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FARM MORTGAGE RELIEF

Radio talk by Albert A. Goss, Land Bank Commissioner, Farm Credit Administration, Washington, D. C., delivered in Land Grant College program January 17, 1934.

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Farm mortgage relief as administered through the Farm Credit Administration consists primarily of the refinancing of farmers' debts, particularly their mortgages.

Congress in passing the Emergency Farm Mortgage Act in the special session last spring, selected the 12 Federal land banks as the medium through which this relief would be applied. These banks are under supervision of the Farm Credit Administration.

Farmers with pressing debts have applied by the hundreds of thousands for mortgage loans. The money borrowed is being used to pay their taxes, their prior mortgage creditors, and others who have lent them money, such as the implement company, the country merchant, or the local bank.

This money is now being paid out at a rapid rate. The total of loans made since passage of the Emergency Farm Mortgage Act in May to the present is approximately \$270,000,000.

Such a large volume of business was made possible by the creation of a large organization to handle thousands of applications received each day. The energies of the Farm Credit Administration at first were devoted to building up an organization adequate to handle so much work.

The size of the job can be appreciated when it is realized that when the emergency mortgage act was passed last May, the land banks had only 210 appraisers, and were making less than three million dollars of loans per month. In 1932 they averaged two and a quarter million of loans per month. Now the appraisal force is well over 5,000 and we are closing \$5,000,000 of loans per day. In 1932 banks closed 7,208 loans for \$27,000,000. In the last eight months we have had over 500,000 applications for more than two billion dollars. On one recent day over \$2,250,000 of loans were closed. The personnel has now been selected and trained. The machine is running in full gear.

These loans mean much in human and economic values. Thousands of these farmers who are receiving loans are enabled to repay creditors pressing for payment and threatening foreclosure. Many farmers are being saved from dispossession or reduction to the status of tenants. The loans obtained under the Farm Credit Administration are repayable in small, regular annual or semi-annual installments. The farm as a result can see ahead an opportunity to work out of his debts.

Money paid out in loans and paid to creditors has stimulated the business of hundreds of communities. Long overdue accounts with country merchants have been repaid and the merchants have been able to restock their shelves. Taxes have been paid, enabling schools to open, or to extend their terms which were unduly shortened by lack of money, and enabling hard pressed communities to

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care for distress and emergency relief cases. Banks have been reopened as debts have been paid, or where they were not closed they were placed in a position to render more service to their communities.

The comment is sometimes made that you cannot save agriculture by lending the farmers more money, meaning, no doubt, that lending money will not raise farm prices. This is largely true but the functions of the farm loan system should not be confused with those of the Agricultural Adjustment Administration. Our job is to help farmers get out of debt, not to lend them more money. Over 90 percent of the money we lend is used to refinance existing debts, and therein we are rendering a much needed service. Mortgages on the verge of foreclosure are refunded at lower rates of interest and on much more practical terms of repayment. Pressing bills, and taxes bearing high rates of interest are paid. It is surprising to see the number of refunded debts which have rates of interest of 36 percent and 42 percent made under the so called "small loans laws" of many states. There is a vast difference between the 4 1/2 percent or 5 percent rates which are charged on land bank or commissioner loans and 36 percent or 42 percent which many farmers have been paying.

The F.C.A. is cooperating in every way with the A.A.A. in every move designed to restore farm prices to normal levels. Our particular job, however, is to refund pressing debts -- to hold the line, so to speak, while the other agencies of the administration carry into effect the program designed to put men to work and to restore farm prices. The tens of thousands of foreclosures which have been stopped, and the hundreds of millions of debt which have been refunded indicate that the job is being done.

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