937	0	0	37,482	37,482	761,130	761,130	967,420	967,420
1938	0	0	737	737	761,130	761,130	1,020,200	1,020,200
1939	0	0	0	0	761,130	761,130	903,798	903,798
1940	0	0	0	0	761,130	761,130	924,142	924,142

Year	Notes payable outstanding				Net worth accounts				Deposits by United States Treasury	
	Federal Farm Mortgage Corporation	Reconstruction Finance Corporation	Others	Total	Capital stock outstanding by type of owner					
					United States Treasury	National farm loan associations	Direct borrowers	Total		
	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	
1917	0	0	8,892	8,892	1,933	113	10,938	10,938	0	
1918	1,051	1,051	8,765	8,765	7,838	124	16,727	16,727	830	
1919	5,950	5,950	7,693	7,693	14,781	101	22,575	22,575	1,500	
1920	400	400	6,833	6,833	17,664	95	24,592	24,592	800	
1921	0	0	6,599	6,599	21,997	111	28,707	28,707	2,861	
1922	2,200	2,200	4,265	4,265	32,602	136	37,003	37,003	6,717	
1923	500	500	2,434	2,434	40,927	252	43,613	43,613	500	
1924	54	54	1,671	1,671	47,524	402	49,597	49,597	10,536	
1925	2,829	2,829	1,332	1,332	51,930	521	53,783	53,783	0	
1926	1,551	1,551	1,059	1,059	56,073	632	57,764	57,764	0	
1927	2	2	711	711	60,704	712	62,127	62,127	15,776	
1928	160	160	439	439	63,545	773	64,757	64,757	0	
1929	50	50	326	326	64,594	815	65,735	65,735	0	
1930	140	140	267	267	65,029	837	66,133	66,133	0	
1931	1,250	1,250	205	205	64,645	826	65,676	65,676	0	
1932	200	200	125,047	125,047	63,197	804	189,048	189,048	16,023	
1933	0	57,000	58,000	124,649	68,291	1,328	194,268	194,268	0	
1934	0	78,372	78,372	117,617	100,372	3,605	221,594	221,594	4,975	
1935	0	44,754	250	45,034	123,098	109,320	3,573	235,991	235,991	
1936	0	24,636	0	24,636	124,066	110,994	3,493	233,553	233,553	
1937	41,000	11,566	30,000	82,566	124,122	110,411	3,433	237,966	237,966	
1938	26,200	0	14,148	40,348	124,960	109,694	3,636	238,290	238,290	
1939	0	0	4,556	4,556	125,000	107,787	3,689	236,476	236,476	
1940	0	0	35,040	35,040	67,402	106,960	3,578	177,940	177,940	

¹ Includes bonds on hand but excludes bonds matured or called. See pp. 79–82 for discussion of these data.² June 30.³ From these holdings bonds were sold to production credit associations under purchase agreement as follows: 1934—\$90,736,800; 1935—\$80,088,100; 1936—\$74,673,400; 1937—\$75,648,250; 1938—\$75,347,050; 1939—\$75,023,750; and 1940—\$59,454,500.⁴ Represents earned surplus, legal reserves, reserve for contingencies, and undivided profits.⁵ Nov. 30.⁶ Excludes bonds on hand, as well as those matured or called but not yet presented for payment.⁷ Made during the year but not outstanding on Dec. 31.

TABLE 78.—*Federal land banks: Amount of loans closed, by States, by 4-year periods, 1917–40*¹

State and division	1917–20	1921–24	1925–28	1929–32	1933–36	1937–40
Maine	<i>1,000 dollars</i>					
New Hampshire	1,957	4,349	2,694	1,348	2,899	354
Vermont	428	624	524	180	718	254
Massachusetts	1,051	1,444	2,434	450	2,287	703
Rhode Island	1,937	1,791	1,858	1,459	3,535	1,222
Connecticut	163	188	240	265	668	235
	1,531	2,432	1,647	1,208	2,432	1,558
Now England	7,067	10,828	9,397	4,910	12,539	4,326
New York	5,455	11,452	13,711	6,454	16,696	6,434
New Jersey	1,046	2,688	2,533	1,498	4,865	2,071
Pennsylvania	3,529	8,487	8,104	2,625	9,377	2,768
Middle Atlantic	10,030	22,627	24,348	10,577	30,938	11,273
Ohio	2,895	16,002	11,845	4,511	39,572	6,897
Indiana	11,453	23,702	20,811	5,747	42,497	6,686
Illinois	9,944	14,279	32,355	13,228	107,383	26,464
Michigan	6,475	13,973	11,267	3,006	34,130	3,014
Wisconsin	6,068	21,695	10,100	2,947	66,398	4,121
East North Central	36,835	89,651	86,378	29,439	289,980	47,182
Minnesota	15,496	23,266	17,031	5,263	96,802	7,983
Iowa	24,124	30,392	44,379	17,201	148,211	26,386
Missouri	10,746	16,083	12,746	2,548	23,046	4,560
North Dakota	21,617	19,022	5,813	2,761	52,644	0
South Dakota	8,221	15,931	15,252	3,811	40,764	2,001
Nebraska	15,148	25,694	22,429	9,668	86,107	12,721
Kansas	14,939	24,869	8,838	4,969	75,984	11,119
West North Central	110,291	155,257	126,488	46,221	523,558	64,770
Delaware	89	221	201	72	587	170
Maryland	1,052	2,518	1,724	758	5,935	1,261
Virginia	8,631	18,703	9,051	2,955	11,275	2,497
West Virginia	1,469	4,100	3,906	1,332	2,694	903
North Carolina	5,920	13,123	6,161	1,231	12,043	2,697
South Carolina	6,622	10,602	5,038	679	9,421	1,342
Georgia	4,578	16,129	9,308	854	12,183	2,449
Florida	3,296	3,314	2,647	284	8,058	1,755
South Atlantic	31,657	68,710	38,036	8,165	62,196	13,074
Kentucky	5,769	17,039	10,637	3,284	22,095	3,151
Tennessee	7,637	15,058	8,334	2,379	13,958	2,406
Alabama	8,558	24,212	16,945	3,673	5,516	5,592
Mississippi	11,385	31,470	15,367	3,743	5,578	4,507
East South Central	33,349	87,779	51,283	13,579	47,147	15,656
Arkansas	10,399	13,556	7,161	1,241	4,808	1,790
Louisiana	5,872	20,226	11,819	1,770	3,774	3,146
Oklahoma	6,973	11,777	8,451	3,714	22,302	4,917
Texas	40,816	71,515	69,659	32,797	94,043	21,323
West South Central	64,060	117,074	97,090	39,522	124,927	31,176
Montana	11,315	11,929	5,627	2,944	3,556	1,990
Idaho	10,959	14,559	4,595	3,544	11,968	3,408
Wyoming	1,434	5,629	1,712	101	4,125	1,527
Colorado	6,085	17,959	8,061	3,871	10,558	3,525
New Mexico	3,618	6,998	2,850	1,094	2,193	1,053
Arizona	749	4,654	1,934	1,091	3,376	1,676
Utah	6,114	9,319	3,170	1,284	5,931	696
Nevada	228	553	2,210	575	1,216	225
Mountain	40,502	71,600	30,159	14,504	42,923	14,100
Washington	12,406	19,665	9,677	5,343	10,847	5,405
Oregon	11,460	11,029	3,869	2,445	13,964	4,606
California	11,557	13,858	16,101	4,774	78,911	17,891
Pacific	35,423	44,552	29,647	12,562	103,722	27,902
United States	369,214	668,078	492,826	179,479	1,237,930	229,459

¹ Continental United States. See pages 90–93 for discussion of these data.

TABLE 79.—Federal land banks: Amount of extensions and reextensions granted by Farm Credit districts, 1932–40¹

District	1932	1933	1934	1935	1936	1937	1938	1939	1940	Total, 1932–1940
Springfield	<i>Dollars</i>									
Baltimore	844,700	731,600	626,500	1,063,800	1,035,700	542,200	514,000	632,500	527,700	6,521,700
Columbia	1,346,500	1,582,200	607,400	455,200	412,200	228,800	188,900	292,200	329,000	5,442,400
Louisville	1,180,900	2,475,300	1,300,700	306,700	1,637,400	483,000	77,100	803,300	609,200	9,573,600
New Orleans	2,274,800	7,941,400	10,322,100	5,761,800	4,148,100	1,834,600	1,333,100	1,153,000	1,239,300	36,008,200
St. Louis	2,262,200	3,328,600	2,774,800	297,100	55,100	90,600	125,900	283,300	478,800	9,696,400
St. Paul	3,348,100	6,133,900	3,420,300	2,130,900	5,745,800	3,257,400	8,039,900	7,557,900	9,865,100	49,499,300
Omaha	3,883,300	6,118,000	3,386,300	6,703,800	4,907,200	6,809,300	5,743,100	4,503,700	5,627,600	47,687,300
Wichita	1,802,700	1,877,300	1,158,500	76,500	440,400	1,445,600	644,300	773,000	2,503,200	10,721,500
Houston	1,670,800	4,067,500	1,169,900	2,840,900	1,505,800	1,649,300	2,665,000	651,600	642,700	16,863,500
Berkeley	990,000	1,504,500	623,000	1,162,900	1,068,200	1,800	500	831,300	27,400	6,209,600
Spokane	1,491,100	3,337,900	3,956,000	4,713,900	2,210,900	1,586,300	977,300	1,886,600	2,588,500	22,748,500
Total	23,423,700	41,150,600	29,811,400	27,347,100	23,358,700	17,980,300	21,042,400	19,432,700	24,523,800	228,070,700

¹ See pages 101–102 for discussion of these data.

Farm Credit Administration.

TABLE 80.—Federal land banks: Amount of deferments granted, by Farm Credit districts, July 11, 1933, through July 10, 1938¹

District	July 11 through Dec. 31, 1933	Year ended Dec. 31				Jan. 1 through July 10, 1938 ²	Total
		1934	1935	1936	1937		
Springfield	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
Baltimore	578,600	1,179,000	1,364,200	1,690,900	1,716,300	857,200	7,386,200
Columbia	65,700	375,200	257,000	384,000	1,201,700	469,600	2,753,200
Louisville	50,100	184,600	644,500	1,974,700	1,516,900	678,100	5,048,900
New Orleans	279,400	1,183,000	1,248,900	2,427,100	2,043,500	1,020,000	8,201,900
St. Louis	184,400	897,700	1,705,600	1,994,200	1,670,000	1,042,500	7,494,400
St. Paul	94,300	811,500	1,568,400	1,963,700	2,142,800	1,049,400	8,630,100
Omaha	320,800	1,218,100	3,341,700	2,559,400	2,373,300	1,377,200	11,195,500
Wichita	273,200	1,326,400	2,433,100	2,437,500	1,781,900	773,000	9,025,100
Houston	115,500	464,000	393,100	1,202,400	1,722,500	886,500	4,784,000
Berkeley	268,200	2,797,700	4,399,200	3,600,800	3,993,400	2,795,300	17,854,600
Spokane	153,900	977,400	1,385,500	1,070,100	970,200	1,067,300	5,624,400
Total	2,467,500	11,725,600	19,060,900	22,070,100	21,771,900	13,577,400	90,673,400

¹ Deferments placed on the books by the individual banks. Amount for individual years partially estimated. See pages 101–102 for discussion of these data. ² After deducting repayments.

Farm Credit Administration.

TABLE 81.—Federal land banks: Number and amount of loans reamortized, by Farm Credit districts, 1934–40¹

District	Number						
	1934	1935	1936	1937	1938	1939	1940
Springfield	75	79	32	9	7	45	356
Baltimore	522	855	420	70	10	11	74
Columbia	0	8	70	270	269	185	2,595
Louisville	28	3,849	172	9	19	20	44
New Orleans	24	64	65	242	128	267	1,035
St. Louis	0	1	1	1	1	18	231
St. Paul	14,165	607	3	0	0	45	1,487
Omaha	0	141	356	94	43	89	104
Wichita	0	0	0	0	3	37	139
Houston	24	74	176	238	168	389	471
Berkeley	0	0	0	0	159	304	2,917
Spokane	0	2	2	21	10	16	271
Total	14,838	5,680	1,297	954	817	1,426	9,724
Amount							
District	<i>Dollars</i>						
Springfield	356,574	348,600	142,900	30,300	32,740	155,954	1,126,823
Baltimore	2,262,452	3,279,750	1,856,800	327,400	62,100	85,700	269,039
Columbia	0	13,930	227,850	892,868	902,682	483,720	7,443,078
Louisville	99,338	16,929,645	919,788	38,331	55,060	66,557	128,581
New Orleans	98,795	166,895	150,347	966,993	433,262	923,936	3,570,839
St. Louis	0	7,600	1,700	1,700	3,744	118,279	1,596,950
St. Paul	2,10,330,271	2,704,174	11,200	0	0	175,454	5,968,801
Omaha	0	1,551,006	3,561,375	936,530	441,963	422,174	485,751
Wichita	0	0	0	0	8,457	174,818	518,321
Houston	71,242	309,074	912,639	1,205,245	953,526	2,096,775	2,394,801
Berkeley	0	0	0	0	1,420,995	2,575,059	16,900,077
Spokane	0	9,200	9,003	61,495	70,809	59,199	1,540,834
Total	13,218,672	25,319,874	7,793,602	4,460,862	4,385,338	7,337,625	41,943,895

¹ See page 101–102 for discussion of these data. ² For the last 6 months; not available for the period before that time.

Farm Credit Administration.

TABLE 82.—Federal land banks: Acquisitions of real estate, sheriffs' certificates, etc., by Farm Credit districts, 1925-40

Year	Springfield		Baltimore		Columbia		Louisville		New Orleans		St. Louis		St. Paul	
	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment
		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars
1925 ¹	96	358	12	77	79	334	42	224	245	736	224	729	468	1,198
1926 ¹	88	405	27	102	156	611	66	353	227	882	115	476	200	1,377
1927 ¹	132	505	61	292	186	753	103	539	222	1,148	117	547	391	1,404
1928 ¹	162	703	101	358	429	1,907	78	391	265	1,096	157	602	693	5,164
1929	230	986	142	589	502	1,500	135	753	422	1,371	248	1,055	592	2,570
1930	194	981	235	833	1,128	3,550	172	736	639	2,016	313	1,273	889	3,967
1931	194	841	273	794	993	3,266	366	1,785	1,647	4,785	621	2,599	1,523	7,343
1932	308	1,383	409	1,358	1,124	3,516	759	3,707	2,145	6,965	1,272	5,069	1,165	6,500
1933	516	2,193	431	1,345	733	2,229	399	1,727	1,443	3,680	526	2,423	910	4,158
1934	463	1,729	293	826	301	874	410	1,697	1,767	4,046	544	2,042	342	1,602
1935	517	2,110	678	2,239	1,308	3,729	723	2,882	2,589	6,247	1,189	4,727	1,404	6,002
1936	453	1,755	1,324	4,500	1,493	4,071	620	2,548	1,917	4,885	1,517	5,121	2,142	10,506
1937	351	1,260	762	2,684	532	1,303	360	1,556	662	1,506	1,054	2,945	2,582	10,327
1938	497	1,576	369	1,043	431	1,002	212	900	383	952	356	1,138	2,110	8,263
1939	637	2,160	307	946	244	578	125	515	442	1,057	421	1,635	3,506	13,964
1940	472	1,594	317	1,115	171	486	137	516	171	341	169	533	1,559	6,101

Year	Omaha		Wiebba		Houston		Berkeley		Spokane		United States	
	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment
		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars
1925 ¹	92	470	304	1,260	16	139	63	253	609	2,459	2,250	8,232
1926 ¹	65	351	97	428	3	14	25	146	1,216	4,476	2,285	9,621
1927 ¹	141	878	180	836	4	21	53	267	500	2,600	2,690	9,190
1928 ¹	119	810	180	737	9	64	98	471	361	2,296	2,652	14,599
1929	116	733	113	596	13	77	67	360	492	2,089	3,072	12,679
1930	110	725	156	613	109	496	68	422	470	2,262	4,483	17,874
1931	333	2,366	272	1,291	187	618	269	1,234	507	1,732	7,185	28,654
1932	808	6,667	311	1,509	431	1,746	343	1,781	863	4,166	9,938	44,367
1933	855	6,357	302	1,375	466	1,596	252	1,022	731	2,628	7,564	30,733
1934	320	2,138	257	995	416	1,276	198	837	564	1,892	5,875	19,954
1935	1,079	8,364	1,257	4,971	1,009	3,143	189	919	1,086	4,196	13,028	49,529
1936	1,111	7,989	1,148	4,507	666	2,047	355	1,632	1,910	7,128	14,656	56,687
1937	623	3,698	803	2,654	628	2,224	245	1,086	1,367	5,617	9,969	36,860
1938	1,596	9,006	943	2,943	672	2,199	178	889	667	2,431	8,414	32,342
1939	2,580	15,252	1,718	6,403	589	2,203	242	1,196	547	1,995	11,358	47,804
1940	1,601	9,578	806	2,885	190	782	101	603	369	1,255	6,063	25,789

¹ Excludes reacquisitions which have been deducted from disposals.

Farm Credit Administration.

TABLE 83.—Federal land banks: Disposals of real estate, sheriffs' certificates, etc., by Farm Credit districts, 1925-40¹

Year	Springfield		Baltimore		Columbia		Louisville		New Orleans		St. Louis		St. Paul								
	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment	Number	Investment							
		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars							
1925	69	270	244	5	61	62	37	122	131	5	37	38	173	431	438	89	324	298	228	789	441
1926	83	362	327	12	68	59	48	190	197	18	94	89	183	578	598	134	402	351	324	1,265	641
1927	88	366	323	20	70	71	43	149	159	53	241	188	201	724	752	142	549	440	65	309	284
1928	157	650	523	48	208	194	136	542	506	84	410	322	170	803	845	24	20	29	49	896	916
1929	155	723	625	120	579	499	332	987	897	59	350	289	206	933	912	155	675	492	340	1,186	1,006
1930	239	1,155	901	184	650	550	482	1,500	1,226	140	642	496	290	922	794	150	654	307	287	1,223	1,053
1931	189	796	633	339	1,016	829	671	2,585	2,123	237	1,023	643	455	1,071	910	280	1,227	700	398	1,905	1,491
1932	143	573	509	264	956	656	1,014	3,449	1,985	442	1,924	1,264	367	706	817	649	2,199	1,267	354	1,575	991
1933	379	1,657	1,487	387	1,199	1,127	298	969	836	340	1,554	1,176	249	578	577	605	2,449	1,735	403	1,620	1,338
1934	412	1,622	1,504	374	1,021	932	716	2,123	1,790	341	1,313	1,211	654	1,376	1,289	553	2,208	1,607	966	4,033	3,497
1935 ²	457	1,932	1,505	558	1,716	1,410	1,744	5,151	3,433	835	3,397	3,019	1,561	3,677	3,052	702	4,191	1,891	1,046	4,837	3,853
1936 ²	488	1,906	1,427	595	3,074	2,403	3,050	7,886	4,960	854	3,250	2,908	3,530	7,254	6,110	1,325	4,292	3,241	881	3,818	2,693
1937 ²	474	1,724	1,404	910	2,998	2,310	1,133	2,694	1,813	618	2,826	2,563	4,962	10,334	8,180	1,549	4,509	3,594	1,072	4,488	3,153
1938 ²	504	1,891	1,518	594	1,733	1,257	584	1,283	970	364	1,518	1,291	3,197	7,068	5,198	1,700	4,617	3,151	978	3,659	2,421
1939 ²	706	2,603	2,179	552	1,663	1,094	377	802	623	288	1,400	1,154	2,205	2,697	2,191	931	3,628	2,598	1,947	9,350	4,462
1940 ²	599	2,329	1,926	462	1,457	1,032	231	551	461	200	922	793	694	1,594	1,336	434	1,917	1,641	3,602	13,876	6,092

See footnotes at end of table.

TABLE 83.—*Federal land banks: Disposals of real estate, sheriffs' certificates, etc., by Farm Credit districts, 1925-40¹—Continued*

Year	Omaha			Wichita			Houston			Berkeley			Spokane			United States		
	Number	Investment	Consideration	Number	Investment	Consideration	Number	Investment	Consideration	Number	Investment	Consideration	Number	Investment	Consideration	Number	Investment	Consideration
		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.
1925	58	295	309	54	263	284	6	50	52	3	13	6	37	179	199	764	2,834	2,502
1926	51	300	307	121	616	645	4	26	29	4	19	18	38	258	252	1,020	4,178	3,513
1927	59	374	392	124	529	498	1	13	14	12	70	35	131	609	571	939	4,003	3,727
1928	61	379	391	113	530	501	10	59	52	71	352	330	893	4,045	3,154	816	8,894	7,763
1929	191	1,158	1,296	185	751	643	20	109	75	120	601	493	528	2,280	1,538	2,441	10,332	8,765
1930	68	469	535	164	605	425	32	191	167	70	392	327	486	2,057	1,472	2,592	10,460	8,253
1931	63	568	53	94	442	281	68	252	245	23	98	56	271	946	410	3,088	11,929	8,374
1932	92	558	451	272	1,009	357	138	449	428	57	263	224	272	1,028	753	4,064	14,689	9,702
1933	329	2,479	2,297	152	627	382	217	798	803	94	446	405	572	2,288	1,950	4,025	16,664	14,113
1934	302	2,309	2,209	139	548	423	389	1,387	1,070	150	536	511	495	1,864	1,523	5,491	20,345	17,566
1935 ¹	354	2,929	2,510	374	1,926	1,525	737	2,507	1,908	343	1,616	1,318	981	3,990	2,711	9,697	36,097	28,136
1936 ¹	468	3,580	2,693	699	3,008	2,253	1,100	3,070	2,430	435	1,766	1,325	1,225	4,474	2,785	15,013	47,408	35,228
1937 ¹	677	5,347	4,106	905	3,818	2,972	744	2,247	1,729	444	2,063	1,547	1,792	6,305	4,435	15,280	49,355	37,806
1938 ²	720	4,571	3,165	693	2,273	1,746	691	2,090	1,515	285	1,102	753	1,200	4,296	3,148	11,510	36,101	26,133
1939 ²	1,210	7,162	4,850	929	3,094	2,280	711	2,106	1,554	467	1,905	1,262	1,251	4,083	2,455	10,576	38,496	26,702
1940 ²	1,369	7,656	5,428	1,122	3,403	2,587	459	1,742	1,353	278	1,304	1,007	1,720	5,332	2,618	11,170	42,083	28,274

¹ Data before Jan. 1, 1933, reflect net disposals; that is, total disposals minus reacquisitions; also before 1934 the number of disposals include whole farms only and for 1934 and later, include both whole and part farms. See pages 104-107 for further discussion of these data.

² Amount of investment includes, in addition to principal amount of the loan, the amount of accrued interest to date of acquisition and expenses of operation and maintenance.

Farm Credit Administration.

TABLE 84.—*Federal land banks: Holdings of real estate, sheriffs' certificates, etc., by Farm Credit districts, 1924-40¹*

Year	Springfield		Baltimore		Columbia		Louisville		New Orleans		St. Louis		St. Paul	
	Number	Invest- ment	Num- ber	Invest- ment										
		1,000 dollars												
1924	60	235	7	92	159	644	17	104	66	220	90	267	165	549
1925	87	323	14	108	201	676	55	302	138	525	225	711	405	1,107
1926	92	366	29	136	309	1,025	103	556	182	829	206	799	281	1,080
1927	136	506	70	341	452	1,463	153	832	203	1,252	181	796	607	2,162
1928	141	558	123	513	745	2,535	147	836	298	1,545	314	1,325	1,251	6,426
1929	186	821	145	523	915	3,757	223	1,288	514	1,984	407	1,705	1,503	7,810
1930	141	647	196	707	1,561	5,807	255	1,332	863	3,077	570	2,324	2,105	10,554
1931	146	692	130	485	1,883	6,489	384	2,095	2,055	6,791	911	3,696	3,230	15,992
1932	311	1,502	275	887	1,993	6,556	701	3,878	3,833	13,050	1,534	6,566	4,041	20,917
1933	448	1,931	319	1,004	2,428	7,737	759	4,028	5,023	16,022	1,426	6,453	4,452	23,454
1934	513	2,073	257	819	2,125	6,484	868	4,494	6,313	18,839	1,472	6,275	4,035	21,012
1935 ¹	604	2,932	440	1,582	1,944	5,774	835	4,626	7,671	22,420	2,060	9,121	4,497	23,988
1936	622	3,029	892	3,127	751	2,067	668	3,996	6,842	19,204	2,426	9,930	5,834	30,938
1937	543	2,689	824	2,921	276	723	471	2,821	3,600	10,009	2,105	8,385	7,461	37,514
1938	577	2,593	655	2,251	178	464	362	2,254	1,324	3,709	912	4,896	8,684	42,921
1939	549	2,468	451	1,566	84	256	232	1,407	748	2,004	451	2,759	10,421	50,101
1940	461	1,949	333	1,238	56	201	174	1,023	294	714	221	1,336	8,576	42,028

Year	Omaha		Wichita		Houston		Berkeley		Spokane		United States	
	Number	Invest- ment	Num- ber	Invest- ment								
		1,000 dollars										
1924	73	410	108	641	13	73	79	374	434	1,831	1,271	5,440
1925	107	599	358	1,648	23	164	139	619	1,006	4,266	2,758	11,048
1926	121	660	334	1,466	22	158	160	741	2,184	8,780	4,023	16,596
1927	203	1,184	390	1,778	25	170	201	938	2,553	10,470	5,174	21,892
1928	261	1,571	457	1,981	24	162	228	1,057	2,021	7,969	6,010	26,478
1929	186	1,146	385	1,810	17	131	175	815	1,985	7,777	6,641	29,517
1930	228	1,401	377	1,819	94	437	173	844	1,969	7,982	8,532	36,931
1931	498	3,200	555	2,667	213	803	419	1,980	2,205	8,768	12,629	53,658
1932	1,214	9,309	594	3,168	506	2,099	705	3,497	2,796	11,907	18,503	83,336
1933	1,737	13,391	742	3,864	758	2,871	828	3,911	2,935	12,108	21,945	96,774
1934	1,766	13,304	872	4,342	811	2,821	877	4,209	3,051	12,097	22,960	96,769
1935 ²	2,514	20,123	1,784	8,086	1,150	3,765	750	4,038	3,266	13,181	27,515	119,636
1936	3,197	24,751	2,264	9,702	797	2,740	726	3,977	4,056	15,856	29,075	129,317
1937	3,192	23,383	2,252	8,594	736	2,753	588	3,041	3,790	15,349	25,838	118,182
1938	4,120	27,926	2,577	9,230	733	2,861	527	2,856	3,375	13,595	34,024	115,556
1939	5,599	36,149	3,457	12,666	678	2,963	367	2,148	2,764	11,407	25,801	125,894
1940	5,967	38,198	3,236	12,181	380	1,963	226	1,466	1,488	7,163	21,412	109,460

¹ See pp. 102-104 for discussion of these data.

² Before 1935 operating and maintenance costs of farms were charged to operating expenses; subsequently they were capitalized into investment. Similarly, delinquent interest accumulated was charged to operating expenses before 1935; since then it is capitalized into investment.

³ Excludes judgments not constituting legal title.

Farm Credit Administration.

TABLE 85.—*Federal land banks: Principal amount of loans outstanding, by Farm Credit districts, Dec. 31, 1918-40*¹

Year	Spring-field	Balti-more ²	Colum-bia	Louis-ville	New Orleans	St. Louis	St. Paul	Omaha	Wichita	Hous-ton	Berke-ley	Spokane	United States
	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>	<i>1,000 dollars</i>
1918	5,671	6,091	7,789	10,082	11,309	10,739	22,422	16,806	16,245	15,167	9,498	24,395	156,214
1919	11,487	11,836	15,975	21,183	20,375	23,010	39,405	37,583	24,993	33,443	15,471	38,834	293,595
1920	13,299	14,298	19,387	26,138	24,268	29,321	46,481	46,536	29,133	39,283	17,315	44,220	349,679
1921	16,084	17,765	29,563	35,616	30,972	36,583	53,591	55,259	35,961	48,403	20,278	52,518	432,523
1922	22,584	29,278	45,729	58,717	51,662	52,085	77,750	72,827	53,980	70,710	29,855	74,309	639,486
1923	29,801	40,183	51,655	75,817	70,447	58,687	101,077	91,701	67,865	90,094	35,607	86,663	799,597
1924	35,190	49,748	56,525	90,740	90,535	65,455	112,385	110,676	81,934	102,387	39,247	92,746	927,568
1925	40,220	57,709	62,571	99,553	100,262	69,226	117,168	124,034	84,950	113,511	42,004	94,477	1,005,685
1926	43,789	62,757	64,730	108,757	105,251	78,745	124,531	136,337	86,672	126,629	46,159	93,462	1,077,819
1927	48,729	66,074	66,588	116,809	111,749	90,983	127,069	152,604	90,043	139,869	50,731	94,390	1,155,644
1928	50,144	69,229	65,077	123,008	110,883	102,573	125,675	163,442	90,491	146,789	52,121	95,389	1,194,821
1929	50,543	69,937	62,449	123,643	109,655	107,243	123,026	165,717	88,984	150,726	52,264	94,327	1,198,514
1930	49,755	68,769	58,427	121,644	108,373	107,185	119,133	167,810	89,363	153,217	51,695	94,233	1,189,604
1931	49,894	67,058	54,857	120,816	103,091	104,953	113,079	166,223	88,305	156,435	50,179	93,005	1,167,898
1932	49,763	64,851	50,406	115,829	95,786	98,791	108,037	163,184	86,487	156,222	48,894	90,314	1,128,564
1933	51,737	67,257	55,038	125,214	92,682	111,182	129,259	190,401	88,044	166,963	61,514	93,388	1,232,707
1934	67,879	82,815	82,310	201,128	96,704	170,536	286,664	334,762	149,832	216,760	113,600	112,802	1,915,792
1935	72,072	84,692	79,423	210,009	87,881	197,216	329,963	383,146	170,918	219,686	123,035	113,884	2,071,925
1936	73,642	79,387	73,758	205,507	79,813	202,094	331,382	396,740	173,681	218,167	122,918	107,069	2,064,158
1937	74,848	78,292	69,803	199,647	76,773	201,905	322,272	400,314	172,327	211,102	123,292	104,732	2,035,307
1938	74,487	76,376	66,958	192,958	75,514	193,683	307,313	392,193	166,712	203,864	122,125	104,941	1,982,224
1939	72,354	73,060	63,900	184,552	73,661	193,295	295,523	375,498	159,519	194,563	117,052	101,678	1,904,655
1940	70,214	70,374	62,263	176,127	73,410	187,540	286,279	365,808	154,742	189,290	115,163	100,008	1,851,218

¹ See pages 107-108.

² Includes Puerto Rico.

Farm Credit Administration.

TABLE 86.—*Federal Farm Mortgage Corporation: Amounts of bonds issued and reacquired during the year, and amounts outstanding on Dec. 31, 1934-40*¹

Year	Issued	Reacquired	Outstanding Dec. 31
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
1934	1,133,685,800	154,072,500	979,613,300
1935	462,753,500	54,949,900	1,387,416,900
1936	35,113,300	345,700	1,422,184,500
1937	20,006,400	27,325,000	1,414,865,900
1938	0	27,106,000	1,387,759,900
1939	25,000,000	133,372,000	1,279,387,900
1940	0	10,000,000	1,263,387,900
Total	1,676,559,000	407,171,100	-----

¹ See pages 111-112.

Farm Credit Administration.

TABLE 88.—*Federal land banks and Land Bank Commissioner: Number and amount of first- and second-mortgage loans outstanding, by Farm Credit districts, Dec. 31, 1934-40*

TABLE 87.—*Federal Farm Mortgage Corporation: Amounts of bonds sold, by type of purchaser, 1934-40*

Year	Sales to investing public	Sales to governmental agencies	Total sales ¹
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
1934	133,545,300	211,495,000	345,040,300
1935	141,622,000	54,569,200	196,191,200
1936	35,083,000	5,000	35,088,000
1937	0	20,000,000	20,000,000
1938	0	0	0
1939	0	25,000,000	25,000,000
1940	0	0	0
Total	310,250,300	311,069,200	621,319,500

¹ Total sales do not equal total bonds issued (in table 86) as bonds are issued for exchange with farm loan bonds of the Federal land banks or exchanged for mortgages from borrowers in lieu of cash. See pp. 112-113.

Farm Credit Administration.

TABLE 89.—*Federal land banks and Land Bank Commissioner: Number and amount of first- and second-mortgage loans outstanding, by Farm Credit districts, Dec. 31, 1934-40*

District	Land Bank Commissioner				Total
	First mortgages		Second mortgages		
Number	Amount	Number	Amount	Number	Amount
Springfield	25,585	<i>Dollars</i>	2,335	<i>Dollars</i>	10,976
Baltimore	34,228	67,878,826	10,739	4,444,164	20,590,656
Columbia	40,148	82,815,009	6,385	11,765,292	22,102,687
Louisville	70,727	82,310,002	23,014	26,098,413	13,095
New Orleans	56,118	96,703,612	14,868	13,364	22,388,517
St. Louis	45,198	170,535,617	13,156	20,215,063	36,378
St. Paul	87,056	286,664,032	21,124	37,573,132	48,486,930
Omaha	63,890	334,762,347	9,280	20,857,395	12,070,918
Wichita	49,611	149,832,096	11,224	18,950,596	12,070,918
Houston	69,938	216,759,988	9,879	16,640,380	12,070,918
Berkeley	25,453	113,600,270	9,125	21,702,144	12,070,918
Spokane	38,392	112,802,320	8,878	16,755,452	12,070,918
Total	606,344	1,915,791,654	148,976	234,131,865	182,625,108

TABLE 88.—*Federal land banks and Land Bank Commissioner: Number and amount of first- and second-mortgage loans outstanding, by Farm Credit districts, Dec. 31, 1934-40—Continued*

1935

District	Federal land bank first mortgages		Land Bank Commissioner				Total	
			First mortgages		Second mortgages			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Springfield	27,463	72,072,219	3,570	6,849,800	11,145	20,946,670	14,715	27,796,470
Baltimore	34,786	84,692,289	6,924	10,976,908	8,129	14,322,319	15,053	25,299,227
Columbia	39,722	79,423,124	26,318	29,554,508	14,512	24,251,844	40,830	53,806,352
Louisville	73,608	210,008,413	23,715	34,815,191	27,599	46,857,151	51,314	81,672,342
New Orleans	53,105	87,880,684	16,861	14,069,938	7,951	9,867,215	24,812	23,937,153
St. Louis	49,536	197,216,227	18,486	30,444,942	15,216	35,600,107	33,702	66,045,049
St. Paul	99,929	329,963,356	28,490	52,581,009	59,557	116,994,049	88,047	169,575,058
Omaha	73,467	383,145,850	12,722	30,190,190	37,486	89,478,931	50,208	119,669,121
Wichita	55,759	170,917,772	14,477	23,799,559	25,968	50,494,708	40,445	74,294,267
Houston	70,983	219,686,198	11,630	19,106,149	16,888	33,851,385	28,518	52,957,534
Berkeley	26,581	123,035,189	11,146	26,799,240	12,165	30,934,619	23,311	57,733,859
Spokane	38,864	113,883,400	10,616	20,316,036	9,634	21,623,950	20,250	41,939,986
Total	643,803	2,071,924,721	184,955	299,503,470	246,250	495,222,948	431,205	794,726,418

1936

Springfield	28,378	73,641,471	4,198	8,013,946	12,371	22,978,301	16,569	30,992,247
Baltimore	32,695	79,336,640	7,073	10,999,372	8,768	15,432,405	15,841	26,431,777
Columbia	37,714	73,758,291	26,948	29,768,538	14,526	23,967,836	41,474	53,736,374
Louisville	73,237	205,507,180	24,575	36,041,453	28,081	47,359,752	52,656	83,401,205
New Orleans	49,315	79,813,353	17,197	14,166,166	7,868	9,804,794	25,065	23,970,960
St. Louis	49,325	202,093,412	20,145	33,206,463	16,938	40,068,682	37,083	73,275,145
St. Paul	101,610	331,381,883	30,176	55,417,862	62,395	121,324,417	92,571	176,742,279
Omaha	76,707	396,739,885	13,667	32,394,374	40,499	97,506,400	54,166	129,900,774
Wichita	56,892	173,680,878	15,536	25,092,594	27,981	53,716,841	43,517	78,809,435
Houston	70,765	218,167,404	12,563	20,148,162	18,177	35,644,675	30,740	55,792,837
Berkeley	26,457	122,918,157	11,826	28,462,380	12,577	32,035,701	24,403	60,498,081
Spokane	36,733	107,069,390	10,926	20,690,586	10,071	22,536,847	20,997	43,227,433
Total	639,828	2,064,157,944	194,830	314,401,896	260,252	522,376,651	455,082	836,778,547

1937

Springfield	29,113	74,848,057	4,590	8,711,159	13,180	23,977,950	17,770	32,689,109
Baltimore	32,490	78,291,768	6,959	10,181,136	9,088	15,493,604	16,047	25,674,740
Columbia	36,893	69,803,237	27,130	29,368,970	14,461	23,267,438	41,591	52,636,408
Louisville	72,567	199,647,307	24,367	34,327,690	27,581	44,519,495	51,948	78,847,185
New Orleans	48,285	76,772,731	17,297	13,411,947	8,148	9,498,580	25,445	22,910,527
St. Louis	49,686	201,904,646	20,065	32,135,423	17,435	40,089,024	37,500	72,224,447
St. Paul	99,524	322,271,998	28,982	51,936,116	60,863	115,651,186	89,845	167,587,302
Omaha	77,919	400,313,605	13,360	31,343,262	40,824	96,691,669	54,184	128,035,231
Wichita	56,898	172,327,387	15,523	24,274,102	28,125	53,032,392	43,648	77,306,494
Houston	69,729	211,102,132	12,981	19,659,164	18,498	34,296,847	31,479	53,956,011
Berkeley	26,677	123,291,565	11,849	27,288,482	12,925	31,813,956	24,774	59,102,438
Spokane	35,995	104,732,315	10,788	19,582,850	10,272	22,196,542	21,060	41,779,392
Total	635,776	2,035,306,748	193,891	302,220,301	261,400	510,528,983	455,291	812,749,284

1938

Springfield	29,501	74,487,383	4,774	8,737,796	13,605	23,616,999	18,379	32,354,795
Baltimore	32,145	76,375,552	6,702	9,000,440	9,150	14,581,562	15,852	23,582,002
Columbia	36,512	66,958,019	27,264	28,179,163	14,542	22,378,270	41,806	50,557,433
Louisville	72,106	192,958,381	23,662	31,002,926	27,433	41,130,565	51,095	72,133,491
New Orleans	48,197	75,513,683	17,508	12,426,260	8,734	9,332,062	26,242	21,758,322
St. Louis	49,928	199,682,955	19,558	29,438,557	17,733	38,693,847	37,291	68,132,804
St. Paul	95,934	307,313,364	26,868	45,301,671	57,514	103,117,928	84,382	148,419,599
Omaha	77,011	392,193,074	12,874	28,951,973	40,071	90,532,011	52,945	119,483,984
Wichita	55,931	166,711,725	14,853	21,698,999	27,572	49,515,233	42,425	71,214,232
Houston	68,878	203,863,796	13,007	18,234,994	18,578	31,593,672	31,585	49,828,666
Berkeley	26,735	122,125,221	11,582	24,991,510	13,224	30,892,028	24,806	55,883,538
Spokane	35,903	104,040,854	10,642	17,988,083	10,630	21,513,847	21,272	39,501,930
Total	628,781	1,982,224,007	189,294	275,952,772	258,786	476,898,024	448,080	752,850,796

TABLE 88.—Federal land banks and Land Bank Commissioner: Number and amount of first- and second-mortgage loans outstanding, by Farm Credit districts, Dec. 31, 1934-40—Continued

District	Federal land bank first mortgages		Land Bank Commissioner				Total		
			First mortgages		Second mortgages				
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Springfield	29,567	72,353,948	4,809	<i>Dollars</i>	13,781	<i>Dollars</i>	18,590	<i>Dollars</i>	
Baltimore	31,400	73,059,513	6,460	8,307,675	13,281,125	22,483,621	15,463	30,791,296	
Columbia	36,172	63,899,847	27,246	7,921,516	9,003	21,338,573	41,876	21,202,641	
Louisville	71,247	184,551,589	22,883	26,616,785	14,630	27,332,333	49,935	47,955,358	
New Orleans	47,472	73,661,319	17,480	11,404,190	27,052	8,983	37,396,217	65,228,550	
St. Louis	49,500	193,295,079	18,872	26,445,042	17,594	8,923,548	35,802,021	26,463	
St. Paul	93,533	295,522,736	26,067	41,483,072	55,379	93,550,491	81,446	20,327,738	
Omaha	74,670	375,498,313	12,300	25,979,907	37,891	82,218,164	50,191	108,198,071	
Wichita	55,013	159,519,365	14,481	19,857,115	26,657	45,113,234	41,138	62,247,063	
Houston	67,819	194,562,987	13,020	17,000,648	18,616	29,095,013	31,636	64,910,349	
Berkeley	26,457	117,051,906	11,282	22,671,411	13,262	29,402,867	24,544	46,095,661	
Spokane	35,606	101,678,412	10,448	16,244,432	10,880	20,510,811	21,328	52,074,278	
Total	618,456	1,904,655,014	185,348	251,764,126	253,728	439,115,685	439,076	690,879,811	
1940									
Springfield	29,670	70,213,475	4,983	8,239,346	14,235	22,032,597	19,218	30,271,943	
Baltimore	30,728	70,374,337	6,262	7,211,902	8,960	12,353,014	15,222	19,564,916	
Columbia	35,992	62,262,912	27,459	25,686,575	15,053	21,048,114	42,512	46,734,689	
Louisville	70,218	176,127,399	22,171	25,227,925	26,942	34,645,283	49,113	59,873,208	
New Orleans	47,165	73,409,628	17,798	11,120,373	9,680	9,428,977	27,478	20,549,350	
St. Louis	49,267	187,540,449	18,601	24,579,356	17,686	33,774,626	36,287	58,353,982	
St. Paul	91,776	286,279,301	25,279	39,736,952	50,136	80,674,719	75,415	120,411,671	
Omaha	73,984	365,808,195	12,177	24,611,275	36,611	74,887,056	48,788	99,498,331	
Wichita	54,861	154,741,893	14,260	18,686,884	26,179	42,025,433	40,439	60,712,317	
Houston	67,446	189,289,645	13,273	16,441,308	19,273	28,654,594	32,546	45,095,902	
Berkeley	26,520	115,163,409	11,177	21,578,706	13,514	29,424,542	24,601	51,003,248	
Spokane	35,471	100,007,706	10,307	15,795,932	11,210	20,430,401	21,517	36,226,333	
Total	613,098	1,851,218,349	183,747	238,916,534	249,479	409,379,356	433,226	648,295,890	

Farm Credit Administration.

TABLE 89.—*Land Bank Commissioner: Amount of loans closed, by States, 1933–40*¹

State and division	1933	1934	1935	1936	1937	1938	1939	1940
	<i>1,000 dollars</i>							
Maine	690	2,395	1,236	391	188	132	48	60
New Hampshire	80	426	186	137	65	80	56	62
Vermont	214	967	334	199	115	124	87	125
Massachusetts	564	1,952	827	670	511	309	283	240
Rhode Island	51	208	128	130	142	60	45	67
Connecticut	246	1,263	713	505	376	338	368	262
New England	1,845	7,211	3,424	2,032	1,397	1,043	887	816
New York	871	7,749	3,186	1,638	1,306	927	926	1,011
New Jersey	265	2,741	978	574	514	426	415	641
Pennsylvania	1,589	5,943	1,097	716	457	288	239	305
Middle Atlantic	2,725	16,433	5,261	2,928	2,277	1,641	1,580	1,957
Ohio	860	18,580	5,408	1,547	1,067	898	798	1,051
Indiana	1,229	20,133	4,862	2,088	1,188	1,080	1,018	1,129
Illinois	3,722	21,463	15,322	6,436	3,092	2,310	2,097	2,578
Michigan	866	19,525	7,498	2,802	932	302	378	493
Wisconsin	2,280	33,916	18,535	3,292	1,062	467	325	370
East North Central	8,957	113,617	51,625	16,165	7,341	5,057	4,616	5,621
Minnesota	3,930	33,845	14,963	5,597	1,459	689	573	709
Iowa	3,415	35,121	19,226	8,010	3,830	2,132	2,022	2,498
Missouri	1,935	11,598	7,350	2,541	952	659	455	719
North Dakota	1,450	29,788	9,470	1,863	0	0	0	0
South Dakota	656	17,073	7,639	2,626	901	394	264	334
Nebraska	3,366	23,404	9,018	4,448	2,484	1,553	1,152	1,271
Kansas	2,986	30,595	11,135	4,372	1,692	1,094	982	1,112
West North Central	17,738	181,424	78,801	29,457	11,318	6,521	5,448	6,643

See footnote at end of table.

TABLE 89.—*Land Bank Commissioner: Amount of loans closed, by States, 1933–40*¹—Continued

State and division	1933	1934	1935	1936	1937	1938	1939	1940
	<i>1,000 dollars</i>							
Delaware	104	347	59	31	38	21	19	10
Maryland	972	2,608	615	451	226	121	107	164
Virginia	2,191	5,300	1,071	579	416	242	207	389
West Virginia	914	2,204	226	271	172	105	102	152
North Carolina	1,265	13,160	2,297	873	668	610	788	1,336
South Carolina	2,471	8,591	1,394	601	359	293	334	550
Georgia	2,193	12,774	1,660	808	572	769	843	930
Florida	2,393	5,926	831	395	255	197	244	494
South Atlantic	12,503	50,910	8,153	4,009	2,706	2,358	2,664	4,025
Kentucky	1,796	14,222	2,849	931	518	471	504	727
Tennessee	1,009	11,164	2,683	1,275	654	577	663	691
Alabama	833	6,965	1,322	596	610	778	704	1,054
Mississippi	1,113	7,809	934	441	343	535	538	858
East South Central	4,751	40,160	7,788	3,243	2,125	2,361	2,409	3,330
Arkansas	469	4,061	2,273	1,216	460	396	275	434
Louisiana	306	4,573	806	284	265	341	353	514
Oklahoma	1,028	12,637	4,359	1,848	890	598	541	694
Texas	9,340	37,803	7,967	5,041	3,540	2,655	2,796	4,611
West South Central	11,143	59,074	15,405	8,389	5,155	3,990	3,965	6,253
Montana	890	8,613	3,252	705	389	433	427	525
Idaho	626	8,217	1,725	614	418	488	533	667
Wyoming	114	3,305	1,123	441	303	264	277	281
Colorado	407	6,490	3,325	1,462	748	437	532	673
New Mexico	44	1,802	905	330	275	184	215	262
Arizona	258	730	669	458	333	273	296	367
Utah	457	3,905	1,782	588	210	138	72	102
Nevada	44	405	211	149	74	53	15	11
Mountain	2,840	33,467	12,992	4,747	2,750	2,270	2,367	2,888
Washington	1,617	6,607	1,771	843	693	645	707	735
Oregon	724	7,422	1,971	920	745	579	645	681
California	5,969	36,723	8,678	4,154	3,199	2,687	1,942	3,445
Pacific	8,310	50,752	12,420	5,917	4,637	3,911	3,294	4,861
United States	70,812	553,048	195,869	76,887	39,706	29,152	27,230	36,394

¹ See pp. 122–123 for discussion of these data.

Farm Credit Administration.

TABLE 90.—*Federal land banks and Land Bank Commissioner: Number and amount of loans closed as single Federal land bank, joint Federal land bank and Land Bank Commissioner, and single Land Bank Commissioner loans, by Farm Credit districts, 1933–39*¹

1933

District	Total loans closed		Single Federal land bank loans		Joint Federal land bank and Land Bank Commissioner loans		Single Land Bank Commissioner loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		<i>Dollars</i>		<i>Dollars</i>		<i>Dollars</i>		<i>Dollars</i>
Springfield	2,444	7,098,100	816	2,128,500	700	3,236,100	928	1,733,500
Baltimore	3,931	10,614,200	657	1,805,400	732	4,295,600	2,542	4,513,200
Columbia	7,005	15,400,462	725	1,600,300	1,849	8,737,355	4,431	5,062,807
Louisville	6,017	17,259,200	2,411	6,751,300	1,608	7,970,100	1,998	2,537,800
New Orleans	3,162	3,845,475	236	709,700	313	1,232,975	2,613	1,902,800
St. Louis	5,754	21,457,615	1,849	8,828,015	1,278	8,404,000	2,627	4,225,600
St. Paul	9,840	33,502,300	3,490	10,387,800	4,174	20,459,600	2,176	2,654,900
Omaha	8,386	39,453,600	4,815	22,307,600	1,631	13,281,900	1,940	3,864,100
Wichita	3,215	8,698,100	843	2,529,400	447	2,488,000	1,925	3,680,700
Houston	5,908	24,095,250	1,165	5,683,400	1,508	12,146,250	3,235	6,265,600
Berkeley	4,249	20,517,600	1,071	6,029,600	1,477	10,932,100	1,701	3,555,900
Spokane	3,140	9,008,874	934	3,046,949	571	3,158,600	1,635	2,803,325
Total	63,051	210,950,776	19,012	71,807,964	16,288	96,342,580	27,751	42,800,232

See footnote at end of table.

TABLE 90.—*Federal land banks and Land Bank Commissioner: Number and amount of loans closed as single Federal land bank, joint Federal land bank and Land Bank Commissioner, and single Land Bank Commissioner loans, by Farm Credit districts, 1933–39*¹—Continued

1934

District	Total loans closed		Single Federal land bank loans		Joint Federal land bank and Land Bank Commissioner loans		Single Land Bank Commissioner loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Springfield		<i>Dollars</i>		<i>Dollars</i>		<i>Dollars</i>		<i>Dollars</i>
Baltimore	10,643	35,945,300	1,257	2,969,500	5,799	26,416,200	3,587	6,559,600
Columbia	11,423	34,245,100	1,531	3,753,400	4,492	22,160,600	5,400	8,331,100
Louisville	31,809	69,690,096	1,611	3,647,600	9,796	42,727,679	20,402	23,314,817
New Orleans	47,408	145,589,691	6,733	18,973,491	19,077	96,175,800	21,598	30,440,400
St. Louis	20,389	29,898,800	860	2,303,300	2,924	12,766,975	16,605	14,828,525
St. Paul	24,349	102,581,925	4,061	19,815,625	8,611	65,907,800	11,677	17,758,500
Omaha	70,933	271,314,550	8,646	22,873,700	39,457	207,897,050	22,830	40,543,800
Wichita	43,204	230,825,774	8,670	37,040,224	20,621	165,407,700	13,913	28,377,850
Houston	31,322	116,961,000	3,262	10,372,300	15,585	85,899,800	12,475	20,688,900
Berkeley	22,116	94,651,300	2,085	8,053,500	9,245	68,369,350	10,786	18,228,430
Spokane	18,521	97,886,400	1,912	11,866,600	7,379	63,914,200	9,230	22,105,600
Total	16,086	53,913,520	1,221	3,711,900	5,312	31,923,100	9,553	18,278,520
Total	348,203	1,283,503,456	41,849	145,381,140	148,298	888,666,254	158,056	249,456,062

1935

Springfield	4,242	13,952,400	321	811,900	2,167	9,838,200	1,754	3,302,300
Baltimore	2,462	9,062,000	321	944,300	1,415	7,087,700	726	1,030,000
Columbia	5,153	9,794,374	264	508,900	1,208	5,217,438	3,681	4,068,036
Louisville	9,598	32,520,900	1,077	3,351,900	3,707	21,135,800	4,814	8,033,200
New Orleans	2,940	4,732,075	127	343,700	353	2,054,150	2,460	2,334,225
St. Louis	11,899	61,130,500	1,505	8,085,300	4,596	41,717,100	5,798	11,328,100
St. Paul	23,925	103,815,900	2,044	6,216,800	13,147	79,928,300	8,734	17,670,800
Omaha	16,269	99,560,200	2,831	12,257,700	8,674	75,247,200	4,764	12,055,300
Wichita	12,010	48,790,500	1,444	4,487,100	6,651	38,237,300	3,915	6,066,100
Houston	5,424	21,104,200	893	3,223,600	2,173	14,189,300	2,358	3,691,300
Berkeley	4,708	24,429,400	431	2,385,200	1,826	15,845,300	2,451	6,198,900
Spokane	3,949	16,174,100	317	1,090,700	1,470	10,343,650	2,162	4,739,750
Total	102,579	445,066,549	11,575	43,707,100	47,387	320,841,438	43,617	80,518,011

1936

Springfield	2,669	8,829,900	352	828,100	1,398	6,291,400	919	1,710,400
Baltimore	1,584	5,895,100	183	544,800	852	4,534,700	549	815,600
Columbia	2,370	4,350,695	106	206,800	609	2,387,395	1,655	1,756,500
Louisville	3,846	12,338,900	540	1,745,700	1,365	7,281,800	1,941	3,311,400
New Orleans	1,251	2,367,050	53	306,100	170	1,082,850	1,028	978,100
St. Louis	5,352	27,478,700	862	4,578,600	2,123	18,496,500	2,367	4,403,600
St. Paul	7,706	30,007,300	787	2,284,300	4,111	22,437,800	2,808	5,285,200
Omaha	7,416	44,766,200	1,423	6,223,400	4,079	34,050,900	1,914	4,491,900
Wichita	5,490	19,795,300	824	2,446,800	2,693	14,338,000	1,973	3,010,500
Houston	3,634	13,086,300	532	1,821,900	1,568	8,971,400	1,534	2,293,000
Berkeley	2,092	10,952,100	195	1,147,600	687	6,605,900	1,210	3,198,600
Spokane	1,532	6,560,450	156	523,700	694	4,680,600	682	1,356,150
Total	44,942	186,427,995	6,013	22,657,800	20,349	131,159,245	18,580	32,610,950

1937

Springfield	2,071	7,007,500	287	730,700	1,093	4,895,900	691	1,380,900
Baltimore	1,121	4,293,600	168	434,200	661	3,369,600	292	489,800
Columbia	1,784	3,142,508	94	210,685	523	1,752,250	1,167	1,179,573
Louisville	2,495	7,945,400	442	1,378,200	976	4,802,800	1,077	1,764,400
New Orleans	1,584	2,974,944	247	457,844	464	1,839,325	873	677,775
St. Louis	2,671	13,350,300	592	2,591,500	1,152	9,007,800	927	1,781,000
St. Paul	2,331	8,883,900	297	914,500	1,287	6,747,900	747	1,221,500
Omaha	3,772	22,164,200	805	3,547,200	1,913	16,136,100	1,054	2,480,900
Wichita	2,715	9,163,600	446	1,286,300	1,238	6,381,600	1,031	1,495,700
Houston	2,660	8,915,600	426	1,455,700	1,087	5,744,800	1,147	1,715,100
Berkeley	1,653	9,430,900	209	1,196,700	812	6,674,500	632	1,559,700
Spokane	1,189	5,809,450	160	588,400	610	4,540,550	419	680,500
Total	26,046	103,111,902	4,173	14,791,929	11,816	71,893,125	10,057	16,426,848

1938

Springfield	1,644	5,517,300	266	662,200	875	3,943,200	503	911,900
Baltimore	835	3,030,100	184	462,100	435	2,192,800	216	375,200
Columbia	1,731	3,344,442	98	199,872	578	2,029,190	1,055	1,115,380
Louisville	2,475	7,495,100	486	1,286,300	1,073	4,760,900	916	1,447,900
New Orleans	2,557	4,669,925	638	1,085,300	776	2,723,150	1,143	861,475
St. Louis	2,290	11,355,000	633	2,595,200	1,042	7,738,000	615	1,021,800
St. Paul	1,039	4,250,900	168	518,700	568	3,221,600	303	510,600
Omaha	2,303	12,672,100	513	1,988,300	1,133	9,119,100	657	1,564,700
Wichita	2,212	6,993,200	573	1,582,000	988	4,529,900	651	881,300
Houston	2,069	6,837,850	434	1,284,400	818	4,265,550	817	1,257,900
Berkeley	1,442	8,748,900	224	1,238,800	778	6,470,500	440	1,039,600
Spokane	1,327	5,898,800	254	951,800	633	4,180,100	440	766,900
Total	21,924	80,813,617	4,471	13,854,972	9,697	55,173,990	7,756	11,784,655

See footnote at end of table.

TABLE 90.—*Federal land banks and Land Bank Commissioner: Number and amount of loans closed as single Federal land bank, joint Federal land bank and Land Bank Commissioner, and single Land Bank Commissioner loans, by Farm Credit districts, 1933-39*¹—Continued

1939

District	Total loans closed		Single Federal land bank loans		Joint Federal land bank and Land Bank Commissioner loans		Single Land Bank Commissioner loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Springfield	1,535	<i>Dollars</i> 5,255,900	257	<i>Dollars</i> 677,500	850	<i>Dollars</i> 3,781,000	428	<i>Dollars</i> 797,400
Baltimore	696	2,425,900	154	400,400	340	1,678,600	202	346,900
Columbia	1,977	4,422,919	148	351,900	731	2,867,425	1,098	1,203,594
Louisville	2,594	7,863,600	597	1,586,700	1,069	4,849,400	928	1,427,500
New Orleans	2,072	4,848,231	468	1,168,900	640	2,875,281	964	804,050
St. Louis	1,924	10,120,600	550	2,477,300	890	6,712,900	484	930,400
St. Paul	1,041	4,215,500	216	793,500	533	2,943,500	292	478,500
Omaha	2,268	12,892,800	565	2,541,600	1,189	9,208,500	514	1,142,700
Wichita	2,157	7,091,300	583	1,635,700	946	4,514,200	628	941,400
Houston	2,103	7,433,150	410	1,295,600	908	4,892,100	785	1,245,450
Berkeley	1,022	6,345,200	136	943,400	546	4,585,900	340	815,900
Spokane	1,362	6,083,750	241	941,300	651	4,316,350	470	828,100
Total	20,751	78,998,850	4,325	14,813,800	9,293	53,225,156	7,133	10,959,894
Total 1933-39								
Springfield	25,248	83,606,400	3,556	8,808,400	12,882	58,402,000	8,810	16,396,000
Baltimore	22,052	69,566,000	3,198	8,344,600	8,927	45,319,600	9,927	15,901,800
Columbia	51,829	110,145,496	3,046	6,726,057	15,294	65,718,732	33,489	37,700,707
Louisville	74,433	231,012,791	12,286	35,073,591	28,875	146,976,600	33,272	48,962,600
New Orleans	33,955	53,336,500	2,629	6,374,844	5,640	24,574,706	25,686	22,386,950
St. Louis	54,239	247,504,640	10,052	48,971,540	19,692	157,084,100	24,495	41,449,000
St. Paul	116,815	455,990,350	15,648	43,989,300	63,277	343,635,750	37,890	68,365,300
Omaha	83,618	462,334,874	19,622	85,906,024	39,240	322,451,400	24,756	53,977,450
Wichita	59,121	217,493,000	7,975	24,339,600	28,548	156,388,800	22,598	36,764,600
Houston	43,914	176,123,650	5,945	22,818,100	17,307	118,578,750	20,662	34,726,800
Berkeley	33,687	178,310,500	4,178	24,807,900	13,505	115,028,400	16,004	38,474,200
Spokane	28,585	103,448,944	3,283	10,854,749	9,941	63,142,950	15,361	29,451,245
Total	627,496	2,388,873,145	91,418	327,014,705	263,128	1,617,301,788	272,950	444,556,652

¹ See pages 90-93 and 116-117 for discussion of these data.

Farm Credit Administration.

TABLE 91.—*Land Bank Commissioner: Principal repayments and loans paid in full, by Farm Credit districts from organization to 1940*¹

District	1935 ²			1936			1937		
	Principal repayments	Loans paid in full	Total	Principal repayments	Loans paid in full	Total	Principal repayments	Loans paid in full	Total
Springfield	173,600	183,800	357,400	253,200	432,300	685,500	525,100	450,600	975,700
Baltimore	182,400	305,500	487,900	277,000	529,400	806,400	1,175,700	809,700	1,985,400
Columbia	490,100	556,200	1,046,300	618,400	987,800	1,606,200	895,800	1,204,200	2,100,000
Louisville	1,237,700	1,154,500	2,392,200	1,792,400	1,799,500	3,591,900	4,720,900	2,581,200	7,302,100
New Orleans	291,100	210,700	501,800	499,900	502,300	912,200	1,389,700	654,200	2,043,900
St. Louis	687,800	978,300	1,666,100	1,165,600	1,419,000	2,584,600	2,823,700	1,886,500	4,710,200
St. Paul	2,330,000	585,000	2,915,000	2,670,600	1,100,800	3,771,400	4,698,800	1,640,200	6,339,000
Omaha	1,129,600	913,900	2,043,500	1,453,800	1,257,000	2,710,800	3,692,000	1,950,500	5,642,500
Wichita	517,100	692,000	1,209,100	743,400	1,185,700	1,929,100	1,739,600	1,498,000	3,237,600
Houston	653,000	763,700	1,416,700	729,000	909,000	1,638,000	3,003,200	1,682,200	4,685,400
Berkeley	397,800	626,300	1,024,100	892,500	988,000	1,880,500	2,994,700	1,502,300	4,497,000
Spokane	666,000	490,000	1,156,000	781,200	658,200	1,439,400	2,037,600	956,800	2,994,400
Total	8,756,200	7,459,900	16,216,100	11,787,000	11,769,000	23,556,000	29,696,800	16,816,400	46,513,200
	1938			1939			1940		
Springfield	1,391,900	395,200	1,787,100	1,888,000	460,500	2,348,500	1,893,800	490,600	2,384,400
Baltimore	1,879,100	665,400	2,544,500	1,932,200	575,400	2,689,600	1,831,800	682,000	2,513,800
Columbia	2,179,700	815,000	2,994,700	2,612,300	1,042,300	3,654,600	2,859,900	1,247,900	4,107,800
Louisville	6,026,800	2,682,200	8,709,000	6,071,300	2,972,200	9,043,500	5,703,400	2,519,000	8,222,400
New Orleans	1,646,700	534,300	2,181,000	1,739,800	662,700	2,402,500	1,441,900	594,800	2,036,700
St. Louis	4,376,800	1,633,600	6,010,400	5,295,700	1,930,800	7,226,500	4,877,600	2,129,000	7,006,600
St. Paul	7,088,800	1,253,500	8,342,300	7,256,900	1,200,800	8,457,700	7,097,400	1,429,000	8,526,400
Omaha	5,342,100	1,528,000	6,870,100	6,471,700	1,822,000	8,293,700	6,695,300	1,739,900	8,435,200
Wichita	3,281,800	1,063,500	4,345,300	3,801,700	1,137,800	4,939,500	3,646,900	1,062,200	4,709,100
Houston	4,192,800	1,431,100	5,623,900	4,295,800	1,774,300	6,070,100	4,097,300	1,385,100	5,482,400
Berkeley	3,920,400	1,034,400	4,954,800	4,025,900	929,600	4,955,500	3,351,600	984,000	4,335,600
Spokane	2,895,800	565,400	3,461,200	3,120,700	803,000	3,923,700	2,689,700	733,000	3,422,700
Total	44,222,700	13,601,600	57,824,300	48,512,000	³ 15,493,400	64,005,400	46,186,600	14,996,500	61,183,100

¹ See pages 48-49 and 118-120 for discussion of these data.

² From organization in June 1933 to Dec. 31, 1935

³ Includes loans sold.

Farm Credit Administration.

TABLE 92.—*Land Bank Commissioner: Number of loans outstanding, number delinquent or extended, and percentage delinquent, by States, Jan. 1, 1941*

State and division	Loans out-standing	Delinquent or extended	Percent-age delinquent or extended	State and division	Loans out-standing	Delinquent or extended	Percent-age delinquent or extended
	Number	Number	Percent		Number	Number	Percent
Maine	2,087	1,170	56.1	Kentucky	10,199	1,515	14.9
New Hampshire	526	108	20.5	Tennessee	10,550	1,191	11.3
Vermont	1,205	317	26.3	Alabama	11,646	4,408	37.8
Massachusetts	2,276	500	22.0	Mississippi	10,960	5,163	47.1
Rhode Island	343	87	25.4	East South Central	43,355	12,277	28.3
Connecticut	1,763	323	18.3	Arkansas	6,577	558	8.5
New England	8,200	2,505	30.5	Louisiana	4,872	1,774	36.4
New York	8,369	2,012	24.0	Oklahoma	12,592	2,480	19.7
New Jersey	2,649	604	22.8	Texas	32,546	5,518	17.0
Pennsylvania	5,280	757	14.3	West South Central	56,587	10,330	18.3
Middle Atlantic	16,298	3,373	20.7	Montana	5,486	1,537	28.0
Ohio	13,100	1,464	11.2	Idaho	5,321	1,254	23.6
Indiana	15,264	1,311	8.6	Wyoming	2,824	825	29.2
Illinois	16,317	1,820	11.2	Colorado	6,339	1,901	30.0
Michigan	18,049	2,886	16.0	New Mexico	2,020	292	14.5
Wisconsin	21,537	7,444	34.6	Arizona	1,218	295	24.2
East North Central	84,267	14,925	17.7	Utah	3,363	1,263	37.6
Minnesota	22,668	5,348	23.6	Nevada	258	43	16.7
Iowa	21,214	3,690	17.4	Mountain	26,829	7,410	27.6
Missouri	13,393	1,613	12.0	Washington	5,491	919	16.7
North Dakota	13,161	8,615	65.5	Oregon	5,219	966	18.5
South Dakota	9,975	4,329	43.4	California	19,852	3,912	19.7
Nebraska	14,775	7,359	49.8	Pacific	30,562	5,797	19.0
Kansas	19,488	7,611	39.1	United States	432,567	108,662	25.1
West North Central	114,674	38,565	33.6				
Delaware	268	40	14.9				
Maryland	1,860	372	20.0				
Virginia	4,668	862	18.5				
West Virginia	2,487	283	11.4				
North Carolina	13,283	3,352	25.2				
South Carolina	9,002	2,895	32.2				
Georgia	14,870	4,722	31.8				
Florida	5,357	954	17.8				
South Atlantic	51,795	13,480	26.0				

Farm Credit Administration.

TABLE 93.—*Land Bank Commissioner: Amount of loans reamortized, extended, and deferred, by Farm Credit districts, 1936–40*¹

District	Reamortizations					Extensions and reextensions				Deferments			
	1936 ²	1937	1938	1939	1940	1937 ³	1938	1939	1940	1937 ³	1938	1939	1940
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Springfield	0	25,611	7,232,043	5,044,324	0	0	0	0	0	0	12,200	121,900	444,474
Baltimore	0	334,126	1,254,200	2,320,100	100	6,000	22,500	28,463	0	0	1,500	0	0
Columbia	0	0	75,151	5,990,630	13,957,375	57,400	293,600	292,000	180,697	0	446,600	674,000	126,623
Louisville	450	5,700	14,889	1,975,611	7,656,389	0	19,600	49,600	41,242	0	28,300	212,200	582,844
New Orleans	3,450	4,500	24,809	676,279	5,222,527	23,800	164,900	278,200	181,243	0	38,300	182,500	378,918
St. Louis	0	2,000	19,855	2,272,721	12,476,944	600	76,600	155,200	181,477	0	56,200	508,700	158,045
St. Paul	0	0	9,924,689	9,668,692	28,715,358	1,233,200	6,181,400	6,985,900	4,790,182	0	0	463,900	493,608
Omaha	0	0	223,815	32,367,222	14,375,073	195,700	3,844,600	3,322,100	3,031,933	449,100	1,595,500	2,100	3,279
Wichita	2,700	8,531	1,158,202	9,772,438	19,890,434	50,300	587,400	264,200	620,966	0	79,900	518,900	144,079
Houston	0	8,020	1,222,530	3,480,302	11,599,604	84,100	698,600	264,400	110,894	0	53,500	191,300	160,448
Berkeley	0	0	1,333,305	2,994,934	21,258,262	0	0	776,500	21,805	0	6,500	284,500	428,018
Spokane	0	0	9,041	8,368,900	12,201,501	0	373,900	1,358,200	458,505	0	0	0	0
Total	6,600	28,751	8,366,023	86,053,972	154,720,891	1,645,200	12,246,600	13,768,800	9,647,407	449,100	2,317,000	3,161,500	2,920,336

¹ See pp. 120–121 for discussion of these data.

² September through December.

³ October through December.

Farm Credit Administration.

TABLE 94.—*Federal Farm Mortgage Corporation: Investment in acquired real estate, by Farm Credit districts, 1934-40*¹

District	1934	1935	1936	1937	1938	1939	1940	Total acquisitions	
								Amount	Percentage of total
	1,000 dollars	Percent							
Springfield	0	168	525	526	830	1,138	1,025	4,212	3.9
Baltimore	1	20	346	546	735	1,018	444	3,110	2.9
Columbia	0	137	928	951	1,082	1,210	590	4,898	4.5
Louisville	0	65	195	516	754	664	716	2,910	2.7
New Orleans	0	53	395	332	470	507	92	1,849	1.7
St. Louis	0	3	415	825	970	1,140	753	4,106	3.8
St. Paul	0	52	2,920	4,595	7,960	9,023	4,997	29,547	27.3
Omaha	0	200	2,587	4,256	7,699	12,531	6,820	34,093	31.5
Wichita	9	13	1,336	2,472	3,553	4,341	2,354	14,078	13.0
Houston	0	78	436	550	972	838	264	3,138	2.9
Berkeley	0	18	342	526	636	828	522	2,872	2.7
Spokane	0	4	228	721	917	898	533	3,301	3.1
Total	10	811	10,653	16,816	26,578	34,136	19,110	108,114	100.0

¹ Reacquisitions not included. Includes amount of prior liens except in 1935, in which year prior liens amounted to \$10,000. Farm Credit Administration.

TABLE 95.—*Federal Farm Mortgage Corporation: Disposals of real estate, sheriffs' certificates, etc., by Farm Credit districts, 1936-40*¹

District	1936			1937			1938			1939			1940			Total 1936-40		
	Number	Invest- ment	Con- sider- ation															
	1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.		1,000 dols.	1,000 dols.	
Springfield	85	406	342	98	456	378	149	672	485	250	1,173	876	261	1,244	923	843	3,951	3,004
Baltimore	33	166	151	73	245	219	156	582	470	213	752	627	213	796	628	688	2,571	2,095
Columbia	262	448	344	492	1,128	858	410	998	792	598	1,314	1,059	283	809	645	2,045	4,697	3,698
Louisville	48	134	122	125	302	284	224	512	475	270	782	690	186	727	634	853	2,457	2,205
New Orleans	8	14	13	215	280	249	334	474	361	358	542	444	206	298	249	1,121	1,608	1,316
St. Louis	8	38	35	65	162	135	332	813	602	502	1,626	1,143	233	904	723	1,140	3,643	2,638
St. Paul	13	40	28	367	1,762	1,281	647	3,146	2,081	1,742	8,321	5,085	2,158	8,872	5,522	4,927	22,141	13,997
Omaha	7	45	37	189	995	790	804	4,587	3,334	1,653	9,959	7,028	1,519	8,386	5,973	4,142	23,972	17,162
Wichita	10	48	41	92	303	257	390	1,692	1,149	625	2,579	1,694	678	2,658	1,878	1,795	7,280	5,019
Houston	35	146	149	58	253	246	139	454	400	254	825	711	219	936	758	705	2,614	2,264
Berkeley	8	26	23	69	377	316	112	473	402	191	885	666	151	668	526	531	2,429	1,933
Spokane	1	1	1	34	140	122	68	227	195	174	611	502	262	958	721	539	1,937	1,541
Total	518	1,512	1,286	1,847	6,403	5,135	3,765	14,630	10,746	6,830	29,399	20,525	6,369	27,256	19,180	19,329	79,200	56,872

¹ Includes amount of prior liens. See pages 121-122 for further discussion of these data.

Farm Credit Administration.

TABLE 96.—*Federal Farm Mortgage Corporation: Number held and investment in farm real estate and sheriffs' certificates, Dec. 31, 1936-40*

District	1936		1937		1938		1939		1940	
	Number	Invest- ment ¹								
	1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars		1,000 dollars	
Springfield	71	351	91	469	138	679	149	675	125	522
Baltimore	39	202	117	521	156	685	213	955	136	613
Columbia	242	671	201	516	205	634	140	562	80	366
Louisville	35	119	107	350	157	638	122	575	128	602
New Orleans	174	452	262	502	250	509	251	491	126	233
St. Louis	32	388	287	1,083	297	1,263	177	782	115	630
St. Paul	90	3,117	1,485	6,110	2,902	11,283	3,406	12,357	2,419	8,598
Omaha	195	2,772	1,284	6,333	2,004	9,638	2,526	12,476	2,171	11,038
Wichita	59	1,438	794	3,754	1,295	5,756	1,744	7,699	1,624	7,495
Houston	81	387	174	696	299	1,234	291	1,259	136	585
Berkeley	48	313	91	479	123	657	111	625	70	498
Spokane	11	239	214	833	419	1,582	495	1,922	373	1,550
United States	1,077	10,449	5,107	21,646	8,245	34,558	9,625	40,378	7,503	32,780

¹ Including prior liens.

Farm Credit Administration.

TABLE 97.—*Land Bank Commissioner: Amount of loans outstanding, by States, Jan. 1, 1934-41*

State and division	1934	1935	1936	1937	1938	1939	1940	1941
	<i>1,000 dollars</i>							
Maine	690	3,076	4,277	4,559	4,427	4,151	3,532	3,354
New Hampshire	80	503	679	786	813	792	751	720
Vermont	214	1,166	1,444	1,570	1,592	1,548	1,441	1,404
Massachusetts	564	2,500	3,253	3,763	4,106	4,056	3,897	3,768
Rhode Island	51	259	375	496	611	628	599	619
Connecticut	246	1,501	2,185	2,614	2,853	2,977	3,002	2,965
New England	1,845	9,005	12,213	13,788	14,402	14,152	13,222	12,830
New York	870	8,583	11,638	12,846	13,596	13,459	12,985	12,687
New Jersey	265	3,003	3,946	4,358	4,691	4,743	4,584	4,755
Pennsylvania	1,589	7,485	8,456	8,795	8,550	7,757	6,907	6,325
Middle Atlantic	2,724	19,071	24,040	25,999	26,837	25,959	24,476	23,767
Ohio	861	19,183	23,861	24,081	22,814	21,065	19,085	17,519
Indiana	1,225	21,085	25,228	25,981	24,741	22,823	20,805	19,214
Illinois	3,697	24,622	39,000	43,403	42,773	40,617	37,325	34,694
Michigan	866	20,043	26,529	28,032	26,637	24,097	21,922	20,089
Wisconsin	2,278	35,767	52,745	54,269	51,363	46,076	42,887	39,029
East North Central	8,927	120,700	167,363	175,766	168,328	154,678	142,024	130,545
Minnesota	3,923	37,210	50,682	53,821	51,188	46,298	42,361	38,927
Iowa	3,412	38,262	55,740	61,238	60,587	56,909	52,641	49,198
Missouri	1,929	13,358	20,401	22,281	21,981	20,489	18,491	17,560
North Dakota	1,450	31,051	39,619	40,620	38,400	31,949	27,863	22,368
South Dakota	656	17,651	24,793	26,190	24,818	22,158	18,551	16,831
Nebraska	3,362	26,605	34,725	37,735	37,832	35,855	32,721	29,390
Kansas	2,986	33,428	43,884	45,984	44,647	40,883	37,035	34,182
West North Central	17,718	197,565	269,844	287,869	279,453	254,541	229,663	208,456
Delaware	104	450	498	490	497	451	413	370
Maryland	972	3,549	4,102	4,343	4,136	3,730	3,302	2,987
Virginia	2,189	7,442	8,381	8,460	8,024	7,283	6,452	5,895
West Virginia	914	3,089	3,256	3,374	3,208	2,903	2,586	2,353
North Carolina	1,264	14,297	16,263	16,436	16,238	15,642	14,811	14,589
South Carolina	2,471	10,997	12,217	12,022	11,613	11,052	10,217	9,802
Georgia	2,192	14,910	16,362	16,464	16,274	15,852	15,334	14,820
Florida	2,393	8,282	8,964	8,814	8,512	8,011	7,593	7,524
South Atlantic	12,499	63,016	70,043	70,403	68,502	64,924	60,708	58,340
Kentucky	1,793	15,830	18,205	18,319	16,948	15,131	13,459	12,159
Tennessee	1,013	12,010	14,379	15,019	14,344	13,114	11,880	10,981
Alabama	830	7,718	8,867	9,056	8,929	8,710	8,243	8,389
Mississippi	1,116	8,818	9,584	9,462	8,878	8,237	7,608	7,676
East South Central	4,752	44,376	51,035	51,856	49,099	45,192	41,190	39,205
Arkansas	468	4,474	6,644	7,591	7,470	7,026	6,431	6,099
Louisiana	306	4,824	5,486	5,453	5,104	4,812	4,477	4,484
Oklahoma	1,028	13,593	17,620	18,776	18,513	17,044	15,487	14,507
Texas	9,335	46,227	52,958	55,793	53,956	49,829	46,096	45,096
West South Central	11,137	69,118	82,708	87,613	85,043	78,711	72,491	70,186
Montana	889	9,376	12,106	12,295	11,776	11,024	10,240	10,302
Idaho	626	8,720	10,296	10,452	9,967	9,462	8,803	8,693
Wyoming	114	3,415	4,411	4,738	4,798	4,561	4,285	4,079
Colorado	406	6,873	10,081	11,089	11,087	10,297	9,673	9,368
New Mexico	44	1,836	2,709	2,960	3,060	2,991	2,776	2,655
Arizona	257	960	1,590	1,991	2,166	2,242	2,323	2,468
Utah	457	4,271	6,006	6,403	6,280	5,809	5,278	4,987
Nevada	44	441	646	782	821	790	705	649
Mountain	2,837	35,892	47,845	50,710	49,955	47,176	44,083	43,201
Washington	1,616	8,109	9,654	9,992	9,687	9,203	8,525	8,329
Oregon	724	8,085	9,884	10,489	10,349	9,813	9,187	8,902
California	5,959	41,800	49,492	51,322	49,834	47,043	43,768	42,899
Pacific	8,299	57,994	69,030	71,803	69,870	66,059	61,480	60,130
United States	70,738	616,737	794,121	835,807	811,489	751,392	689,337	646,660
Puerto Rico	0	88	605	971	1,260	1,459	1,543	1,636
Total	70,738	616,825	794,726	836,778	812,749	752,851	690,880	648,296

Farm Credit Administration.

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