July 27, 1938

To the Committee on Graduate Study:

I submit herewith a thesis written by Mr. Dana K. Law and entitled "Acquisition, Operation, and Sale of Tennessee Farm Land by Credit Corporations", and recommend that it be accepted for eighteen quarter hours credit in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

B E Allred

Major Professor

At the request of the
Committee on Graduate Study,
we have read this thesis,
and recommend its acceptance.

O W Burg

J. E. Wills

Accepted for the Graduate Committee

W. P. Smith

Dean

ACQUISITION, OPERATION, AND SALE OF TENNESSEE FARM LAND BY CREDIT CORPORATIONS

- o -

A THESIS

Submitted to the Graduate Committee
of
The University of Tennessee
in
Partial Fulfillment of the Requirements
for the degree of
Master of Science

By

DANA KING LAW

August 1938

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INTRODUCTION

Purpose

Widespread farm mortgage foreclosure and assignment in recent years have resulted in the creditors acquisition of large acreages of farm land. In many instances the creditors are incorporated financial institutions such as banks and insurance companies. This study is intended to determine the extent, some effects, and some related causal factors in this comparatively recent phenomenon of widespread farm real estate acquisition by financial institutions.

Method

The primary source of data used in this study was collected by the Tennessee Agricultural Experiment Station under two cooperative projects with the United States Bureau of Agricultural Economics, Federal Civil Works Administration, and Federal Works Progress Administration. Farm Finance Form three was transcribed from the county records in 1934. The data on Land Economics form one, the second project, was collected in 1936. Both forms contain essentially the same land transfer information, except that Land Economics Form one includes data for 1934 and 1935. The schedules include all land transfers. However, for the purposes of this study all those transfers not involving a corporation were eliminated.

Total farm real estate transfers were listed by Civil Division as to

acreage, number of farms, and assessed value transferred on the basis of type of corporation, acquisition or sale, and date of transfer. Holdings at a given time were derived as the difference between acquisitions and sales plus the holdings for the previous year.

Limitations of Data

The workers transcribing the data were instructed to begin with the most recent sales (those for 1935 in one instance and 1933 in the other) and work backward, month by month, and year by year. The workers were under supervision. However, in some counties the records were incomplete for years previous to 1930. In most counties the records for the more recent years were fairly complete. Comparison of transfer tabulations with Bureau of Agricultural Economics estimates indicates the transfer tabulations to be fairly complete.

Matching of Farm Finance Form 3 and Land Economics Form 1, for years prior to 1933, duplicated most of the transfers, thereby giving further indication of completeness of data. It is to be regretted that transfer data are not available for 1936, 1937, and 1938.

Areas Studied

The sample counties selected for the study were Cumberland, Jefferson, Johnson, McNairy, Maury, Wayne, and Weakley. This selection is based upon (1) an attempt to select a county from each geographic region of the state, (2) to select counties representative of different types of farming, and (3) to select counties for which the data are most nearly complete. The selection had to be made from 28 counties for which 1934 and 1935 data are available.

Cumberland. Cumberland County was selected as representative of the Cumberland Plateau region. It has a population of 5932 according to the 1935 census. It has comparatively thin soil. Most of the topography is rolling to hilly. Only seven per cent of the total land area is in improved farm land. Over half of the farms are self-sufficing while close to 20 per cent are part-time farms. Next to agriculture, bituminous coal mining is the major source of livelihood in Cumberland County.

Jefferson. The farm population of Jefferson County was 10,907 at the time of the 1935 census. This county lies in the heart of the East Tennessee Valley. The land is intensively used with 65 per cent of the area in improved farm land. It lies in a general farming region, however, over one quarter of all the farms are self-sufficing, while tobacco is a major source of income to over ten per cent of the farmers.

Johnson. Johnson County lies in the extreme northeastern corner of the state, bordering on North Carolina and Virginia. The western part of the county is characteristic of the East Tennessee Valley region while the eastern part is in the Unaka Mountain Range. Much of the county is forested. Only 36 per cent of the area is in improved farm land. A general and self-sufficing type of farming is followed by a farm population of over 9,000 persons.

McNairy. McNairy County has a farm population of 15,888, according to the 1935 census. It lies in the West Tennessee Plateau Slope on the Mississippi state line. The county is, for the most part, hilly or rolling. Only 29 per cent of the area is in improved farm land. McNairy was selected as a representative cotton county, although some counties do produce more

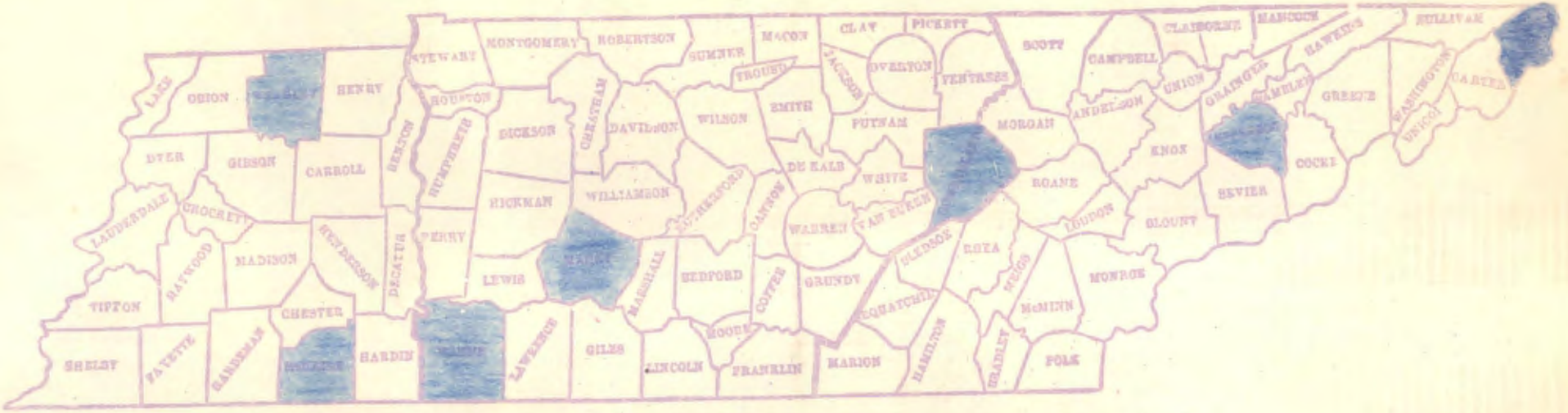

Figure 1. Location of Sample Counties in Tennessee.

cotton.

Maury. Maury County is located largely in the Central Basin, with the southwest corner in the Western Highland Rim. The city of Columbia, with a population of close to 8,000, is in District 9. Improved land constitutes 56 per cent of the total land area. The topography is level to rolling with some hills. Most of the farms are general as to type; however, 22 per cent are self-sufficing and 14 per cent animal-specialty.

Wayne. Wayne County lies on the Western and Southern Highland Rim. The topography is hilly. The soil is comparatively low in productivity. Only 14 per cent of the area is in improved farm land. A farm population of less than 9,000 are engaged in farming; primarily in self-sufficing, general, and cotton farming.

Weakley. Weakley County is situated in the north central part of the West Tennessee Plateau slope. The topography is gently rolling. A farm population of over 20,000 engage largely in general farming. Sweet potato production is a major enterprise in Weakley County. Intensive agriculture is followed in this county with close to 60 per cent of the area in improved farm land.

Review of Literature

There is a wealth of literature in the field of farm mortgage credit. However, it is beyond the scope of this report to completely survey the literature of this field. Whereas many valuable studies have been made in the general field of long term credit, but little has been done in the restricted field of farm land acquisition by financial institutions. This is

because widespread land acquisition is a comparatively new phenomenon, largely a heritage from the recent depression. It is expected that there will be an increase in research in this field in the near future.

Murray, Bitting, and Brown have made rather extensive studies of corporate owned land in Iowa.(1) Comparisons were made among counties and among types of corporations. Relationships were expressed between corporate land and mortgage debt, foreclosures, land class, and erosion.

In connection with a study of farm mortgages, Wall has made tabulations on the total corporate owned land by states.(2) In addition, valuable information has been tabulated on mortgage loans held by institutional lending agencies.

Steele and Johnson have made pioneer studies on land holdings as related to mortgage debt, by various lending agencies in South Dakota.(3)

Mereness made a study in Alabama showing the relation of foreclosure to land class, topography, size of farm, and borrowers' equity.(4)

Renne, in Montana, has made an admirable study of Montana land ownership. This is an analysis of the ownership pattern and its significance in

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(1) Murray, W. G., and Bitting, H. W., Corporate Owned Land in Iowa, Agricultural Experiment Station Bulletin 362, Ames, 1937.
Also Murray, W. G., and Brown, W. O., Farm Land and Debt Situation in Iowa, 1935, Agricultural Experiment Station Bulletin 328, Ames, 1935.

(2) Wall, N. J., Outstanding Farm Mortgage Loans of Leading Lending Agencies, U. S. Bureau of Agricultural Economics, Washington, D. C., December, 1937.

(3) Steele, H. A., Farm Mortgage Experience of Life Insurance Companies Lending in South Dakota, Agricultural Experiment Station Circular 16, Brookings, 1934.
Also Johnson, S. E., and Steele, H. A., Some Aspects of the Farm Mortgage Situation in South Dakota and Their Relation to a Future Land Use Policy, Agricultural Experiment Station Circular 9, Brookings, 1935.

(4) Mereness, E. H., Farm Mortgage Loan Experience in Southeast Alabama, Agricultural Experiment Station Bulletin 242, Auburn, 1935.

land use planning.[5] The discussion is from the standpoint of public, corporate, and individually owned land. Trends, causes and future control are discussed.

The Ohio Experiment Station has, from time to time, made investigations of corporate land and foreclosures.[6]

Magazine articles, bearing directly on land acquisition by financial institutions, appear from time to time in the "Burroughs Clearing House", the "Eastern Underwriter", the "National Underwriter", and the "Weekly Underwriter".

Norton, in his recent book "Financing Agriculture" has included a discussion on corporate owned land.[7]

Definitions

Farm. For the purpose of this study a farm is a tract of land comprising three acres or more, used principally for agricultural purposes, unplatted, and lying outside the limits of incorporated places. Properties which derive their value largely from timber or from coal or other minerals have been excluded as far as possible.

Farm Transfer. A farm transfer is considered as any transaction in which the legal title of a farm passes from one person to another; with a corporation being considered a person in the eyes of the law.

Farm Mortgage. Any legal document making farm real estate the security for repayment of a loan will be considered a farm mortgage. This includes

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(5) Renne, R. R., Montana Land Ownership, Agricultural Experiment Station Bulletin 322, Bozeman, 1936.

(6) Ohio Agricultural Experiment Station, BiMonthly Bulletin Wooster, September - October, 1932, November-December, 1936.

(7) Norton, L. J., Financing Agriculture, The Interstate Press, 1938, Danville, Illinois.

deeds of trust, real estate sales contracts, and junior and senior farm real estate mortgages, but excludes chattel mortgages.

Corporate Owned Land. This will include all farm real estate acquired by credit corporations through foreclosure or assignment of a farm mortgage. It will not include land acquired by corporations through any method other than foreclosure, assignment or judgement, nor will it include railroad, public utility, mining or industrial properties not used for farming purposes.

Corporation. Corporation, as used in this report, refers only to corporations extending agricultural credit. It includes insurance companies, commercial banks, trust companies, the Federal and Joint Stock land banks, mortgage companies, and corporations extending merchant credit to farmers. Other corporations extend agricultural credit but they deal only in short and intermediate term paper, and do not take real estate security.

CHAPTER I

RECENT TRENDS IN AGRICULTURAL FINANCE AFFECTING ACQUISITION OF FARM REAL ESTATE BY FINANCIAL INSTITUTIONS

The extent of ownership of farm real estate by corporate lending agencies is basically dependent upon first, mortgage indebtedness and second, foreclosure or assignment. An appraisal of trends in farm mortgage indebtedness, foreclosure, and assignment serves as a foundation to an appreciation of problems related to the ownership of farm real estate by corporate lending agencies.

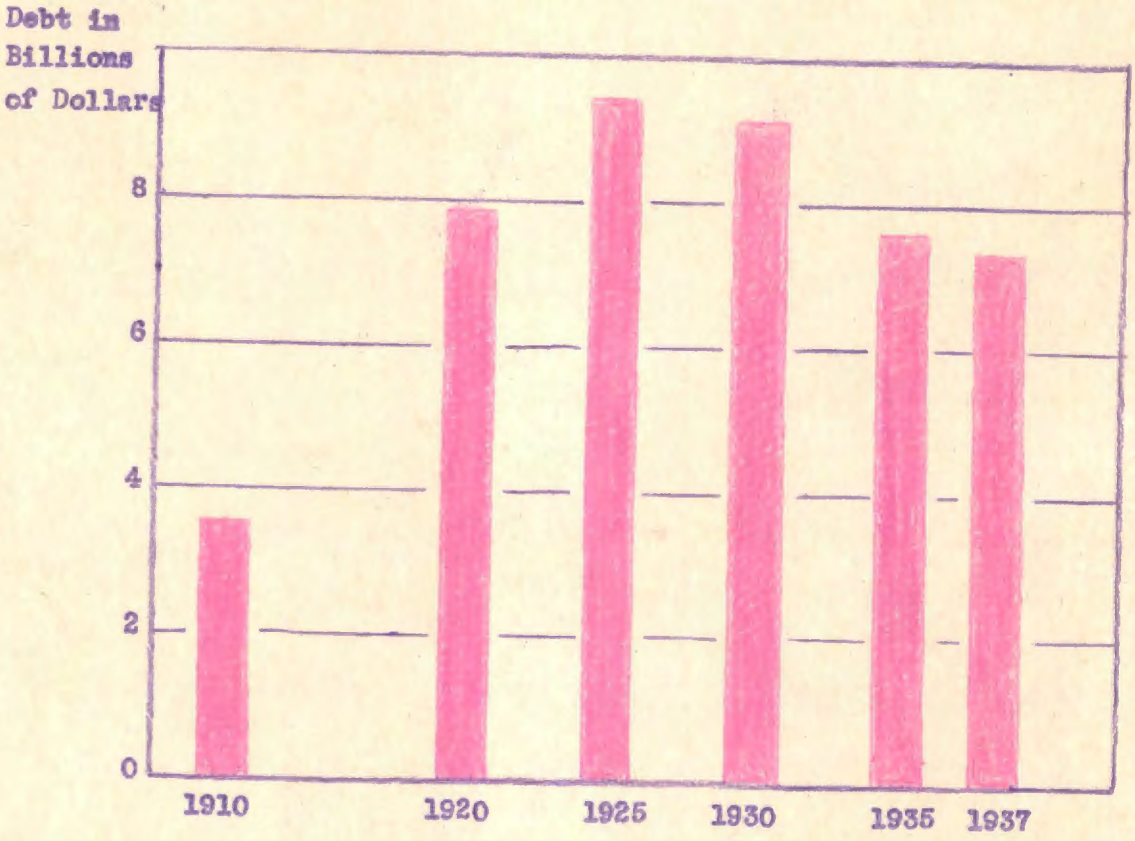
Farm Mortgage Indebtedness in the United States

The total farm mortgage debt in the United States more than doubled between 1910 and 1920, increasing from $3,320,470,000 to $7,857,700,000.

TABLE I. TOTAL OUTSTANDING FARM MORTGAGE INDEBTEDNESS IN THE UNITED STATES FOR SELECTED YEARS

Year	Farm Mortgage Debt (Dollars)
1910	$3,320,470,000
1920	7,857,700,000
1925	9,360,620,000
1928	9,468,526,000
1930	9,214,278,000
1935	7,645,091,000
1937	7,254,821,000*

Source: Figures for 1910-1928, Wickens, D. L., "Farm Mortgage Credit", U. S. D.A. Technical Bulletin No. 288, p. 4.
Figures 1930-1935, Wall, N. J., "Outstanding Farm Mortgage Loans of Leading Lending Agencies", Bureau of Agricultural Economics, Washington, December 1937, p. 3.
*Figure for 1937 estimated, Horton, D. C., and Enquist, E. J., Jr., "Farm Mortgage Indebtedness Shows Further Decline", p. 1 in Agricultural Finance Review, Vol. 1, No. 1, Mar. 1938.



Source: Table I.

Figure 2. Total Farm Mortgage Indebtedness in the United States 1910-1937

The peak of farm mortgage indebtedness was reached in 1928 with $9,468,526,000. Since 1928 the farm mortgage debt has fallen at a more rapid rate than it rose during the 1920-1928 period. By 1937 the farm mortgage debt had fallen to $7,254,821,000; 23 per cent below the 1928 figure.

Regional and State Differences in Farm Mortgage Indebtedness. Marked regional and state differences exist in farm mortgage indebtedness, both on a per farm and on a total basis. The North Central States alone, accounted for $4,209,002,000 or 55.1 per cent of the total farm mortgage debt in 1935. This is compared to $181,952,000, or but 2.4 per cent, by the New England states. The East South Central States, including Kentucky, Tennessee, Alabama, and Mississippi, had a farm mortgage debt of $348,966,000 in 1935, or 4.6 per cent of the total.

The single state of Iowa, in 1935, had a farm mortgage debt of $809,432,000 or 152 per cent greater than the combined total for Kentucky, Tennessee, Alabama, and Mississippi. Texas, with its vast area, is second with a farm mortgage debt of $554,874,000 while California has $497,148,000 in farm mortgage indebtedness.

The farm owners of Rhode Island had the smallest debt with but $4,500,000. The Tennessee figure was $83,861,000. These state comparisons are subject to misinterpretation due to the varying size, number of farms and value of farm property within the various states. The farm mortgage debt per mortgaged farm furnishes a superior basis for comparison of relative debt burden.

TABLE II. FARM MORTGAGE DEBT AND AVERAGE DEBT PER FARM BY DIVISIONS AND SELECTED STATES, 1930 AND 1935

Division or State	Total Farm Mortgage Debt, 1935	Average Debt per Mortgaged Farm	
		1935	1930
United States	$7,645,091,000	$3,253	$3,652
New England	181,952,000	2,651	2,684
Middle Atlantic	409,730,000	2,828	3,186
East North Central	1,532,935,000	3,682	4,225
West North Central	2,676,067,000	5,400	6,219
South Atlantic	401,946,000	1,448	1,526
East South Central	348,966,000	1,074	1,191
West South Central	877,537,000	2,272	2,313
Mountain	462,431,000	4,505	4,532
Pacific	753,527,000	5,647	6,181
Tennessee	83,861,000	1,291	1,535
Kentucky	101,237,000	1,552	1,778
Alabama	78,564,000	946	971
Mississippi	85,304,000	763	865
Arkansas	71,155,000	881	1,038
North Carolina	86,675,000	1,137	1,293
South Carolina	48,630,000	1,163	1,141
Iowa	809,432,000	8,363	10,498
Rhode Island	4,526,000	3,176	3,187

Source: "Farm Mortgage Indebtedness in the United States", Detailed Summary, U. S. D. A., Washington, August 1937.

Debt per Farm. In 1935 the Pacific States had the greatest debt per farm with $5,647. The West North Central States debt per farm was $5,400, there being little difference between the Pacific and West North Central divisions as evidenced by a reversal of this position in 1930.

Of special significance in this study is the low indebtedness per mortgaged farm in the East South Central States, it being lower than in any other region. The mortgage indebtedness here was $1,074 per mortgaged farm in 1935. The three southern regions, the East South Central, West South Central and South Atlantic likewise had a lower average debt per farm than any northern

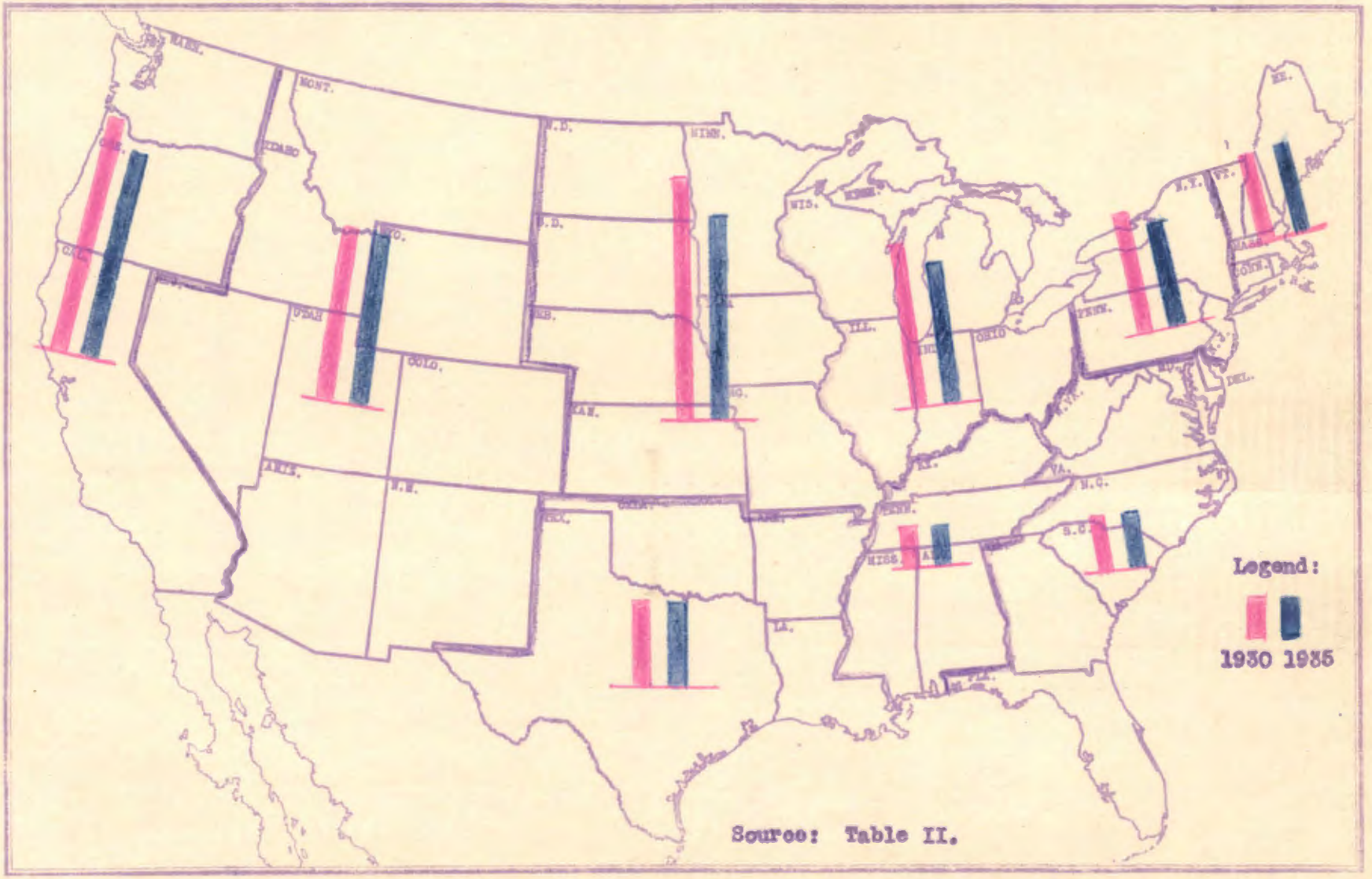


Figure 3. Average Mortgage Debt per Mortgaged Farm by Geographic Divisions, 1930 and 1935

or western region.

Mississippi had the lowest debt per farm of any state with but $763 in 1935. Iowa was highest with $8363, or eleven times as great. The debt per farm in Arkansas for the same year was $881, in Alabama, $946, North Carolina $1137, and Tennessee $1291. The average debt per mortgaged farm in the United States was close to four times that of Mississippi and three times that of Tennessee. All of the southern states, with the exception of Oklahoma and Texas, had a comparatively low indebtedness per farm, yet because of the smaller farms being in the south[1] these figures tend to minimize the relative farm mortgage burden in southern states.

Debt per Acre and Per $1000 Valuation. Perhaps the clearest method of expressing the comparative state and regional farm mortgage debt burden, for the purpose of showing relationships of debt, foreclosures, and farm real estate acquired by corporate lending institutions, is to show the situation with respect to debt per acre and debt per $1000 valuation of farm property.

The farm mortgage debt per acre of farm land in the East South Central States was $4.41 in 1935 compared to $13.10 in the East North Central Division and $12.06 in the Pacific States for the same year.

The average farm mortgage debt per $1000 valuation of farm real estate was $182 in the East South Central States compared to but $285 in the West North Central States, the most heavily indebted region. The debt per $1000 valuation in the region of lowest indebtedness, the South Atlantic States, was $144, or approximately half that of the West North Central States.

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(1) Average size of farm in the South Atlantic States is 81.6 acres, East South Central States, 68.6 acres, United States average 156.9 acres, 1935 Census figures.

TABLE III. FARM MORTGAGE DEBT PER ACRE AND PER $1000 VALUATION BY DIVISIONS, 1935

Division	Total Acres in Farm Real Estate (000,000)	Farm Mortgage Debt (000,000)	Value Farm Real Estate (000,000)	Debt per Acre	Debt Per $1000 Valuation
United States	1,055	$7,645	$32,859	$7.25	$233
New England	15	182	901	11.74	202
Middle Atlantic	36	410	2,141	11.24	191
East North Central	117	1,533	6,596	13.10	232
West North Central	273	2,676	9,385	9.80	285
South Atlantic	96	402	2,792	4.19	144
East South Central	79	349	1,915	4.41	182
West South Central	201	876	4,030	4.36	218
Mountain	174	462	1,772	2.66	261
Pacific	62	754	3,325	12.06	227
Tennessee	19	84	556	4.39	151

Source: Bureau of Agricultural Economics, Farm Mortgage Indebtedness in the United States, Detailed Summary, August 1937. U. S. Census of Agriculture, 1935.

Moreover, the fact that 50.6 per cent of the farms were mortgaged in the latter region compared to but 29.9 per cent in the East South Central States indicates that those comparatively few farms which are mortgaged in the East South Central States bear approximately $601 debt per $1000 valuation, while the debt per $1000 valuation in the West North Central States is but $570.(2) Thus there is little difference in mortgage debt per $1000 valuation on mortgaged farms between the region with the highest mortgage debt and the East South Central division.

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(2)

	East South Central States	West North Central States
Per cent of farms mortgaged	29.9	50.6
Debt per $1000 valuation, all farms	$182	$285
Debt per $1000 valuation on mortgaged farms	$\frac{100}{29.9} \times 182 = \$601$	$\frac{100}{50.6} \times 285 = \$570$

Per Cent of Farms Mortgaged. In 1935 the Pacific States had the greatest percentage of farms mortgaged with 44.6 per cent. The New England States had 43.4 per cent mortgaged. The West North Central 42.00 per cent, and the East North Central 38.4 per cent. The United States average was 34.5 per cent (Table IV).

TABLE IV. NUMBER OF MORTGAGED FARMS AND PER CENT OF FARMS MORTGAGED BY DIVISIONS AND SELECTED STATES, 1930 AND 1935

Division and State	Total Number of Farms, 1935	No. of Mortgaged Farms, 1935	Per Cent of Farms Mortgaged, 1935	Per Cent of Farms Mortgaged, 1930
United States	6,812,350	2,350,313	34.5	40.1
New England	158,241	68,633	43.4	45.2
Middle Atlantic	397,684	144,876	36.4	40.4
E. North Central	1,083,687	416,356	38.4	45.3
W. North Central	1,179,856	495,575	42.0	50.6
South Atlantic	1,147,133	277,609	24.2	28.2
E. South Central	1,137,219	325,005	28.6	29.9
W. South Central	1,137,571	386,166	34.0	40.9
Mountain	271,392	102,649	37.8	48.8
Pacific	299,567	133,444	44.6	51.8
Tennessee	273,783	64,979	23.7	24.4
Kentucky	278,298	65,236	23.4	24.0
North Carolina	300,967	76,251	25.3	27.9
South Carolina	165,504	41,829	25.3	32.2
Georgia	250,544	65,354	26.1	31.2
Alabama	273,455	83,011	30.4	34.9
Mississippi	311,683	111,799	35.9	34.9
Arkansas	253,013	80,734	31.9	38.6
Iowa	221,986	96,791	43.6	52.4
North Dakota	84,606	44,937	53.1	63.0
West Virginia	104,747	17,301	16.5	18.4

Source: "Farm Mortgage Indebtedness in the United States", Detailed Summary, U. S. D. A., Washington, August 1937.

Aside from having the lowest mortgage indebtedness per farm, the three southern regions had the lowest percentage of farms mortgaged, with 24.2 per cent in the South Atlantic States, 28.6 per cent in the East South Central

division, and 34.0 per cent in the West South Central States.

Forty-three states had a higher percentage of their farms mortgaged than Tennessee. Only West Virginia, New Mexico, Virginia, Kentucky, and Florida, with 16.5, 19.9, 22.0, 22.4, and 22.7 per cents respectively of their farms mortgaged, had smaller proportions. The Tennessee figure was 23.7 per cent.

Decline in the Proportion of Farms Mortgaged. In addition to a marked reduction in total farm mortgage debt and in debt per farm from 1930 to 1935 (and through 1937), there was also a reduction in the percentage of farms mortgaged. The United States average dropped from 40.1 per cent in 1930 to 34.5 per cent in 1935. This reduction was in large part due to foreclosure, the farms having changed owners by foreclosure became debt free.

There are clear cut regional differences in the relative decline of farms mortgaged. The Mountain States had a decline of 11 per cent in the proportion of farms mortgaged between 1930 and 1935 as compared to a decline of but 1.3 per cent in the East South Central division. Despite the relatively small decline in the East South Central States, only the South Atlantic States had a lower percentage of farms mortgaged in 1935.

Factors Influencing Farm Mortgage Debt. The purposes for which a farm may be mortgaged are to buy land, to pay off other debts, for production, and for consumption. The latter two, production and consumption loans, ordinarily are secured by chattels, collateral or endorsement, but a farm mortgage may be, and is, given at times, especially when the lender wishes to strengthen his security.

Several forces may be listed as causal factors in the rise of farm

mortgage indebtedness from $3,320,470,000 in 1910 to $9,468,526,000 in 1928. First, the rise in the land value index from 97 in 1912 to 170 in 1920 was both a cause and a result of the frenzied land speculation by farmers as well as real estate and business men in all sections of the country during this period. A part of the inflated purchase price was given as a mortgage. Second, the drop in farm prices from an index of 211 in 1920 to 65 in 1932 made it necessary, in some instances, to mortgage the farm to obtain operating capital. Third, accompanying rising land values and later falling prices, was an increase in the farmer's need for cash income. With superior farm-to-market roads and a break-down of rural-urban differentials, there was a need for greater cash expenditure, resulting in borrowing and an increase in mortgage debt.

From the peak of $9,468,526,000 in 1928 and $9,814,278,000 in 1930 farm mortgage indebtedness fell to $7,645,091,000 in 1935 and $7,254,821,000 in 1937. A reduction of farm mortgage indebtedness in the face of decreased prices of farm products and reduced land values is paradoxical, to say the least. The reduction is due largely to mortgage foreclosures, releasing debt to the extent of mortgages on foreclosed real estate (Figure 4).

The general cause of the reduction in farm mortgage debt is explained by David Wickens.(3)

> Despite the continued rise in the total amount of farm mortgages up to 1928, a movement toward reduction set in soon after 1920. Beginning in the Western States and gradually moving eastward, sharp declines in land values and in other prices were followed by fewer land sales, and smaller loans and renewals, while widespread foreclosure and repossession of title on defaulted contracts were strong forces working toward a lower outstanding debt.
>
> The down turn in mortgage volume in 1928 brought to a close the long upward movement covering three decades. The long period of

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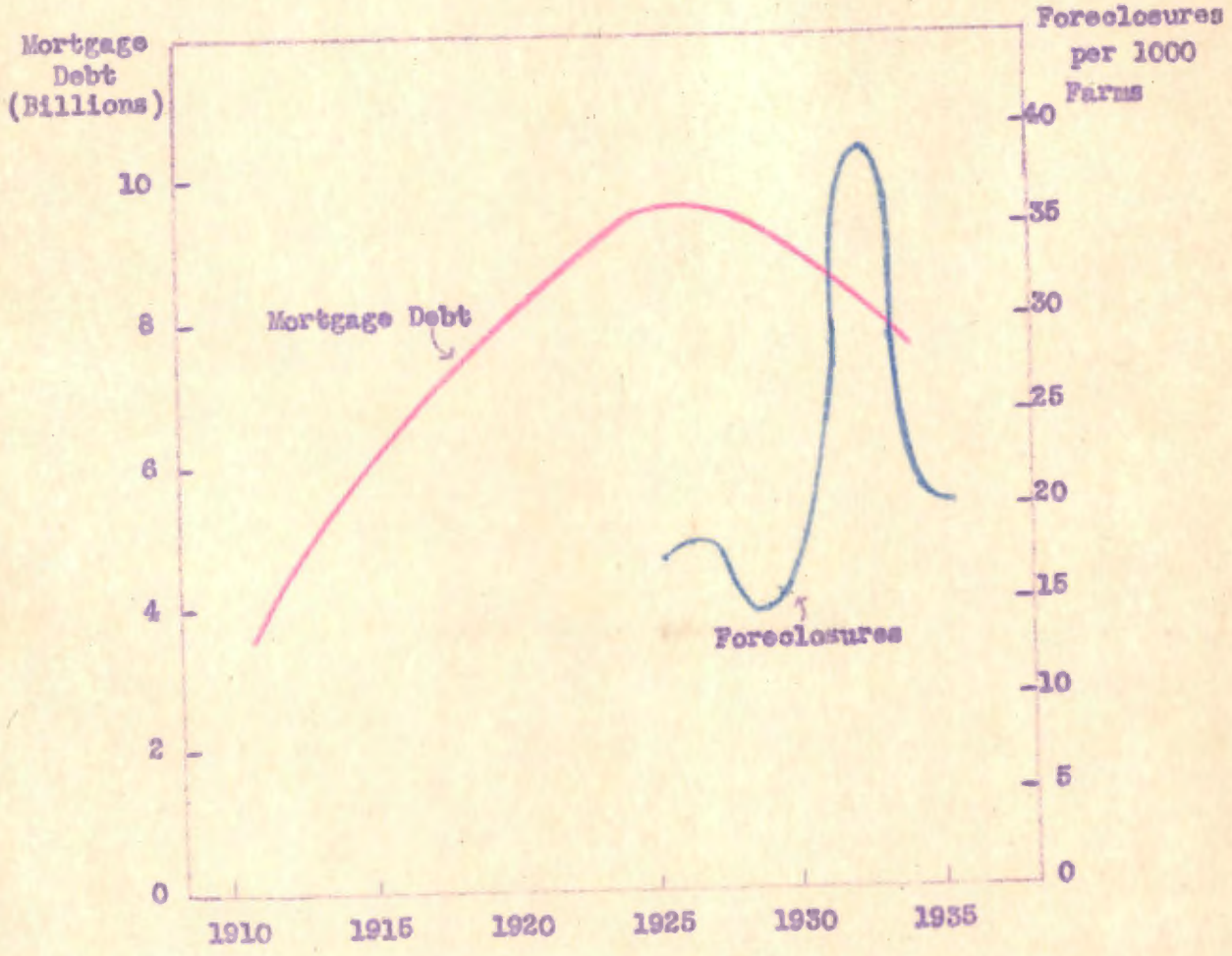
(3) Wickens, David L., Farm Mortgage Credit, U.S.D.A. Technical Bulletin No. 288, page 89.



Source: Tables I and VII.

Figure 4. Farm Mortgage Foreclosures and Mortgage Debt in United States, 1910-1935

> rising prices and increasing mortgage credit before 1920 was followed by eight years of further increase despite price declines. This period witnessed a notable accumulation of mortgages by insurance companies and the Federal and joint-stock land banks. Finally, after the break in prices, the debt held by commercial banks and individuals was transferred to other lenders as the movement entered upon its final phase -- a reduction of the general volume of farm-mortgage debt of the country.

Further and perhaps minor factors in the diminished farm mortgage indebtedness have been:(1) the curtailment of new loans by private farm mortgage investment agencies; (2) the ordinary retirement of farm mortgage debt; (3) declaration of bankruptcy; and (4) abandonment of farms.

(1) Curtailment of loans by private lending agencies. While commercial banks, trust companies, insurance companies and individuals partially withdrew from farm mortgage lending, from 1931 to 1935, the Federal Land Bank and Land Bank Commissioner (Land Bank Commissioner beginning in 1933) loans greatly increased. The farm mortgage, for the first time in years, lost its appeal to non-governmental lending agencies. Mortgages held by non-governmental agencies were refinanced by the Federal Land Bank and Land Bank Commissioner with 70.8 per cent of the proceeds of Land Bank and Commissioner loans being used to refinance first and junior mortgages held by private lending institutions and individuals[4] (Figure 5).

In addition to the reduction in new loans by non-governmental agencies the average size of new farm mortgage loans declined, and thus tended to reduce even further the farm mortgage debt held by non-governmental agencies and individuals. In Tennessee the average size of new farm mortgage loans

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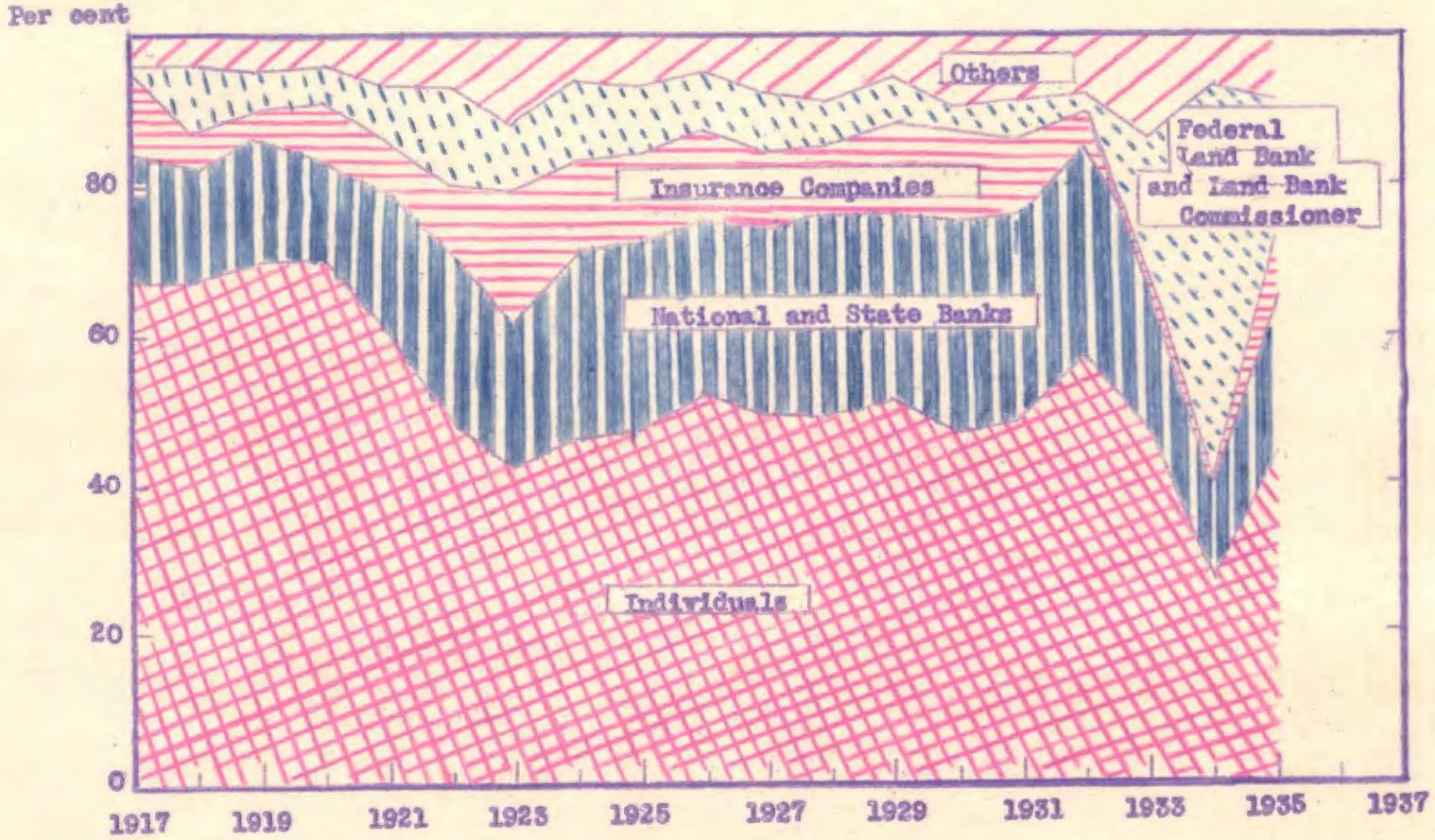
(4) Wall, N. J., op. cit., p. 7.



Source: Table V.

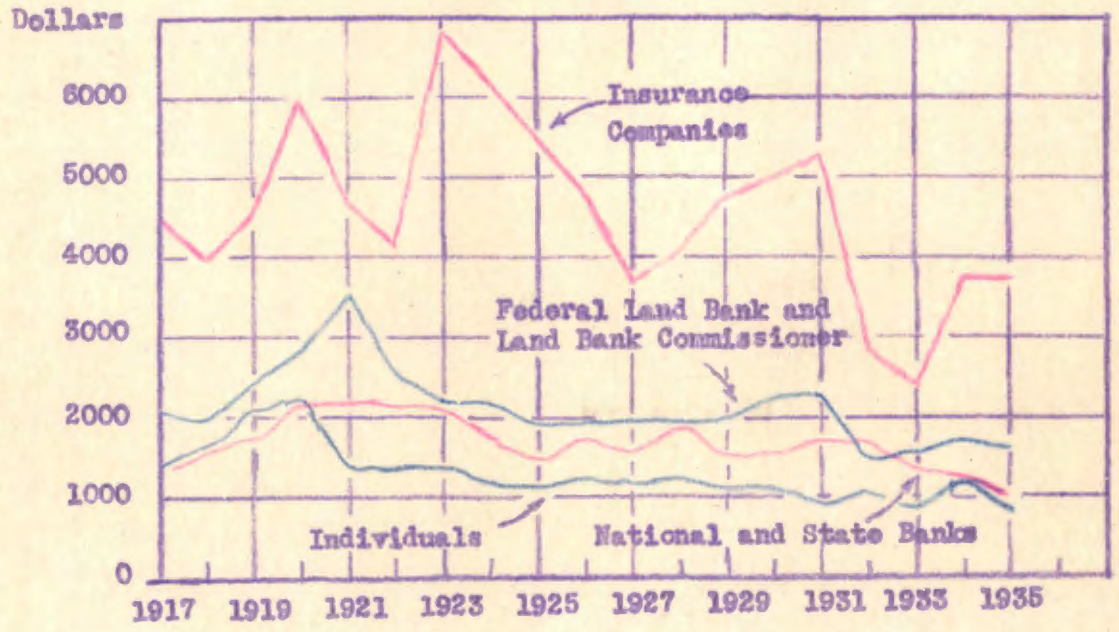
Figure 5. Percentage of New Farm Mortgage Loans in Tennessee, Recorded Each Year by Type of Lending Agency, 1917-1935

TABLE V. AMOUNT OF NEWLY RECORDED FARM-MORTGAGE LOANS FILED BY EACH LENDING GROUP IN TENNESSEE, AS A PERCENTAGE OF TOTAL RECORDINGS, 1917-35

Year	Individuals	National and State Banks	Insurance Companies	Federal Land Bank and Land Bank Commissioner	Others	All
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1917	67	17	11	1	4	100
1918	67	15	5	9	4	100
1919	70	16	4	5	5	100
1920	70	13	8	5	4	100
1921	60	19	7	7	7	100
1922	48	23	9	13	7	100
1923	42	19	18	9	12	100
1924	46	25	12	11	6	100
1925	47	25	12	9	7	100
1926	52	23	12	8	5	100
1927	49	25	10	8	8	100
1928	49	27	9	6	9	100
1929	51	25	12	6	6	100
1930	47	28	12	3	10	100
1931	48	28	10	5	9	100
1932	57	28	5	2	8	100
1933	47	19	2	18	14	100
1934	27	11	2	53	7	100
1935	44	21	8	18	9	100

Source: U. S. Bureau of Agricultural Economics, Farm Mortgage Recordings in Tennessee, p. 2, Washington, May 1938.

of new farm mortgage loans fell from $2400 in 1920 and $2100 in 1923 to $1270 in 1931 and $1060 in 1935. The average farm mortgage loan of insurance companies in Tennessee in 1923 was $6830 and in 1932 but $2810. The average commercial bank new farm mortgage loan in Tennessee in 1923 was $2120 and in 1935 but $1010 (Figure 6).



Source: Table VI.

Figure 6. Average Size of New Farm Mortgage Loans in Tennessee, Recorded Each Year, 1917-1935

TABLE VI. AVERAGE SIZE OF NEWLY RECORDED FARM-MORTGAGE LOANS IN TENNESSEE, 1917-35

Year	Individuals	National and State Banks	Insurance Companies	Federal Land Bank and Land Bank Commissioner	Others	All
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1917	1,320	1,380	4,480	2,070	1,460	1,440
1918	1,550	1,690	3,960	1,960	1,950	1,700
1919	2,110	1,710	4,540	2,420	2,460	2,100
1920	2,230	2,150	5,980	2,820	2,800	2,400
1921	1,370	2,160	4,690	3,510	2,020	1,740
1922	1,340	2,160	4,130	2,560	1,700	1,770
1923	1,390	2,120	6,830	2,170	3,710	2,100
1924	1,190	1,700	6,180	2,160	1,810	1,620
1925	1,140	1,450	5,480	1,910	2,590	1,500
1926	1,230	1,720	4,800	1,920	1,650	1,570
1927	1,150	1,530	3,680	1,970	2,490	1,460
1928	1,200	1,850	4,050	1,960	2,340	1,550
1929	1,120	1,510	4,760	1,970	1,620	1,400
1930	1,120	1,530	4,980	2,250	2,000	1,450
1931	910	1,710	5,290	2,310	1,600	1,270
1932	1,030	1,670	2,810	1,460	1,730	1,250
1933	860	1,330	2,400	1,570	2,410	1,160
1934	1,210	1,250	3,740	1,720	1,530	1,250
1935	820	1,010	3,710	1,620	1,360	1,060

Source: U. S. Bureau of Agricultural Economics, Farm Mortgage Recordings in Tennessee, p. 7, Washington, May 1938.

(2) Natural retirement of farm mortgages. The effect of natural retirement in reducing outstanding debt since 1928 has been less than during the period previous to 1928 when total indebtedness was increasing. This is evidenced by the large proportion of Land Bank and Commissioner Loans being used for refinancing. However, natural retirement since 1928 has not been a minor factor. The annual interest and principal payments on farm mortgage debt, whether paid from current earnings, capital, or from new loans, runs close to $1,000,000,000 annually, assuming the interest and principal payment to be 10 per cent of the outstanding debt.

(3) Bankruptcies. Although farmer bankruptcies are relatively few in number, they have played a part in the decrease in farm mortgage indebtedness since 1928 and the increase in land held by corporate creditors. The actual number of farmer bankruptcies in the United States averaged less than 1000 per year previous to the World War. Since the War they have been as high as 7,872 in 1925. Since 1923 they have at no time been below 4,000 per year.(5)

(4) Farm abandonment. It has not been uncommon, especially in marginal and drought striken areas, for the farmer to gather his meager possessions and move, leaving a burdensome mortgage, unpaid taxes and an unprofitable farm to the mortgagee, the county or whomsoever may want them. The mortgagee lending institution or individual may pay the taxes and take title or may let the place go to the county rather than pay the taxes.(6)

Farm Mortgage Foreclosures in the United States

Acquisition of farm real estate by corporate lending agencies, as well as by individual lenders, is accomplished in two ways: first, through foreclosure and second, through voluntary assignment by the delinquent borrower to escape costs of foreclosure. The former method accounts for the greatest part of acquisitions of farm real estate by creditors. Beginning in 1931

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(5) Wickens, D. L., Farmer Bankruptcies, 1898-1935, U.S.D.A. Circular No. 414, p. 8.

(6) With an increase of 523,702 farms in the United States and 28,126 in Tennessee between 1930 and 1935 farm abandonment would seem to be nonexistant. However, previous to 1930, and the "back to the farm" movement, abandonment was a factor and in some western states it was a factor in the 1930-1935 period.

foreclosures more than doubled by 1933, the peak year. Since 1933 they have fallen to the 1926-1930 level.

There are wide regional variations in foreclosures. The method of measurement used by the United States Department of Agriculture is the number of foreclosure, bankruptcy and related sales, not including tax sales, per 1000 farms.

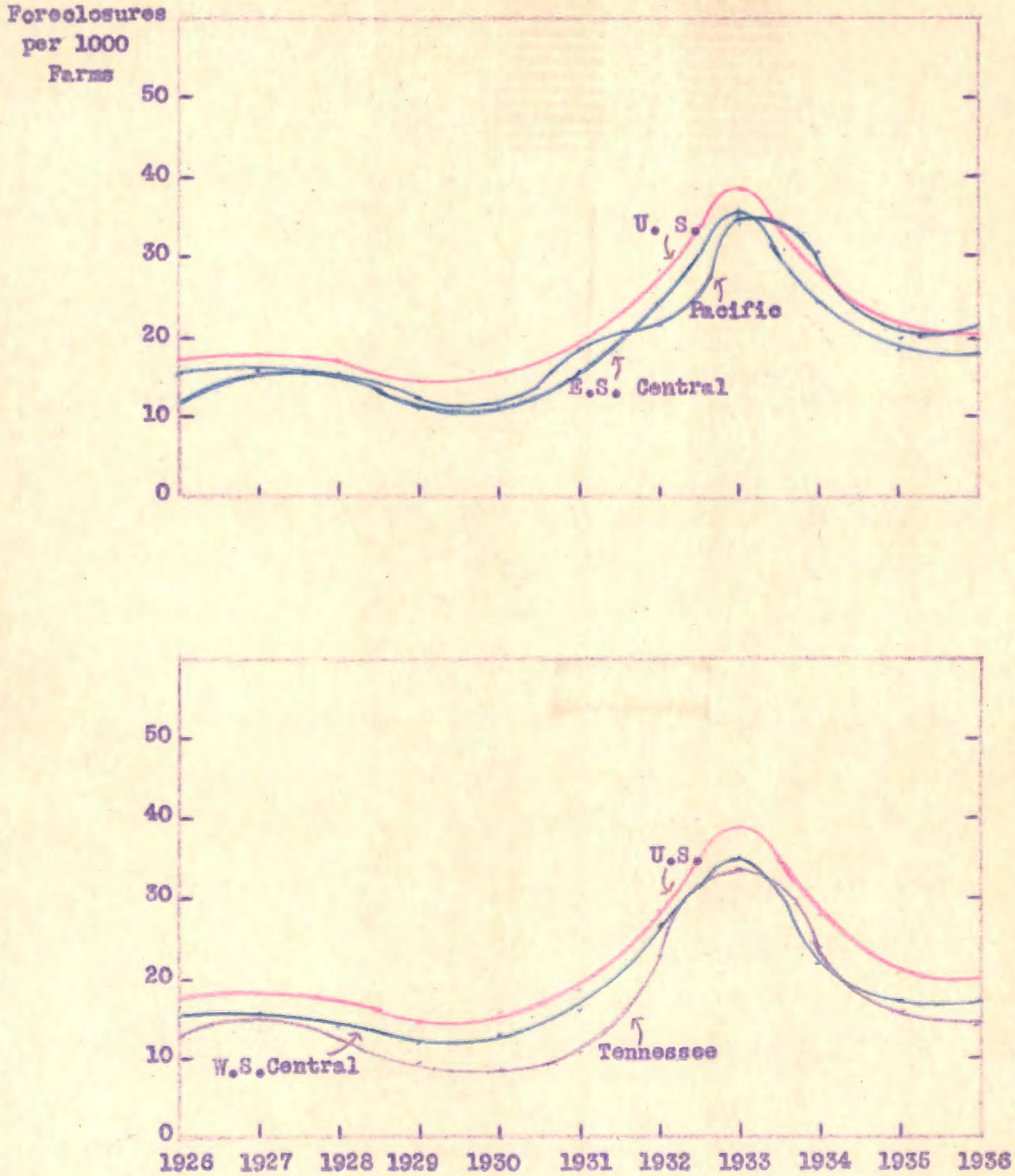
The foreclosure rate is greatest in the West North Central States and lowest in New England and the Middle Atlantic States.

Each of the three southern divisions are, and have consistently been, below the national average foreclosure rate, while Tennessee has a slightly lower rate than the average of the East South Central States (Figure 7).

Because of the smaller farms in the South being able to economize and better withstand adverse economic conditions than the larger farms of the North Central States, and because of the relatively few farms mortgaged in the South, the foreclosure rate has been low.

Foreclosure, with loss of home, savings, etc., is one of man's most disheartening experiences. The widespread foreclosures during 1931-1935 were among the major tragedies of the depression.

The loss of homes and savings, and the growing unrest in agriculture evidenced by "Farmers' Holiday Movements", farmers' strikes, milk dumping, and threatened "necktie parties" at foreclosure sales, led Congress, in 1933 to authorize the Farm Credit Administration to (1) temporarily reduce interest rates, (2) temporarily suspend principal payments of land bank loans, (3) extend, reamortize and refinance existing mortgages, (4) expand lending, and (5) grant Commissioner Loans for refinancing especially distressed cases. In addition the encouragement of debt readjustment resulted



Source: Table VII.

Figure 7. Foreclosures of Mortgages, Bankruptcies and Related Sales, not Including Tax Sales, per 1000 Farms, by Divisions, 1926 - 1936

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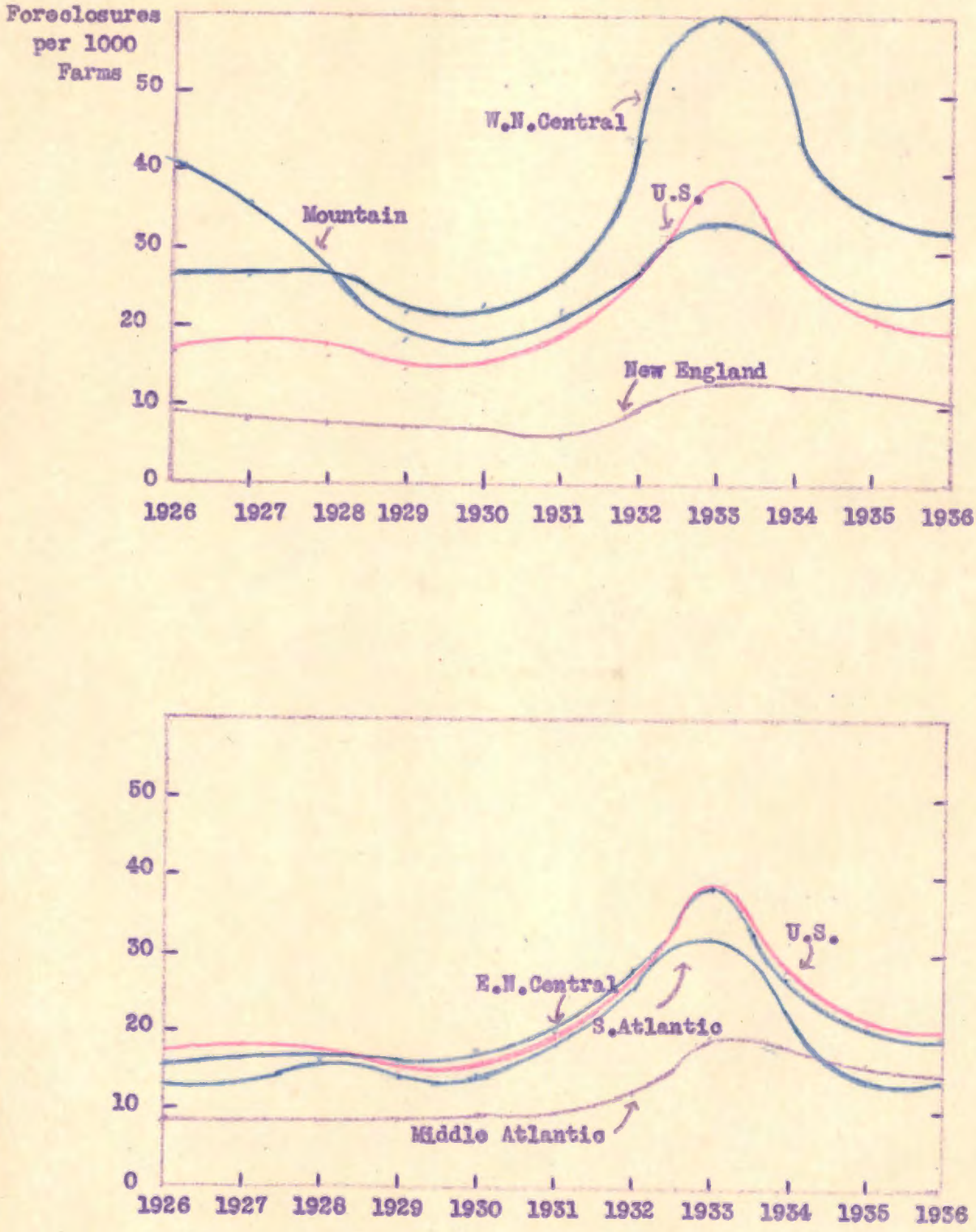


Source: Table VII.

Figure 7. Foreclosures of Mortgages, Bankruptcies and Related Sales, not Including Tax Sales, per 1000 Farms, by Divisions, 1926-1936

TABLE VII. FORECLOSURES OF FARM MORTGAGES, BANKRUPTCIES, AND RELATED SALES, NOT INCLUDING TAX SALES, PER 1000 F A R M S, UNITED STATES, 1926-1936

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
United States	17.4	18.2	17.6	14.8	15.7	18.7	28.4	38.8	28.0	21.0	20.3
New England	9.3	8.6	7.7	7.3	7.3	6.3	10.3	13.2	12.8	12.1	10.7
Middle Atlantic	8.8	8.8	8.4	8.4	9.6	9.2	12.4	19.6	18.0	16.2	14.7
E. North Central	15.7	16.6	16.5	15.8	17.5	19.3	27.8	38.3	27.8	20.8	19.7
W. North Central	26.5	26.7	27.3	22.3	23.3	25.8	43.8	61.5	44.4	34.6	32.4
South Atlantic	14.0	14.1	16.4	14.0	14.8	19.4	26.1	32.2	22.5	13.7	14.1
E. South Central	12.4	15.9	14.6	11.2	11.2	15.9	24.6	36.4	24.7	18.6	18.0
W. South Central	15.3	16.1	14.4	12.0	13.4	16.3	27.0	35.2	22.1	17.0	17.2
Mountain	40.4	35.8	27.4	18.3	18.2	22.6	27.0	33.6	28.7	23.7	24.1
Pacific	16.7	15.6	15.7	13.6	12.2	19.6	16.8	36.0	30.6	19.8	21.0
Tennessee	13.3	15.3	15.6	9.6	8.8	10.9	23.0	34.2	24.2	16.7	14.3

Source: Stauber, B. R., and Regan, M. M., The Farm Real Estate Situation, 1935-36,
Stauber, B. R., The Farm Real Estate Situation, 1931-32.
Wiecking, E. H., The Farm Real Estate Situation, 1927-28.

in voluntary scaling down of debt by the creditors.

In 1934 R. B. Stauber in the Farm Real Estate Situation expressed the effect of emergency refinancing in these words, "The log jam has been broken but the river is by no means cleared yet."

Relation of Institutional and Individual Farm Mortgages and Foreclosures

Because there was no well organized market for farm mortgages prior to 1916, farm mortgages did not enjoy the low interest rate and marketability of urban long-term securities. In 1910 individuals held the largest part of the farm mortgage debt. Since then the proportion held by institutional

lending agencies has steadily risen. The superior facilities for supervising loans together with natural advantages of greater capital and diversified loans, has increased the proportion of loans held by lending institutions. This in turn has resulted in reduced interest charges, and longer term for repayment to the farmer.

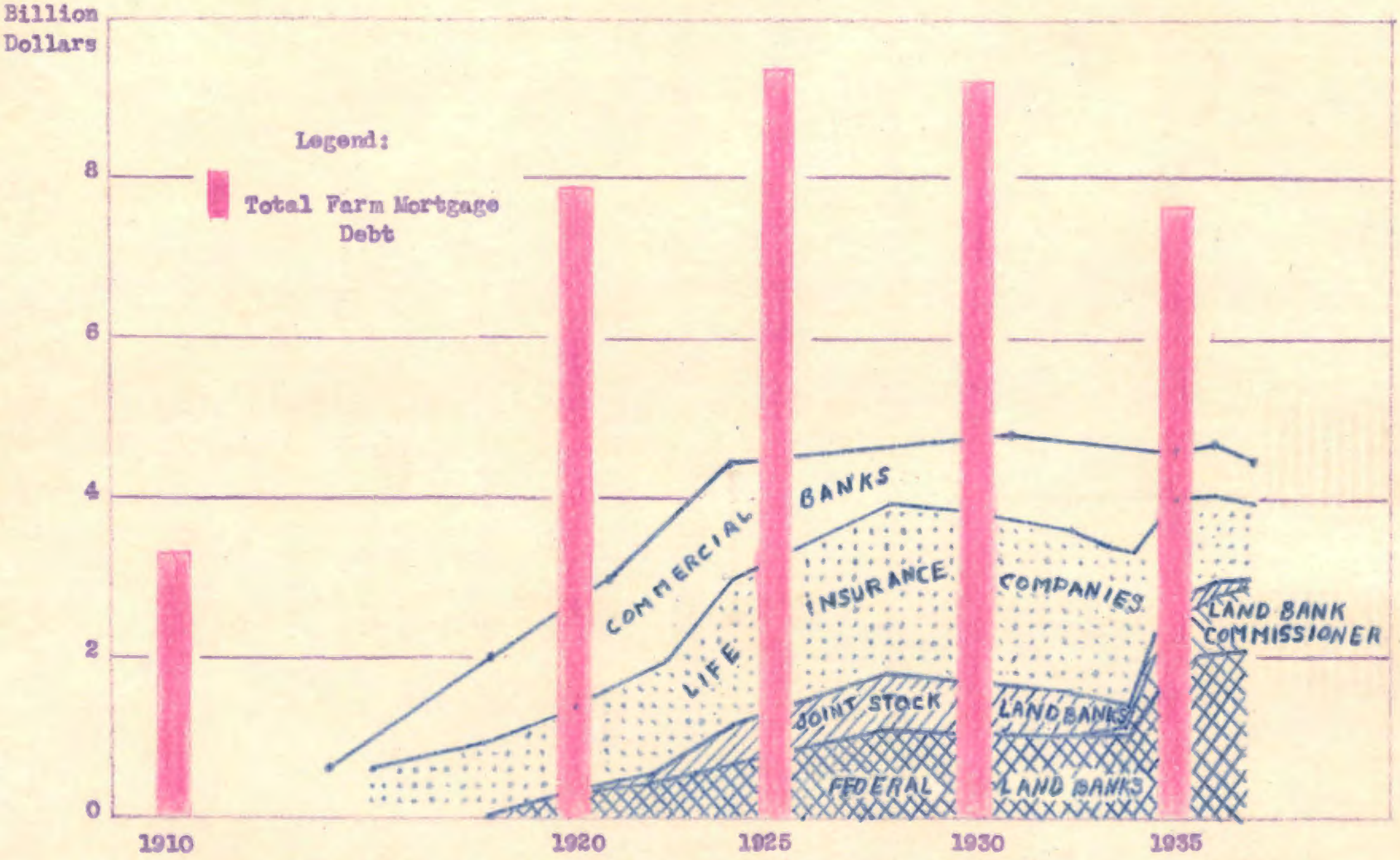
Farm mortgage debt held by corporations rose from practically none in 1910 to one third of all farm mortgage indebtedness in 1920, slightly less than one half in 1925, in 1930 slightly more than half, and in 1935 practically three fifths of the total.

The proportion of farm mortgage debt held by individuals has decreased steadily as corporate holdings increased. Nevertheless, despite the decreased proportion, the total farm mortgage debt held by individuals nearly doubled from 1910 to 1920, then decreased but little from 1920 to 1925.

The greatest period of growth for both individual and corporate held mortgage debt was between 1910 and 1920. The debt of $3,320,470,000 in 1910 was held largely by individuals. The Federal and Joint Stock Land Banks were not operating then; the investments of life insurance companies were largely in stocks and bonds; while commercial banks loans were largely confined to short-term paper.

The holdings of institutional lending agencies grew from practically none in 1910 to over $2,500,000,000 in 1920, to about $4,500,000,000 in 1925, and to over $4,750,000,000 in 1931. While the peak of farm mortgage debt held by corporations was in 1931, the peak for that held by individuals was in 1920.

Since the reduction in total debt after 1932 may be laid largely to foreclosures, both individual and corporate, one would expect a decrease in



Source: N. J. Wall, op.cit., p. 5.

Figure 8. Farm Mortgage Loans Held by Leading Lending Agencies

debt held by both individual and corporate agencies. The fact that a large reduction is found only in the former indicates a widespread withdrawal of individuals from making new farm mortgage loans since 1930 (Figure 8).

CHAPTER II

EXTENT AND TRENDS IN CORPORATE OWNED LAND IN THE UNITED STATES AND TENNESSEE

Corporate Owned Land in the United States

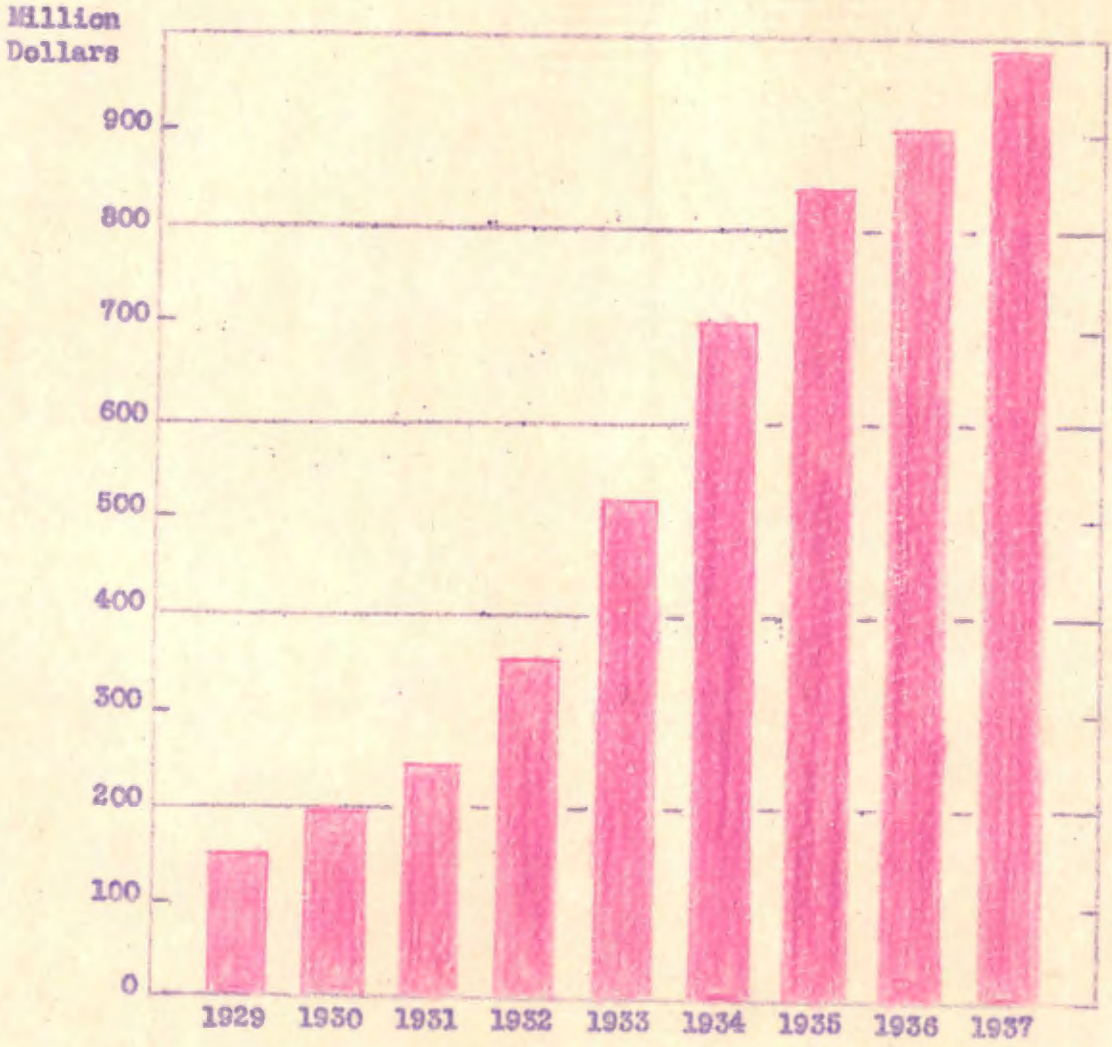
Among the outstanding developments in agricultural land ownership in the United States since 1929 is the acquisition by leading farm mortgage institutions, of an area greater than that of the whole state of Tennessee.

In 1929 the investment in farm real estate held by leading lending agencies was approximately $150,000,000. In 1937, in the face of reduced real estate values, this had advanced to close to $1,000,000,000, or a 561 per cent increase. The acreage held during this same period (1929-1937) increased at an even greater rate. The greatest increases occurred in 1933 and 1934 with additions of $168,785,000 and $184,000,000 respectively (Figure 9).

In 1935 the total value of all farm real estate held by leading lending agencies was $839,000,000. In the same year the value of all farm real estate in the United States was roughly $32,859,000,000.

In 1935, approximately one out of every forty dollars of farm real estate value in the United States was owned by corporate lending agencies.

Corporations continued to acquire land through 1935 and 1936 although at a reduced rate. Between 1935 and 1936 the investment in farm real estate held by lending agencies increased practically 8 per cent. There was a greater



Source: Table VIII.

Figure 9. Estimated Investment in Acquired Farm Real Estate Held by Leading Lending Agencies, 1929-1937

increase in corporate land in 1936 than in 1935. Accurate figures are not yet available for 1937 and 1938.

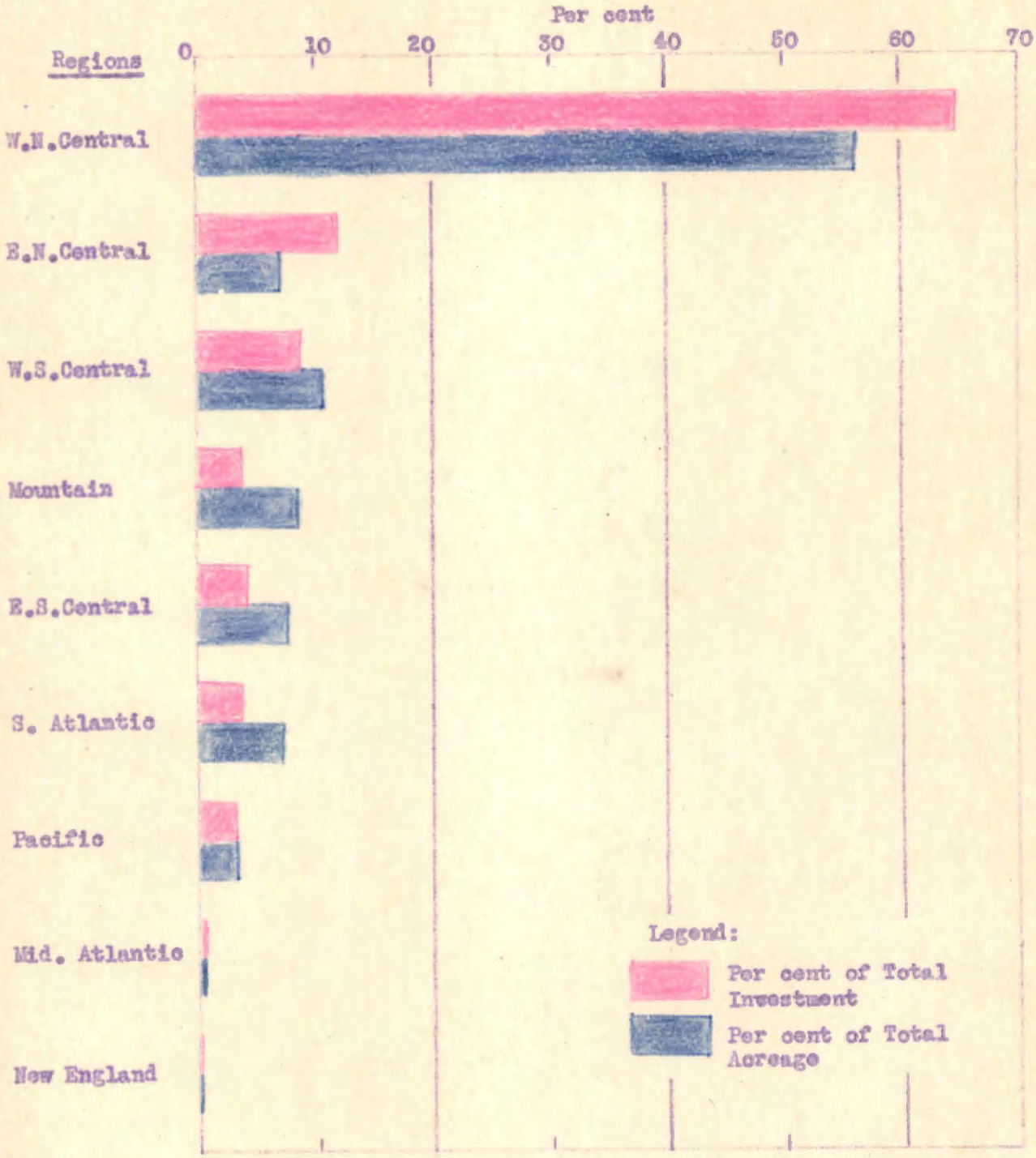
TABLE VIII. ESTIMATED INVESTMENT IN ACQUIRED FARM REAL ESTATE HELD BY LEADING LENDING AGENCIES, 1929-37
Thousands of Dollars

Year Beginning	Estimated Investment
1929	149,559
1930	196,082
1931	245,807
1932	350,499
1933	519,284
1934	703,538
1935	859,508
1936	905,907
1937	989,145

Source: Wall, N. J., op. cit., p. 40.

Regional Differences in Corporate Owned Land. Wide regional differences exist in the amount of land held by lending agencies as well as in farm mortgage debt and farm foreclosure rate. The West North Central States alone had 15,821,000 acres held by these agencies in January 1, 1937, this being more than half of the total 28,145,325 acres held by leading lending agencies in the United States. The West South Central States and the Mountain States ranked second and third with but 2,897,000 and 2,375,000 acres respectively. Furthermore, the investment per acre in these latter two areas is well below that of the West North Central region due to large tracts of range, dry land farming areas, waste, and desert lands.

The East South Central division, including Kentucky, Tennessee, Alabama, and Mississippi, had 2,079,000 acres in the hands of leading lending agencies.



Source: Table IX.

Figure 10. Percentage of the Total Investment and Acreage of Farm Real Estate Acquired by Principal Lending Agencies That is Held in Each Region, January 1, 1937

The New England States have had practically no land taken over while the Middle Atlantic States had but 163,000 acres (Figure 10).

TABLE IX. PERCENTAGE OF THE TOTAL INVESTMENT AND ACREAGE OF FARM REAL ESTATE HELD BY LEADING LENDING AGENCIES BY DIVISIONS, JANUARY 1, 1937

Division	Per Cent of Investment	Per Cent of Acres
United States	100.0	100.0
New England	.1	.1
Middle Atlantic	.6	.6
E. North Central	11.9	6.9
W. North Central	64.3	56.3
South Atlantic	3.5	7.0
E. South Central	4.3	7.4
W. South Central	8.7	10.3
Mountain	3.7	8.4
Pacific	2.9	3.0

Source: Table X.

Percentage of Farm Land That Is Corporate Owned. The West North Central States on January 1, 1937, had the greatest acreage of farm lands taken over by lending agencies. They also had the greatest percentage of all farms taken over; there being 5.79 per cent of the farms in this area held by lending agencies. This may be compared to 2.67 per cent for the United States as a whole. It is significant that only the West North Central States were higher than the United States average in this respect.

The East South Central States had the second largest percentage of farm land acquired by leading lending agencies with 2.63 per cent, followed by the South Atlantic States with 2.06 per cent, the East North Central States with

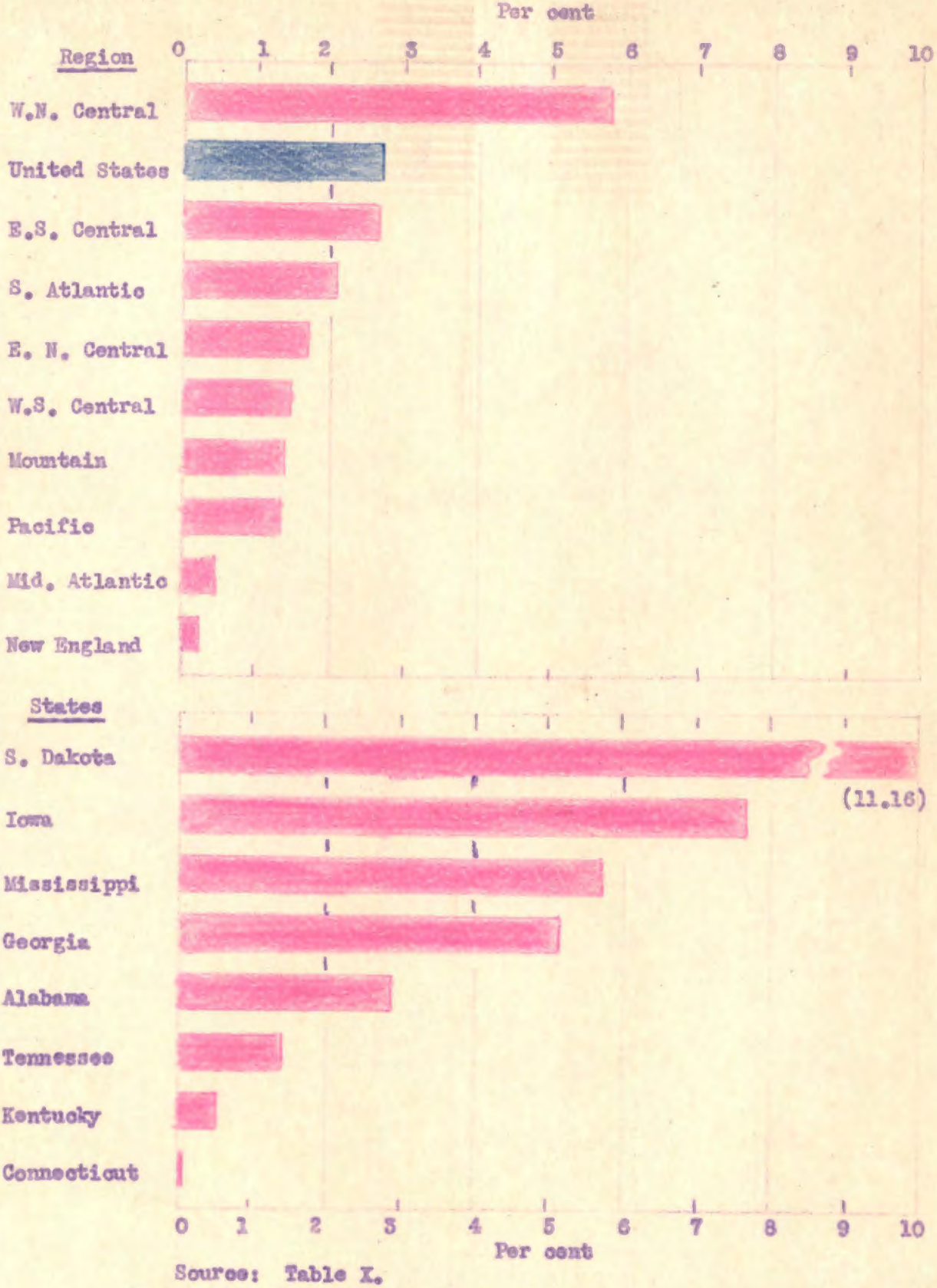
1.67 per cent, and the New England States with only 0.24 per cent acquired. Thus the West North Central States have twenty-four times as much of their land taken over by lending agencies as do the New England States. The East South Central States have eleven times the proportion held in New England, and a little over one-half as much as the West North Central States (Figure 10).

Holdings By States. Figure 11 gives land held by leading lending agencies in the United States as of January 1, 1937. It clearly shows the concentration in the West North Central States, especially Iowa and South Dakota. However, because the largest part of this area is in farms, the actual holdings appear larger than in an area with a low percent of land in farms. Ninety six and six tenths per cent of the total land area in Iowa is

TABLE X. ESTIMATED INVESTMENT AND ACREAGE OF ACQUIRED FARM REAL ESTATE HELD BY PRINCIPAL LENDING AGENCIES, JANUARY 1, 1937

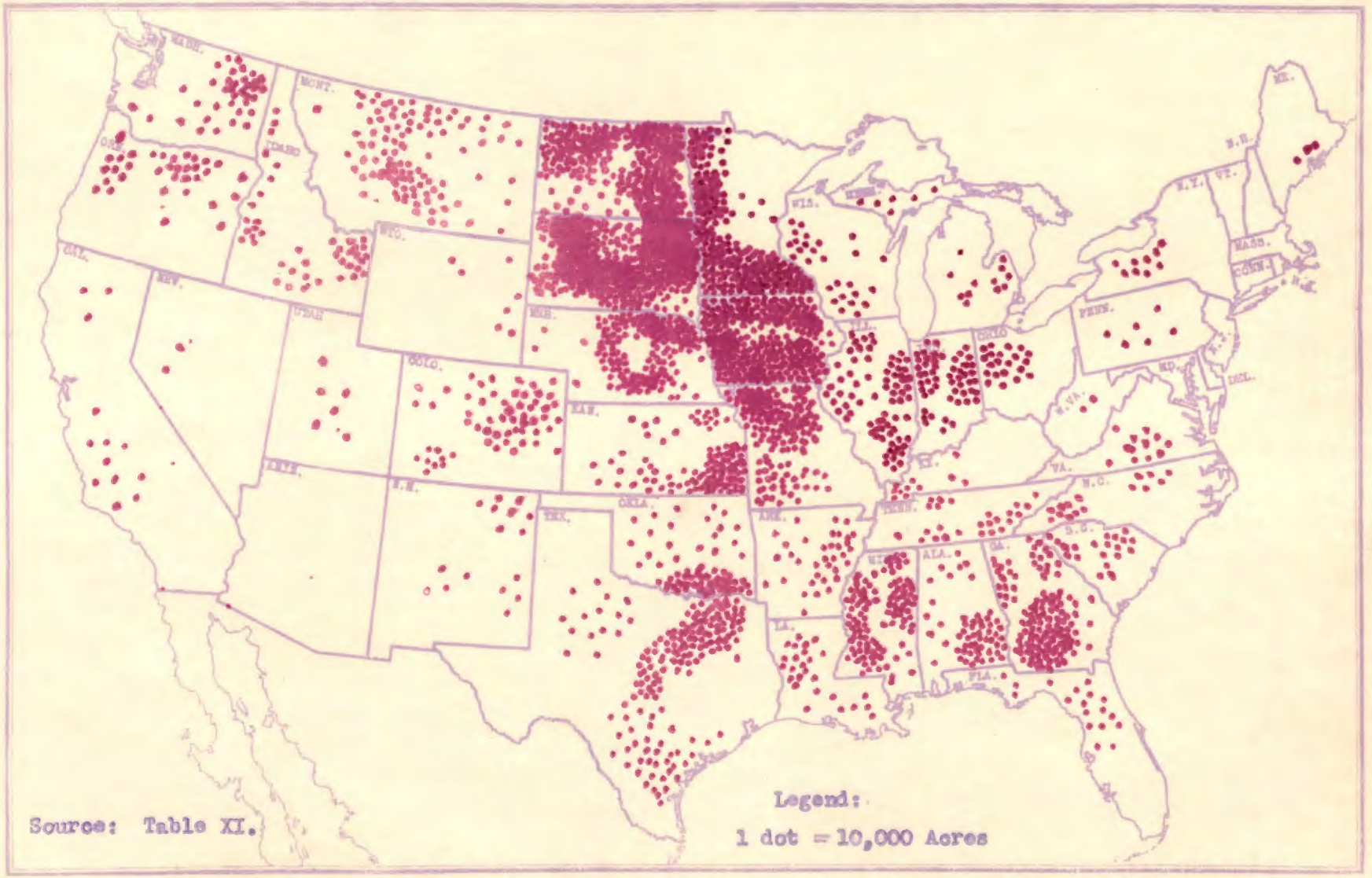
Division or State	Investment (000)	Acres (000)	Investment per Acre	Per Cent Acquired Acres Are of Total Acres in All Farms
United States	$983,284	28,145	$34.94	2.67
New England	1,045	38	27.60	.24
Middle Atlantic	6,067	163	37.22	.45
E.North Central	117,392	1,952	60.13	1.67
W.North Central	651,185	15,621	39.90	5.79
South Atlantic	34,199	1,980	17.27	2.06
E.South Central	41,992	2,079	20.20	2.63
W.South Central	85,454	2,897	29.84	1.44
Mountain	36,250	2,375	15.26	1.37
Pacific	28,701	840	34.19	1.34
Kentucky	4,655	113	41.29	.54
Tennessee	8,899	269	33.14	1.41
Alabama	7,788	569	13.68	2.90
Mississippi	20,650	1,129	18.29	5.74
Georgia	20,980	1,302	16.12	5.15
Iowa	204,685	2,671	76.63	7.77
South Dakota	123,070	4,142	29.71	11.16
New Hampshire	37	2	21.11	.08
Connecticut	54	1	54.76	.05

Source: Wall, N. J., op. cit., p. 43.



Source: Table X.

Figure 11. Percentage that Acres Acquired by Leading Lending Agencies Are of Total Acreage in All Farms by Regions and Selected States, 1937



Source: Table XI.

Figure 12. Estimated Acreage of Acquired Farm Real Estate Held by Principal Lending Agencies,(1) by States, January 1, 1937

(1) Includes Federal Land Banks, Land Bank Commissioners, Life Insurance Companies, Joint Stock Land Banks and State Credit Agencies of Minnesota, N. Dakota and S. Dakota.

in farms, while Tennessee has only 71.5 per cent of its land area so used. In fact no other section of the country has so great a percentage of land in farms as the West North Central region (Figure 12).

TABLE XI. ESTIMATED ACREAGE OF ACQUIRED FARM REAL ESTATE HELD BY PRINCIPAL LENDING AGENCIES BY STATES, JANUARY 1, 1937

Division or State	Acres	Division or State	Acres
United States	28,145,325	South Atlantic	1,980,252
New England	37,868	Delaware	8,274
Maine	27,437	Maryland	5,884
New Hampshire	1,738	Virginia	107,345
Vermont	5,025	West Virginia	22,915
Massachusetts	2,684	North Carolina	151,320
Rhode Island	-	South Carolina	201,732
Connecticut	984	Georgia	1,301,852
		Florida	180,930
Middle Atlantic	162,992		
New York	91,125	East South Central	2,079,293
New Jersey	6,853	Kentucky	112,730
Pennsylvania	65,014	Tennessee	268,545
		Alabama	569,203
E.North Central	1,952,276	Mississippi	1,128,817
Ohio	210,350		
Indiana	539,312	West South Central	2,897,416
Illinois	746,940	Arkansas	351,632
Michigan	180,837	Louisiana	266,112
Wisconsin	274,837	Oklahoma	626,551
		Texas	1,653,121
W.North Central	15,820,576		
Minnesota	2,216,098	Mountain	2,375,095
Iowa	2,671,175	Montana	1,022,513
Missouri	1,556,454	Idaho	423,230
N. Dakota	2,520,614	Wyoming	76,428
S. Dakota	4,142,295	Colorado	594,328
Nebraska	1,543,451	New Mexico	162,647
Kansas	1,170,489	Arizona	5,467
		Utah	66,933
		Nevada	23,549
		Pacific	839,557
		Washington	366,250
		Oregon	341,888
		California	131,419

Source: Wall, N. J., op. cit., p. 43.

Investment in Acquired Farm Land. In general the investment in farm real estate held by leading lending agencies is proportional to acreages held, when difference in land value are taken into consideration. Roughly two thirds of the value, and one half the acreage, of all farm real estate held by these agencies is in the West North Central States. The East South Central States account for one-fourteenth the acreage and one-twenty-fourth the value.

The investment per acre in land held by these agencies varies from $77.19 and $76.63 in California and Iowa to $9.57 and $9.17 in Wyoming and Florida. In Tennessee it is $33.14 compared to $13.68 in Alabama and $41.29 in Kentucky.

Trend in Holdings Since 1935. The total land held by leading lending agencies grew from 26,139,000 acres in 1935 to 28,145,000 in 1937. Of this increase 88 per cent or 3,228,000 acres, was in the West North Central States. The land held by leading lending agencies in the South Atlantic States declined 27 per cent or 801,000 acres while that in the East South Central States remained practically the same; experiencing a rise of 168,000 acres in 1936 and a drop of 140,000 acres in 1937 (Table XII).

TABLE XII. ESTIMATED ACREAGE OF ACQUIRED FARM REAL ESTATE HELD BY LEADING LENDING AGENCIES BY GEOGRAPHIC DIVISIONS, 1935-1937

Division	1935 (000)	1936 (000)	1937 (000)
United States	24,469	26,139	28,145
New England	32	38	38
Middle Atlantic	117	154	163
E. North Central	1,814	1,859	1,952
W. North Central	12,593	13,794	15,821
South Atlantic	2,879	2,544	1,980
E. South Central	2,051	2,219	2,079
W. South Central	2,519	2,930	2,897
Mountain	1,746	1,849	2,375
Pacific	719	752	840

Source: Wall, N. J., op. cit., p. 42.

Corporate Owned Land in Tennessee

No state or section has been immune from farm mortgage foreclosures and consequent acquisitions of farm property by lending agencies. However, wide variations exist among the respective states, counties within the states, and civil divisions within a county. To what extent have Tennessee farms been acquired by financial institutions? Why types of long term credit agencies have acquired Tennessee farms? What are the county and civil district variations in amount of acquired land? An attempt will be made to throw some light on these and other questions concerned with acquisitions of farm real estate by lending corporations in Tennessee.

Sales and Acquisitions of Land by Corporations. The holdings of corporations are continually changing, both in amount and in the particular properties included among the holdings. This is due to a high rate of acquisition and resale amounting on the average to about one third of the total holdings. Thus there has been a complete turnover in corporate holdings about every six years. However, corporations vary widely in this respect.

Sales and acquisitions may be expressed by three indices; first, by number of properties, second, by number of acres, and third, by value of property transferred.

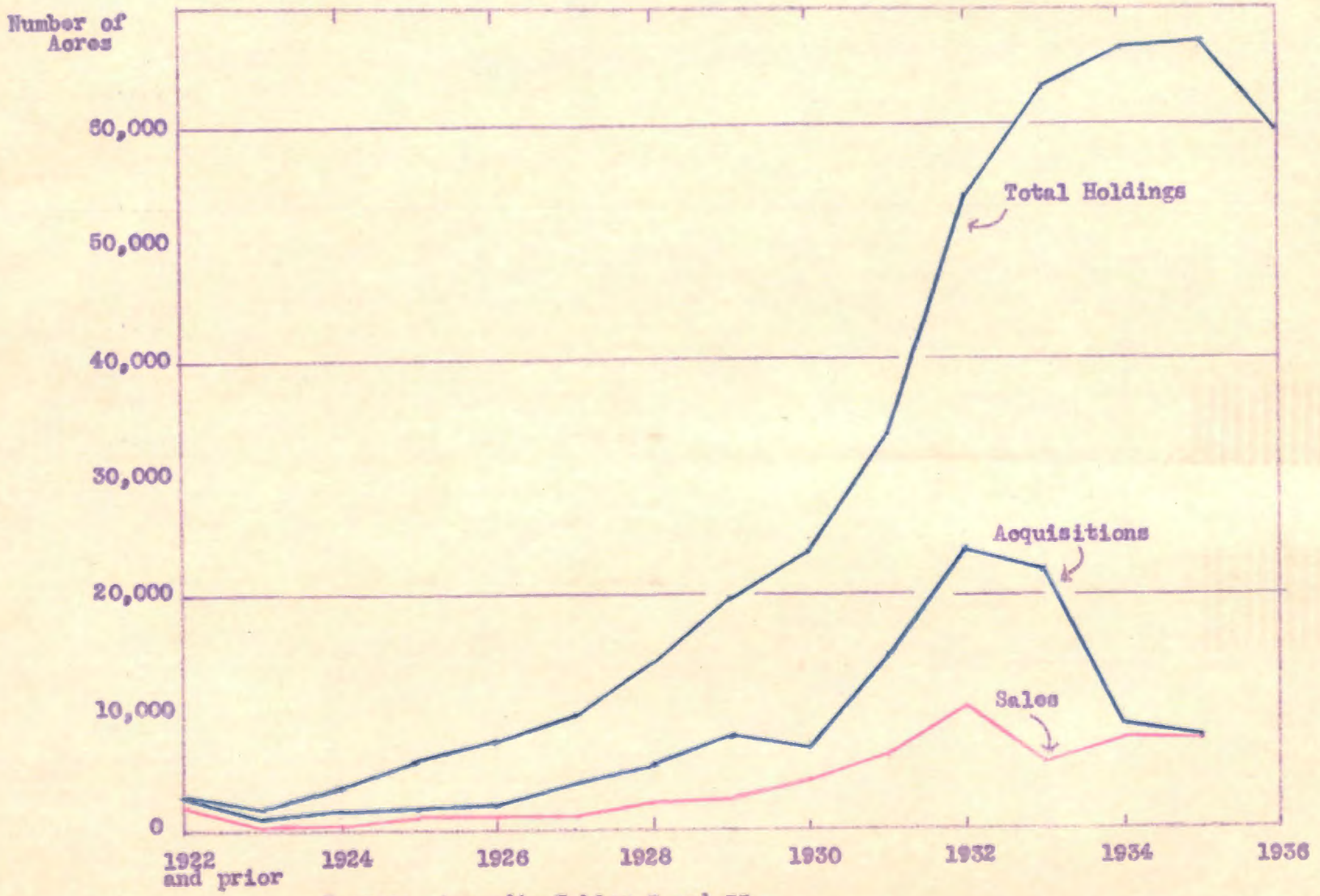
Land transfer schedules from W.P.A. Official Project 201-6001 were used in tabulating data for seven sample Tennessee counties. The procedure is outlined in detail under Method.

Although the schedules from which the data were taken were incomplete prior to 1920 there is but little indication of any considerable amount of corporate owned land previous to that date. In 1923 lending corporations acquired seven properties in seven sample counties and sold none. Each year



Source: Appendix Table II.

Figure 13. Number of Properties Acquired and Sold by All Types of Lending Corporations in Seven Tennessee Counties, 1922-1935



Source: Appendix Tables I and II.

Figure 14. Trend in Acquisitions, Sales, and Holdings of Farm Real Estate in Seven Tennessee Counties, 1922-1936, by All Types of Lending Corporations

from 1923 to 1929 the acquisitions and sales increased. In the latter year there were 59 acquisitions and 23 sales. Following a slight drop in 1930 acquisitions and sales reached a peak in 1932 with 150 and 67 respectively. By 1935 acquisitions had fallen to 61 properties while sales exceeded acquisitions for the first time (Figure 14).

Sales and acquisitions measured by investment or acreage would give the same general picture. Sales, when measured in acres, were never equal to the acquisitions, but approximated them in 1935. Since the number of farm properties sold exceeded the number acquired in 1935, it is expected that the number of acres sold in 1936 and 1937 will exceed acquisitions. Acreage sales were highest in 1932 with 10,077 acres being disposed of, while 23,740 acres were acquired in that year.

The greatest disparity between acquisitions and sales was in 1931, 1932, and 1933 when land values and ability to make a profitable sale were most discouraging (Figure 14).

Twenty-one times as much land was acquired by these agencies in 1932 as in 1923, and three and one-half times as much as in 1930. In 1934 and 1935 acquisitions had dropped back to the 1928-1930 level. As would be expected the trend in sales has continued upward rather than participating in the sharp decline experienced by acquisitions. The difference between acquisitions and sales represents the addition to net holdings.

Holdings. In 1923 corporations held but 1854 acres in seven representative Tennessee counties. Each year from 1923 to 1935 witnessed an increase in corporate owned land, the rise being more characteristic of a geometric than an arithmetric increase. In 1925 corporations held 5936

acres, still a negligible amount. In 1929 a total of 19,593 acres were held while in 1932 50,838 acres were on the books of lending corporations. The peak of 67,032 acres was reached in 1935. On January 1, 1936, 59,058 acres were held. Since the foreclosure rate has fallen and the rate of disposal or resale has increased, it is expected that the 1937 and 1938 holdings will be less than in 1936.

Holdings rose from eight farms in 1922 to 42 in 1925, 133 in 1929, 296 in 1932 and a peak of 370 in 1935, followed by a decline to 297 properties on January 1, 1936.

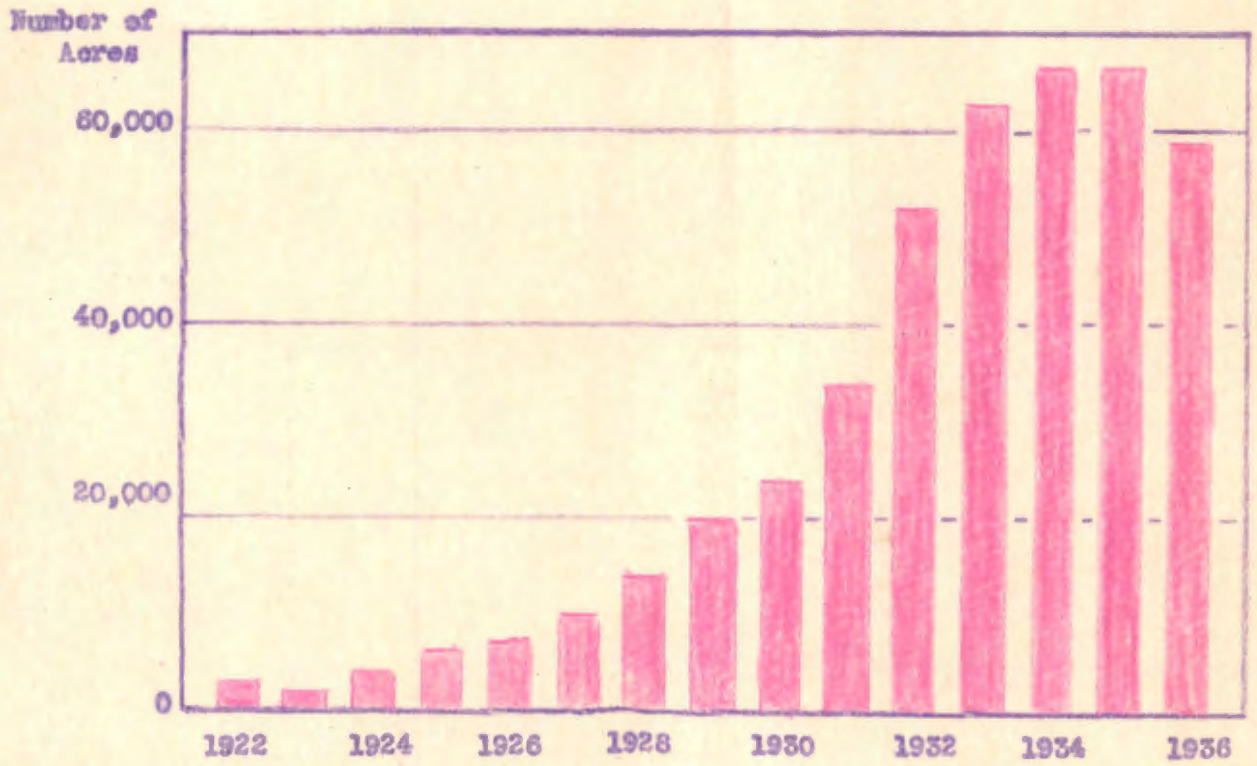
TABLE XIII. RELATIVE INCREASE IN VALUE OF CORPORATE OWNED LAND IN THE UNITED STATES AND SEVEN TENNESSEE COUNTIES, 1929-1937

Year	Estimated Investment in the United States (a) (000)	Assessed Value in Seven Tennessee Counties (b) (000)	Relatives - 1929 Equals 100	
			United States	Seven Tennessee Counties
1929	$149,559	$609	100	100
1930	196,082	712	132	117
1931	243,807	875	163	144
1932	350,499	1182	234	194
1933	519,284	1241	347	204
1934	705,538	1314	472	216
1935	839,508	1355	561	222
1936	905,907	1169	606	192
1937	989,145	--	661	-

Source:(a)Wall, N. J., op. cit., p. 40.; (b) Appendix I.

The assessed value of all property held by lending agencies in 1922 was but $38,500. By 1929 it had increased sixteen fold and by 1932 the 1929 figure had been doubled with an assessed value of close to $1,200,000. By 1935 the assessed value was over $1,350,000 from which it dropped to $1,169,000 on January 1, 1936.

Land was acquired at practically as rapid a rate in these Tennessee counties as in the United States as a whole up to 1932, but since 1932 the Tennessee sample grew but little compared to a three-fold increase in the



Source: Appendix Table I.

Figure 15. Farm Acreage Held by All Types of Lending Corporations, in Seven Tennessee Counties, 1922-1936

national relative. On January 1, 1936, the corporate land holdings in seven Tennessee counties were less than in any year since 1931 (Table XIII).

According to estimates of the United States Bureau of Agricultural Economics, there were 268,543 acres of land held by leading lending agencies (excluding commercial banks and trust companies) in Tennessee on January 1, 1937.(1) The investment totaled $8,898,545 or $33.14 per acre. It includes 1.41 per cent of all the land in farms in the state and equaled 1.60 per cent of the value of all farms as shown by the 1935 census. At the same time 2.67 per cent of the land in farms comprising 3.00 per cent of the value of all farms was held by these agencies in the United States as a whole.

Variations Among Types of Corporations Holding Land

Corporations holding land in Tennessee were classified into eight groups for purposes of tabulation.

1. Grocery stores, implement companies and others rendering merchant or store credit to agriculture.
2. Insurance companies.
3. Mortgage companies.
4. Federal Land Bank.
5. Joint Stock Land Banks.
6. Commercial banks or bank receivers.
7. Trust companies.
8. Non-financial institutions such as mining and industrial corporations.

The term corporation, as used in this paper, refers only to the first seven types. The large tracts of land held by mining, lumber, and fertilizer corporations are not included in the tabulations, nor are incorporated farms.

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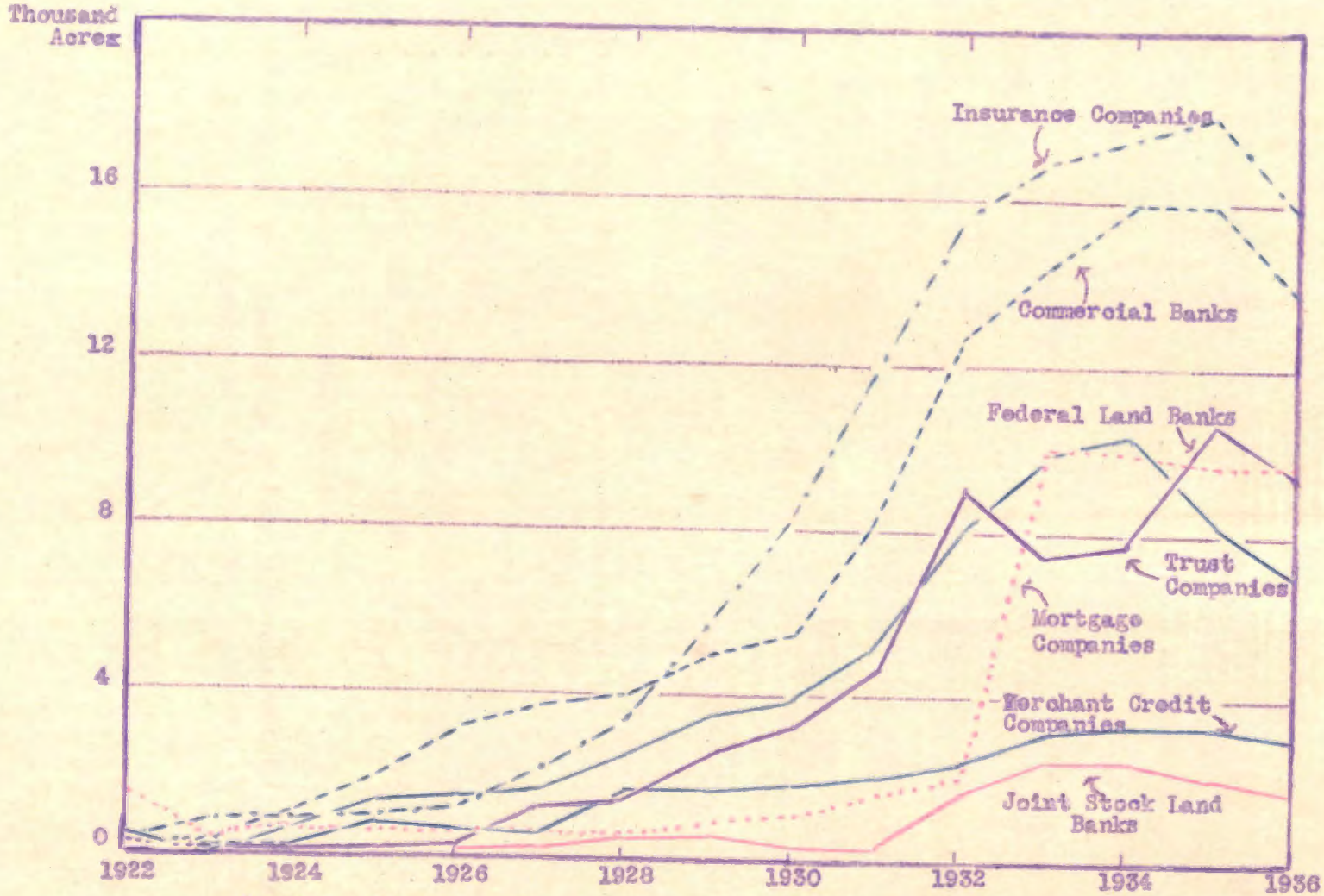
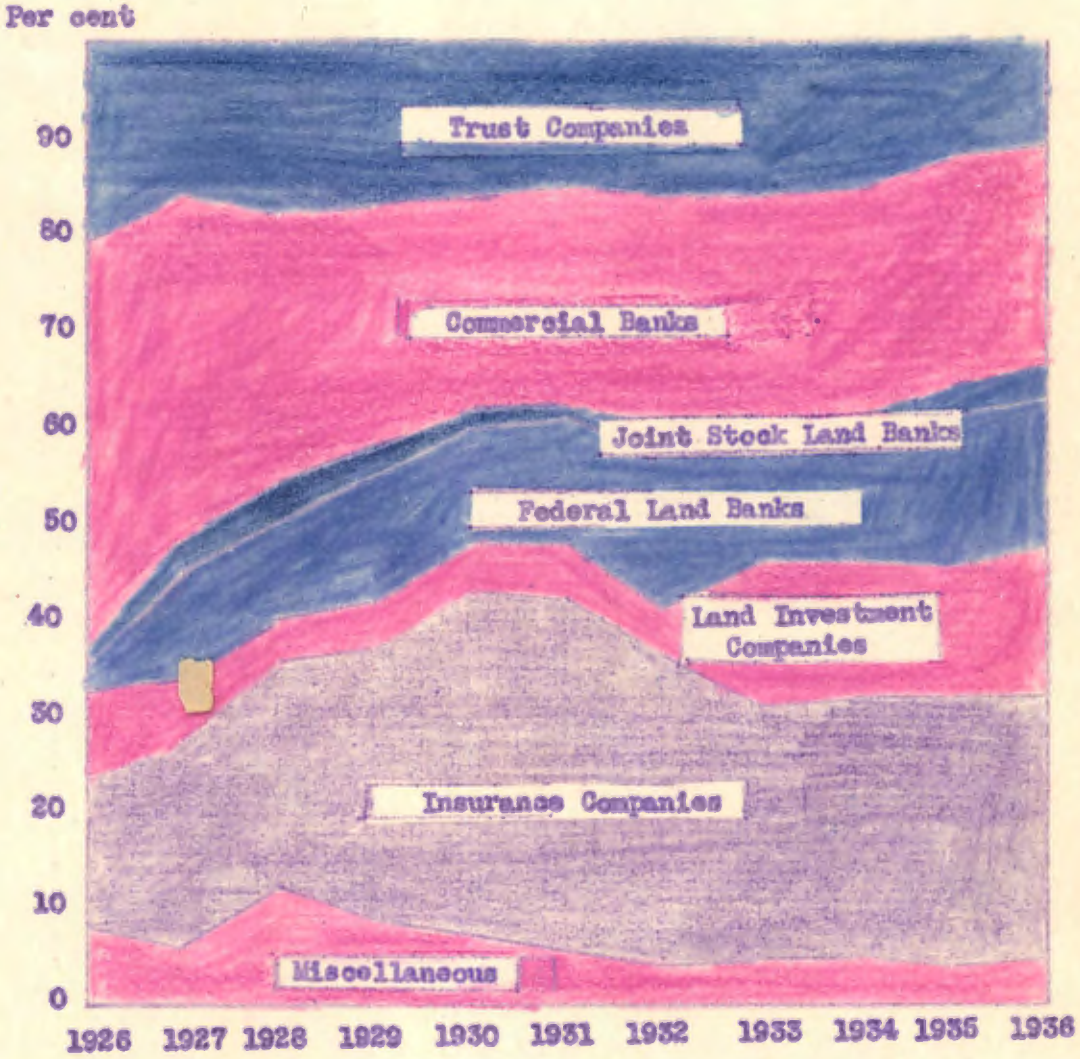
(1) Wall, N. J., op. cit., p. 43.



Source: Appendix Table I.

Figure 16. Acreage Held by Type of Corporations, in Seven Tennessee Counties, 1922-1936



Source: Appendix Table I.

Figure 17. Percentage of Total Holdings held by Each Type of Corporation in Seven Tennessee Counties, 1926-1936

There are wide variations in the amount of farm land held by the respective types of corporations. The insurance companies and commercial banks together have consistently held over half of the corporate owned land in the seven counties of this study. The Federal Land Bank and the trust companies account for another one third of the total; while mortgage companies, Joint Stock Land Banks, and corporations extending merchant credit were of comparatively minor importance (Figure 16).

The land held by insurance companies and commercial banks has risen at a faster rate than that of the other institutions. All agencies but the mortgage companies and miscellaneous companies extending merchant credit experienced a pronounced decline in holdings in 1936.

Variations among corporations will be considered from the standpoint of amount, trends, and location of holdings.

Corporations Extending Merchant Credit. There were but fifteen miscellaneous companies extending merchant and consumption credit who had taken over farm real estate.(2) There were one or more of such corporations in each of the seven counties studied.

As a general rule, when a store acquired property through forced sale it did not resell or dispose of the property but retained it. This is in contrast to commercial banks, insurance companies, trust companies, and the land banks who usually resold acquired properties within three years after acquisition.

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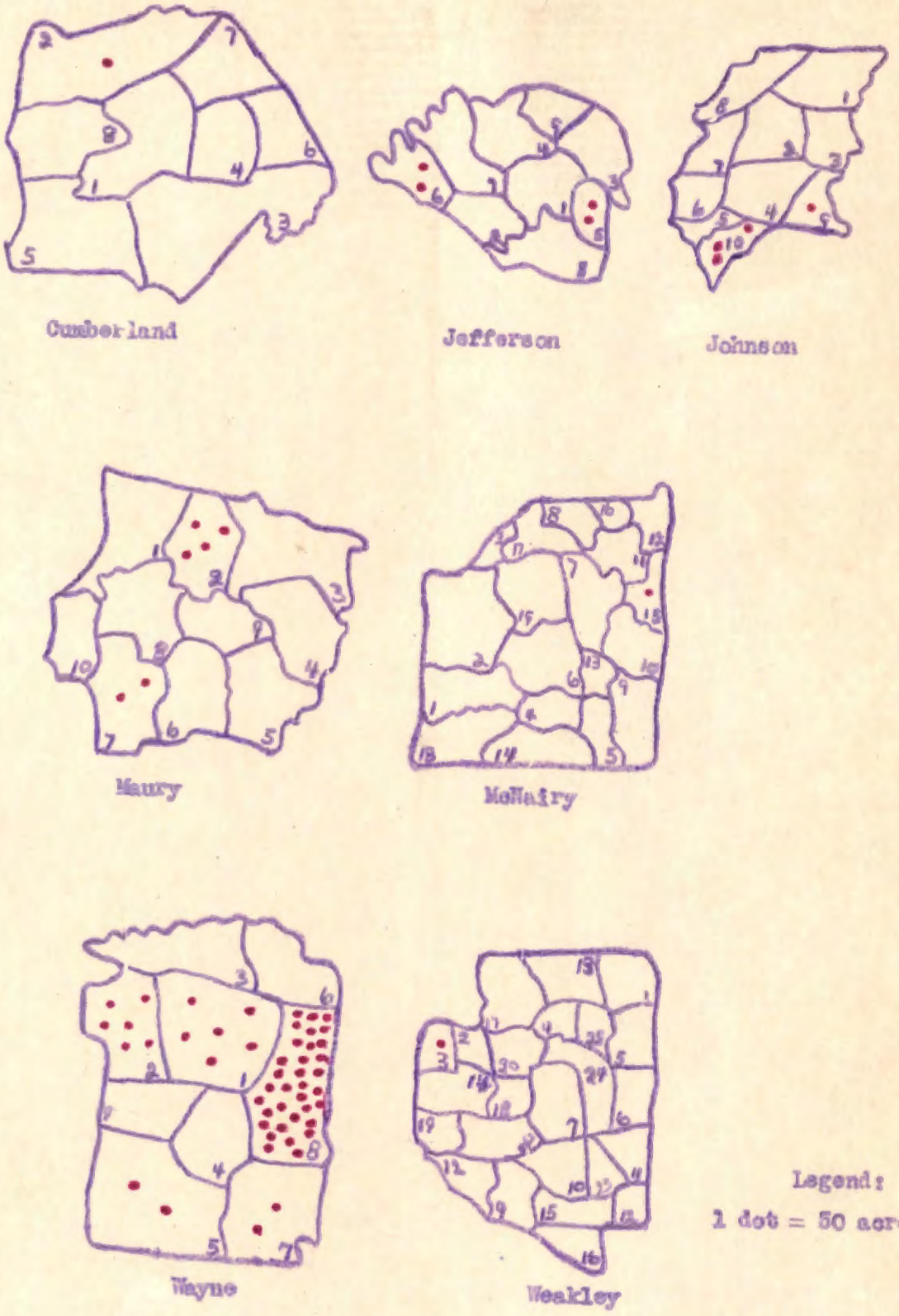
(2) Some of the stores used in this tabulation were not incorporated but were included because they function in the same capacity as incorporated stores.



Source: Appendix Table III.

Figure 18. Acreage Held by Corporations Extending Merchant Credit in Seven Counties in Tennessee, 1956

Each individual company extending store credit usually acquired but one property in contrast to some insurance companies with extensive holdings.

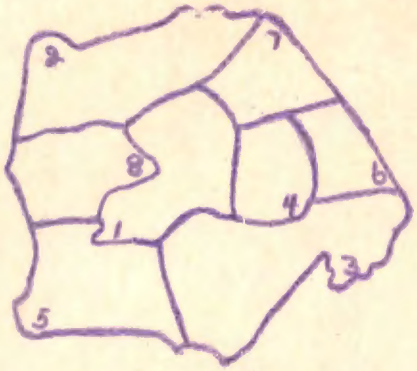
Only one property was held by corporations extending merchant credit in 1922, while in 1936 14 properties, totaling 3080 acres and valued at $16,000 were so held. In both 1922 and 1936 companies extending merchant credit held nearly 6 per cent of the total corporate owned land.

Where merchant credit is widely used, as it is in Tennessee, foreclosure on farm real estate by merchants is not unknown. Of the 3080 acres of foreclosed land held by merchants in 1936, 2320 were in Wayne County, of which 1678 were in civil district eight, and held by one company, a general store. Because of the small sample no conclusions could be drawn as to correlations of acquired holdings with land class and soil productivity (Figure 18).

Insurance Companies. There were nine insurance companies owning land in the seven sample counties at the time of this study. These companies held more land than any other type of lending agency. In 1922 they held but one property containing 312 acres, with an assessed value of $25,000. On January 1, 1936, they held 76 properties totaling 15,657 acres valued at $433,235.

Whereas the few stores acquiring land usually kept it, the insurance companies are continually reselling, seldom retaining any property more than three or four years. In 1931 insurance companies acquired 28 and sold 13 properties, in 1932 they acquired 39 and sold 31, while in 1935 they acquired but 17 farms and sold back 21.

A significant feature of the insurance company with respect to acquired



Cumberland



Jefferson



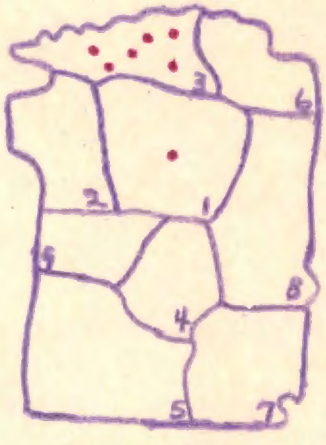
Johnson



Maury



McNairy



Wayne



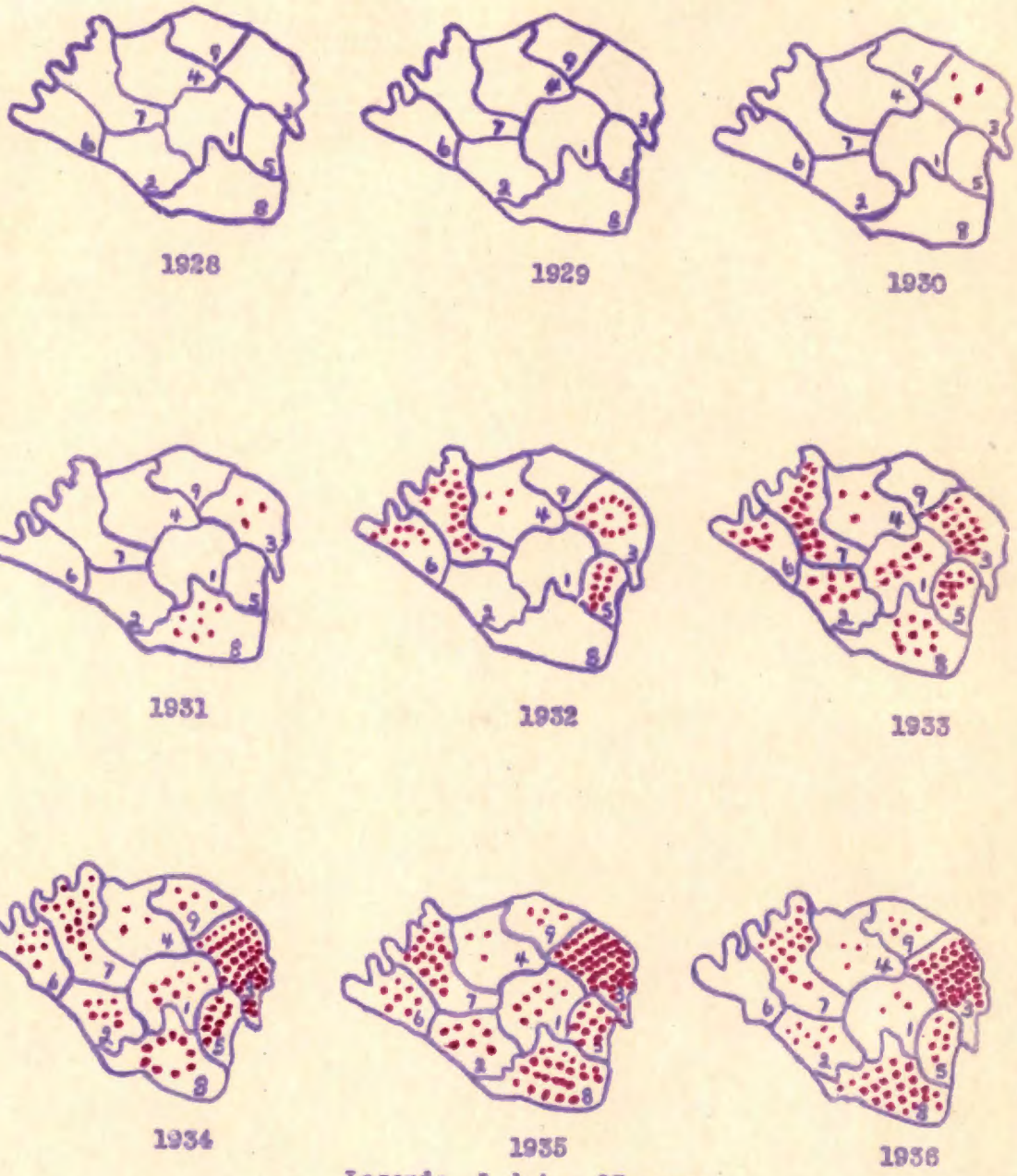
Weakley

Legend:

1 dot = 50 acres

Source: Appendix Table III.

Figure 19. Acreage Held by Insurance Companies in Seven Tennessee Counties, 1936



Legend: 1 dot = 25 acres

Source: Appendix Table III.

Figure 20. Acreage Held by a Leading Insurance Company, Jefferson County, Tennessee, 1928-1936

real estate is its areal distribution. No other type of lending corporation has so consistantly confined its loans to selected counties and civil districts. Cumberland, McNairy, Wayne, and Johnson Counties have practically no land held by insurance companies. Cumberland, McNairy, and Wayne, are counties of low land values, and Johnson is a county where commercial farming is not highly developed.

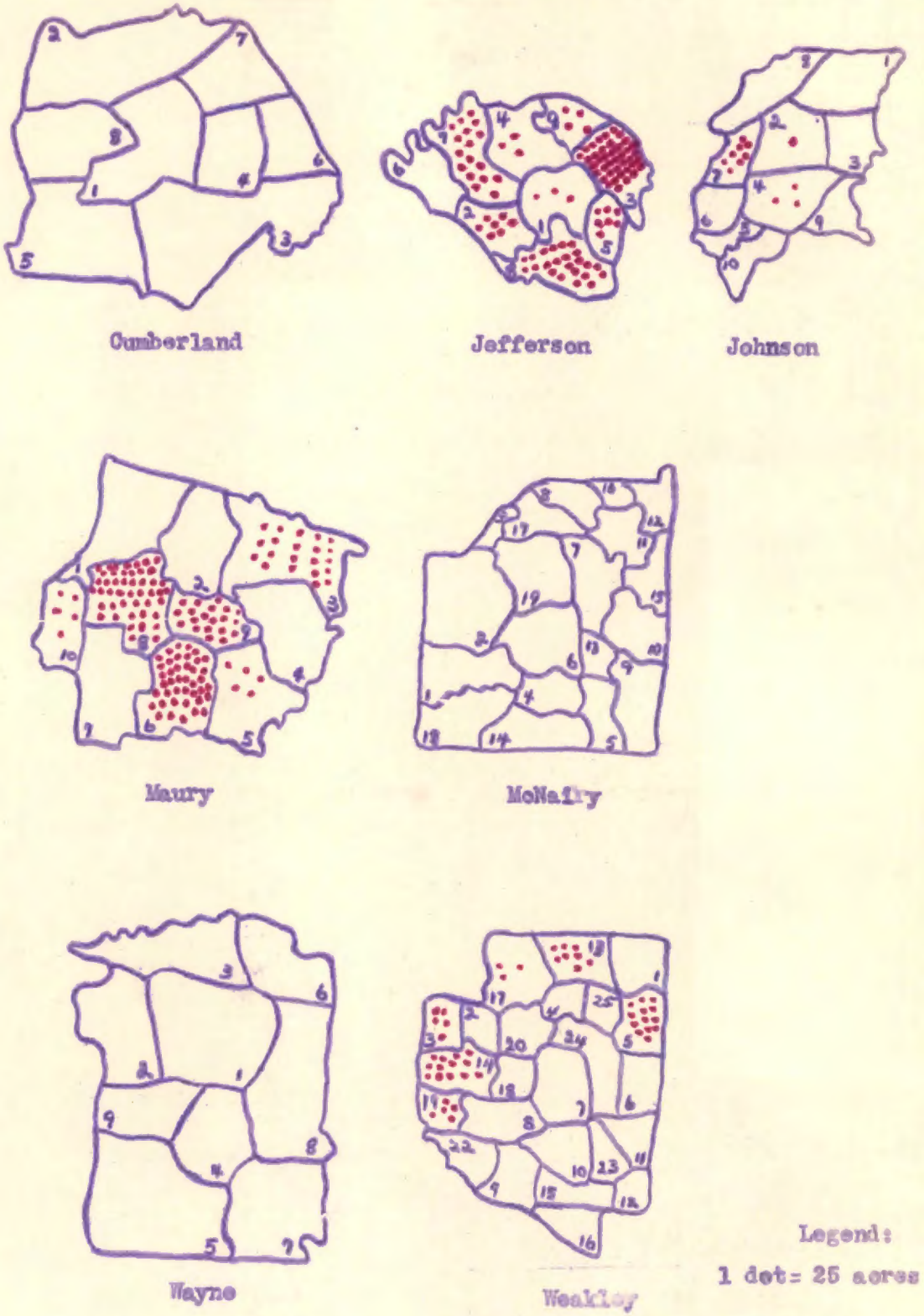
In contrast Jefferson, Maury, and Weakley Counties, with 14,960 of the total of 15,637 acres held by insurance companies, are high land value counties engaged in a more commercial type of farming. It appears that insurance companies have confined their loans to the areas of high land value.

Within Jefferson, Maury, and Weakley Counties there is also a marked concentration in certain civil districts. For example, each district, except Number 2, in Maury County, had a large acreage of land held by insurance companies. This may be partially accounted for by the activity of the agency making loans within a given community (Figure 20).

The insurance companies held less land than the commercial banks prior to 1929. Since then they have held more, indicating less foreclosure by insurance companies during the twenties and more since 1930.

Other than the Federal Land Bank, some individual insurance companies hold more land than any other single corporation.

In 1935 one insurance company held 43 properties totaling 8000 acres assessed at over $200,000. It held land in four of the seven counties studied. The holdings totaled over two fifths of the total land held by insurance companies (Figure 21).



Source: Appendix Table III.

Figure 21. Acreage Held by a leading Insurance Company in Seven Tennessee Counties, 1936

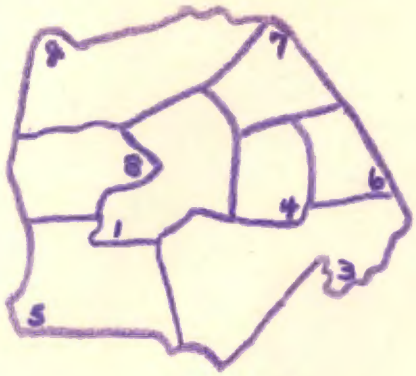
TABLE XIV. ACREAGE HELD BY A LEADING LIFE INSURANCE COMPANY IN FOUR TENNESSEE COUNTIES, JANUARY 1, 1936

County and District	Acreage	County and District	Acreage
Jefferson		Maury	
District 1	66	District 3	538
2	177	5	133
3	1002	6	1030
4	75	8	1158
5	179	9	482
7	423	10	119
8	585		
9	90	Weakley	
		District 3	126
Johnson		5	338
District 2	28	13	211
4	81	14	330
7	201	17	67
		19	128

Mortgage and Land Investment Companies. Only eight strictly mortgage companies held farm real estate. Two of these were located in Nashville, two in Columbia, one in Jackson, and three outside of the state.

In 1922, mortgage companies held but one property with an acreage of 1570. This one property constituted 58 per cent of the total corporate owned land in that year. In 1936 they held nine properties constituting 9562 acres, valued at close to $100,000. Through the latter 1920's and up to 1932, the land held by mortgage companies was about 5 per cent of the total. In 1932 a large tract of 7937 acres was foreclosed upon by one company, boosting that held by mortgage companies to 15 per cent of the total. However, this tract is of low value timber and mountain pasture, and is not comparable to other acquisitions of farm land.

Land is held by mortgage companies in every county except Johnson, Figure 22.



Cumberland



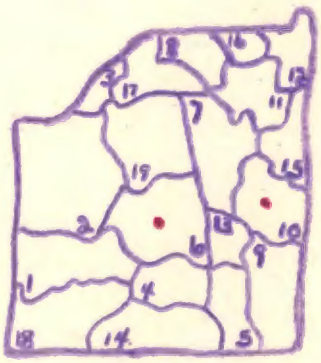
Jefferson



Johnson



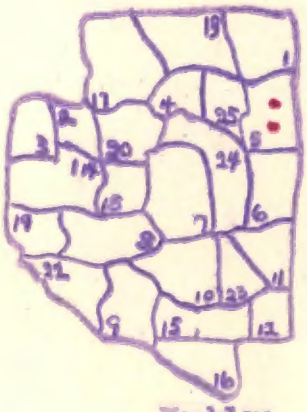
Maury



McNairy



Wayne



Weakley

Legend:

1 dot = 50 acres

Source: Appendix Table III.

Figure 22. Acreage Held by Mortgage and Land Investment Companies, in Seven Tennessee Counties, 1936

Note: A tract of 7957 Acres of woodland in District 6, Cumberland County is not included.

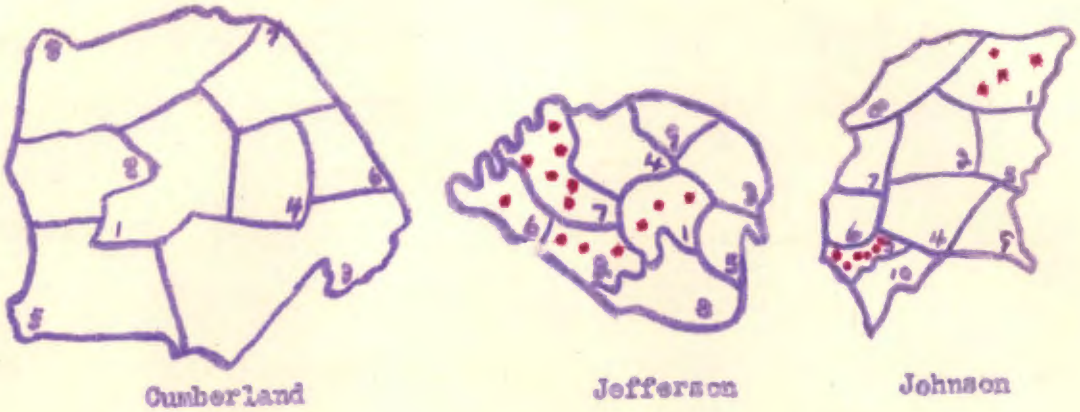
These companies, like merchants, tend to keep title to acquired land for a longer period than do other lending agencies. Having little need for large cash reserves, these companies are in no hurry to resell acquired properties.

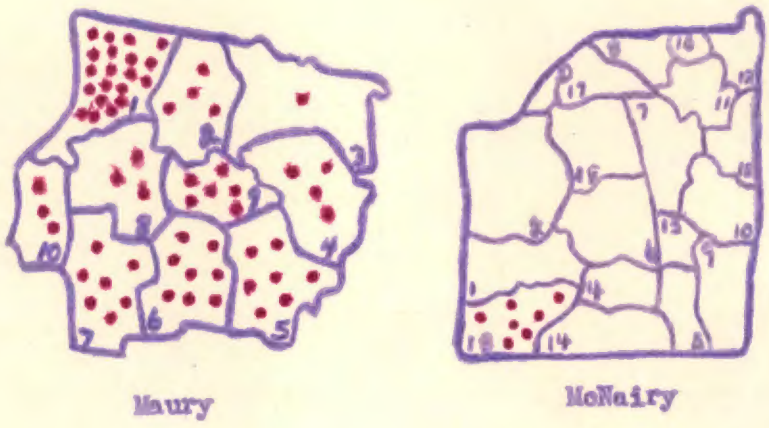
Federal Land Banks. In 1922 the Federal Land Bank of Louisville held one property of 119 acres. In 1936 it held 63 properties totaling over 9000 acres and assessed above $175,000. Land bank holdings comprised 15.3 per cent of the total corporate land in 1936. Considering the Federal Land Bank as an individual corporation, it holds more land than any other single agency.

In 1932 and again in 1935 Land Bank holdings reached peaks being well over 10,000 acres in the latter year. The fact that the Land Bank had a rise in 1935 holdings after a drop in 1933 was due to numerous foreclosures by the Land Bank in these counties in 1934.

There is a concentration of Land Bank holdings in Maury and Weakley Counties, a considerable acreage in Jefferson and Johnson Counties, and some in one civil district of McNairy County. Neither Cumberland nor Wayne Counties have any land held by the Federal Land Bank.

The low amount of Federal Land Bank holdings in Jefferson County raises question relative to policies of lending groups. Land in Jefferson County in 1935 was valued at $42.67 per acre, the highest of any of the seven counties. Insurance company land, and perhaps outstanding debt, are greatest in Jefferson County. It may be that insurance companies have been especially active in the better land areas, such as Jefferson County, giving stronger competition to the Federal Land Bank than in other areas in which Land Bank holdings are greater. Of the 9060 acres held in all counties in 1936, only 647 were in Jefferson, while 3104 were in Maury and 4451 in Weakley (Figure 23).







Legend:

1 dot = 50 acres

Source: Appendix Table III.

Figure 23. Acreage Held by Federal Land Banks, in Seven Tennessee Counties, 1936

The Land Banks acquired more properties than they sold in 1935. This was in contrast to commercial banks and insurance companies.

The Federal Land Banks tend to dispose of acquired property within a year or two after acquisition. Their policy in respect to resale may well be cited.

> The banks have found from experience that holding farms beyond a reasonable time invites losses. They count it desirable to sell such real estate as promptly as possible; but in all cases they have endeavored to dispose of acquired properties at prices considered reasonable under prevailing conditions and not to dump farms on the market indiscriminately.(3)

Joint Stock Land Banks. The Emergency Farm Mortgage Act of 1933 provided that no Joint Stock Land Bank could make any new loans. Consequently the banks now operate for the purpose of liquidating their assets and retiring their obligations. Many of their loans have been refinanced by the Federal Land Bank and insurance companies.

However, they have been forced to take over many farms since the order for their liquidation in 1933.

They held no farm property in the seven sample counties of this study in 1922. In 1936 they held ten properties, totaling 1686 acres, assessed at $46,274.

This comprised but 2.9 per cent of the total corporate owned land. At no time previous to 1932 did the Joint Stock Land Banks hold more than 550 acres. In 1932 they held 1648 acres and in 1934 but 2439 acres. No acquisitions were made after 1934 while five properties were disposed of in 1934 and three in 1935.

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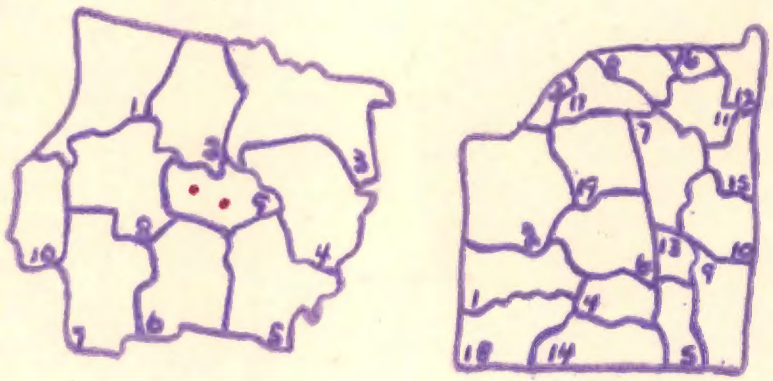
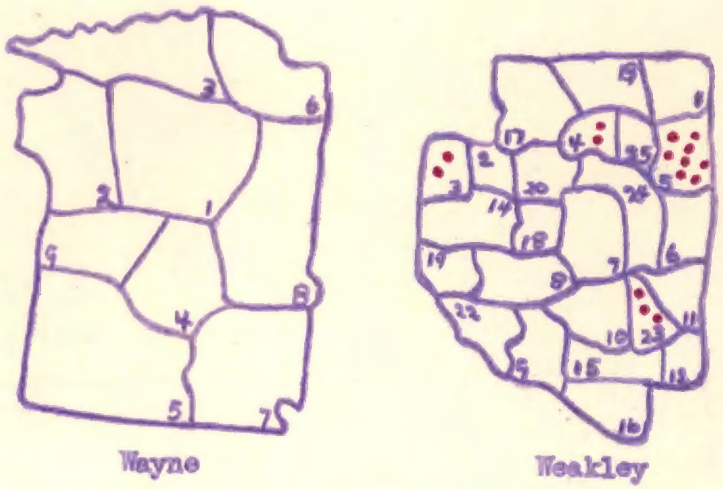
(3) Fourth Annual Report of the Farm Credit Administration, p. 26.







Legend:
1 dot = 50 acres

Source: Appendix Table III.

Figure 24. Acreage Held by Joint Stock Land Banks, in Seven Counties in Tennessee, 1936

There are but two Joint Stock Land Banks holding land in the sample counties of this study, the Greensboro Joint Stock Land Bank in Greensboro, North Carolina, and the Union Joint Stock Land Bank in Louisville, Kentucky, the Greensboro bank holding part of the land in Jefferson County while the Louisville bank held the remainder in Jefferson and the small properties in Maury and Weakley counties. Throughout the entire period of study they held no land in Cumberland, Johnson, McNairy or Wayne Counties (Figure 24).

Although the Joint Stock Land Banks once played an important role in farm mortgage financing, they will probably be completely liquidated in the near future. From the standpoint of acquired farm real estate they have never been a major factor in the seven counties of this study.

Commercial Banks. Although commercial banks grant agricultural credit primarily on a short term basis many loans are renewed annually, have real estate mortgage security, and take on all the characteristics of long term credit. Commercial banks, next to life insurance companies, hold more farm land than any other type of lending agency.

In 1922 they held but two properties. On January 1, 1936, they held 91 properties totaling 13,500 acres with an assessed value of over $200,000. In 1936 their holdings comprised 23.0 per cent of the total corporate owned land. Each year, beginning in 1922, commercial bank holdings increased. In 1934 commercial banks held 126 separate farm properties totaling over 15,000 acres, with an assessed value of $250,000.

In contrast to the Federal Land Banks and insurance companies, the peak year of commercial bank holdings was 1934.

Although commercial banks are not in as favorable a position to hold

acquired real estate as are insurance companies, they retained the property for a longer period. Average yearly acquisitions and sales of commercial banks were but 41 per cent of average holdings compared to 52 per cent in the case of insurance companies.

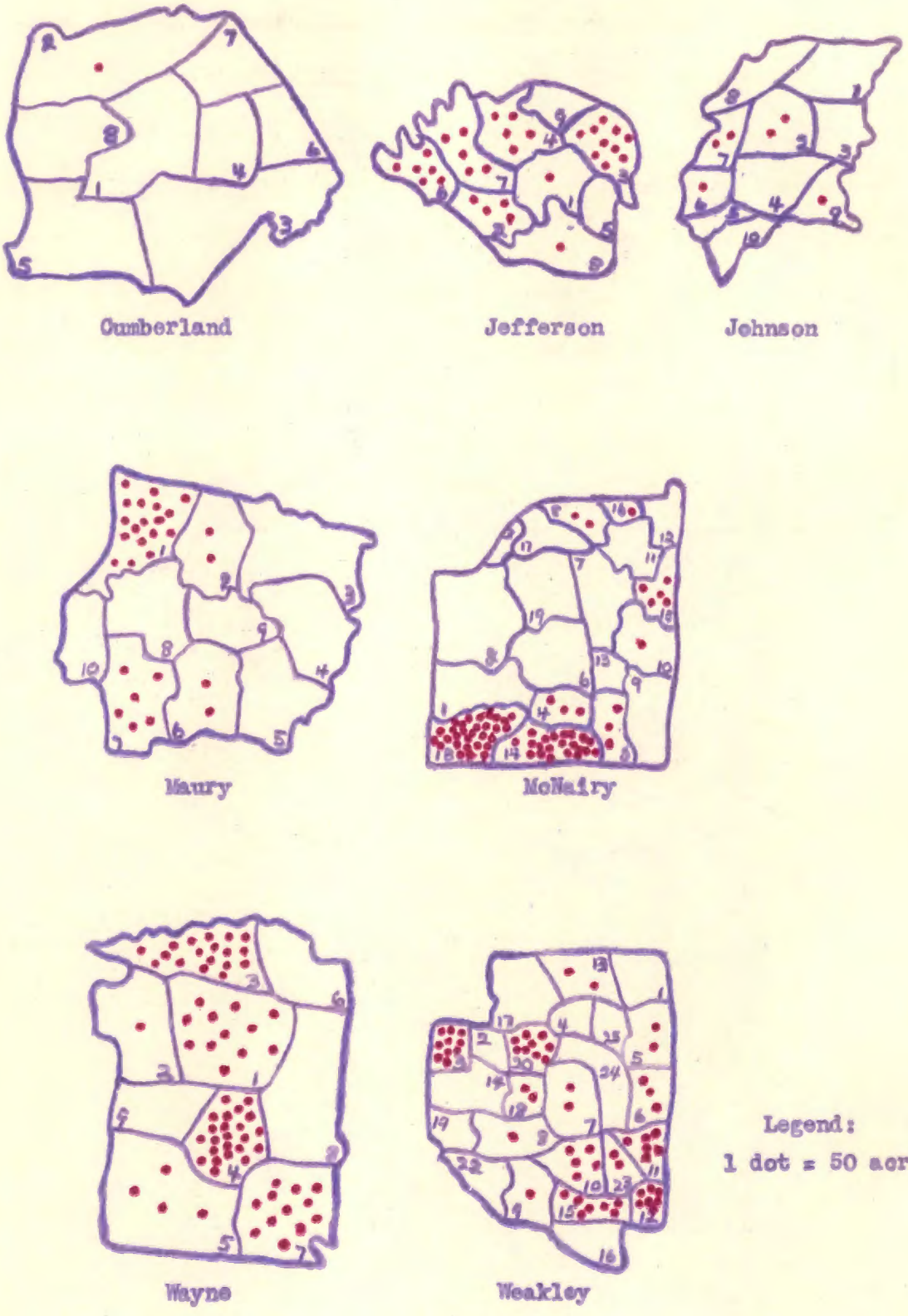
Commercial bank holdings were more widely scattered than those of any other type of corporation. Farms were acquired by these banks in every civil district of every county at some time during the period of study.

A total of sixty one commercial banks in seventeen counties and five states held farm land in the seven sample Tennessee counties.

TABLE XV. DISTRIBUTION OF COMMERCIAL BANKS HOLDING FARMS IN SEVEN TENNESSEE COUNTIES, 1922-1936

	Number Banks Holding Land
States	
Tennessee	52
Kentucky	5
Mississippi	2
Alabama	2
Missouri	1
Total	62
Tennessee counties	
Weakley	12
McNairy	7
Maury	4
Wayne	4
Lawrence	4
Johnson	3
Knox	3
Jefferson	2
Cumberland	2
Gibson	2
Carroll	2
Davidson	2
Chester	1
Tipton	1
Hamblen	1
Henry	1
Cocke	1
Total	52

Source: This survey.



Source: Appendix Table III.

Figure 25. Acreage Held by Commercial Banks in Seven Tennessee Counties, 1936

The out-of-state banks were in general in contiguous counties across the state line. Banks in other counties, holding land, were either in adjacent counties or in the financial centers of Knoxville and Nashville.

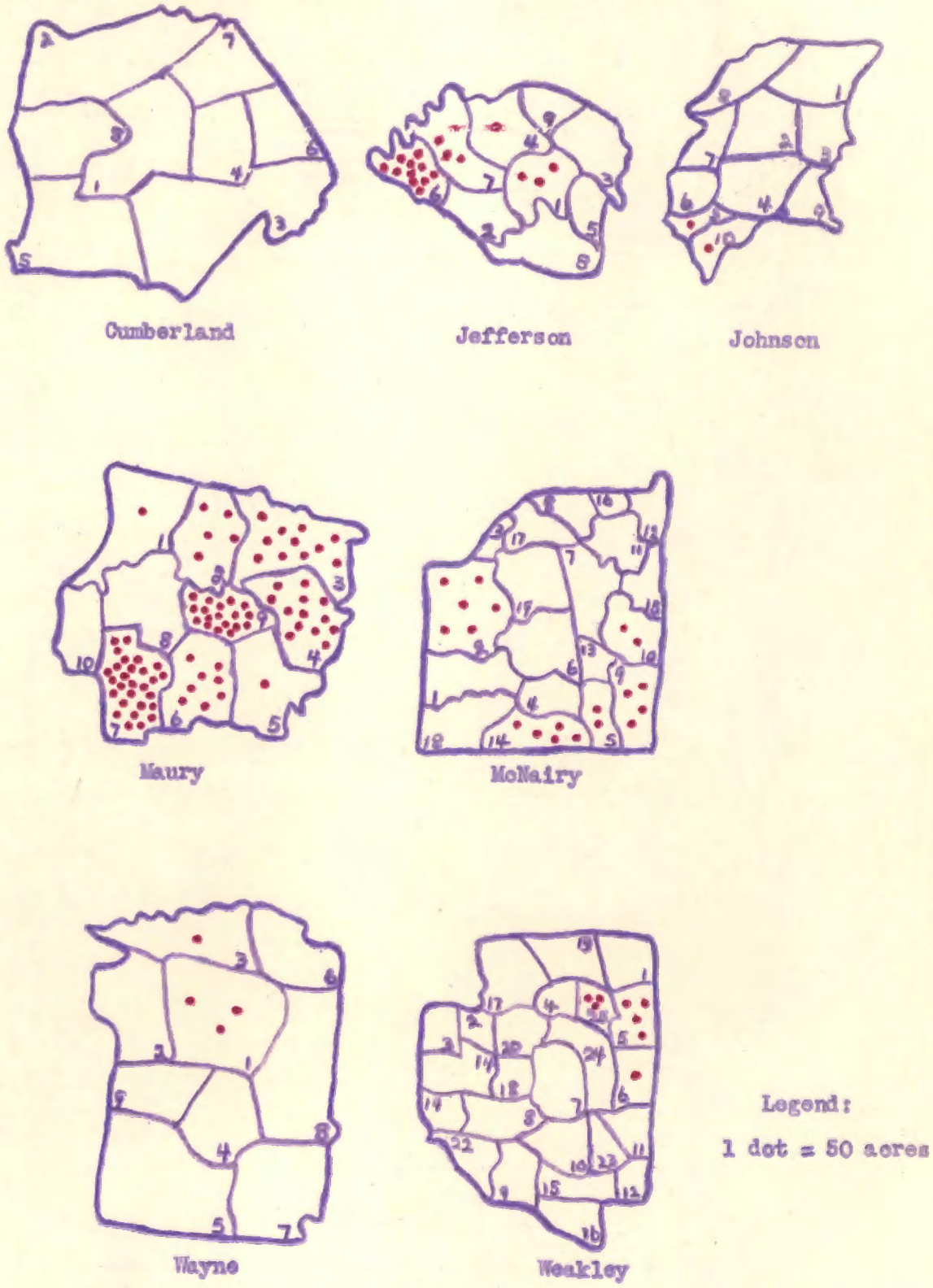
Despite the widespread distribution of lands held by commercial banks, by 1936 the holdings were well concentrated within a few civil districts. This perhaps reflects the land disposal policies of the banks within a given area (Figure 25).

Although there is a tendency for commercial banks to serve only the immediately adjacent territory, this is not true in the case of larger banks. One bank in Weakley County held 26 different properties and nearly 2000 acres in eight different civil divisions during the period of study.

Trust Companies. Twenty seven trust companies held farm real estate in the seven sample counties of this study. In 1922 trust companies held but two properties. In 1936 they held 34 properties totaling 6,500 acres with an assessed value of over $200,000. While they held only 11.0 per cent of the acreage of corporate land in the latter year, they held 17.3 per cent of the assessed value of all corporate owned land, indicating a limitation of loans to highly valued and productive land.

The proportion of the total corporate land held by trust companies has consistently fallen since 1925. In this and in other respects, trust companies are similar to commercial banks.

In contrast to the Federal Land Bank and insurance companies the peak of trust company and commercial bank holdings was reached in 1934. In this year trust companies held 47 properties constituting 10,142 acres valued at



Source: Appendix Table III.

Figure 26. Acreage Held by Trust Companies in Seven Tennessee Counties, 1936

$250,000. There was a marked reduction in 1935 and again in 1936, indicating that delinquent loans were foreclosed at an earlier date than the delinquent loans of the Federal Land Bank or insurance companies.

Each of the seven counties studied had land held by trust companies at some time during the period 1922-1936. However, there was but one property in Cumberland County, four in Johnson and eight in Wayne.

The largest amount of trust company land is in Maury County (Figure 26).

Although 27 trust companies held land, one third of the 1934 total was owned by three companies. Of 1555 acres of trust company land in Jefferson County 1455 acres were held by a single firm, operating out of Knoxville.

There are perhaps two main factors determining the location of trust company land. First their land is largely in counties of high land value with considerable commercial agriculture. Second, most of the land is held by a few large companies within close proximity to their base, hence acquisitions will depend upon the presence or absence of large trust companies within the area.

There is a high rate of turnover in trust company land, for the yearly acquisitions and sales equal 50 per cent of the average holdings. This is compared to 41 per cent for the commercial banks, 52 per cent for insurance companies and 52 per cent in the case of the Federal Land Bank.

Industrial, Mining, and Lumber Companies. There were eighty-one non-lending companies, part of which may not have been incorporated, who either bought or sold land during this period. None of them obtained land through foreclosure. Aside from the fact that they are corporations and hold farm

real estate there is no connection or similarity between the non-financial institutions and the lending agencies studied herein.

In speaking of corporate owned land it is necessary to distinguish between that land acquired by a lending agency through forced sale and that land bought and sold by non-lending companies during the normal course of their business.

Included among the eighty-one non-lending corporations holding land are incorporated farms, fertilizer and mining companies, lumbering companies, sanitariums, drainage districts, colleges, land development companies and others.

These non-lending corporations bought 84 properties including 197,120 acres valued at $1,159,900 from 1922 to 1936. During this period they sold 141 properties totaling 212,120 acres valued at $1,188,880. The vast majority of this was timber or mineral land. Eighty per cent of the total acres transferred were in Wayne County while another 10 per cent were in Cumberland County. Of the 349,341 acres acquired and sold by non-lending corporations in Wayne County, 340,000 were the result of two transfers of a series of tracts in six civil divisions totaling 85,000 acres.

Both Wayne and Cumberland are important mining counties with iron ore deposits, tripoli, and silica in the former and vast coal deposits, in the latter.

The largest share of the transfers in these two counties were between mining companies.

No tabulations were run on the total holdings of non-lending corporations nor were the acquisitions and sales included in the tabulations on corporate owned land.

Corporate Owned Land in Selected Tennessee Counties

There are wide variations in the amount of farm land held by lending institutions among the respective counties. In the seven sample counties included in this study, acquired land ranged from practically none in Johnson and Cumberland Counties to close to 20,000 acres in Maury County in 1932 and 1935 (Figures 27 and 28).

Cumberland County. Aside from a tract of forest and pasture land of over 7500 acres which was foreclosed upon, there is practically no corporate owned land in Cumberland County. The sale was highly irregular and not characteristic of the county or the Cumberland Plateau area. In 1936, 57 acres or but one-tenth of one per cent of the total farm land area was held by lending corporations. Seven acres in district two were foreclosed upon by an implement company and 50 acres in the same district were taken over by a bank in Crossville (Figure 29).

Throughout the period 1922-1936 commercial banks were the leading lending agency. However, they held but 12 properties, all but one of which had been disposed of by 1936 (Figure 30).

Cumberland County is similar to Wayne in that no land has been held by insurance companies or the land banks. Undoubtedly loans by these agencies were either entirely absent or of a negligible amount.

The low amount of corporate owned land in Cumberland County points to a low foreclosure rate by corporate credit agencies on the Cumberland Plateau. Marshall points out that the total foreclosure rate on the Cumberland Plateau, by individuals and corporations, is well below the state average.(4)

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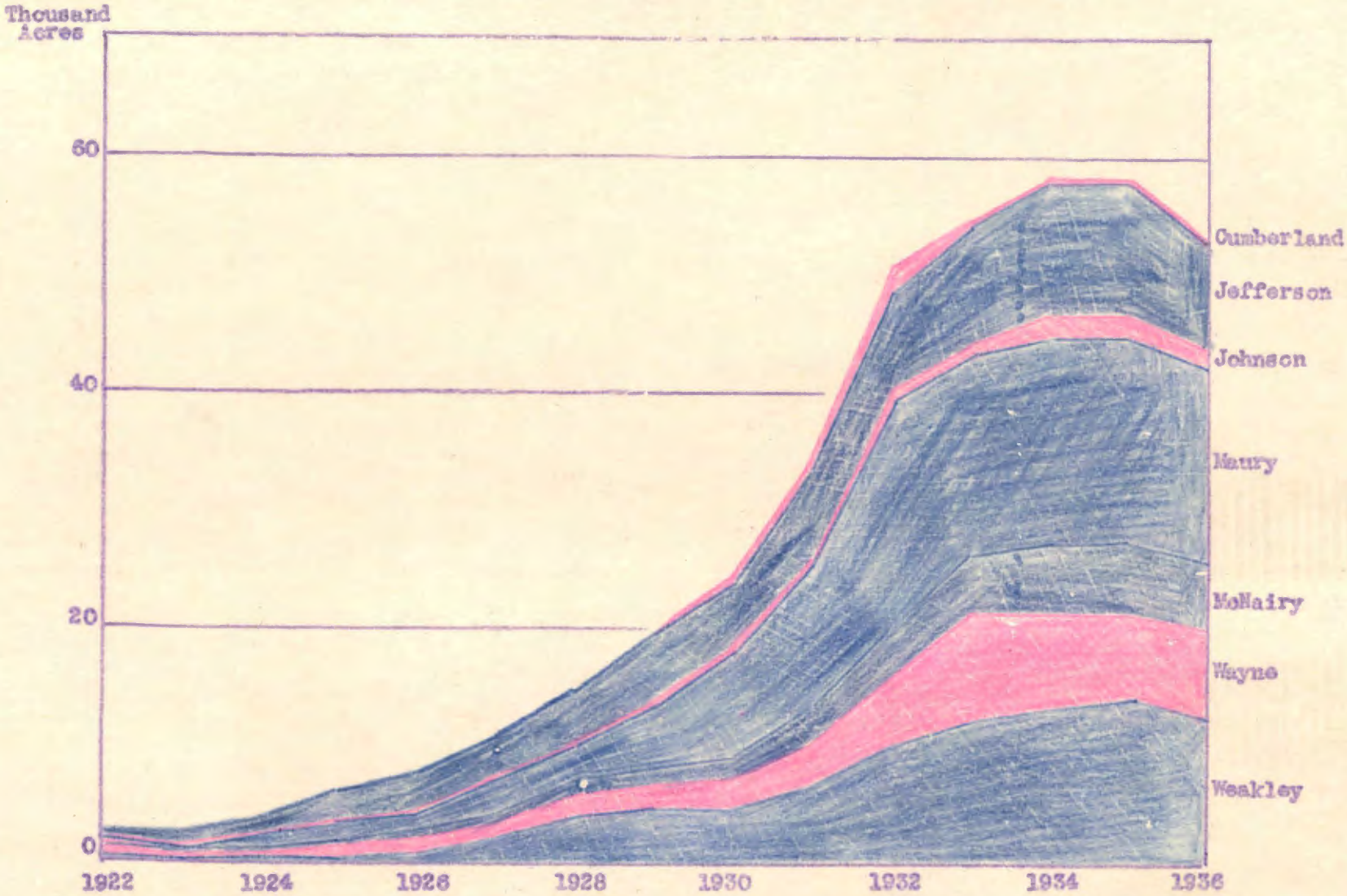
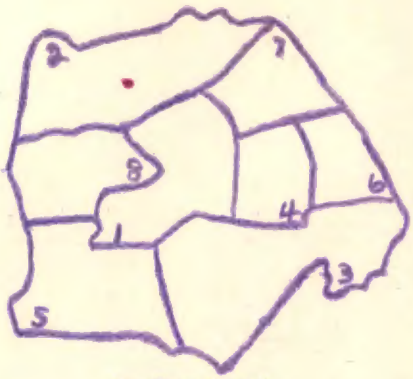
(4) Marshall, J. H., Farm Land Values and Transfers, p. 38.



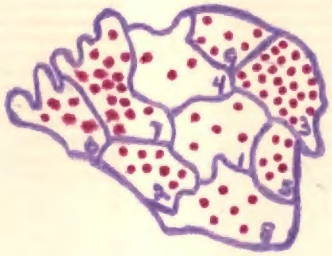
Source: Appendix Table I.

Figure 27. Land Held by Corporations in Seven Tennessee Counties, 1922-1936

Note: A tract of acquired woodland of 7937 acres in Cumberland County is not included.



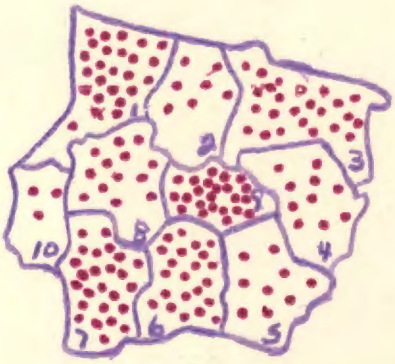
Cumberland



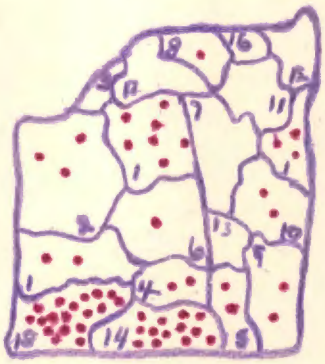
Jefferson



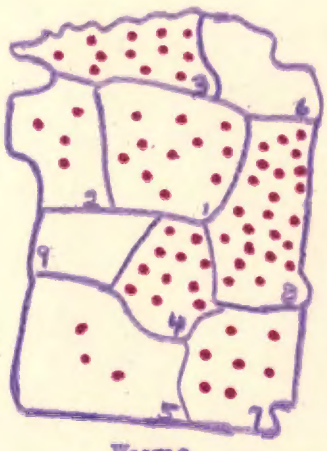
Johnson



Maury



McNairy



Wayne



Weakley

Legend:

1 dot =100 acres

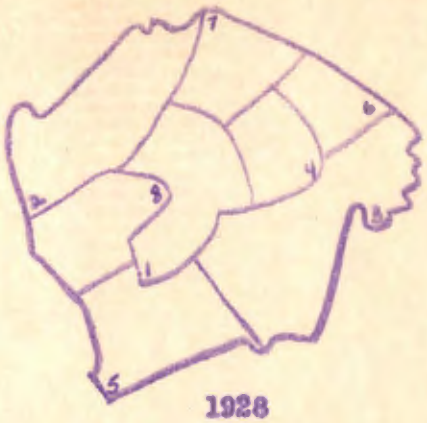
Source: Appendix Table III.

Figure 28. Acreage Held by all Types of Lending Corporations in Seven Tennessee Counties, 1938

Note: A tract of 7937 acres in District 6, Cumberland County is not shown here.



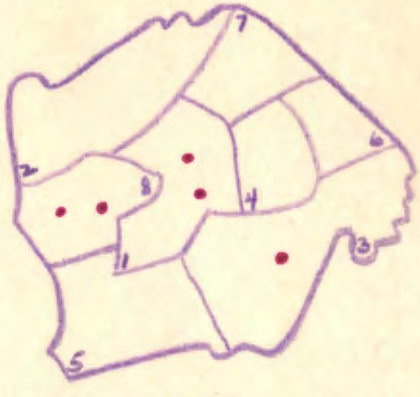
1924



1928



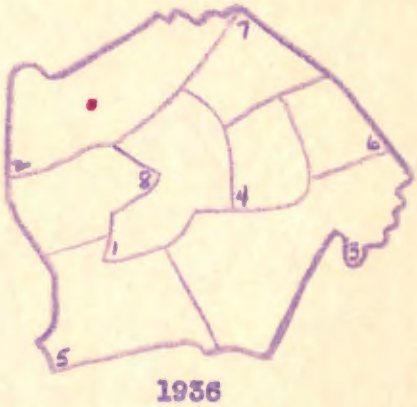
1930



1932



1934

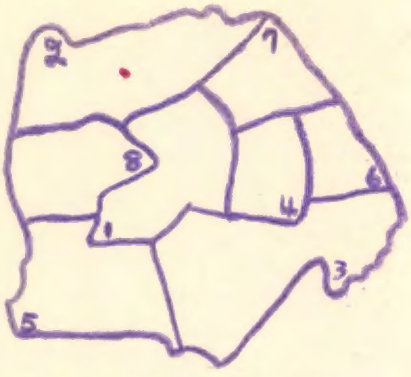


1936

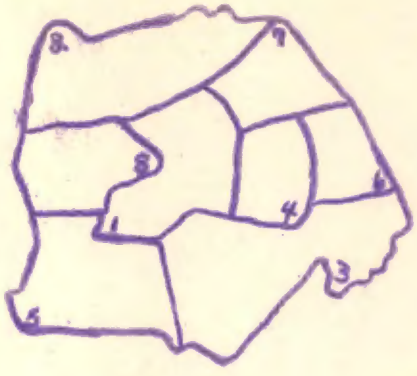
Legend:
1 dot = 100 acres

Source: Appendix Table III.
Figure 29. Acreage Held by Corporations, Cumberland County, 1924-1936

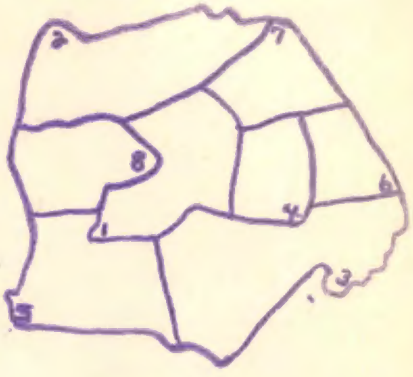
Note: A tract of 7937 acres of woodland in District 6, Cumberland County, 1934 and 1936, is not included.



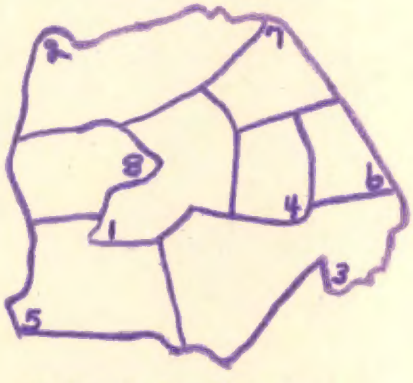
Corporations Extending Merchant Credit



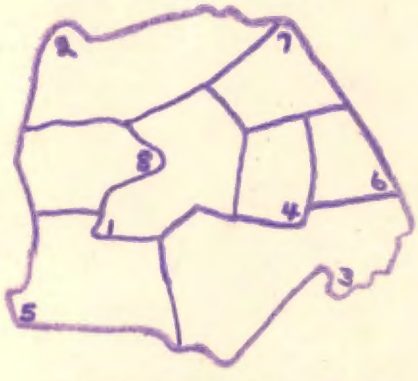
Insurance Companies



Mortgage Companies



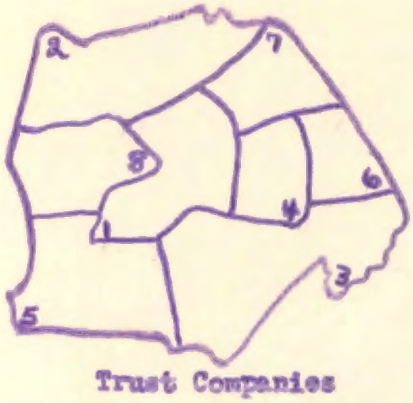
Federal Land Banks



Joint Stock Land Banks



Commercial Banks



Trust Companies

Legend: 1 dot = 50 acres

Source: Appendix Table III.

Figure 30. Acreage Held in Cumberland County by Type of Corporation, 1936

Note: A tract of 7937 acres of woodland in District 8, Cumberland County, held by a large mortgage company is not included.

Jefferson County. Jefferson County ranks the highest of any of the seven counties studied with 6.0 per cent of the farm land held by corporations in 1935. In 1922 only two properties were held. Twelve years later in 1934, 57 farms totaling over 11,500 acres and assessed at over $350,000 were held by corporations. In 1936, 34 properties, totaling 8,800 acres, were held.

Corporations extending farm credit held at least 2.2 per cent of the farms in every district in 1935 while in district three 11.6 per cent of the farm land was held by financial institutions (Figure 31).

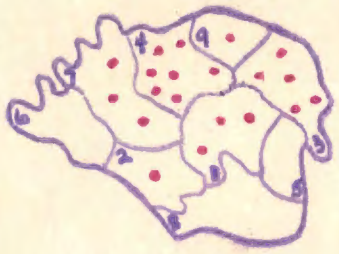
Insurance companies held over half the total corporate owned land with farms in every district of the county. However, commercial banks, trust companies, the land banks, and mortgage companies were also important. Corporations extending store credit were of only minor importance (Figure 32).

Johnson County. Johnson County, with 1.5 per cent of its farm land held by corporations, is next to Cumberland in having the lowest proportion owned by corporations. Not until 1931 did the total holdings exceed 400 acres while in 1935, the peak year, only seventeen properties totaling 1771 acres were held. On January 1, 1936, financial institutions held but 15 of the county's 2000 farms.

No land was held in districts 1, 2, 3, 4, 7 and 8 previous to 1934 (Figure 33).

The Federal Land Bank and insurance companies held the largest amount of land although their holdings were unimportant in comparison to those in Jefferson, Maury, and Weakley Counties (Figure 34).

McNairy County. In 1936, corporations held 5700 acres or 2.2 per cent of the farm land area in McNairy County compared to the seven county average of 4.4 per cent. The land held by corporations grew from one property in



1924



1928



1930



1932



1934



1936

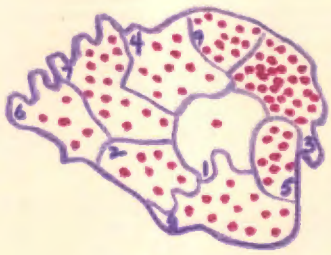
Legend: 1 dot = 100 acres

Source: Appendix Table III.

Figure 31. Acreage Held by Corporations in Jefferson County, 1924-1936



Corporations Extending Merchant Credit



Insurance Companies



Mortgage Companies



Federal Land Banks



Joint Stock Land Banks



Commercial Banks



Trust Companies

Legend: 1 dot = 50 acres

Source: Appendix Table III.

Figure 32. Acreage Held in Jefferson County, 1936, by Type of Corporation



1924



1928



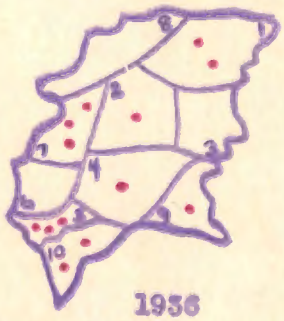
1930



1932



1934



1936

Legend: 1 dot = 100 acres

Source: Appendix Table III.

Figure 33. Acreage held by Corporations in Johnson County, 1924-1936



Corporations Extending Merchant Credit



Insurance Companies



Mortgage Companies



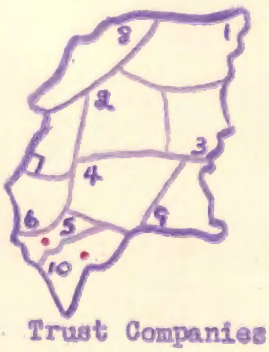
Federal Land Banks



Joint Stock Land Banks



Commercial Banks



Trust Companies

Legend:

1 dot = 50 acres

Source: Appendix Table III.

Figure 34. Acreage Held in Johnson County, 1936, by Type of Corporation

1922 to 49 properties comprising over 5,900 acres in 1935. In contrast to the other counties the total corporate owned land has not declined significantly since the peak in 1935. This may be due to the large proportion of commercial bank holdings with their slow rate of resale.

Though corporate land was held in fourteen of the nineteen civil districts there was a concentration in district 14 and 18 with 10.6 per cent and 17.3 per cent of the farm land in these districts respectively being held by corporations (Figure 35).

Districts 14 and 18 are on the Mississippi-Tennessee state line. Several commercial banks in Corinth, Mississippi, just across the state line, are the leading holders of farm real estate. Commercial banks held 32 of the 46 properties in 1936; trust companies held another 12 properties, while insurance companies and Joint Stock Land Banks held none whatsoever throughout the entire period of study.

The striking predominance of commercial bank holdings reflects the relative importance of commercial banks as a long term credit agency in McNairy County (Figure 36).

Maury County. Maury County ranks next to Jefferson in having the largest per cent of its farm land held by corporations.

In 1935, 90 properties, totaling over 18,800 acres and assessed at well over a half a million dollars were held by lending corporations. No land was held in 1922, but by 1927 close to 3000 acres assessed at over $100,000 had been acquired.

A large acreage was held in every district of the county with as high as 16.8 per cent of the farm land area being held by corporations in district 9.



1924



1928



1930



1932



1934



1936

Legend: 1 dot = 100 acres

Source: Appendix Table III.

Figure 35. Acreage Held by Lending Corporations in McNairy County, 1924-1936



Corporations Extending Merchant Credit



Insurance Companies



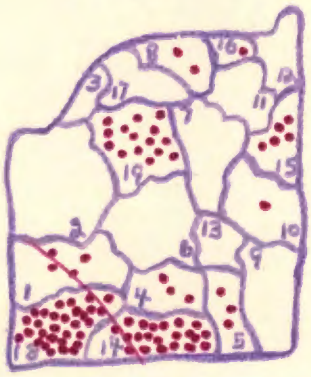
Mortgage Companies



Federal Land Banks



Joint Stock Land Banks



Commercial Banks



Trust Companies

Legend: 1 dot = 50 acres

Source: Appendix Table III.

Figure 36. Acreage Held by Corporations in McNairy County, 1936, by Type of Corporation

The availability of credit in the city of Columbia in district 9 no doubt encouraged over-lending in this district (Figure 37).

Though insurance companies, trust companies, and the Federal Land Bank held 85 per cent of the corporate land, commercial banks and mortgage companies held close to 3,000 acres in 1935 (Figure 38).

Wayne County. In 1923 there was but one property held by corporations in Wayne County. In 1931 this had grown to 3,500 acres, the following year it doubled and the peak was reached in 1933 with 35 properties, 9250 acres, assessed at $25,380. In 1936 there were 7,050 acres held representing 3.8 per cent of the total farm land area of 198,613 acres.

There is a heavy concentration of corporate owned land within district four and eight, in which 6.8 and 7.6 per cent of the farm land area respectively has been acquired. At no time during the period of study was any land held in district 6 or 9 (Figure 39).

Commercial banks and corporations extending store credit own 85 per cent of the corporate land in Wayne County. No land was held by mortgage companies or the land banks. Insurance companies held but four properties throughout the period of study. This points to either a lack of long term credit facilities or exceptional success with loans placed by the land banks and insurance companies (Figure 40).

Weakley County. In Weakley County 4.3 per cent of the total farm land area was held by corporations, closely approximating the seven county average of 4.4 per cent. In 1935 corporations held 135 farms totaling 14,000 acres and assessed at approximately $300,000. Land was held in each of the 24 districts (Figure 41).



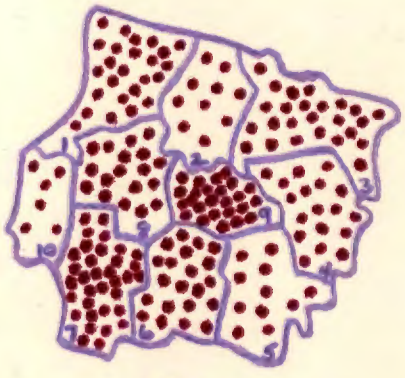
1924



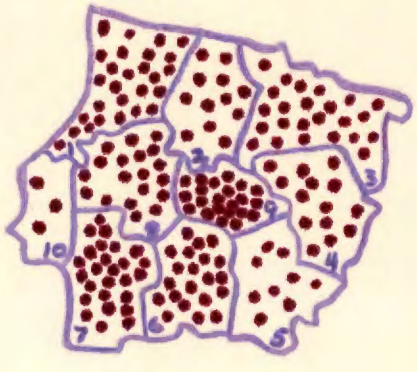
1928



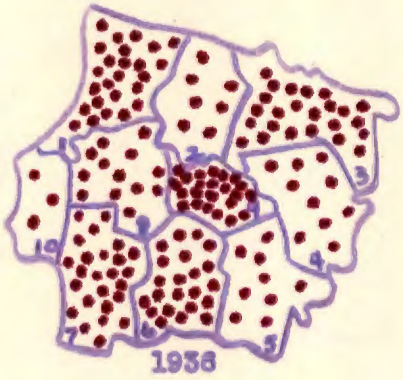
1930



1932



1934



1936

Legend: 1 dot = 100 acres

Source: Appendix Table III.

Figure 37. Acreage Held by Corporations, Maury County, 1924-1936



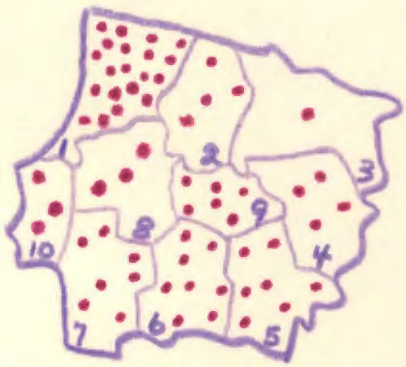
Corporations Extending Merchant Credit



Insurance Companies



Mortgage Companies



Federal Land Banks



Joint Stock Land Banks



Commercial Banks

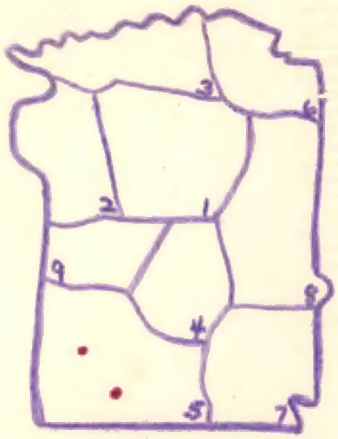


Trust Companies

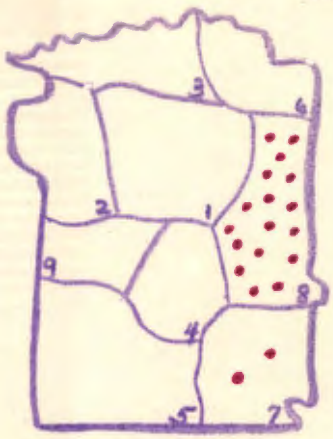
Legend: 1 dot = 50 acres

Source: Appendix Table III.

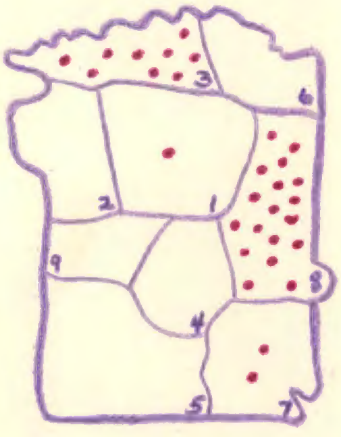
Figure 38. Acreage Held in Maury County by Type of Corporation, 1936



1924



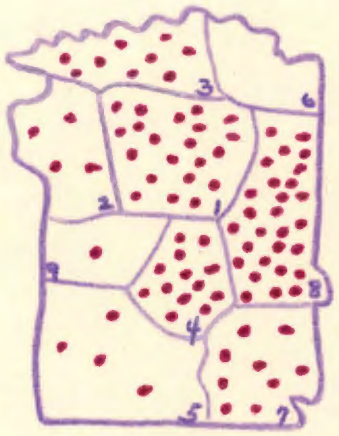
1928



1930

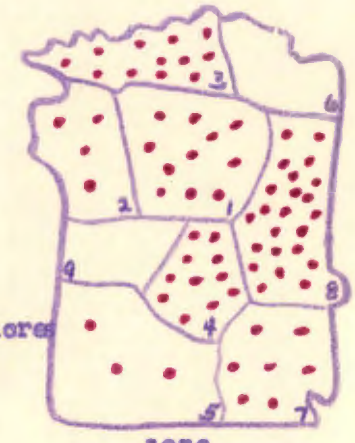


1932



1934

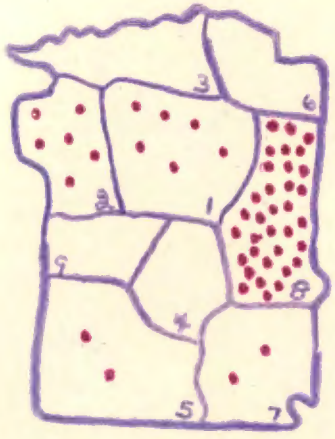
Legend:
1 dot = 100 acres



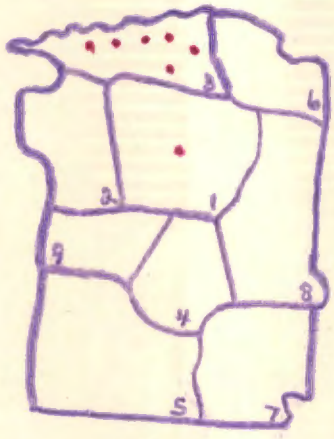
1936

Source: Appendix Table III.

Figure 39. Acreage Held by Corporations, Wayne County, 1924-1936



Corporations Extending Merchant Credit



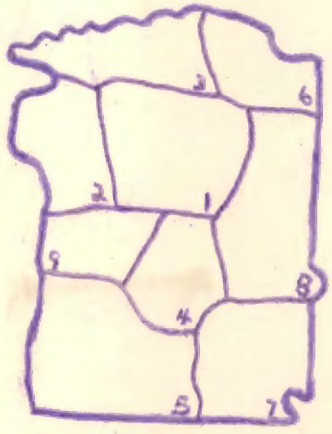
Insurance Companies



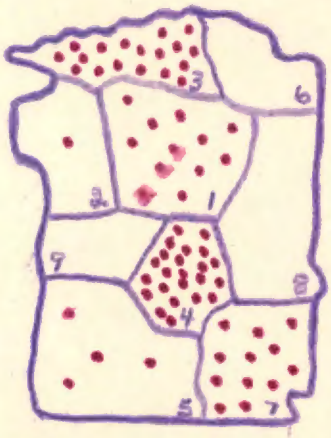
Mortgage Companies



Federal Land Banks



Joint Stock Land Banks



Commercial Banks

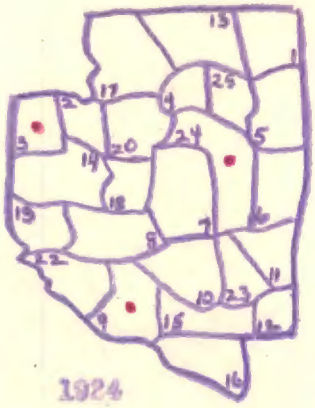


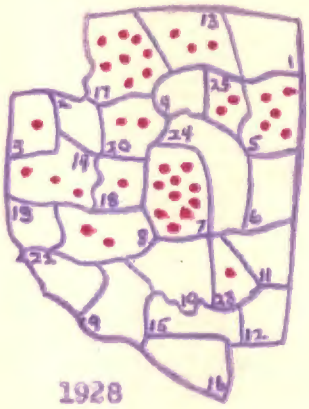
Trust Companies

Legend:
1 dot = 50 acres

Source: Appendix Table III.

Figure 40. Acreage Held in Wayne County by Type of Corporation, 1936













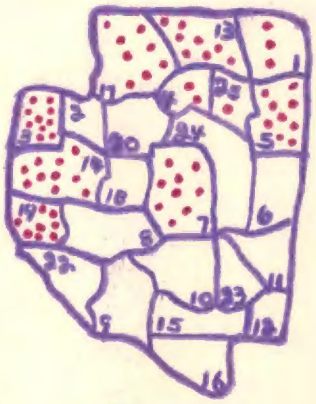
Legend:
1 dot = 100 acres

Source: Appendix Table III.

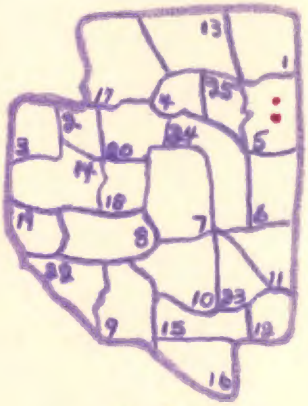
Figure 41. Acreage Held by Corporations in Weakley County, 1924-1936



Corporations Extending Merchant Credit



Insurance Companies



Mortgage Companies



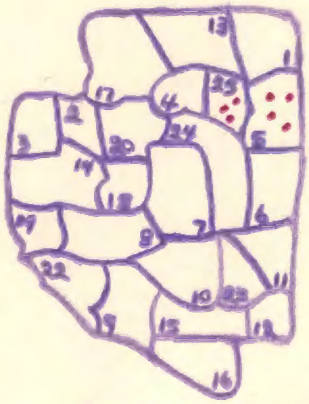
Federal Land Banks



Joint Stock Land Banks



Commercial Banks



Trust Companies

Legend:
1 dot = 50 acres

Source: Appendix Table III.

Figure 42. Acreage Held in Weakley County, 1936, by Type of Corporation

The Federal Land Bank held slightly under half the corporate land in the county, while insurance companies and commercial banks held another two fifths. There is a tendency for the land held by different agencies to be in mutually exclusive districts (Figure 42).

CHAPTER III

FACTORS AFFECTING ACQUISITION OF LAND BY FINANCIAL INSTITUTIONS

Trends and amounts of farm mortgages, foreclosures, and land holdings, by credit agencies in Tennessee and the United States, have been presented in Chapters I and II. An attempt will be made in this chapter to discuss some related causal factors from the standpoint of farm income and expense, shortcomings in previous long-term credit policies, land utilization, and type of farming.

The Amount and Reliability of Farm Income

The index of prices of farm products dropped from 221 in 1919 to 68 in 1932 (1910-1914 = 100) while the farm real estate relative fell from 170 in 1920 to 73 in 1933. In contrast, the relative of farm mortgage indebtedness, taking 1920 as 100, increased to 120 in 1928 and fell to 92 in 1937. With a halving of the price level, and a relatively stable total mortgage debt, the net result is to double the mortgage burden.

In 1931, with cotton at 4 1/2 cents; it required 30 bales to make the interest and principal payment on a $5000, 5%, 10-year mortgage loan. In contrast to the 30 bales required in 1931, it took but four bales in 1920 with 37 1/2 cent cotton.

Much of the present indebtedness is directly traceable to war-time inflation. The total farm mortgage debt grew from a little over $3,300,000,000 in 1910 to over $7,850,000,000 in 1920. The increase of all harvested crops

in the United States from 1909 to 1919 was over 42,500,000 acres while the increase in Tennessee alone was close to 500,000 acres. This increase, as well as a change to more intensive farming, was largely financed through an expansion of mortgage loans; the insurance companies, commercial banks and the newly created Federal and Joint Stock Land banks becoming a major source of mortgage credit.

A further unfavorable factor, to the farmer with a mortgage burden, has been the fall in the ratio of prices received by farmers to prices paid. From 105 in 1920 the ratio fell to 61 in 1932 and 76 in April 1938.

Yoder points out the effect of deflation upon heavily indebted farmers:(1)

> When deflation came and the prices of farm products were almost halved, these farmers who had gone into debt for land and farm equipment found themselves unable to meet their obligations. Taxes, freight rates, farm wages, and other farm expenses remained high. ..... With this unbalanced condition of prices it required considerably more of all farm products to purchase non-agricultural products and meet necessary farm expenses than it did before the War. As a result many farmers who went into debt during the inflation period went into bankruptcy as deflation advanced. ..... Without question the inflation and deflation periods have had serious effects for a large number of farmers.

A Solution. In general it has been the policy of the Federal government to apply surplus funds to debt retirement during periods of great business activity and high prices. Likewise it has been their policy to borrow money in periods of depression and low prices. In this way the change in the price level operates to the taxpayer's advantage. Furthermore, such depression borrowing with prosperity debt retirement acts as a buffer, placing both a ceiling and a lower limit on price fluctuations.

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(1) Yoder, F. R., Introduction to Agricultural Economics, p. 425.

The practice of borrowing during slack periods and retiring the debt during boom periods works to the distinct advantage of the debtor. Agriculture has not applied this principle. In fact it has done the reverse. When land values and farm income are high the farmer is not retiring his debts but acquiring more debt under an inflated market in the expectancy of even higher prices and greater profits. In periods of business inactivity and low land values the farmer is hesitant about going into debt to buy land.

Depression borrowing with repayment in boom periods has been a solution to the farm mortgage problems of many individual farmers. However, men with the intuition and the foresight to buy when everyone else wants to sell and to sell when the majority want to buy, are as rare among farmers as they are among financial leaders.

Despite the fact that reliability of income is considered a prime essential to a sound investment from the lenders' standpoint, payments on a farm mortgage might be on a sliding scale with farm prices and production of the particular farm. In other words, the mortgagee could recognize that the farmer's ability to pay varies greatly from year to year. Payments could be adjusted accordingly. As well as easing the payments in off years, the payments could be greatly increased in years of high price and production.

It is true that such a method is, in reality, an attempt to relieve the debtor of the obligations of periodic interest and principal payments. Such a method would also jeopardize the reliable income of the creditor. It is only because a reliable income is assured to the creditor that funds are

directed into farm mortgage channels. If the creditor wanted to assume price and production risks he would invest in common stocks. If such a method were adopted financial institutions, banks, life insurance companies and the land banks would have to withdraw from the farm mortgage field. They have periodic obligations to meet. It would be throwing the risk of price and production upon bank depositors, life insurance policy holders and bond holders. This class has been willing to accept a low interest rate to escape that very risk which this method would throw back upon them.

However, this method might be very desirable for certain individuals willing to bear price and production risks. Of course, with the mortgagee bearing a part of the price and production risk a higher interest allowance would have to be made.

Such a plan applied to the sale of land has been developed by the Missouri Agricultural Experiment Station.(2)

> It is proposed that a plan of land sale based on payment in kind be undertaken. Specifically, this plan would involve a determination of a fair productive value of the property satisfactory to both owner and tenant, and then, the computation of the number of annual payments in product, which payments would, when completed, equal the full productive value of the property plus a fair interest charge on unpaid balances from year to year. Such payments would be much like the payment of rent and would not encounter the difficulties commonly confronted in a single cash payment. In other words, the proposal is to develop a system of amortizing the full value of the farm through annual payments for an agreed upon number of years, the payments to be made in product or the cash equivalent value of that product at the time each payment is due. There is no reason why such a plan could not be used with, or without, down payments. Calculating annual payments in product would avoid the long-time hazard of a fluctuating price level.
>
> The sale would be made by means of a contract which would specify that the purchaser would pay annually to the seller a definite number of units of a generally recognized farm product of a definite grade,

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(2) Johnson, O. R., Acquiring Farm Ownership By Payments in Kind, Missouri Agricultural Experiment Station Bulletin 378, Columbia, 1937.

or the cash equivalent value of those units in the particular year when the payment is made. The payment might be in one product where grade or quality can be easily determined, or in a combination of such products. It might be in bushels of wheat of a given grade, in the wheat region, or bales of cotton of a given grade and staple for a cotton farm, or bushels of corn of a given grade, or pounds of butterfat. The payment could be made in products or in the money value of that quantity of product of specified grade at the time the payment is due. With some products the tenant could hedge his payments by purchases in the futures' market or by storage in years of abundant crops. He could do this through federal warehousing; or if crop insurance plans are developed and put into use, he could partially insure his production to avoid some of the hazards of unfavorable seasons.

(1) Outside Investments. Farmers with outside investments, paying regularly, are assured of incomes and funds with which to make mortgage payments regardless of their farming operations. Of course it is unlikely that a mortgaged farmer will have sufficient outside investments to assure adequate income in low price and production years. A farmer usually puts surplus funds "back into the land" rather than making outside investments. Nevertheless, the desirability of some outside investment, in addition to the farm, is unquestioned. These may be in the form of government bonds, high grade industrial or railroad bonds, and perhaps some reliable preferred and common stock, or personal notes. Their effectiveness as insurance against low farm income depends upon the size of the farmers obligations.

Taking the extremes from Table XVI, a farmer with $10,000 invested at 10 per cent could make interest payments on a $50,000 mortgage at 2 per cent. With $10,000 invested at 1 per cent he could make interest payments on a debt of but $200, at 50 per cent interest. Although a debt would not likely be contracted for either as low as 2 per cent or as high as 50 per

cent, wide variations do exist in debt charges. The extremes indicate the importance of interest charge in determining ability to meet debt obligations.

TABLE XVI. AMOUNTS OF CREDIT, WHICH AT VARIOUS RATES OF CREDIT COST, WILL OFFSET INCOME FROM $10,000 YIELDING VARIOUS RATES OF RETURN *

Income on $10,000	Amount of Income for 1 Year	Rates of Cost on Borrowed Capital Per Cent Per Annum							
		2	6[1]	7	7.7[2]	10	15.5[3]	25[4]	50
10%	$1,000	50,000	16,667	14,286	12,987	10,000	6,452	4,000	2,000
9	900	45,000	15,000	12,857	11,688	9,000	5,806	3,600	1,800
8	800	40,000	13,333	11,429	10,390	8,000	5,161	3,200	1,600
7	700	35,000	11,667	10,000	9,091	7,000	4,516	2,800	1,400
6	600	30,000	10,000	8,571	7,792	6,000	3,871	2,400	1,200
5	500	25,000	8,333	7,145	6,494	5,000	3,226	2,000	1,000
4	400	20,000	6,667	5,714	5,195	4,000	2,581	1,600	800
3	300	15,000	5,000	4,286	3,896	3,000	1,935	1,200	600
2	200	10,000	3,333	2,857	2,597	2,000	1,290	800	400
1	100	5,000	1,667	1,429	1,299	1,000	645	400	200

1. Legal rate and average interest rate on Tennessee farm mortgages.
2. Average rate on short-term cash credit.
3. Average rate for all short-term credit.
4. Average rate for merchant credit.

* This table is adapted from Wickens, D. L., and Forster, G. W., Farm Credit in North Carolina, p. 100, North Carolina Agricultural Experiment Station Bulletin 270, Raleigh, 1930.

Reduced Equity a Result of Falling Land Values. The paradoxical circumstances of a farmer with 25 per cent equity in his farm making interest and principal payment for ten years and then finding his mortgage greater than the value of his land has not been uncommon. It is a tragic application of the principle that a debtor loses and a creditor gains by deflation.

Table XVII indicates the equity a farmer would have, assuming a $1500

straight term loan from 1920 to 1936 on a $5,000 farm at average Tennessee farm prices.

TABLE XVII. FARMERS EQUITY WITH A $1500 STRAIGHT TERM LOAN ON A FARM VALUED AT $3000 IN 1920

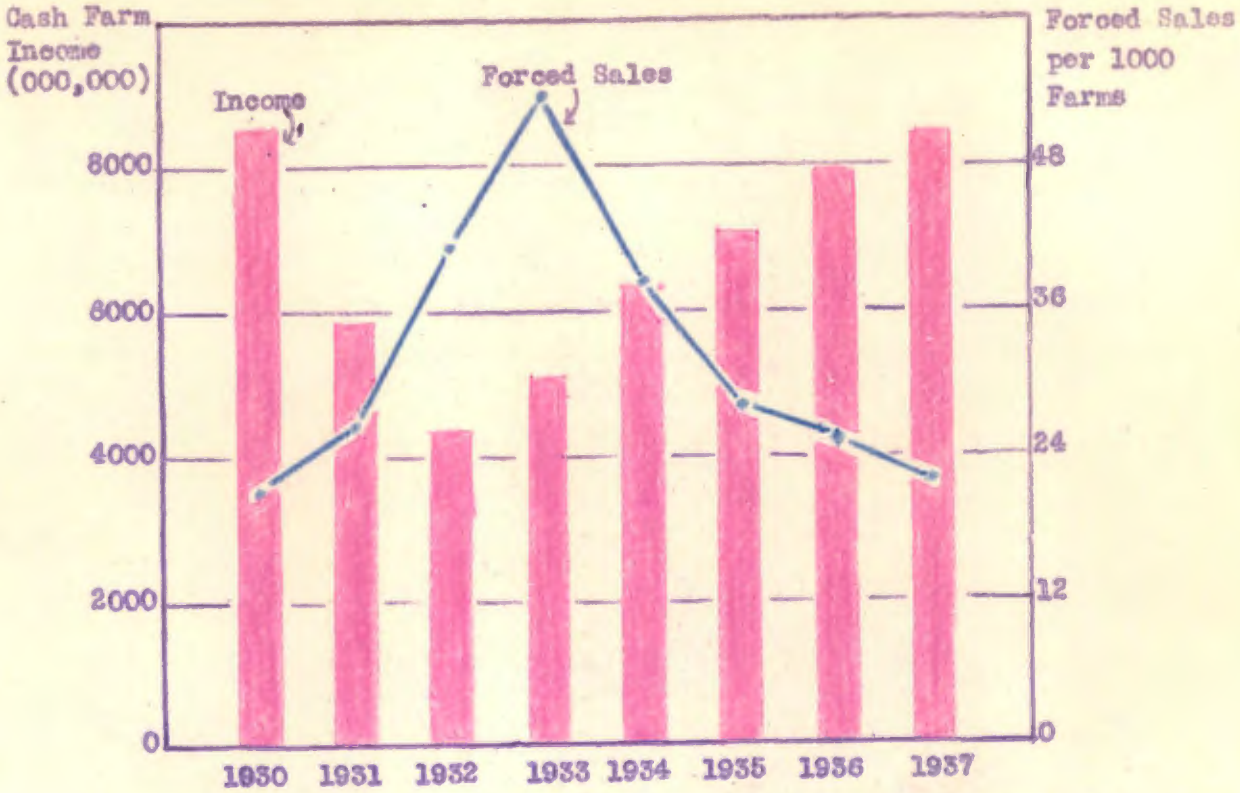
Year	Value of Farm *	$1500 Mortgage	Farmers Equity
1920	$3,000	$1,500	$1,500
1922	2,310	1,500	810
1923	2,220	1,500	720
1926	2,010	1,500	510
1928	1,900	1,500	400
1929	1,880	1,500	380
1930	1,850	1,500	350
1931	1,710	1,500	210
1932	1,440	1,500	- 60
1933	1,180	1,500	-320
1934	1,260	1,500	-240
1935	1,360	1,500	-140
1936	1,450	1,500	- 50

* Relative value based upon Index of Farm Real Estate Values for Tennessee: Source, Stauber, B. R., and Regan, M. M., The Farm Real Estate Situation, 1935-36, p. 6.

Drop in Agricultural Income. Under war-time influence gross farm income reached a peak of approximately $17,000,000,000 in 1919. By 1921 that figure was halved. From 1923 to 1929 gross farm income hovered around the $11,000,000,000 mark while in 1932 it fell to a new low of $5,284,000,000. Since 1932 gross income from farm production has risen to $8,508,000,000 in 1935, $9,317,000,000 in 1936, and an estimated $10,003,000,000 in 1937.(3)

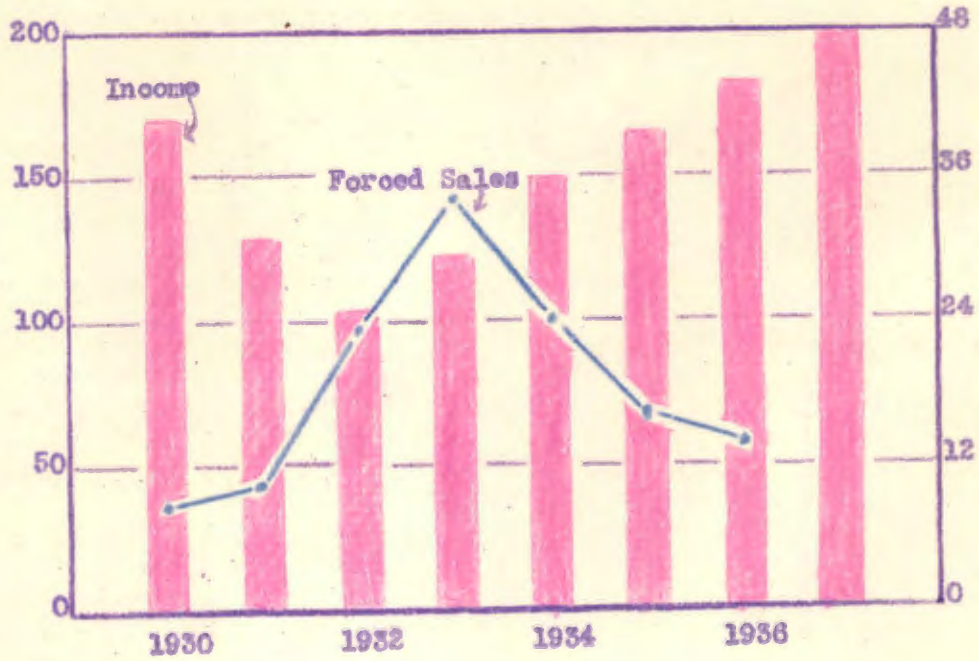
As farm income tobogganed from 1929 to 1932 foreclosures reached a new high. Since then the increase in farm income has brought foreclosures

(3) Bureau of Agricultural Economics Press Release, May 21, 1938.



Source: Agricultural Situation, May 1938, and Table XVIII.

Figure 43. Cash Income from Farm Marketings and Distress Transfers of Farm Real Estate, United States, 1930-1937



Source: Tables VII and XVIII.

Figure 44. Gross Income from Farm Production and Distress Transfers of Farm Real Estate, Tennessee, 1930-1937

down to the 1926-1929 level by 1937 (Figure 43).

TABLE XVIII. CASH FARM INCOME IN THE UNITED STATES AND TENNESSEE, 1930-1937

Year	Cash Income From Farm Marketings, United States (000) (a)	Gross Income From Farm Production and Cost Payments, Tennessee (000) (b)
1930	$8,451,000	$168,784
1931	5,899,000	132,169
1932	4,328,000	105,578
1933	4,955,000	125,694
1934	5,792,000	150,722
1935	6,507,000	164,023
1936	7,578,000	182,057
1937	8,120,035	206,855

(a) Agricultural Statistics, 1930-1936, Bureau of Agricultural Economics Press Release, 1937.
(b) Yearbook of Agriculture, 1930-1933; Agricultural Statistics, 1934-1935; Bureau of Agricultural Economics Press Release, 1936-1937.

Hazard of Fluctuating Income. Practically all mortgages are drawn up with predetermined dates for payment of interest and specified parts of the principal. If payments are not forthcoming when that date has arrived, the loan is delinquent and subject to foreclosure. From the standpoint of a fluctuating farm income the crux of the problem lies in the definite periodic payments which must be met, regardless of farm income.

Due to a comparatively inelastic demand for staple farm products and the fact that they are generally raw materials, farm prices rise higher and fall lower than prices of all commodities. Price is one factor determining income. Another factor is quantity produced. In some areas the only risk

is price. Production is stable from year to year. In other areas production varies widely from year to year. In the latter areas the income depends both upon price and production. Income fluctuations are wider. The farmer with periodic payments to make on a loan is precariously dependent upon both unreliable prices and production.

Income from Cotton. The production of cotton varies more widely from year to year on any given farm and in any given community than in the state or country as a whole. This increases the risk of credit in specialized cotton areas.

A Georgia study has pointed out the relation of credit to the instability of cotton production.(4) In Butts County, a representative Piedmont Plateau area, the bales ginned varied from 2371 in 1922 to 7806 in 1926. The production in the space of six years varied from 50 to 168

Year	Bales ginned	Variation from average
1921	4,142	88%
1922	2,371	50
1923	3,690	78
1924	5,678	120
1925	4,607	98
1926	7,806	166

per cent of average, or over three times as great in the peak year as the slack year.

> It is the instability of cotton production which gives rise to the most serious credit problems of cotton growers. The returns from cotton in any community may be large one year and very small the next. The farmers are dependent on these returns for meeting their seasonal debts and the interest on their mortgage loans. Consequently many growers are

(4) Moore, A. M., et al., Credit Problems of Georgia Cotton Farmers, p. 49, Georgia Agricultural Experiment Station Bulletin 153, Experiment, 1929.

> unable to pay their debts in the fall of a lean crop year. This impairs the lending power of local banks and credit merchants and leads to a general restriction of credit the following spring and summer. If banks fail the consequences are still worse. (5)

From the standpoint of repayment of both long and short term indebtedness a small but reliable and predictable income is far superior to a large but uncertain income.

Fluctuations in Rainfall a Vital Factor in Some Regions. Rainfall is a major limiting factor in livestock as well as crop production in the Great Plains area. In drought years mortgage delinquency is the rule rather than the exception.

The importance of drought as a factor on western ranges and dry land farming areas may be best appreciated through regional comparisons. The lowest annual rainfall ever recorded for Ohio is 26.56 inches received in 1934. The mean precipitation for Ohio is 37.75 inches. On the other hand, in Utah the lowest recorded is 8.50 inches received in 1900 while the mean is but 12.87 inches. The worst drought ever recorded in the Corn Belt seems to be of little consequence when compared to that in an average Western State.(6)

The lowest rainfall ever recorded at Des Moines, Iowa, is 18.24 inches in 1910 or 57 per cent of the average while in Miles City, Montana, rainfall during the drought year 1934 was but 5.51 inches, or 40 per cent of normal. Hence, both the scarcity of precipitation, in the first place and

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(5) Ibid., p. 7.
(6) Senate Document No. 199, The Western Range, p. 138.

the almost complete absence of it in some years, in the second place, renders agricultural enterprise little less than a gamble. Legal interest rates of as high as 10 per cent have had no implications of usury in such areas in view of the high risk factor. As high as eight crop failures in ten years have been experienced in parts of this low rainfall region. Credit under such circumstances is equally precarious to both borrower and lender.

Income Reliability and Interest Rates. Farm mortgage interest rates charged by non-governmental lending institutions are highest in widely fluctuating income areas.

Interest rates charged by member banks in the Federal Reserve system on agricultural paper rediscounted with the Federal Reserve banks, were above average in the Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco Federal Reserve districts.(7)

Of course the governmental credit agencies charge the same interest rate on new loans throughout the country. Consequently, Federal Land Bank loans are preferred in areas of normally high interest rates, and rejected in normally low interest rate areas. In 1935 the Federal Land Bank and Commissioner held 52.6 per cent of the mortgage indebtedness in the East South Central States. The Land Bank also held above the average amount in the South Atlantic, West South Central, and Mountain States. They held but 19.4 per cent of the indebtedness in New England, the lowest interest rate area.(8) In Tennessee over 50 per cent of the mortgage debt is held

(7) Wall, N. J., Demand Deposits of Country Banks, p. 25.
(8) Wall, N. J., Outstanding Farm Mortgage Loans of Leading Lending Agencies, p. 15.

by the Federal Land Bank.

High interest rates in areas of uncertain and widely fluctuating farm income have both restricted the number of loans and the size of loans. Consequently, the wave of depression foreclosures and acquisition of farm land by financial institutions was greater in the North Central States than in either the southern or mountain states, despite the more widely fluctuating farm income in the latter regions.

Terms of the Loan

Many writers cite the lump sum method of repayment, so commonly used prior to 1932, as a major cause of mortgage delinquency. The short term for mortgage loan repayment is often mentioned as a factor. To what extent have the mere terms of the loan been a factor in acquisition of farm real estate by credit agencies? Perhaps changes may be made in method of repayment, length of term and selective lending, which will substantially mitigate farm mortgage risk.

Length of Term. Farm mortgage loans are made from anywhere between one and sixty years. The Federal Land Banks provide a minimum of 5 and a maximum of 40 years for repayment, with the length, within these limits, being at the borrowers option. The most common length of Land Bank loans is 33 1/2 years but a considerable number of farmers liquidate their debt within ten years.

The Joint Stock Land Banks also provided for a maximum term of 40 and a minimum term of 5 years.

Commercial bank mortgage loans are for a somewhat shorter period. A large share of loanable funds in these banks are subject to withdrawal

on demand or 30 days notice. The amount of a bank's funds that may be tied up in farm mortgages, is generally limited by law. However, there is little restriction against the common practice of perennially refunding personal and collateral loans.

In the south some commercial banks have adopted the practice of making production loans on farm mortgage security. This results in a considerably greater farm mortgage debt in the planting and growing season than in the harvest season.

Trust companies and life insurance companies grant loans for a longer period than do commercial banks and for a shorter period than do the Land Banks. David L. Wickens summarizes the difference in length of loan by different lending agencies.(9)

> A distribution of loans by length of term, as reported by leading lending agencies in 1924 indicated that 17.5 per cent of the outstanding loans had a term of one year; 11.7 per cent, two to four years; 46.5 per cent, 5 years; 9.6 per cent, 10 years; and 13.2 per cent had terms of more than 30 years. Mortgage companies had 75 per cent of their loans on five year terms and insurance companies 65 per cent. The fact that commercial banks had 52 per cent of their farm mortgage loans on terms of one year suggests the frequent renewals that many farmers arrange.

The proportion of long term land bank loans has increased from 10 per cent of the farm mortgage debt in 1924 to 12.9 per cent in 1930 and 32.7 per cent in 1935. Since most of these are on a 33 1/2 year basis the percentage of loans over 30 years would perhaps be closer to 35 per cent rather than the 13.2 per cent prevailing in 1924.

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(9) Wickens, D. L., Farm Mortgage Credit, p. 76.

The term of the mortgage is not as accurate an indication of the length of term a farm will remain under mortgage as is the rate at which farms are cleared of debt.

> The practice of renewal rather than repayment has long been the rule rather than the exception with the farm mortgage. Applying the annual renewal rate for 1925 to 1928 to the total percentage of indebted farms in 1928 discloses an indication that the average mortgaged farm will remain in debt for about 35 years, varying from 25 to 50 among the geographic divisions. (10)

This is as long as the average term of the Federal Land Bank loans.

Refinancing in some years has amounted to more than one fifth of the total loan operations. At each refunding additional expense is involved in abstracting, notarizing, and recording the mortgage. In addition interest rates average from one half to one per cent higher on farm mortgage loans of less than three years as compared to long term loans.

Lee states that,(11)

> In European countries land loans are commonly made for terms of 30 to 60 years. In the U. S. prior to 1916, the two terms of land loans which were probably most common were 5 to 10 years. ..... It is evident that there is no such thing as a specific term for which land loans should be made. On the whole it is evident that we are approaching the situation which has long prevailed in European countries. The period adopted in the Federal Farm Loan Act seemed long at the time it was passed but the wisdom of this provision is obvious at present. It is conceivable that before the century has ended the common term of mortgage loans in this country will be 30 to 60 years.

Of course the term for any particular loan to run will vary with the interest rate, the amount of loan, the productivity of the particular farm, and the ability and thrift of the particular farmer.

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(10) Ibid., p. 75.
(11) Lee, V. P., Principles of Agricultural Credit, p. 51.

Amount of Loan. It would be no more judicious to make the loan for 10 per cent of the farm value for a term of 30 years than to make the term of a loan for 50 per cent of the farm value for 5 years.

Interest Rate. The total interest on a 5 1/2 per cent 34 1/2 year amortized Federal Land Bank loan for $3000 exceeds the principal payments by $700. An increase or decrease of but one per cent in the interest rate can logically extend or shorten the desired maturity date by a number of years.

Ratio of Income to Debt. The ratio of net income to land values varies from less than none in some sections, in poor price years, to as high as 20 per cent in dry land wheat areas, in good years. The ratio of net income to debt has even greater variations. A high ratio of income to land value and debt allows a short term for repayment. A low ratio of net income to debt demands a long term for repayment. A factor in delinquency, foreclosure, and land acquisition by lending agencies has been short term loans combined with a low ratio of income to indebtedness.

Ability of the Farmer. Lee indicates the importance of the individual farmer's ability.(12)

> The length of term required for land loans probably depends more on the ability of the individual farmer than on all other factors combined. Some farmers could never pay for a piece of land, even under the most satisfactory conditions, while others under the same conditions could pay for the land within five years. One man may require twice as long a time to pay off his loan as another, although they are operating the same kind of land under identical conditions. (13)

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(12) Ibid., p. 54.

The thriftiness of the European immigrant often enables him to pay for his farm in a shorter time than do the older inhabitants of this country.

Method of Collection as a Factor. There are three alternative methods of farm mortgage debt collection: (1) the straight term, (2) specified partial payments, and (3) the amortization system. The straight term method is used largely by commercial banks. Life insurance companies use either the straight term or specified partial payments method. The Land Banks employ the amortization system exclusively.

In general the investor favors the lump sum method of repayment while the borrower prefers the amortization system. Although farming is not adapted to the lump sum repayment method it has had to bend to the wishes of the investor. However, a smaller proportion of new farm mortgage loans are being made under the lump sum system of repayment. A recent Texas investigation indicated that between 60 and 65 per cent of insurance and mortgage company loans are repaid by the specified partial payments or amortization system.(13)

The lump sum method is conducive to delinquency because it involves the difficult process of saving over a long period of time. Furthermore, the farmer may not find an investment yielding as high an interest rate as is charged on his mortgage. Bank deposits yield but 1 1/2 to 3 per cent interest. Government bonds yield but 2 and 3 per cent interest. If the farmer attempts to secure a higher interest return he may lose part or all of his principal.

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(13) Ibid., p. 221.

The Amortization System. The amortization plan of repayment was used but little in this country prior to 1916 and the Federal Farm Loan Act. Not only the Land Banks but also some insurance and mortgage company loans are now made under the amortization plan. Under amortization, principal payments are made at each interest period. By the time the loan is matured the principal is completely paid or "killed off". This method provides for the reduction of the debt in a convenient way, it stimulates habits of thrift, provides an investment for the farmers' annual earnings, and annually increases the creditor's security.

TABLE XIX. ANNUAL PAYMENTS OF PRINCIPAL AND INTEREST UNDER THE AMORTIZATION PLAN FOR A TEN-YEAR LOAN OF $10,000, AT 5 PER CENT INTEREST

Year	Total Annual Payment	Interest Payment	Principal Payment	Unpaid Balance
				$10,000.00
1st	$1,295.05	$500.00	$795.05	9,204.95
2nd	1,295.05	460.25	834.80	8,370.15
3rd	1,295.05	418.51	876.54	7,493.61
4th	1,295.05	374.68	920.37	6,573.24
5th	1,295.05	328.66	966.39	5,606.85
6th	1,295.05	280.34	1,014.71	4,592.14
7th	1,295.05	229.61	1,065.44	3,526.70
8th	1,295.05	176.33	1,118.72	2,407.98
9th	1,295.05	120.40	1,174.65	1,233.33
10th	1,295.05	61.67	1,233.33	
Total	12,950.50	2,950.45	10,000.00	

Although the amortization method takes from the farmer's shoulders the burden of selecting proper investments in which to keep earnings prior to debt payment, it too has its drawbacks. Equal periodic payments may prove too great a burden in years similar to 1930-1934. In other years these payments may be met with ease.

Most amortized and specified partial payment loans now allow additional principal payments on any interest date, after the loan is several years old. This payment reduces the outstanding debt but does not dispense with the regular payment at the next interest period.

Legal Factors

The increase of farm foreclosures would no doubt have been substantially greater than it actually was, had it not been for legislation by state and Federal governments to prevent foreclosure in cases where it was at all probable that the delinquent farmer might be able to resume his payments upon a return of better prices. This legislation may be divided into three categories: (1) extensions, renewals and refinancing, (2) debt adjustment, and (3) moratoriums.

Extensions, Renewals, and Refinancing. Renewals and extensions have long been the rule with commercial banks. During recent years all long term lending agencies have granted renewals and extensions. Enabling legislation was enacted for widespread refinancing of insurance company and bank loans by the Federal Land Bank Commissioner.

The Federal Land Banks have been in a superior position to grant renewals and extensions than have the non-governmental lending agencies. The Land Bank's policy has been that[14] "no foreclosure shall be instituted if the farmer is making an honest effort to meet his obligation, is applying the proceeds of production, over and above his necessary living expenses, to the payment of his primary obligations, is taking proper care of the property and has the capacity to work out of a reasonable burden of debt. This policy has enabled the banks to protect their own interests and

(14) Annual Report of the Farm Credit Administration, 1934, p. 26.

at the same time accord sympathetic treatment to their borrowers."

Since 1930 commercial banks have not been in a position to carry many delinquent farmers without foreclosing. However most banks have given consideration to the farmer who, through no fault of his own, has been unable to make interest and principal payments on the date due.

In July 1932 twelve Regional Agricultural Credit Corporations (R.A.C.C.) were established to supply credit where, through bank failures or other causes, adequate credit was not available. In May, 1933, the Emergency Farm Mortgage Act provided: (1) that principal payments on Land Bank loans be deferred to July 1938; (2) that Land Bank interest rates be reduced to 4 1/2 (and later 4) per cent; (3) that money be lent Joint Stock Land Banks to enable them to avoid foreclosure and (4) that Farm Loan Commissioners be authorized to refinance and make new loans in distressed cases.

Farm Debt Adjustment. With the drop in land values, to a point where some farms had a greater mortgage debt than the value of the farm, there arose the necessity of a frank admission of the injustice and unsoundness of wholesale foreclosure, either from the standpoint of the mortgagor or the mortgagee. At the suggestion of the Governor of the Farm Credit Administration, in the fall of 1933, a voluntary farm debt adjustment program was undertaken in practically every state. The respective states assumed the active leadership, while the Farm Credit Administration functioned in an advisory capacity.

County and state debt adjustment committees were formed. Membership included Farm Bureau and Farm Union representatives, men from state agricultural colleges and the state department of agriculture, and representatives of both the mortgagee and mortgagor.

It is estimated that about one sixth of the farm owners had a need for debt adjustment. Only a small number of these received aid. The reports of state debt adjustment committees indicate that foreclosure was averted on about 40,000 farms and that debts aggregating about $200,000,000 have been adjusted.

The debt adjustment committees tried to settle, without court action. Only those cases were attempted where the debt was clearly in excess of the ability of the farmer to pay, even under a return of prices to the 1910-1914 level.

It would seem that debt adjustment would be to the benefit of the debtor only. The voluntary debt reduction seems like an out and out loss to the creditor. In reality debt adjustment is merely a frank admission of a loss that has already been taken, with the drop in land value. By debt adjustment the creditor saves foreclosure costs ranging from $40 to $200. The indebted farmer, who is in the best position to make the property succeed, stays on the farm. And last of all, debt adjustment prevents the bitterness arising as a result of foreclosure.

Moratoriums. A good deal of legislation has been enacted in favor of the farmer who has been unable to make interest and principal payments on his mortgage debt. Perhaps of more popular interest than any other legislation has been that dealing with foreclosure moratoriums. In addition to the refinancing, extension, renewals, and debt adjustment sponsored by the Farm Credit Administration, some state legislatures put a moratorium on foreclosure proceedings, in such cases as were considered by the courts to be entitled to leniency.

The net effect of these legal aids to distressed and mortgage burdened

farmers has been to smooth out foreclosures over a period of years. Some farms saved from foreclosure by the moratoriums, debt adjustments, and refinancing of 1932-1937 will be foreclosed upon later. However, the total amount of foreclosure was greatly reduced.

Foreclosure on thousands of normally prosperous farms were prevented. In addition, the social saving in preventing the ousting of normally successful farmers is incalculable. Financial institutions would today hold considerably more land than they do were it not for refinancing debt adjustment and renewals.

Intentional Delinquency. Not all foreclosed farmers are victims of circumstances. Whereas most farmers make an honest attempt to meet debt obligations, there were some who took advantage of the times and secured debt adjustment, refinancing, and moratorium aid when they had other resources, or had made no honest effort to meet debt obligations.

The western railroads were given over 110,000,000 acres up to 1909. Much of this was sold to settlers by two methods. The railroad either took a mortgage or sold it under a conditional sales contract. Since most of this is dry land, which has fallen in value more than the average, and since much of the land was sold to settlers under inflated war time values, the farmers' equity in most cases amounts to little or nothing. Consequently there is almost universal delinquency in some areas. Whereas credit corporations usually bid up to their mortgage at the foreclosure sale much of this land is being sold for whatever it will bring. A common procedure is to make a debt adjustment or to foreclose, if the farmer prefers, and allow him to buy back on a substantially reduced mortgage.

Physical Factors Affecting Acquisition of Farm Land by Financial Institutions

Entirely aside from the economic depression, the mistakes of overlending, short terms, and unsound methods of repayment, there have been certain physical factors influencing acquisition of farm land. Among these may be mentioned soil type, size of farm, and type of farming.

Soil Type. In the United States as a whole the greatest amount of corporate owned land is in the Corn and Spring Wheat Belt states. The highest average land values are found in the Corn Belt states.

In Maury County, Tennessee, there are 21 soil types. In civil division one, there is a predominance of Baxter gravelly loam, while in division nine there is a concentration of Maury silt loam. The Maury silt loam produces 25 to 60 bushel corn while the Baxter gravelly loam in division one produces but from 12 to 35 bushels. In the poorer district, 5.7 per cent of the land is held by corporations while in district nine, 14.6 per cent of the land is held by corporations.

Foreclosures are higher in the West North Central states than in any other region. In Tennessee foreclosures are highest in the West Tennessee slope counties, the Central Basin, the Western Highland Rim, and the East Tennessee Valley. The sample counties lying within these areas, Jefferson, Maury, Weakley and McNairy, have the highest amount of corporate owned land.

On the basis of these data are we to suppose that the more productive land is a poorer credit risk, and that because foreclosures and corporate owned land are greater on the higher land values, that lending agencies should cease making loans on productive lands? Neither the foreclosure rate per 1000 farms nor the amount of corporate owned land are fair indices of credit

risk. Especially is this true in view of the far greater mortgage debt on the better lands. The Loess, La Grange and Mississippi bottoms areas in West Tennessee are among the best soils in the state. In 1930 the per cent of farms mortgaged on these soils was 47.3, 41.1, and 38.6 respectively. But 26.2 per cent of the farms in the state as a whole were mortgaged. In the Cumberland Plateau and Unaka Range (low foreclosure areas) but 8.4 per cent and 13.4 per cent of the farms were mortgaged.

Hendrix, after a study of selected Tennessee counties, points out that in proportion to the number of farms mortgaged, there is a general tendency for foreclosures to be greater in the poorest counties than in the rich soil counties.(15)

However, certain factors associated with poor soil tend to reduce the foreclosure rate. Self-sufficing farming, small size of farm, and low mortgage indebtedness characterize poor soil areas. Each of these factors tend to limit foreclosures. By strict personal economy payments on the small indebtedness in poor soil areas may be met. On the other hand, the more productive regions suffer greater financial loss during a depression, because of the greater investment and larger debts, the payments of which cannot be met by strict personal economy, as in the case of a small debt.

Type of Farming. Type of farming influences both the need for mortgage credit and the stability of farm income. Both credit needs and income stability vitally influence successful debt retirement.

Self-sufficing and part-time farming require considerably less credit than livestock and cash crop farming. Dairying and general farming provide a more stable farm income than does a single cash crop enterprise.

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(15) Hendrix, W. E., Influence of Soil Type on Certain Economic and Social Factors in Tennessee, p. 126.

CHAPTER IV

LANDLORD TENANT CHARACTERISTICS ON CORPORATE OWNED LAND

In light of the fact that approximately one out of every twelve tenants and croppers in Tennessee live on corporate owned land, attention may profitably be directed to a consideration of some characteristics of the corporation as a landlord. From the tenant's standpoint, what are the advantages and disadvantages of a corporate landlord? Does the tenant on corporate land conform to the norm of all tenants? An attempt will be made in this chapter to throw some light on these and other questions concerning landlord-tenant characteristics on land acquired by long term credit agencies.

Characteristics of Tenants on Corporate Owned Land

In 1935, 42.1 per cent of the farms in the United States were operated by tenants. Of these tenant operated farms it is estimated that close to 10 per cent were corporate owned,(1) or stating it another way, one out of every ten tenants live on corporate owned land. In 1935, the Census lists 2,865,155 tenants in the United States. Then roughly 285,000 tenants are on corporate owned land. For purposes of comparison, the total number of tenants on corporate land is perhaps greater than the total number of farmers in Tennessee.

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(1) 336,802,307 acres in tenant farms in 1935 census; 28,145,325 acres in farms held by lending agencies not including commercial banks.

Age. Tenancy is a step toward farm ownership. Younger men must first spend roughly 15 years as tenants before they accumulate enough to become owners. According to the census of 1930, almost two-thirds of all tenants and only about one third of all owners were under 45 years of age. Of the farmers who were under 25 years of age, approximately seven-eighths were tenants, and of those over 65 years of age only about one-sixth were tenants. These differences are relatively constant from one section of the country to another and hold true for white and colored tenants.(2) Do these differences also hold true for tenants on corporate owned land?

In the latter instance, tenancy arises through foreclosure upon either a farm owner-operator or upon a landlord. If the foreclosure is upon a landlord, there will be no increase in tenancy since the farm was already operated by a tenant. However, if the foreclosure is upon an owner-operated farm, there will be an increase in tenancy.(3) The former owner usually remains on the farm as a tenant. However, he has the characteristics of an owner rather than a tenant. Tenants on corporate owned land represent that portion of our farmers who usually through no fault of their own have reverted from owners to tenants and who have been forced down the agricultural ladder.

Size of Families. The tenant family, as a rule, is larger than the owner family. First, the heads of tenant families are younger than owner families so most of the children are still at home. Second, a larger proportion of the wives of tenant farmers are in the child bearing age. Third,

(2) Report of the President's Committee on farm tenancy, p. 54.
(3) The per cent of foreclosure upon owner operated farms is greater than that upon tenant farms since the owner of a tenant farm usually has other financial resources in addition to his farm, upon which he can fall back to make mortgage payments and prevent foreclosure.

women in the tenant and farm labor classes marry at a younger age and, on the average, have a longer reproduction period. There are other reasons for this differential in size of family, but most of them can be found in the social and cultural conditions in which these people live.(4) Insofar as the tenant on corporate owned land is both older and a former owner, the conditions making for a large family will not be present.

Property and Equipment. In 1935, the value of land and buildings on the average tenant farm in the South was $1772, while on owner operated farms the value was $2984. The greater value of owner operated farms may be attributed to the more extensive and better buildings on the owner farms, the better care owners take of the land, the better social conditions in communities of owner farms as reflected in land values, and in the South, to the larger size of farms operated by owners.(5) Since the tenant farmer on corporate owned land, in many cases,is the former owner of that farm we may expect the value of land and buildings on corporate owned tenant farms to be greater than that of the tenant farms as a whole. This is borne out by the concentration of corporate owned land in the better farming areas.

Whereas the average tenant may have considerable farming equipment, the tenant on corporate land may own but little. He has lost his farm, and in all probability much of his working capital and equipment was liquidated in an attempt to forestall foreclosure.

Income. In the South the income of tenants is well below that of farm operators. The average annual net income for croppers in a study on the

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(4) Ibid., p. 54.
(5) Report of the President's Committee on farm tenancy, p. 55.

Mississippi Delta was $38 per person or slightly more than ten cents a day.(6) Both income and expenditure decreased in order from owner to renter, to cropper, to wage hand.

In a study of 594 white farm families in North Carolina, Anderson found that the average gross income of owner families was $2,505, and that of tenants only $895. Furthermore, owners supplemented their real income by $708 worth of home produced food and fuel, while tenants added only $240 from these sources.(7)

In a Texas study, every cultural item in the standard of living was more prevalent in owner than in tenant homes, and more prevalent in tenant than in cropper homes.(8) Seventy-four per cent of the owners had automobiles, while but 45 per cent of the tenants, and 16 per cent of the croppers had them. No owner families were without periodical literature while 4 per cent of the tenants and 39 per cent of the cropper families received no newspapers, farm journals, magazines, or other types of current reading matter.

Though the tenant on corporate owned land will perhaps have no greater income than other tenants, the fact of his being a former owner, with an owner's consumption habits, will both exert a strong incentive for a larger income and increase his expenditures.

Mobility. That the tenant farmer moves more often than the owner operator is at once both obvious and significant. According to the 1930 census, 43.9 per cent of the croppers in Tennessee, 37.4 per cent of the tenants, and but 6.2 per cent of the owners, had been in residence on their

(6) Ibid., p. 57.
(7) Ibid., p. 57.
(8) Ibid., p. 57.

present farm less than one year. On the other hand, but 4.6 per cent of the croppers had been in residence on their present farms more than 10 years, with 8.3 per cent of the tenants and 57.7 per cent of the owners. The period of residence for negro operators is generally less than for white operators of corresponding tenure classes.

In a recent study in North Dakota tenants were divided up into tenants but formerly owners, and tenants that were never owners.(9) The class containing tenants but former owners includes the majority of tenants on corporate owned land. Because of the comparatively recent phenomenon of reversion from ownership to tenancy, it is but natural that this class of tenants having been former owners would have but recently moved. Any tabulations as to length of residence for this group will be materially shorter than for a like tabulation some years hence. Despite this, close to 60 per cent of the tenants but former owners have been on the same farm for over 4 years. Despite the marked increase in corporate owned land since 1929, and consequently increase in the class tenants but former owners, this class has nearly as long a residence as the tenant class as a whole. If this relationship continues to hold true for the next few years, we may expect to find the tenant but former owner class to have moved substantially less than the average tenant.

Health. Malaria, hookworm, venereal disease, pellagra, typhoid fever, infected teeth and tonsils, as well as other diseases are associated with tenancy in the South. Vance says(10) "We have no idea of the loss occa-

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(9) Miller, C. E., and Brown, W. O., Farm Tenancy and Rental Contracts in North Dakota, p. 22.

(10) Report of the Presidents Committee on farm tenancy, op. cit., p. 58.

sioned by malaria in unfitting men for long and energetic hours of labor." Beyond a doubt the loss directly attributable to malaria, and indirectly to living conditions associated with tenancy, in West Tennessee, and other parts of the South, is indeed significant. Likewise hookworm is a serious problem. Of 121,388 persons examined in 1929, there were 34,134 or 28 per cent with hookworm. A study of the prevalence of syphilis among representative groups of negroes in 6 counties in as many states, undertaken by the Rosenwald Fund, shows that of over 33,000 individuals examined 6,800 or 20.5 per cent returned positive reactions. The reaction varied from 40 per cent in one county to 9 per cent in another. Most of the negroes in the county showing 40 per cent infected were operating small farms on a crop share basis.

The tenant on corporate owned land will not share to as great an extent in the adversities of tenancy as will the share cropper or tenant who has never been an owner. The tenant on corporate land will more closely resemble the owner operator, in enjoying a greater freedom from the diseases associated with tenancy. He, in most instances, was but recently an owner. His cultural patterns will tend to maintain at the owner level. However, the new economic pressure upon tenants on corporate land may result in a reversion to tenant standards.

Education and Illiteracy. Allred points out that, in Tennessee, only 1.9 per cent of the white croppers had higher than eighth grade training compared with 11.6 per cent of all types of tenants and 21.1 per cent of farm owners.(11) The 1930 census shows that in ten southern states(12)

(11) Allred, C. E., at al., Farm Tenancy in Tennessee, p. 14.
(12) Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Texas, and Oklahoma.

(a high tenancy area) the average adult illiteracy was 12.2 per cent, running as high as 16.8 and 16.9 per cent for Mississippi and Louisiana to but 3.5 per cent in Oklahoma.

Tenants on corporate land, insofar as they were former owners, will not contribute proportionately to this illiteracy.

Religion. Ormond, in South Carolina, writes that the prevalence of tenancy in certain areas of the South is responsible for the unfavorable status of rural churches.(13) "The value of the crop produced by the high-tenancy counties amounted in 1928 to $46,035,202, contrasted with a value of $3,249,570 for the low-tenancy areas. Yet the second group not only had more churches but had built up a value in the church edifices of $784,900 as against $658,800 for the first group. ..... It must be true that religious interest decreases as tenancy increases."

Insofar as tenants on corporate land approach owners in their social and economic configuration, they will not contribute to the general religious lethargy associated with tenancy.

Discussion. Soon after the owner loses his farm and becomes a tenant, the reduced income and the fact that he is recognized as a tenant, with all that goes with tenancy, will result in the eventual acceptance by that individual of his status as a tenant. Economic limitations will curb his education, his purchases, and his church participation, while his now reduced standing in the community will likewise stifle his desire for education, church participation, and former standards. The tenant on corporate

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(13) Report of the President's Committee on farm tenancy, p. 60.

owned land is in a transitory stage. He must ultimately conform to the forces of low income and lack of incentive acting upon tenancy in general.

Characteristics of Landlords on Corporate Owned Land

With the recent acquisition by corporations of more farms than there are in the state of Tennessee, and of farm real estate valued at more than that of all the farms in Tennessee and Alabama, large numbers of tenants now have corporations as landlords. How does the corporate landlord compare with the individual landlord from the standpoint of experience, financial resources, and interest in the welfare of the tenant? The corporate and individual landlord will be compared and an attempt made to appraise the corporation in its new capacity of farm landlord.

Residence. Turner found that for the United States as a whole, in 1920, over 80 per cent of the rented farms were owned by persons residing in the same county, and over 95 per cent were owned by persons residing within the same state.(14) In a Georgia survey, involving 4,651,327 acres, but 14 per cent of the land was owned by residents of Georgia living beyond the counties adjoining that in which the property was located.(15) Only 6 per cent was owned by persons who did not reside within the state. Though a large majority of the land is owned by residents of the county in which the land is located, a good number of these owners are estates, widows, business and professional men who have but little more contact with the farm than the

(14) Turner, H. A., The Ownership of Tenant Farms in the United States, p. 21.

(15) Report of the President's Committee on Farm Tenancy, p. 46.

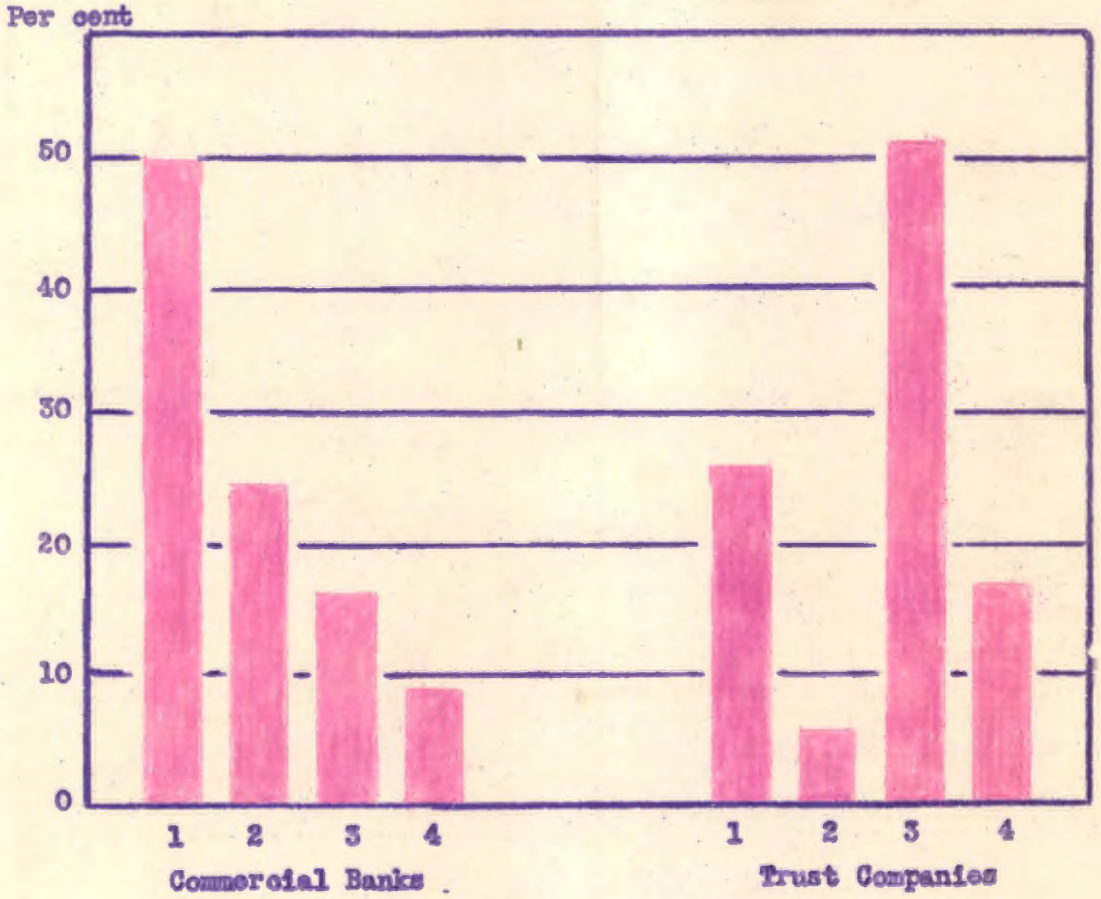
absentee landlord.

The increase in mortgage foreclosures and land acquisition by corporate lending agencies has tended to increase absentee ownership. Although the increase in absentee ownership complicates the landlord-tenant relationships, this may not be undesirable.

In this study of seven Tennessee counties, 74.5 per cent of the properties held by commercial banks were in the same county as the bank while only 8.8 per cent of the bank land was held by out-of-state institutions. Absentee landlordism by banks would be less, had a larger sample been taken, since four of the seven sample counties bordered other states, thus facilitating interstate transactions.

Banks in Alcorn County, Mississippi, hold considerable land in McNairy County, Tennessee. Banks in Fulton County, Kentucky, hold land in Weakley County while banks in Florence and Lauderdale Counties, Alabama, have held land in Wayne County. In addition to the banks in bordering states holding land in this state, Tennessee banks in border counties hold lands in contiguous states. Inter-county lending and land acquisition, as in the case of interstate operations, is largely confined to borderline cases, in which the bank is close to the county or state line. Since the commercial bank is located close to its acquired farms it is in a strategic position to supervise the leasing of its properties. This is not true of trust companies where only 32.1 per cent of the acquired lands were in the same counties as the trust companies (Figure 45).

All but one of the insurance companies were non-resident. The Land Bank office is located in Louisville, Kentucky, while one of the Joint Stock



Legend:

1. Same or Adjacent civil division.
2. Same county but not same or adjacent civil division.
3. In Tennessee but not one of the seven counties.
4. Out of the State.

Source: Table XX.

Figure 45. Per cent of Properties Acquired by Banks and Trust Companies in Relation to Geographic Location of Lending Agencies, Seven Tennessee Counties, 1922-1935

Land Banks was located in North Carolina and the other in Kentucky. A high correlation between absentee ownership and inefficiency of farm operation may exist for individual owners. Is it also true for the above non-resident corporations leasing hundreds of farms in Tennessee? In contrast to the non-resident individual, the corporation may have vast financial resources with special farm real estate departments and scores of field agents to supervise acquired properties.

TABLE XX. NUMBER OF PROPERTIES ACQUIRED BY LENDING AGENCIES IN RELATION TO THE GEOGRAPHIC LOCATION OF THE LENDING AGENCY, SEVEN TENNESSEE COUNTIES, 1922 - 1935

Type of Agency	Location of Agency in Relation to Acquired Properties							
	Same or Adjacent Civil Division		Same County But Not Same or Adjacent Civil Division		In Tennessee But Not One of the Seven Counties		Out of State	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Merchant credit	7	30.4	2	8.8	7	30.4	7	30.4
Insurance	-	-	-	-	16	8.0	183	92.0
Mortgage	2	10.5	-	-	15	79.0	2	10.5
Federal Land Bank	-	-	-	-	-	-	125	100.0
Joint Stock Land Bank	-	-	-	-	-	-	33	100.0
Commercial Bank	108	50.0	53	24.5	36	16.7	19	8.8
Trust company	29	25.9	7	6.2	57	50.9	19	17.0

Occupation. In a comprehensive statistical analysis of the ownership of tenant farms in 1920 Turner found the following percentage occupational distribution:(16)

(16) Turner, H. A., op. cit., p. 35.

	Per Cent
Farming	27.3
Gardening chores and farm tasks	1.9
Custom farm work such as threshing	.5
Handling farm products	1.4
County farm agents	.1
Landlord mentioned specifically	3.3
Housekeeping	9.4
Idle and sick	2.5
Retired farmers	26.1
Retired from other occupations	1.4
Bankers	2.6
Real estate and insurance	2.4
Medical	2.4
Teaching	1.6
Legal	1.4
Business	8.2
Labor and other occupations	7.6
Total	100.0

Note that only 3.3 per cent reported themselves specifically as landlords. A small part of the land held by bankers, insurance, and real estate men may have been the result of debt delinquency, but only a small part, since doctors and teachers hold practically as much land as the bankers, and real estate and insurance men.

In the East South Central division 65 per cent of the owners of tenant farms were farming compared to 27.2 per cent for the nation as a whole. Likewise, the proportion of southern landlords who were retired or idle was less than half that of the north. There was also a greater percentage of the farming landlords in the South operating in the same county as their leased farms. This is explained as due to the landlord of the sharecropper, who is obliged to take an active part in the farming business.

In contrast to the widely varying occupations and qualifications of the

individual landlord, the corporation holding farm land is, in the vast majority of cases, a mortgage banking institution of one type or another. Neither banks and trust companies nor Federal and Joint Stock Land Banks or insurance companies are organized primarily for the ownership and leasing of farm land. Their business is banking, insurance, or farm mortgage banking, as the case may be. Yet these corporations, with the exception of commercial banks, are perhaps more qualified and in a superior position to lease farms than any other group or class of landowners.

Experience. Of a total of 20,642 landlords reporting their experience on farms, in answer to a questionnaire in 1920, the replies of only 8.0 per cent indicated that they had no farming experience.(17) Another 11 per cent had not farmed as tenants or owners but had had some experience as helpers on farms, working with or without wages. The other 81 per cent had all farmed for themselves. This indicates that in most cases the individual owners of rented farms are persons with an experience that should be of considerable value to themselves, as landlords, as well as to their tenants, who are often young men without much experience.

How is the corporate landlord qualified, from the standpoint of farming expeiience, to contribute to the farm enterprise? Since financial institutions, perhaps excluding commercial banks, are in a position to employ farm management specialists to supervise their farms, these corporations are in as good or perhaps a better position than individual landlords to aid the tenant with sound farm management supervision.

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(17) Turner, H. A., op. cit., p. 33.

Financial Resources. The corporation's assets may run as high as four billions of dollars, as is the case with one of the largest insurance companies. The smallest of the financial institutions will have resources greater than those of the larger individual landowners. With the exception of commercial banks, who are restricted by law in regards to expenditures for improving farm real estate, the financial resources of the corporation, available for farm supervision, far surpass those of the individual landlord.

Age. The individual landlord averages close to 58 years of age.(18) His life expectancy is roughly 17 years.(19) The land will, in most cases, either be sold to settle the estate or later be sold by the heirs. The tenant, in such cases, will likely be forced to move, entailing considerable expense and occasioning some difficulty in locating a new farm. The tenant or corporate land is subject to no risk of security of tenure due to death of the landlord.

Landlord-Tenant Kinship. With corporate ownership, kinship between landlord and tenant, of course, never exists. Kinship may be desirable in the case of a father or father-in-law retiring from active operation and the son or son-in-law assuming full responsibility. On the other hand a man's relatives may sometimes prove hard taskmasters. There are numerous examples of depleted farms, operated by one of several heirs, who has the task of obtaining the consent of three or four brothers in distant cities before he can draw upon the farm's earnings to keep buildings

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(18) Turner, H. A., op. cit., p. 29.
(19) Bureau of the Census, 1930.

and fences in good repair.[20]

The corporation owning farm land has no such kinship ties and drawbacks in the management of the farm.

Concentration of Ownership. In three South Central States in 1920, 84.7 per cent of the rented farms were held by landlords owning three or more farms while 48.7 per cent were held by landlords owning 20 or more farms.[21] Much cotton land is held in large plantations, which are farmed by supervised croppers, including many negroes, who may each tend 10 or 15 acres in cotton, with a small patch of corn.

The average individual owner of rented farms, owned only 1.65 farms. The number of farms held by single insurance companies in 1937 runs into the thousands. On December 31, 1936, the number of farms held by the Federal Land Banks was 22,589, with a carrying value of $73,864,656.[22]

Certain economies and efficiencies of management accrue to the individual landlord with three or four farms. The financial institution, with hundreds of farms, experiences these economies and efficiencies of management to an even greater extent than the individual owning three or four farms. In a county where the corporation holds but one farm, the expense of supervision is great, but in counties and districts where the corporation has acquired as high as 80 to 100 farms, their agent may devote full time to the farms in the area. The result is a maximum of supervision with a minimum of expense.

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(20) Report of the President's Committee on Farm Tenancy, p. 47.
(21) Turner, H. A., op. cit., p. 13.
(22) Fourth Annual Report of the Farm Credit Administration, p. 26.

CHAPTER V

LEASE CONTRACTS ON FARMS OWNED BY CREDIT CORPORATIONS

Because of the close relationship of the lease contract with security of tenure, community stability, maintenance of soil fertility, and the general welfare of the tenant, it is desirable to analyze the rental contracts employed by corporations in leasing their farms. The lease contract, the extent of farm management supervision, and the respective problems and adjustments in the rental agreement, will be considered from the standpoint of each type of lending agency.

Merchant Credit Corporations

From the standpoint of leasing acquired farms, this type of lending agency is strikingly similar to an individual landlord. Any given merchant will, in most instances, have acquired but one farm. Their renting problem is essentially individual and insignificant in comparison with other types of lending agencies with many farms. Cash crop-share, or stock-share leasing are used, the form depending upon custom within the community; and individual inclinations of merchant and tenant.

Insurance Companies

At the beginning of 1937 life insurance companies held farm real estate to the amount of $713,166,000 in the United States.(1) On the basis of average farm values as indicated by the 1935 census life insurance companies

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(1) Wall, N. J., Outstanding Farm Mortgage Loans of Leading Lending Agencies, p. 23.

held approximately 145,000 farms in the United States at the beginning of 1937. In Maury and Weakley Counties they held 187 farms during the period 1927-1936.

By sending a questionnaire to the leading insurance companies, valuable data were obtained with respect to the farm rental agreements used on their widespread farm properties.

It was found that insurance companies, in general, have a more thorough, if not more equitable, lease contract than any other major lending agency. They are not only legally complete, in every respect, but make provision for assurances and guarantees of each party, reservations, farming methods, procedure at termination of the lease and enforcement of the contract. Since the insurance company lease contracts are prepared by good legal talent practical legal perfection in the lease is assured. Analysis of lease forms used by nine leading insurance companies in Tennessee disclosed these leases to be most nearly complete in essential and desirable provisions both from a legal and farm management standpoint. The leases used by the separate companies were essentially the same. Among those provisions found in most of the insurance company leases may be listed the following:

The legal essentials of date, names of parties, description of property, date effective and term of the lease, time and method of rent payment, and provisions for signatures.
Reservations of landlord:
- Right of entry for plowing and making improvements.
- Right of entry to inspect premises.
- Right of storage space for landlord's share of the crop.

Guarantees of tenant:
- Not to sublet.
- Not to use the property in any unlawful manner.
- To peaceably yield possession at termination of the lease.
- To farm land in good and husbandlike manner.
- To keep premises in good repair provided the landlord furnishes the material.
- To deliver landlord's share of the product at designated place.

Provision for enforcing the contract:
- Upon failure of the tenant to comply with the contract the landlord may take possession, and in addition
- If tenant fails to pay rent landlord may take possession.
- Landlord has prior lien on crops.
- Title of crops to be in landlord's hands (mentioned in but one lease).
- Tenant to pay attorney fees in case of litigation.
- Terms to be binding on heirs (mentioned in three leases).

Farming procedure:
- Tenant agrees to cut weeds.
- To haul manure onto the fields.
- Not to burn straw or remove it from the farm.
- Follow an approved plan of crop rotation.
- Haul and apply fertilizer to be furnished by the landlord.
- To use the land for farming purposes only.
- To break no pasture without permission.
- Keep hogs rung (mentioned in three).
- Run no livestock on soft and wet fields (mentioned in three).
- To comply with any national agricultural programs approved by the Secretary of Agriculture.

Compensation to tenant for sale of property before expiration of lease.

The insurance company lease is always written. This is in contrast to commercial bank as well as most individual rental agreements. In conformity with most farm lease contracts the insurance company consistently enters into a one-year rental agreement. Whereas there may be a strong justification for the one-year lease by insurance companies and other corporations there is but little that may be said in defense of this practice among individual landlords.

The corporation's farms are for sale. Under such conditions it is not to the advantage of either landlord or tenant to be bound to a continuance of the agreement for a number of years. In case there is no sale the contract may be readily renewed for another year. But it often happens that farm is sold before the expiration of the lease. The purchaser may be buying the farm as an investment, in which case he may never want possession. He

may be purchasing for operation and not want possession until the lease expires. In some instances the purchaser may desire immediate possession until the lease expires. In some instances the purchaser may desire immediate possession of the farm. The insurance company lease usually makes provision for this exigency by paying compensation to the tenant for his losses due to premature termination of the contract. The amount of compensation is usually determined by three disinterested parties.

The insurance company lease is usually on a share or share-cash basis; the lease form being provided with sufficient blanks and alternative provision to make it adaptable to either the share or share-cash basis of rental payment.

Lease Used by a Leading Insurance Company Renting Land in Tennessee. The presentation of a representative farm lease used by a life insurance company in Tennessee will indicate the thoroughness with which life insurance companies have adapted themselves to their new capacity of farm landlords. This lease, with modifications, might also serve as a guide and basis for rental agreements by other types of corporations.

Figure 46. Representative Farm Lease Used by a Leading Insurance Company in Tennessee

FARM LEASE

THIS INDENTURE, made this _____ day of _____, A.D.,19____ between _____, first party, and Mr. _____ of _____, second party, WITNESSETH: That the first party for and in consideration of the rents to be paid the the covenants to be performed by the second party, as hereinafter set forth, does hereby lease to the second party the following described real estate, situated in the County of _____, and State of Tennessee, to wit:

(continued)

containing _____ acres, more or less, to hold the same unto the second party for the period commencing the _____ day of _____,19____, and ending the _____ day of _____, 19 _____, and in consideration thereof the second party hereby agrees to farm said real estate during said period, in a farmlike manner, and to pay rent therefor to the first party without demand, on the terms following, the first party to furnish or pay in connection therewith the items following as specified:

Land Use	Approximate Acreage	Crop Share	Cash Rent		First Party to Furnish or Pay
			Per Acre	Total	
Building Lots					
Total		xxxx	xxxxxxx		

Cash Rent to be paid as follows: $_____ due _____19_____;
$_____ due _____19_____

Rental share of crops to be delivered as directed without cost to the first party as follows:

Sundry provisions:

And the second party covenants with the first party that at the expiration of the term of this lease, he will yield up the possession to the first party, without further demand or notice, in as good order and condition as when the same was entered upon by the second party, loss by fire, inevitable accidents, and ordinary wear excepted, and that no extension of this lease shall be valid unless in writing, signed by the parties hereto.

The second party further covenants and agrees:

1. To use or permit the use of said premises for agricultural purposes only, and for no unlawful purpose, and to maintain them in accordance with Federal and State laws, ordinances and regulations.

2. To follow instructions of the first party as to crop rotations and farming practices; to make no changes in crop acreages specified, to destryy no crops, and to plow no pasture and hay land except with the written consent

of the first party; to keep all hogs and pigs running on pastures properly rung; to refrain from overstocking pastures, and if such pastures are destroyed by overstocking or by unrung hogs, to reseed same at his own expense; to run no livestock on soft wet land during the Fall and Winter months.

3. To furnish all necessary implements and machinery, work horses, and manual labor, and to properly prepare the soil, sow, plant, cultivate, harvest, thresh, store and preserve all crops in the best manner possible and all in proper season; to sow and plant nothing but clean, good seed; to give first party written notice ten days in advance of threshing of crops; to share with first party on the basis of share rentals the crop storage facilities.

4. To distribute all barnyard manure on the fields as directed by the first party in proper season, and to keep buildings and yards free thereof; to burn no stalks, straw or stubble on said premises, to sell or remove no straw therefrom nor permit it to be removed without the written consent of the first party.

5. To make every possible effort to keep all weeds and brush under control. To mow or cut at suitable intervals all weeds on said land, including the weeds in all ditches and roadways, and before such weeds go to seed, and at such other times as the Statutes or the properly constituted authorities may require, and to hold the first party harmless from all charges made by local or State authorities for cutting or destroying weeds on said premises.

6. To make no alterations in buildings on said premises except with the written consent of the first party; to perform all labor in connection with the trimming of hedges, the repair and erection of fences, the maintenance of terraces, the plowing and cleaning out of ditches, the repair of broken tile and outlets, and the reasonable repair of other improvements as directed by the first party, provided that the first party furnish the necessary materials; and to incur no expense whatever for the account of the first party except with its written consent.

7. To remove all rubbish from buildings, building lots, groves, fence rows, and to keep the same clean at all times, to trim in season ornamental trees, vines and shrubbery and to keep same from injury by plowing or from livestock ; to cut no living trees from said premises except with the written consent of the first party; to commit no waste and in general to maintain an attractive appearance of the farm.

8. If the first party shall agree to sell said premises and shall notify the second party on or before _____ prior to the commencement of the term of this lease, that it has agreed to sell said premises and that such sale is not to be made subject to this lease, then and in that event this lease shall not become operative but shall be null and void. In case

this lease shall not become operative by virtue of the provisions of this paragraph, the first party shall pay second party $1.50 for each acre of said premises newly plowed by second party and $4.00 per acre for all Fall wheat or rye previously sown on said premises by second party, such payment to include any plowing in connection with the sowing of said grain, and such payment shall be in full settlement for all labor, seed and materials furnished by second party and for all claims arising in connection with second party's use and occupation of said premises.

9. The second party further agrees that if the premises herein described were leased to him for the previous farming season, he will complete the performance of all obligations under the previous lease and if all the rentals thereunder are not fully paid at lease thirty days prior to the date fixed herein for the commencement of the term hereof, or if the second party fails to fully and completely perform any of the covenants, terms of conditions of said previous lease, then and in either of said events the first party shall have the right to declare that this lease shall not become operative but shall be null and void.

10. That the first party shall not be liable for damages for failure of the water supply, for the untenantability of any buildings and improvements, for damages while buildings and improvements are under construction or repair or for failure to replace buildings; nor shall rent be abated therefor.

11. The first party reserves the right to go upon said premises at any time to make repairs and improvements; to show the property to prospective purchasers or tenants; to plow and sow on said land at any time after the severance of the growing crop; and for any other reasonable purpose, all without liability to first party.

12. If the second party shall fail to keep any of the covenants contained in this lease or underlet said premises or any part thereof, without the written consent of first party, then this lease shall at the election of the first party, be null and void, and the first party shall have the right to take possession of said premises, using such force as may be necessary with or without process of law, and all damages growing out of the failure to perform any of the covenants of this lease, shall be added to and become a part of the rent, recoverable as rent.

13. The second party also agrees in the event of a suit under the provisions of this lease, to pay a reasonable attorney's fee as often as such action shall be necessary, and agrees that the same may be taxed as costs in said cause and further agrees to discharge all costs or expenses which shall arise from enforcing any of the covenants of this lease by the first party; and it is further agreed by and between the parties that all the crops planted, growing, produced and stored on said premises during the term of this lease are hereby pledged by second party to first party to secure until fully paid all sums due or to become due including share of crops and cash rentals, from second party to first party, as may be evidenced by book accounts or notes held by first party.

IN WITNESS WHEREOF, both parties have executed this lease, the day and year first above written.

Signed in Presence of:

_____ By _____

_____

_____ _____

_____ Second Party

_____

Second Party

Lease Recommended By _____

Fieldman

In addition to a complete and detailed rental agreement, this company actively participates as a landlord in the management of the farm. The organization formulated for supervision of acquired farms is largely decentralized through the agencies of several branch offices, each having jurisdiction over a territory consisting of several states. The branch office jurisdiction covers the local representatives and the fieldmen.

Fieldmen. The characteristics of the fieldmen are best illustrated by some quotations received in a questionnaire sent to insurance companies.

> Our field force consists of men trained in farm management, banking and having a general knowledge of agricultural problems, combined with the ability to arrange rentals and sales but not necessarily including an agricultural college education.
>
> Our farm personnel is made up of field men who have had actual experience on the farm.
>
> Our field men are either agricultural college graduates or are men of wide farming experience and with very sound knowledge of the best farming practices of the communities in which they work.
>
> We expect our fieldmen to be capable of recommending to tenants sound and practical farm management practices. Many of our men were former county agents.
>
> The field men work in cooperation with the extension division and the individual county agent.

Farm Rehabilitation. The insurance company assumes the position that considerable expenditure for farm improvement is not only beneficial to the tenant and the company by increasing farm returns, but that it also attracts prospective buyers.

> Our entire farm management program is a constructive one, buildings and fences are placed in first class condition, crop rotations are planned and established on every farm and the fertility on every farm owned by this company is improved every year. This makes our farms more attractive to good tenants and good purchasers.
>
> After we acquired a property we attempted to rehabilitate it.
>
> We endeavor to rent all farms so that the company receives a share of the crop as rent. As a result the company, as landlord, profits from the use of good farm management practices such as crop rotation, liberal use of both summer and winter legumes, and the application of good commercial fertilizer.
>
> Such improvements are made to buildings as are necessary to maintain or procure good tenants and attract a buyer for the farm.
>
> We believe that the agricultural industry in the states and communities in which this company owns farms has been benefitted by the fact that the company has put into force the best of farm practices and has employed people locally to do such work as repair and rehabilitation of buildings and fences and the like.
>
> It has been our policy to make very economical yet substantial and serviceable repairs to our farm buildings.
>
> As landlords, we have attempted to adopt management policies which will improve the productivity of the farms, which usually come to us in a very badly depleted condition.
>
> Our entire farming program prior to government control and since has been to the improvement of physical condition of the farm.
>
> This insurance company furnishes all improvements upon its properties and also purchases fertilizers on a cooperative basis with its tenants.
>
> One of our first farm management problems was to prepare detailed maps showing present land use on each farm.

There is a striking correlation between tenant occupancy and soil erosion. This may not be true for the insurance company owned tenant farm.

Even though it is difficult to promote a livestock enterprise under the especially unstable tenure conditions prevailing in corporate leasing, the insurance companies have made, and are making, remarkable progress in arresting soil erosion.

> Many of our Tennessee upland farms, when acquired, were badly run down as well as badly eroded. In those cases where the tenant could not see any immediate benefit to himself, we have furnished the necessary lespedeza seed, and the like, and allowed him, say, free pasture, or something for planting it and carrying on the proper erosion work.
>
> Whenever there was an outfit terracing in the county, as in Shelby County, we have attempted to cooperate one hundred per cent.
>
> We absorb practically the full burden of erosion control expense.
>
> It has been our policy to get as much of our holdings sown down in lespedeza and other soil building crops as possible.
>
> It is our policy, and has been ever since we began acquiring lands, to encourage the tenant to plant legumes, raise food for himself and stock, and follow all good farming practices, particularly erosion prevention.
>
> An effort is made to adopt a program that will maintain and improve soil fertility and prevent erosion.
>
> We have sown very large acreages of lespedeza and other legume crops to arrest erosion and build up the fertility of the soil.
>
> On badly eroded lands and lands too rolling for proper cultivation, we have encouraged the planting of seedlings.
>
> We discourage the use of commercial fertilizer as much as possible and encourage cover crops.
>
> A very strict rotation is adhered to on all our farms.

Certainly it can be said that insurance companies are doing as much as could be expected of any landlord towards the scientific management of acquired farms according to improved farm practices. A significant feature of insurance company landlordism is that on the whole their farms are

operated on the debit side of the ledger.

Mortgage Companies

Mortgage companies hold but little farm real estate. Consequently their leasing program is of only minor importance in comparison with that of insurance companies, the Federal Land Bank and commercial banks. Since the mortgage companies hold but few farms in a given county, the leasing is sometimes handled through a local rental agency. In cases where it is leased directly, the rental agreement is brief, containing little more than the legal essentials to a contract.

Federal Land Bank

In December 1937, the Federal Land Banks either held outright or held sheriffs' certificates to over 25,000 farms in the United States.(2) The Louisville Land Bank held 80 properties in the seven counties of this study in 1935. The Federal Land Bank ranks next to commercial banks and insurance companies in number of leased farms. The land bank lease form makes detailed provision for assurances, guarantees, contributions of each party, farming procedure, and termination of the lease, as well as providing all the essentials to an adequate farm rental agreement. The lease may be either on a cash or share basis of rent payment. The Secretary-Treasurers of the local National Farm Loan Associations act in the capacity of rental agent, securing tenants and drawing up the written leases. However, tenants are given very little instruction in regard to improved farm management practices due to the fact that all the farms are for sale and are disposed of as quickly as possible.

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(2) Agricultural Finance Review, p. 44, Vol. I, No. 1, U. S. Bureau of Agricultural Economics, Washington, D. C., May 1938.

Joint Stock Land Bank

This agency is now of only minor importance in leasing farms and soon will be completely out of the picture. Consequently there is no organizational set-up to handle acquired real estate. Each farm is handled on an individual basis. In the case of the Atlantic Joint Stock Land Bank of Raleigh, North Carolina, the tenant may furnish all the fertilizer and pay a standing rent. Other tenants may furnish one third of the fertilizer and rent the farm on a share-crop basis. However, Tennessee farms, where fertilizer is used less than in the Carolinas, the lease is probably on a strict share-crop basis with no special attention to fertilizer. The lease thoroughly provides for restrictions, reservations, and farming procedure in addition to the contract essentials.

Commercial Banks

In 1934 commercial banks were leasing 126 farms in the seven counties of this study. In 1936 the number had fallen to 91. A few commercial bank farms are handled by a rental agency which usually receives 10 per cent of the banks share for its services. The rest are leased directly by the bank, usually through one of its officers. In contrast to life insurance companies, the Land Banks, and the larger trust companies, the vast majority of rental agreements used by commercial banks are verbal. Only one out of twenty-five commercial banks, replying to a questionnaire, used a lease form, and this contained only the minimum essentials to a contract with no reference to farming method, procedure at termination of lease, or assurances and guarantees. However, since many banks rent for cash, there is little need for a detailed lease. A rent note often serves as the only evidence of the contract. Only when the tenant has gone to expense that must be amortized over a period

of years, such as seeding pasture, fertilization, and construction of improvements, is the lease written and then no standard form is used, a lawyer usually drawing up each lease individually. The verbal lease, used by most banks, is based largely on community custom.

In share renting the bank may furnish work stock and tools, and take half the crop, or, if the tenant furnishes stock and tools, the crop may be divided one third and two thirds. The tenant usually receives two thirds of the tobacco in counties where this crop is grown.

In contrast to insurance companies, the Land Banks and larger trust companies; commercial banks are greatly restricted in putting additional capital into rehabilitation and farm management of acquired farms; hence, the prevalence of cash renting by commercial banks.

Trust Companies

Most trust companies have acquired a sufficient number of farms to warrant the organization of a land department for the purpose of leasing, supervision, and sale of acquired farm real estate. Consequently these institutions, as a rule, provide complete lease farms providing for farm procedure, restrictions, reservations, assurances, and lease termination; as well as to the contract essentials. Field agents are employed by some of the larger trust companies and an aggressive program of farm rehabilitation and erosion control is undertaken. The farm lease adopted by some of the larger institutions is almost identical to that used by insurance companies.

CHAPTER VI

RESALE OF FARM LAND ACQUIRED BY CREDIT CORPORATIONS

Over seven out of every 100 farms, in seven representative Tennessee counties, have been held by credit corporations at some time since 1926. Over half of these farms are still owned by corporations. Additional farms are being acquired and sold each year. The credit corporations expect to eventually sell all their land. Of what influence upon land values are these real estate operations of credit corporations? Is it a desirable influence? Is the land being sold to land speculators or to farmers? Is now the time for tenants to buy land? An attempt will be made in this chapter to throw some light on these and other related questions from the standpoint of corporate land disposal.

Factors Influencing Land Values

In appraising the relative effect of corporate real estate operations upon land values, it is desirable to outline the major factors affecting land value.

David Ricardo, an English classical economist of the later 18th and early 19th century, is largely remembered for his exposition of the laws of rent or income from the ownership of land. "The Ricardian theory of rent in relation to land value in brief is that land values are fixed by the capitalization of the expected economic rent at the prevailing interest rate."(1)

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(1) Dummeier, E. F., and Hoflebower, R. B., Economics With Applications to Agriculture, p. 403.

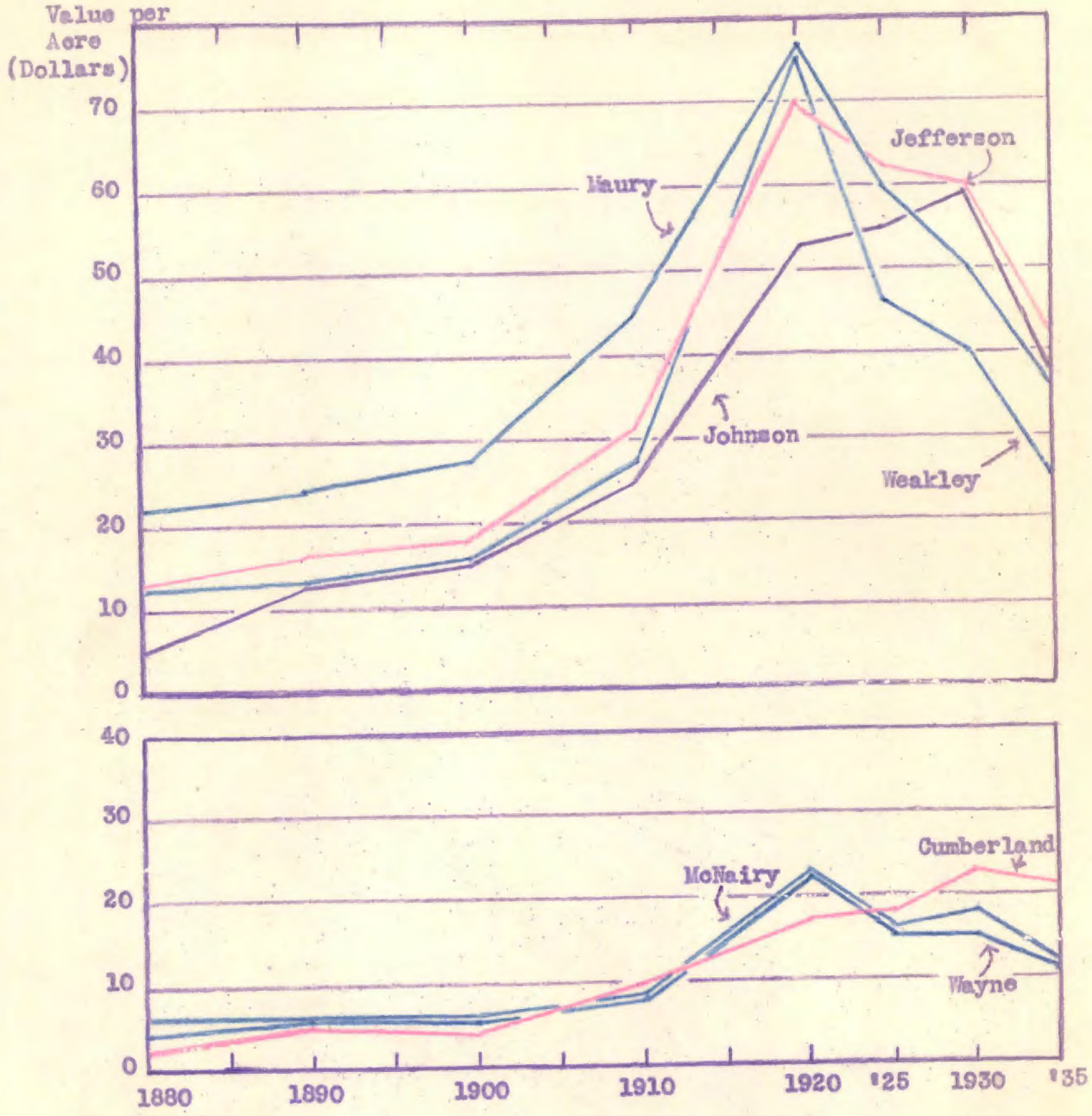
The modifications which have subsequently been appended to this concept are of degree rather than kind. Other factors being equal, the economic rent in turn is determined by soil productivity, topography and other physical and biological characteristics.

Aside from the mere productivity of the soil, land values are greatly influenced by available economic and social facilities in the community. Good roads, schools and churches, as well as proximity to urban market, shopping and recreational facilities, tend to support land values. Rural land values may be high because the farm appears to offer a security not present in urban life. Farming is not only a business but a way of living, hence land values may be disproportionately high. Land values may fluctuate widely from time to time due to rising and falling prices for farm products. "Back to the farm" and "away from the farm" movements increase or decrease the competition for the land. Under the influence of discouraging farm product prices and widespread foreclosure sales, on the one hand, and boom prices and a lack of forced sales on the other, land values have risen and fallen from time to time.

Trend in Land Value

The average value per acre of farm land in Tennessee grew from $10 in 1880 to $13 in 1900. Under war time inflation it reached a peak of $55 in 1920 from which it fell to $41 in 1930 and $29 in 1935.

Land value data were obtained in the seven sample counties for which corporate owned land was tabulated. Land values in Cumberland, McNairy, and Wayne counties have always been well below the state average. However, land values in these counties are stable. They neither rose markedly under



Source: Table XXI.

Figure 47. Value per Acre of Farm Land and Buildings in Seven Tennessee Counties, 1880-1935

war time influence nor fell sharply since the war. There is but little corporate-owned land in these counties.

TABLE XXI. VALUE PER ACRE OF FARM LAND IN SEVEN TENNESSEE COUNTIES, 1880-1935

Year	Cumberland	Jefferson	Johnson	McNairy	Maury	Wayne	Weakley	Tennessee
1935	$21	$43	$38	$12	$56	$10	$25	$29
1930	23	60	60	18	50	15	40	41
1925	18	63	55	16	60	15	46	42
1920	17	70	53	23	77	23	76	53
1910	10	31	25	8	45	8	27	24
1900	4	18	15	5	27	5	16	13
1890	5	16	13	5	24	5	13	12
1880	2	13	5	6	22	4	12	10

Source: United States Bureau of the Census, 1880-1935.

In contrast Maury, Jefferson, and Weakley County land values have generally been well above the state average and have fluctuated widely under war-time and depression influence. These three counties have large amounts of corporate owned land (Figure 47).

Effect of Corporate Land on Land Values

It is generally known, that where the holder of a mortgage institutes and brings to a conclusion foreclosure proceedings resulting in the sale of a property; that property usually sells for considerably less than it would have under conditions of voluntary sale.(2) Marshall found that the average sale value per acre on foreclosed farms in Tennessee from 1923 through 1933 was but 74.6 per cent of that on farms sold at voluntary sales.(3) This price discrepancy may be due to either or both of two causes. First, foreclosure

(2) Marshall, J. H., Farm Land Values and Transfers, p. 71.
(3) Ibid., p. 72.

may be largely on the low land value farms. However, many studies indicate a greater foreclosure rate upon the high land value farms. Second, the lower land prices obtained in forced sales may be due to the unusual buyer-seller conditions prevailing under foreclosure. The land must be sold at any price. Buyers realize this. The foreclosure is typically a buyers sale.

At the foreclosure sale the mortgagee almost invariably bids for the farm up to the value of his mortgage. During the 1920's a third party often bid over the mortgagee and took title. Since 1931 the mortgagee has been the highest bidder in practically all farm foreclosure sales. Since a property sold at foreclosure in Tennessee is still subject to a two year redemption period, buyers are hesitant to bid at the sale. In cases where the property is sold to a third party, sale values would obviously be above the value of the mortgage and above the values obtaining at sales in which the mortgagee was the highest bidder.

Thus in the acquisition of farm real estate by a foreclosure prices are well below those of voluntary sales. However, if under these conditions, the mortgagee did not bid, but let the farm sell to the highest and best bidder forced sale prices would drop still lower than their present level.

It is obvious that land values under such conditions are not determined by economic rent, nor by any standard of social or economic increments. The seller is under duress and at the same time there is a scarcity of buyers.

Time Required for Disposal of Corporate Owned Land. The time it will take for disposal of corporate land depends first, upon the ability of the corporation to hold the land for a remunerative price and second, upon the amount of land held.

Insurance companies, mortgage companies, the Federal Land Bank, and trust companies, due to the long term nature of their operations, and with little need for a large reserve of quick assets, are in a particularly advantageous position to hold acquired farms for a number of years. These agencies have been flooded with foreclosures and assignments since 1930. Soon after that date these credit corporations organized special departments for the sole purpose of supervising and leasing acquired land until the return of higher land values. In one instance, the chief of the United States Bureau of Agricultural Economics was obtained to head the Farm Real Estate Division of a leading life insurance company.

On the other hand, limitations are placed on the funds that commercial banks may invest in real estate. The Joint Stock Land Banks, now under process of liquidation, are under pressure to dispose of their holdings.

The time required for disposal also depends upon the amount of land held, and the rate of future acquisition and resale. With over 28,000,000 acres, or an area one and a half times that of the total farm land in Tennessee, held by leading lending agencies on January 1, 1937, there is little prospect of disposal in a few years.

Acquisitions in the United States as a whole have exceeded sales every year from 1929 through 1937. In Tennessee acquisitions were well above sales throughout the period 1922 to 1933. In 1934 sales approached acquisitions, and in 1935 exceeded them. However, at the 1935 disposal rate, and assuming no further acquisitions, it would take over eight years to dispose of the corporate owned land in the seven Tennessee counties of this study (Table XXIII).

If farm income were to increase in the next few years, sales would undoubtedly increase at a faster rate, but on the other hand, it is not correct to assume that corporations will not acquire more land. Corporations are still taking land to satisfy mortgages both through voluntary assignment and foreclosure transfers. In Iowa, Murray and Bitting estimate it would take eleven years for disposal of corporate holdings, assuming 1935-36 disposal rates, and no new acquisitions.(4)

Relation of Corporate and Total Land Transfers. The farm real estate transfers to and from credit corporations in seven Tennessee counties have averaged over 10 per cent of the total land transfers since 1931. With a reduction of acquisitions in the future, corporate land operations would not constitute so large a proportion of the total. Nevertheless it is safe

TABLE XXII. LAND TRANSFERS BY CREDIT CORPORATIONS AND TOTAL FARM TRANSFERS, SEVEN TENNESSEE COUNTIES, 1926-1935

Year	Seven Tennessee Counties						Total Farm Transfers per 1000 Farms, Tennessee**
	Total Farms *	Corporate Transfers			Corporate Transfers per 1000 Farms		
		Acquired	Sold	Total	Acquired	Sold	Total	
1926	18,761	26	10	36	1.4	.5	1.9	55.9
1928	18,538	40	27	67	2.2	1.5	3.7	56.0
1930	18,538	50	38	88	2.7	2.0	4.7	46.2
1931	18,538	75	51	126	4.0	2.8	6.8	47.3
1932	18,538	150	67	217	8.1	3.6	11.7	73.6
1933	20,288	113	52	165	5.6	2.6	8.2	91.8
1934	20,288	77	58	135	3.8	2.9	6.7	76.0
1935	20,288	61	73	134	3.0	3.6	6.6	45.8

* Nearest census date.
** Stauber, R. B., op. cit.

(4) Murray, W. G., and Bitting, H. W., Corporate Owned Land in Iowa, 1937, p. 98.

to assume that for the next ten to twenty years corporations will continually offer land when prices enable them to liquidate without loss.

Corporate operations in the land market may act as a buffer, both in preventing excessively low and unduly high land prices. It is evident that in the continual selling of land by corporations, as rising prices warrant it, will tend to place a ceiling on land values. The acquiring and holding of land by corporations on the downswing of real estate prices, as in 1929-1933, certainly reduces the supply of land to be sold on a buyer's market and tends to put a lower limit to farm values.

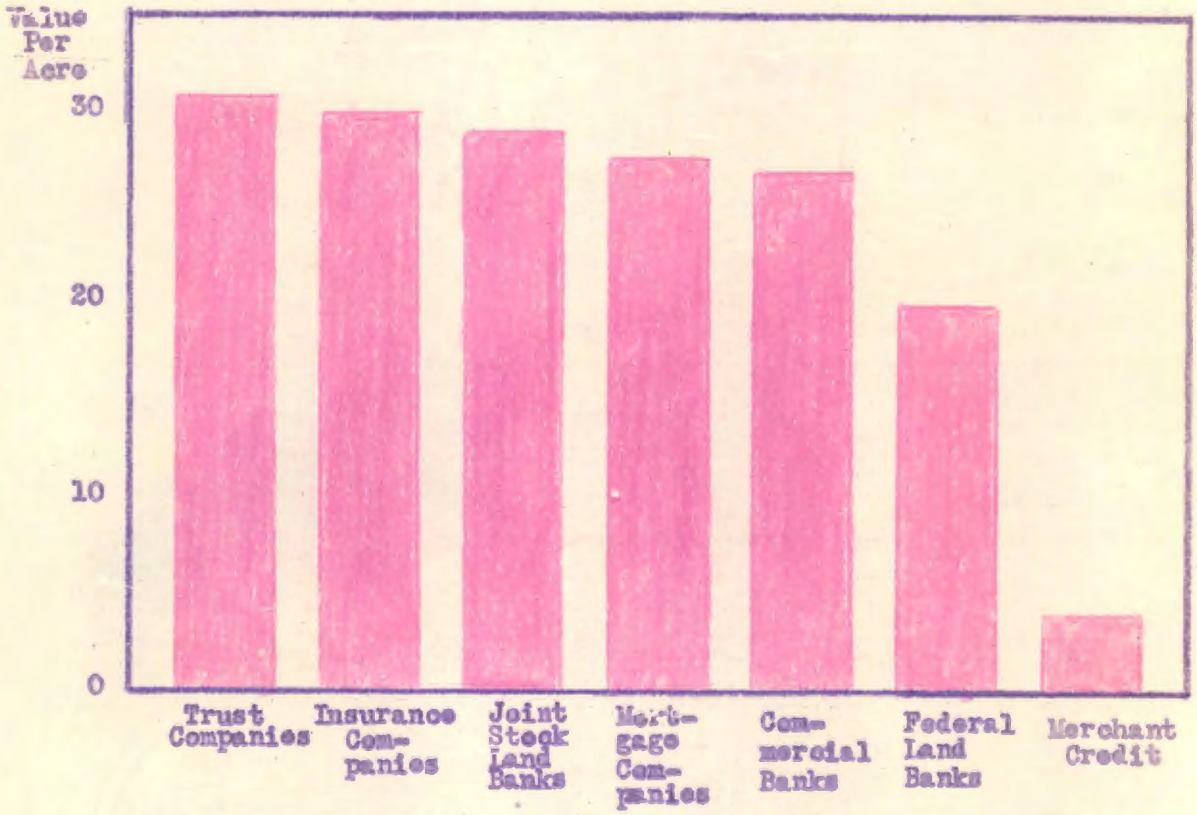
County and Type of Corporation Variations. In Cumberland, Johnson, McNairy, and Wayne counties there is but little corporate owned land, hence

TABLE XXIII. TIME IT WOULD TAKE TO DISPOSE OF CORPORATE LAND, ASSUMING 1935 DISPOSITION RATES CONTINUE, AND NO MORE LAND IS ACQUIRED

County - All Types	(a) Acres Held in 1935	(b) Acres Sold in 1935	Time Required to Dispose of All Land (a)/(b)
Cumberland	*		
Jefferson	11,025	2,101	5.2
Johnson	1,771	878	2.0
McNairy	5,911	856	6.9
Maury	18,819	1,981	9.5
Wayne	7,542	317	23.8
Weakley	13,970	1,986	7.0
Total	67,032	8,119	8.3
Types - All Counties			
Merchant Credit	*		
Insurance	17,922	2,356	7.6
Mortgage Companies	*		
Federal Land Bank	10,438	3,330	3.1
Joint Stock Land Bank	*		
Commercial Banks	15,783	1,279	12.3
Trust Companies	8,057	1,154	7.0
Total	67,032	8,119	8.3

* Cumberland County and Merchant Credit, Mortgage Companies and Joint Stock Land Banks omitted because few or no 1935 sales. They are included in the totals.

Source: This survey.



Source: Table XXIV.

Figure 48. Simple Average of Real Estate Values on Land Owned by Corporations in Seven Tennessee Counties, 1926-1936

land values will not be markedly influenced by corporate land operations. On the other hand, Jefferson, Maury, and Weakley county land values will be influenced, on the supply side, by corporate land disposal for many years to come.

Whereas the Land Banks are rapidly disposing of their land, insurance companies, commercial banks and trust companies will require from seven to twelve years to liquidate their holdings at 1935 disposal rates and no further acquisitions.

TABLE XXIV. SIMPLE AVERAGE OF FARM ACREAGE, FARM VALUE, AND VALUE PER ACRE ON LAND HELD BY TYPE OF CORPORATION IN SEVEN TENNESSEE COUNTIES, 1926-1936

Type	Average Acres Per Farm	Average Value Per Farm	Average Value Per Acre
Merchant Credit	213	818	3.9
Insurance	187	5,616	29.9
Mortgage Company	455	7,281	27.7
Federal Land Bank	170	3,286	19.9
Joint Stock Land Banks	125	3,766	29.2
Commercial Banks	125	3,246	27.0
Trust Companies	154	4,595	30.7

Source: This survey.

It is a known fact that the poorer farms tend to sell faster than the best farms. The trust companies, insurance companies, Joint Stock Land Banks, mortgage companies and commercial banks foreclosed on the more valuable lands while the Federal Land Bank definitely acquired poorer farms. This may be an explanation to the remarkable success the Land Bank has had in the resale of its properties (Figure 48).

The Buyer of Corporate Land

In view of the vast acreage of corporate land now a potential factor in the land market and eventually to be sold, several questions might well be asked. Who will buy this land? For what purpose will they buy it? Is now

the time for farmers to buy land?

In 1936 over four out of five voluntary sales or trades of farm real estate in the United States were to local residents and three out of four for operation. In the East South Central States close to nine out of ten were to local residents,(5) and four out of five were purchased for operation. If the resale of corporate land conforms to the total voluntary sales there should be no increase in absentee land-lordism or in tenancy due to the corporate land disposal.

Corporations may, however, at times be under more pressure to sell than individuals. If corporate land is sold under pressure there exists a likelihood that it will be purchased by non-farmers and land speculators. Especially was this true during the 1931-1934 period, before the credit agencies had perfected their organizations for leasing and holding the acquired land until a return of fair land values.

Sale to Tenants. In 1936, 76 per cent of the farms sold at voluntary sale in the United States were sold for operation while but 64 per cent were purchased by active farmers. The difference of 12 per cent represents non-farmers who expect to become farmers. The 64 per cent purchased by active farmers represents three classes. First, the tenants acquiring ownership for the first time, second, part owners renting a small acreage and expanding their holdings and third, full owners expanding their holdings. No data is available on the relative number in each of these classes.

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(5) Stauber, R. M., and Regan, M. M., op. cit., p. 31.

Assuming that half of the purchases by active farmers are by tenants; then considerably less than half the total voluntary transfers would be purchases by tenants. Assuming the greater share of the purchases by active farmers to be by tenants, then half of the total voluntary transfers may be tenant purchases. In the resale of corporate land, however, it is likely that considerably more than half the properties will be sold to the tenants. There are several reasons for this. Practically all corporate owned land is now operated by tenants. Part of the individually owned land is operated by tenants and part by owner operators. That part of the individually owned land, which is operated by owners, is less likely to be sold to tenants than is the individually owned land operated by tenants. Since all corporate land is operated by tenants the tenant buying on this land will be greater.

This sale of corporate owned land to tenants brings up the question: Is this the time for farmers to buy? This question is well worth considering because most of the corporate owned land is listed for sale and undoubtedly will be sold as quickly as the real estate market will absorb it.(6)

The index of Tennessee land values fell from 200 in 1920 to 79 in 1933; then rose to 97 in 1936 and slightly higher in 1937 and 1938. In 1935 the value per acre of farm real estate in Tennessee was $29 compared to $41 in 1930 and $53 in 1920.

Although Tennessee land values are lower than in the pre-depression period it is neither desirable nor likely that the inflated war-time values

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(6) Murray, W. G., and Bitting, H. W., op. cit., p. 117.

will return. However, there will, unquestionably, be changes in land values.

If land values continue to rise, every effort should be made to discourage the purchase and mortgaging of land at inflated levels and thus prevent the recurrence of widespread foreclosure, that inevitably follows deflation.

Furthermore, attention may well be given to preventing the recurrence of unwise lending policies characteristic of the pre-depression period. The amortization method has proven its value and might well be more universally employed to both the mortgagee's and mortgagor's advantage.

The vast acreage of corporate land, which one writer has called the "new public domain", is and will be largely sold on credit with the corporation holding a mortgage. Every effort should be made in selecting buyers and in formulating terms of the mortgage, to prevent another reversion of this land into the hands of the corporation. The farmer buyer, as well as the corporate seller, may well look to the length of repayment period, the farmers equity, "buying on a shoestring", and the interest rate. In some cases repayment may be on a prearranged sliding scale, fluctuating with farm production and prices of farm products.

CHAPTER VII

SUMMARY AND RECOMMENDATIONS

Trends in Agricultural Finance as Related to Corporate Land

The Tennessee farm mortgage debt rose from $26,850,000 in 1910 to a high of $96,711,000 in 1928, from which it dropped to $83,861,000 in 1935. The national farm mortgage debt stood at $3,320,000,000 in 1910, $9,469,000,000 in 1928, and $7,255,000,000 in 1937. This reduction in debt from 1928 to date has been largely attributable to foreclosure and assignment. The average mortgage debt per mortgaged farm in Tennessee was $1291 in 1935 compared to $865 in Mississippi, the lowest state, and $10,498 in Iowa, the highest. The average mortgage debt per $1000 valuation of farm real estate, on mortgaged farms, in Tennessee, in 1935, was $637.(1) Although the total number of mortgaged farms in Tennessee increased from 59,866 in 1930 to 64,979 in 1935, the per cent of farms mortgaged decreased from 24.4 to 23.7. This is attributable to the increase in number of farms during the period.

The proportion of mortgage debt held by credit corporations increased from practically none in 1910 to one third in 1920, slightly less than half in 1925, slightly more than half in 1930, and in 1935, practically three fifths of the total. There has been a widespread withdrawal of individuals

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(1) No adjustment for difference in value of mortgaged and debt free farms.

from making new farm mortgage loans since 1930.

The farm real estate foreclosure rate in Tennessee has consistently been well below the United States average. This is true because of proportionately fewer farms mortgaged, smaller size of farms, and smaller debt per farm, making debt payments smaller and therefore frequently possible through the practice of strict personal economy. Tennessee foreclosures and related sales per 1000 of all farms rose from 8.8 in 1930 to 34.2 in 1933 and descended to 14.3 in 1936. A vital factor in reduced foreclosure since 1933 has been Federal Land Bank and Commissioner refinancing, extensions and renewals.

Land Acquisitions, Holdings, and Sales by Credit Corporations

In 1929 credit corporations(2) had an investment of but $150,000,000 in acquired real estate. By January 1, 1937, this had increased to close to $1,000,000,000 comprising 28,145,000 acres or an area greater than the entire state of Tennessee and an investment greater than the value of all farm real estate in Tennessee and Alabama. There is a concentration of corporate land in the West North Central States with over two thirds of the value and one half the acreage being in that area. Credit corporations held 2,079,000 acres or 2.63 per cent of the farm land area in the East South Central States and 268,543 acres or 1.41 per cent of the farm land area in Tennessee on January 1, 1937. The investment per acre in acquired real estate in Tennessee was $33.14.

In Cumberland, Jefferson, Johnson, McNairy, Maury, Wayne, and Weakley Counties, Tennessee, Credit corporations(3) held eight farms in 1922, 160

(2) Not including commercial banks or trust companies.
(3) Including commercial banks and trust companies.

in 1930, 370 in 1935, and 297 on January 1, 1936.

TABLE XXV. NUMBER FARMS, ACREAGE, AND VALUE OF FARM REAL ESTATE ACQUIRED BY CREDIT CORPORATIONS, SEVEN TENNESSEE COUNTIES, 1922-1936

Year	Farms	Acres	Assessed Value
1922	8	2,694	$38,500
1928	101	14,111	438,500
1930	160	23,811	712,200
1932	296	50,838	1,182,000
1934	367	66,553	1,313,800
1936	297	59,085	1,169,400

Source: Appendix Table I.

For this sample, farm sales by corporations exceeded acquisitions for the first time, in 1935, leaving a net reduction in corporate land. In the United States as a whole acquisitions were still well above sales as late as 1937. The peak of Tennessee acquisitions was reached in 1932 compared to 1934 for the U. S. as a whole.

Insurance companies and commercial banks have consistently held over one half of the total corporate land in these seven counties. The Federal Land Bank and trust companies have accounted for another one third while mortgage companies, Joint Stock Land Banks, and merchant credit corporations were of comparatively minor importance.

There is a marked concentration of insurance company holdings in high land value areas, while there is a wide distribution of commercial bank holdings both in the productive and non-productive regions. The Federa l Land Bank held no land in Cumberland and Wayne (relatively unproductive counties) and held but little in Jefferson (the highest land value county). Insurance and trust company competition for loans in high land value regions

may account for the comparatively low Land Bank holdings in such areas. The Joint Stock Land Banks have never been a major factor in land acquisition, and will soon be completely out of the picture. Eighty-one non-financial corporations, including mining, lumber and industrial companies, and incorporated farms, sold 212,120 acres valued at close to $1,200,000 in the period 1922-36. Their operations were largely confined to Cumberland,[4] Wayne, and Johnson counties, where mining and forestry have developed.

The total corporate land varied from practically none in Cumberland and Johnson counties to 90 farms comprising approximately 20,000 acres, and valued at well above one half million dollars, in Maury County, in 1935. Jefferson (the highest land value county) had the highest proportion of farm land held by corporations.

Factors Affecting Land Acquisition by Credit Institutions

A large share of corporate land acquisition is directly attributable to strictly economic factors such as post-war deflation, the agricultural depression beginning in 1921, the uncertainty of farm income, and increase in cash expenditures. Wide income fluctuations in one-crop areas, especially in strictly cotton sections, render farming hazardous and credit extension little less than a gamble. A small but reliable income is superior to a large but uncertain one from the standpoint of debt retirement.

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(4) Excluding a tract of 7937 acres of forest land foreclosed by a mortgage company in Cumberland.

To take advantage of the business cycle rather than suffer because of it, every effort should be made to encourage farmer borrowing during deflation and discourage it under inflation. The Federal Land Bank and Commissioner have been of incalculable aid to agriculture in this respect, having closed over 790,000 loans aggregating over $2,100,000,000 in the deflation period 1933-36. Size of payments on some mortgages might be adjusted to a sliding scale with farm product prices, thus escaping disastrous deflation effects; however, widespread application of such a system would jeopardize interest rates.

In the placing of new mortgage loans particular attention may well be given to securing longer terms for repayment (20 to 40 years); lower interest rates; the further use of the amortization method of repayment; and to the continued selection of individuals on the basis of ability, thrift, integrity, and reputation.

Vital factors in curbing foreclosure and resultant land acquisition by credit corporations have been the policies of extension renewal, refinancing, debt adjustment, and loan moratoria followed by governmental and other credit agencies. The Federal Land Bank and Commissioner made over 275,000 extensions for over $100,000,000 in the period 1933-36. Voluntary debt reduction by creditors were made on over 40,000 farms and debts totaling over $200,000,000 were scaled down. State debt moratoria laws saved many deserving farmers from an untimely foreclosure. The social saving in preventing the ousting of normally successful and substantial farmers was tremendous.

Corporate owned land is found predominately in highly productive

commercial farming areas rather than in marginal self-sufficing areas. This is attributable, not to the productive regions inferior credit ability, but to the far greater mortgage debt in such areas.

Landlord Tenant Characteristics on Land Owned by Credit Corporations

The tenant on corporate owned land will, as a rule, in comparison to the tenant on individually owned land:

(a) be older
(b) have a smaller family
(c) operate larger farms with more valuable buildings
(d) expend more for religion, recreation, education, and health
(e) be less mobile

The tenant on corporate land is, in a high proportion of cases, the former owner, with an owner's social and economic background. These differentials will inevitably become less and less as the tenant gradually is acclimated and adjusted to the economic restrictions coincident with tenancy.

Credit corporations, with the exception of commercial banks, are largely absentee landlords. Yet, despite absentee ownership, the larger credit corporations, excepting commercial banks, are perhaps more qualified and in a superior position to lease land than any other class of landholders. The corporation may have vast financial resources, far surpassing those of an individual, available for farm supervision. Special departments are organized in the larger institutions to devote full time to real estate operations. Specialists in farm management are employed as field agents to supervise acquired farms. The corporation never dies, thereby eliminating

some of the insecurity associated with individual landlordism. Certain efficiencies and economies of management accrue to the corporate landlord with hundreds of farms.(5) A portion of these efficiencies are passed on to the tenant in the form of superior supervision, possibly lower rents, and larger landlord contributions to the farm business.

Lease Contracts on Land Owned by Credit Corporations. The insurance and large trust company leases are invariably written, are generally for a one-year term, and are on a share or share-cash basis. A decentralized organization of regional headquarters, with local offices and field men, is the usual system of supervision. The fieldman is generally a man of wide farming experience, with a knowledge of finance, and an ability, not only to engender respect from tenants and associates, but to make the farms, under his supervision, operate at a profit.

The Federal and Joint Stock Land Banks provide a written, one year, share or share-cash lease. The farms are supervised by local National Farm Loan Association secretaries. The tenant is given little or no instruction as to farming procedure.

Commercial banks usually give a verbal, one year, cash lease. The cash lease is due to the banks financial restrictions upon making the necessary outlay to engage in share renting. Since commercial banks are usually resident with the farm there is less necessity for a written lease.

Some commercial bank, as well as trust company and isolated insurance company, farms are handled by rental agencies.

Resale of Land Acquired by Credit Corporations. Over 10 per cent of

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(5) Federal Land Banks held over 22,000 farms outright in 1936.

all farm real estate transfers since 1931, in the seven sample counties of this study, have been either to or from credit corporations. Over seven out of every 100 farms in these counties have been held by financial institutions at some time since 1926. It will take over eight years for disposal at 1935 disposition rates assuming no further acquisitions, which is, indeed, an unlikely assumption.

Corporate land operations act as a buffer, not only in preventing unwarrentedly deflated land prices, but also in preventing inflationary prices. The bidding of the mortgagee corporation at the foreclosure sale has generally prevented prices falling below the value of the mortgage. The credit institution is not in the farming business by choice. Consequently, present holdings are a potential supply, to be thrown on the market whenever land prices permit sale without a loss. But commercial banks and some mortgage and trust companies may not be able, with their very limited resources, to hold land indefinitely for higher prices. Many of their properties may be, and have been, sold at sacrifice prices to land speculators.

Many tenants now on corporate owned land will undoubtedly purchase the farm. Many former tenants have already made excellent land investments in purchasing corporate owned farms.

In the repurchase of corporate land, by down payment and mortgage, particular attention should be devoted to securing an adequately long term of repayment, a low interest rate, and an amortized loan. If land values again rise to inflationary levels, every effort should be made to discourage farmer purchase and land mortgaging.

A recurrence of the widespread foreclosures and ownership tragedies of recent years may be prevented only through an intelligent and informed cooperation between farmers and credit agencies in solving their mutual problems, and through recognition of, and preparation for, the pitfalls which have occurred in the past, and which will inevitably reappear in coming years.

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APPENDIX

APPENDIX TABLE I

NUMBER OF FARM PROPERTIES, TOTAL ASSESSED VALUE AND TOTAL ACREAGE HELD BY CREDIT CORPORATIONS* IN SEVEN TENNESSEE COUNTIES, 1922-1936, BY COUNTY AND TYPE OF CORPORATION

Years	Cumberland	Jefferson	Johnson	Maury	McNairy	Wayne	Weakley	Total
				Number of Farm Properties				
1922	-	2	2	-	1	2	1	8
1923	-	6	-	1	2	1	1	11
1924	-	10	1	4	3	1	3	22
1925	-	18	1	7	5	3	8	42
1926	-	21	1	9	10	3	16	60
1927	-	24	1	17	12	4	17	75
1928	-	21	1	24	13	4	38	101
1929	2	25	2	37	11	7	49	133
1930	4	22	1	48	18	11	56	160
1931	6	28	3	59	30	11	60	197
1932	7	43	7	90	36	25	88	296
1933	7	52	9	81	46	35	112	342
1934	6	57	12	80	50	32	130	367
1935	4	49	17	90	49	26	135	370
1936	4	34	13	72	46	24	104	297
				Assessed Value of Acquired Property - Hundreds of Dollars				
1922	-	263	45	-	10	57	10	385
1923	-	616	-	40	16	12	10	694
1924	-	934	2	438	26	12	35	1446
1925	-	1304	2	543	66	26	162	2102
1926	-	1171	2	671	106	18	377	2346
1927	-	1368	2	1051	127	24	524	3076
1928	-	1172	2	1873	181	45	1112	4385
1929	4	1717	9	2827	161	57	1311	6086
1930	22	1821	2	3676	183	116	1302	7122
1931	28	2658	69	4119	333	96	1443	8746
1932	65	3413	132	5696	367	191	1958	11820
1933	443	3213	139	5418	442	254	2499	12407
1934	440	3543	161	5228	462	240	2765	13158
1935	413	3495	168	5882	536	224	2831	13549
1936	413	2748	113	5281	492	218	2430	11694
				Acreage Held				
1922	-	431	372	-	38	1770	83	2694
1923	-	1327	-	131	115	200	83	1854
1924	-	1941	40	965	276	200	311	3733
1925	-	2686	40	1530	473	747	660	5936
1926	-	2768	40	1415	1058	772	1266	7319
1927	-	3136	40	2899	991	872	2029	9967
1928	-	2672	40	4405	1214	1903	3877	14111
1929	184	4360	105	6965	974	2130	4875	19593
1930	454	4603	40	9407	1421	3042	4844	23811
1931	493	6498	488	12735	3402	3492	6591	33749
1932	485	9434	962	18969	4445	6575	9970	50838
1933	8321	9912	1013	17816	5062	9245	11947	63316
1934	8131	11509	1278	17742	5803	8937	13153	66553
1935	7994	11025	1771	18819	5911	7542	13970	67032
1936	7994	8853	1322	16208	5705	7050	11953	59085

(continued)

APPENDIX TABLE I (continued)
TYPE OF CORPORATION

Years	Merchant Credit	Insurance	Mortgage Co.	Federal Land Bank	Joint Stock Land Bank	Commercial Bank	Trust Company	Total
				Number of Farm Properties				
1922 *	1	1	1	1	-	2	2	8
1923	1	4	2	1	-	3	-	11
1924	2	4	3	1	-	8	4	22
1925	4	5	4	1	-	16	12	42
1926	5	8	5	2	1	27	14	60
1927	4	14	5	4	2	28	18	75
1928	5	18	5	9	4	35	25	101
1929	6	31	5	15	3	44	29	133
1930	9	39	6	17	3	55	31	160
1931	10	53	10	23	3	65	33	197
1932	13	79	9	46	14	93	42	296
1933	18	92	12	44	16	114	46	342
1934	18	94	11	53	18	126	47	367
1935	15	97	9	80	13	115	41	370
1936	14	76	9	63	10	91	34	297
				Assessed Value of Acquired Property - Hundreds of Dollars				
1922	12	250	45	13	-	20	45	385
1923	12	413	198	13	-	58	-	694
1924	14	413	238	13	-	469	300	1446
1925	28	453	288	13	-	922	399	2102
1926	16	369	280	61	9	1140	472	2546
1927	19	583	280	189	43	1377	587	3076
1928	45	961	280	313	189	1816	803	4585
1929	46	2009	322	537	149	2039	985	6086
1930	64	2629	377	623	166	1955	1310	7122
1931	69	3959	540	818	146	1535	1679	8746
1932	102	4544	612	1540	442	2278	2302	11820
1933	147	4914	1010	1257	537	2179	2363	12407
1934	192	4847	1005	1371	645	2495	2583	13138
1935	165	4886	938	1987	535	2601	2438	13549
1936	162	4332	938	1751	463	2030	2018	11694
				Acreage Held				
1922	200	812	1570	119	547	121	372	2694
1923	200	829	424	119	-	282	-	1854
1924	240	829	645	119	-	1035	865	3753
1925	787	982	772	119	-	1906	1370	5936
1926	587	1192	661	200	106	3121	1452	7319
1927	590	2146	661	1140	218	3611	1601	9967
1928	1721	3319	661	1408	544	3981	2477	14111
1929	1726	5654	874	2550	454	4907	3428	19593
1930	1849	8288	1049	3151	235	5442	3797	23811
1931	2019	11931	1606	4579	213	8525	5076	33749
1932	2303	15400	1953	8884	1648	12735	7915	50838
1933	3069	16650	9979	7219	2238	14378	9783	63316
1934	3300	17306	9962	7641	2459	15763	10142	66553
1935	3218	17922	9562	10438	2052	15783	8057	67032
1936	3080	15637	9562	9060	1686	13565	6495	59085

* Note: 1922 includes several transactions previous to 1922.

APPENDIX TABLE II

ACREAGE OF FARM REAL ESTATE ACQUIRED AND SOLD, BY COUNTY AND TYPE OF CORPORATION, 1922-35

Years	Cumberland	Jefferson	Johnson	Maury	McNairy	Wayne	Weakley	Total
				Acres Acquired				
1922*	-	431	372	-	38	1770	83	2694
1923	-	893	-	131	113	-	-	1137
1924	-	614	40	834	163	-	228	1879
1925	-	745	-	365	197	547	432	2286
1926	-	394	-	615	585	225	719	2538
1927	-	639	-	1384	393	100	1330	3846
1928	-	88	-	1895	291	1128	2098	5500
1929	184	2461	65	3557	40	227	1536	8050
1930	270	1222	-	3018	793	912	644	6859
1931	39	2461	448	6388	1987	1219	2383	14925
1932	178	5677	476	8545	1479	3203	4182	23740
1933	7995	2851	51	5784	988	2918	3550	22137
1934	-	2035	263	2663	1038	418	2622	9039
1935	-	2101	878	1981	856	517	1986	8119
				Acres Sold				
1922	-	-	372	-	38	1567	-	1977
1923	-	-	-	-	-	-	-	-
1924	-	-	-	-	-	-	83	83
1925	-	312	-	532	-	200	111	1155
1926	-	271	-	-	403	-	524	1198
1927	-	552	-	361	125	100	218	1356
1928	-	773	-	757	280	-	758	2568
1929	-	979	65	576	356	-	685	2641
1930	-	566	-	3010	-	787	624	4987
1931	296	2722	-	2179	462	112	880	6651
1932	49	2489	-	5236	371	258	1256	9659
1933	190	438	-	2736	297	801	1340	5802
1934	137	2585	585	904	748	1712	1169	7640
1935	-	2172	449	2611	206	492	2017	7947

(continued)

APPENDIX TABLE II (continued)

Years	Mer-chant Credit	Insur-ance	Mort-gage Co.	Federal Land Bank	Joint Stock Land Bank	Commer-cial Bank	Trust Com-pany	Total
				Acres Acquired				
1922*	200	312	1570	119	-	121	372	2694
1923	-	514	424	-	-	199	-	1137
1924	-	-	261	-	-	753	865	1879
1925	587	153	87	-	-	954	505	2286
1926	-	520	110	81	106	1459	262	2538
1927	3	899	-	940	112	1410	482	3846
1928	1128	1268	-	412	452	778	1482	5500
1929	5	3528	258	1351	-	1346	1562	8050
1930	133	3500	175	692	235	1328	796	6859
1931	173	5955	557	2086	48	3906	2200	14925
1932	339	6164	714	5470	1436	5636	3981	23740
1933	766	4978	8172	1711	1061	2896	2553	22137
1934	259	2915	-	1738	398	2316	1413	9039
1935	-	2356	-	3330	-	1279	1154	8119
				Acres Sold				
1922	-	-	1567	-	-	38	372	1977
1923	-	-	-	-	-	-	-	-
1924	-	-	-	-	-	83	-	83
1925	200	312	221	-	-	242	180	1155
1926	-	45	-	-	-	877	276	1198
1927	-	67	-	144	106	376	663	1356
1928	-	1172	45	209	90	640	412	2568
1929	-	866	-	91	454	803	427	2641
1930	3	2312	-	658	70	1029	915	4987
1931	65	2359	347	1165	115	1452	1148	6651
1932	-	4064	146	3380	567	807	695	9659
1933	28	2310	17	1316	197	855	1079	5802
1934	82	1690	400	493	387	1549	3239	7640
1935	138	2285	-	1378	366	2218	1562	7947

* Note: 1922 includes several transactions previous to 1922.

APPENDIX TABLE III

ACRES OF FARM REAL ESTATE HELD BY CREDIT CORPORATIONS*, SEVEN TENNESSEE COUNTIES BY CIVIL DIVISIONS, 1924-1936

	1924	1928	1930	1932	1934	1935	1936
Cumberland County							
District 1:							
Type 7	-	-	-	151	137	-	-
8	-	-	175	-	-	-	-
Total	-	-	175	151	137	-	-
District 2:							
Type 1				7	7	7	7
7	-	-	80	-	50	50	50
Total	-	-	80	7	57	57	57
District 3:							
Type 7	-	-	-	135	-	-	-
Total	-	-	-	135	-	-	-
District 4:							
Type 7	-	-	9	-	-	-	-
Total	-	-	9	-	-	-	-
District 6:							
Type 3	-	-	-	-	7937	7937	7937
Total	-	-	-	-	7937	7937	7937
District 8:							
Type 7	-	-	190	190	-	-	-
Total	-	-	190	190	-	-	-
Jefferson County							
District 1:							
Types 1	-	-	-	-	58	-	-
2		132	272	496	488	201	66
5				166	138	138	138
6				112	112	112	112
7	190	422	160	129	129	129	29
8	126	138	126	126	126	126	126
Total	316	692	558	1029	1051	706	471
District 2:							
Types 2	-	-	-	148	325	325	325
5	119	119	119	119	119	263	159
6	-	-	-	-	171	171	171
7	-	-	-	-	180	180	180
Total	119	119	119	267	795	939	835
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Jefferson County (continued)							
District 3:							
Types 2	486	174	242	615	1401	1461	1390
6	-	-	-	382	647	565	565
7	-	-	-	-	488	488	488
8	-	-	-	43	43	43	-
Total	486	174	242	1040	2579	2557	2443
District 4:							
Types 1	-	-	-	-	-	-	-
2				96	491	491	491
3	379	379	637	637	620	381	381
5	-	-	280	-	-	-	-
7	-	432	432	258	258	258	258
8	298	148	547	626	359	52	10
Total	677	959	1896	1617	1728	1182	1140
District 5:							
Types 1	-	-	-	120	120	120	120
2	-	-	-	505	505	505	459
Total	-	-	-	625	625	625	579
District 6:							
Types 1	-	-	-	-	100	100	100
2	-	-	-	307	569	432	262
5	-	-	-	-	49	49	49
7	-	-	-	848	300	300	100
8	-	-	100	851	751	751	-
Total	-	-	100	2006	1769	1632	511
District 7:							
Types 2	276	439	1334	2142	1173	952	748
3	-	127	127	156	156	156	156
5	-	-	-	-	62	363	301
7	-	-	-	-	-	247	247
8		110	-	53	53	160	160
Total	276	676	1461	2351	1444	1878	1632
District 8:							
Types 2	-	-	227	227	443	585	585
5	-	-	-	115	264	264	-
7	-	-	-	-	-	69	69
8	-	-	-	157	123	-	-
Total	-	-	227	499	830	918	654

(continued)

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Jefferson County (continued)							
District 9:							
Types 2	67	-	-	-	588	588	588
7	-	52	-	-	-	-	-
8	-	-	-	-	100	-	-
Total	67	52	-	-	688	588	588
Johnson County							
District 1:							
Type 5	-	-	-	-	-	198	198
Total	-	-	-	-	-	198	198
District 2:							
Type 2	-	-	-	-	-	28	28
7	-	-	-	-	-	90	90
8	-	-	-	-	-	-	-
Total	-	-	-	-	-	118	118
District 4:							
Type 2	-	-	-	-	-	81	81
Total	-	-	-	-	-	81	81
District 5:							
Types 2	-	-	-	280	282	-	-
5	-	-	-	-	-	317	317
7	-	-	-	-	-	-	-
8	-	-	-	350	350	350	12
Total	-	-	-	630	632	667	329
District 6:							
Types 2	-	-	-	80	80	-	-
7	-	-	-	-	72	72	12
Total	-	-	-	80	152	72	12
District 7:							
Types 2	-	-	-	-	93	201	201
7	-	-	-	-	98	98	98
Total	-	-	-	-	191	299	299
District 9:							
Types 1	40	40	40	40	40	40	40
7	-	-	-	46	97	74	23
Total	40	40	40	86	137	114	63

(continued)

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Johnson County (continued)							
District 10:							
Types 1	-	-	-	166	166	166	166
8	-	-	-	-	-	56	56
Total	-	-	-	166	166	222	222
McNairy County							
District 1:	-	-	-	-	-	-	-
Types 3	-	65	65	-	-	-	-
7	-	100	-	-	194	194	194
Total	-	165	65	-	194	194	194
District 2:							
Types 7	-	-	-	-	-	-	-
8					300	300	300
Total	-	-	-	-	300	300	300
District 4:							
Types 5	-	-	-	-	-	100	-
7				70	137	137	137
8	163	-	-	-	-	-	-
Total	163	-	-	70	137	237	137
District 5:							
Types 7	-	109	109	109	150	150	150
8	-	130	40	40	90	90	90
Total	-	239	149	149	240	240	240
District 6:							
Types 1			65	-	-	-	-
3	-	-	-	65	65	65	65
7	68	-	-	-	-	-	-
Total	68	-	65	65	65	65	65
District 8:							
Types 7	-	106	-	-	106	106	106
Total	-	106	-	-	106	106	106
District 9:							
Types 5	-	-	-	-	78	78	-
8	-	57	82	316	316	216	216
Total	-	57	82	316	394	294	216
(continued)							

APPENDIX TABLE III (continued)

Item	1924	1928	1930	1932	1934	1935	1936
McNairy County (continued)							
District 10:							
Types 3	-	45	45	45	45	45	45
7	-	-	-	185	78	41	41
8	-	-	-	116	116	116	116
Total	-	45	45	346	239	202	202
District 13:							
Types 5	-	-	-	371	-	-	-
8	-	-	-	-	200	-	-
Total	-	-	-	371	200	-	-
District 14:							
Types 7	-	80	433	916	1176	1071	1071
8	-	182	182	176	235	235	235
Total	-	262	615	1092	1411	1306	1306
District 15:							
Types 1	-	-	55	55	55	55	55
3	45	45	-	-	-	-	-
7	-	140	140	140	245	273	245
Total	45	185	195	195	300	328	300
District 16:							
Type 7	-	-	-	-	40	40	40
Total	-	-	-	-	40	40	40
District 18:							
Types 5	-	-	-	343	343	343	343
7	-	155	205	1498	1498	1498	1498
8	-	-	-	-	256	-	-
Total	-	155	205	1841	2097	1841	1841
District 19:							
Type 7	-	-	-	-	80	758	758
Total	-	-	-	-	80	758	758
Maury County							
District 1:							
Types 2	-	-	161	161	599	599	599
3	-	-	161	-	161	-	-
5	-	-	472	1182	979	979	979
7	-	232	232	744	982	872	872
8	-	4	4	4	4	4	4
Total	-	236	869	2252	2725	2454	2454
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Maury County (continued)							
District 2:							
Types 2	-	236	416	589	439	439	203
5	-	-	-	-	216	216	216
7	-	30	202	417	417	383	108
8	278	242	282	205	165	252	185
Total	278	508	900	1011	1237	1290	712
District 3:							
Types 2	-	182	969	1196	1079	1262	1262
3	221	-	-	714	568	568	568
5	-	-	-	129	41	41	41
6	-	-	-	277	-	-	-
7	-	-	-	-	95	95	-
8	-	110	245	159	660	549	549
Total	221	292	1214	2475	2443	2515	2420
District 4:							
Types 2	-	661	524	546	240	401	240
5	-	-	530	1012	488	223	223
7	-	-	100	100	-	-	-
8	-	-	-	150	630	630	630
Total	-	661	1154	1808	1358	1254	1093
District 5:							
Types 2	-	134	-	690	507	727	509
5	-	-	-	-	-	616	340
6	-	122	-	-	-	-	-
7	-	261	261	261	261	261	-
8	-	103	51	100	100	51	51
Total	-	620	312	1051	868	1655	900
District 6:							
Types 1	-	-	-	15	-	-	-
2	-	179	928	858	1271	1097	1097
3	-	-	175	175	257	257	257
5	-	-	-	651	227	401	401
7	-	-	-	-	-	117	117
8		357	275	489	377	377	377
Total	-	536	1378	2138	2132	2249	2249
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Maury County (continued)							
District 7:							
Types 1	-	3	3	-	87	87	87
2	-	-	434	617	518	518	435
5	-	-	159	1100	336	336	336
7	466	634	634	295	295	295	295
8	-	364	364	1364	1368	1368	1368
Total	466	1001	1594	3376	2604	2604	2521
District 8:							
Types 2	-	102	170	1392	1392	1392	1158
5	-	-	-	239	192	192	161
6	-	-	115	114	114	114	-
8	-	19	19	19	188	206	-
Total	-	121	304	1764	1886	1904	1319
District 9:							
Types 2	-	231	848	1653	1210	1345	991
5	-	-	-	-	-	270	270
6	-	-	-	-	114	114	114
8	-	199	834	799	909	909	909
Total	-	430	1682	2452	2233	2638	2284
District 10:							
Types 2	-	-	-	119	119	119	119
5	-	-	-	410	137	137	137
8	-	-	-	113	-	-	-
Total	-	-	-	642	256	256	256
Wayne County							
District 1:							
Types 1	-	-	18	18	313	300	300
2	-	-	-	-	50	50	50
7	-	-	102	815	1019	926	628
8	-	-	-	140	736	140	140
Total	-	-	120	973	2118	1416	1118
District 2:							
Types 1	-	-	-	-	300	300	300
7	-	-	-	-	50	50	50
Total	-	-	-	-	350	350	350

(continued)

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Wayne County (continued)							
District 3:							
Types 2	-	-	787	258	-	317	317
7	-	-	120	620	900	900	844
8	-	-	-	20	20	20	20
Total	-	-	907	898	920	1237	1181
District 4:							
Type 7	-	-	-	1019	1326	1126	1126
Total	-	-	-	1019	1326	1126	1126
District 5:							
Types 1	200	-	-	102	240	240	102
7	-	-	-	-	180	180	180
Total	200	-	-	102	420	420	282
District 7:							
Types 1	-	-	-	102	102	102	102
3	-	-	-	-	-	-	-
7	-	225	225	606	828	608	608
Total	-	225	225	708	930	710	710
District 8:							
Types 1	-	1678	1678	1678	1678	1678	1678
3	-	-	-	-	79	79	79
8	-	-	112	1097	1016	526	526
Total	-	1678	1790	2775	2773	2283	2283
District 9:							
Type 7	-	-	-	100	100	-	-
Total	-	-	-	100	100	-	-
Weakley County							
District 1:							
Types 2	-	-	-	-	150	150	150
5	-	-	-	343	516	516	441
6	-	-	-	-	202	202	-
8						115	
Total	-	-	-	343	868	983	591
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Weakley County (continued)							
District 2:							
Types 5	-	-	169	727	706	782	701
7	-	-	43	60	258	258	-
Total	-	-	212	787	964	1040	701
District 3:							
Types 1	-	-	-	-	34	23	23
2	-	-	263	1048	469	505	469
6	-	-	-	96	96	96	96
7	120	132	132	245	668	640	479
Total	120	132	395	1389	1267	1264	1067
District 4:							
Types 2	-	-	-	-	78	78	78
6	-	-	-	92	92	92	92
7	-	-	-	46	-	-	-
Total	-	-	-	138	170	170	170
District 5:							
Types 2	-	241	241	388	488	433	433
3	-	-	-	-	74	74	74
5	-	58	103	103	398	836	881
6	-	-	-	393	393	393	393
7	-	129	227	129	171	121	79
8	-	114	179	196	270	220	220
Total	-	532	750	1209	1794	2077	2080
District 6:							
Types 7	-	-	183	183	251	251	143
8	-	-	-	-	45	45	-
Total	-	-	183	183	296	296	143
District 7:							
Types 2	-	126	69	69	270	455	455
5	-	147	173	241	284	461	334
6	-	310	-	50	131	-	-
7	-	256	304	390	131	131	105
8	-	106	106	106	106	-	-
Total	-	945	652	856	922	1047	894
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Weakley County (continued)							
District 8:							
Types 2	-	-	-	-	-	-	-
5	-	81	81	81	81	81	81
7	-	88	88	42	42	42	42
Total	-	169	169	123	123	123	123
District 9:							
Types 2	-	-	-	73	-	-	-
5	-	-	-	-	-	76	41
7	108	-	63	-	52	32	32
Total	108	-	63	73	52	108	73
District 10:							
Types 5	-	-	-	-	113	113	113
7	-	25	55	55	256	256	256
Total	-	25	55	55	369	369	369
District 11:							
Types 7	-	-	-	263	347	331	315
Total	-	-	-	263	347	331	315
District 12:							
Types 2	-	-	-	-	118	118	-
5	-	-	-	-	-	121	121
7	-	23	23	378	358	358	358
Total	-	23	23	378	476	597	479
District 13:							
Types 2	-	211	255	511	480	480	407
5	-	-	-	-	69	69	69
6	-	112	120	82	162	50	-
7	-	-	-	100	100	100	100
Total	-	323	375	693	811	699	576
District 14:							
Types 2	-	177	65	395	434	490	490
5	-	141	141	402	260	340	304
7	-	-	8	-	-	-	-
Total	-	318	214	797	694	830	794
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Weakley County (continued)							
District 15:							
Types 7	-	-	-	337	337	337	337
Total	-	-	-	337	337	337	337
District 17:							
Types 2	-	-	-	218	394	394	394
5	-	796	796	796	873	833	793
6	-	-	-	50	-	-	-
Total	-	796	796	1064	1267	1227	1187
District 18:							
Types 5	-	76	-	-	76	-	-
7	-	-	100	80	80	80	80
Total	-	76	100	80	156	80	80
District 19:							
Types 2	-	-	-	-	238	388	388
5	-	-	-	-	86	128	128
Total	-	-	-	-	324	516	516
District 20:							
Types 5	-	-	128	-	286	223	223
6	-	-	-	-	93	-	-
7	-	158	153	528	612	612	429
Total	-	158	281	528	991	835	652
District 22:							
Types 2	-	-	-	60	60	60	-
5	-	-	-	-	-	83	83
7	-	-	-	56	56	-	-
Total	-	-	-	116	116	143	83
District 23							
Types 2	-	-	-	-	-	55	-
6	-	-	-	-	143	143	143
7		137	196	98	98	98	98
Total	-	137	196	98	241	296	241
(continued)							

APPENDIX TABLE III (continued)

	1924	1928	1930	1932	1934	1935	1936
Weakley County (continued)							
District 24:							
Types 2	-	-	83	83	214	214	163
5	-	-	-	-	-	34	34
7	83	-	163	92	-	-	-
Total	83	-	246	175	214	248	197
District 25:							
Types 2	-	94	-	-	-	-	-
5	-	-	-	155	224	224	155
7	-	55	60	-	-	-	-
8	-	94	74	130	130	130	130
Total	-	243	134	285	354	354	285

* Type 1 - Corporations Extending Merchant Credit
Type 2 - Insurance Companies
Type 3 - Mortgage and Land Investment Companies
Type 5 - Federal Land Bank
Type 6 - Joint Stock Land Bank
Type 7 - Commercial Banks
Type 8 - Trust Companies