CHAPTER FIVE——MARCH, 1933

Farm Mortgage Foreclosures

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FORECLOSURES COMMON

A diagnosis of the foreclosure situation reveals low prices for farm products and a large debt as the salient facts contributing to the present crisis. This much is clear. Not so clear is the long struggle waged in the last 12 years by farm owners and their creditors against inadequate farm income.

Foreclosures and deficiency judgments have been a common occurrence in Iowa since 1921. In the last 12 years 13 percent of the farm land in Iowa has been sold by sheriffs at foreclosure sales. This is indicated by a study of all foreclosures in 15 counties. In some cases the same farm has been sold twice or even three times in the 12-year period. When a deduction is made so as to count these farms only once there still remains 11 percent of the state which has been affected by foreclosures. In other words, one out of every nine farms in Iowa has been sold one or more times by the sheriff in the period 1921-32. Deficiency judgments have been common likewise; over 52 percent of all foreclosures since 1920 have resulted in a deficiency judgment against the farm owner.

Mortgages totaling 327 million dollars have been cancelled by foreclosure action in Iowa in the years 1921-32. An amount almost equally as large has been cut out by assignments of land to mortgage holders and by the failure of junior mortgage holders to redeem the land after the foreclosure of a prior lien. At the end of 1932, however, 1 billion dollars of farm mortgage debt is still outstanding on 45 percent of the farm land in the state.

Coming as it does after 12 years of financial difficulties, the present impasse constitutes a crisis of serious proportions. Reserves are exhausted and prices of farm products are near the lowest levels of the state's history.

First Mortgage Difficulties

To some the problem is merely one of liquidating second and third mortgages originating in the land boom. Careful study, however, of the developments since the intense land sale activity of 1919-20 leads to a different conclusion. The majority of the second and third mortgages contracted during the high land value years were cancelled in the period 1921-30. Since 1930, mortgages in default have been chiefly first liens, held by conservative lending institutions. Although many of these loans arose out of land purchase transactions in the World War decade, they were not considered excessive during the years 1921-30. In fact, lending agencies competed with each other to make first mortgage loans in these years.

The extent to which conservative investors are involved is indicated by the recent increase in first mortgage foreclosures by insurance companies and land banks. Insurance companies loaned as high as $100 an acre on high-grade land during the period 1921-29. These loans were restricted by the policy of the companies and by legal provisions to first mortgages representing not more than 50 percent of the value of the land. Federal and joint stock land banks were similarly restricted and were also lending $100 an acre in the same years on the best land—land which by these loans was valued at $200. Moreover, these agencies were not merely holding a constant amount of such mortgages, they were taking on more. Outstanding farm mortgage loans of insurance companies and land banks in Iowa rose from $386,000,000 in 1921 to $660,000,000 in 1929.

The 90's and 1932-33 Compared

The distinctive features of the present debt problem are brought into full view by a comparison of the depression in the nineties with that at present. Let us look, therefore, at debts and the ability of the farmer to meet them in the two periods.

In the depression of the nineties, $14 to $16 was the average debt per acre on mortgaged land (see fig. 10). In October, 1932, the debt stood at $71 an acre on mortgaged land.

With the debt situation clearly in mind, let us examine the ability of the farmer to meet his obligations. If income figures were available for the two periods, no difficulty would be encountered in clearing up this point. It is well known that taxes were lower in the early period and that production was smaller, but no income figures are to be had. Therefore, it will be necessary to fall back on prices of farm products as the best means of measuring the farmer's ability to meet financial obligations.

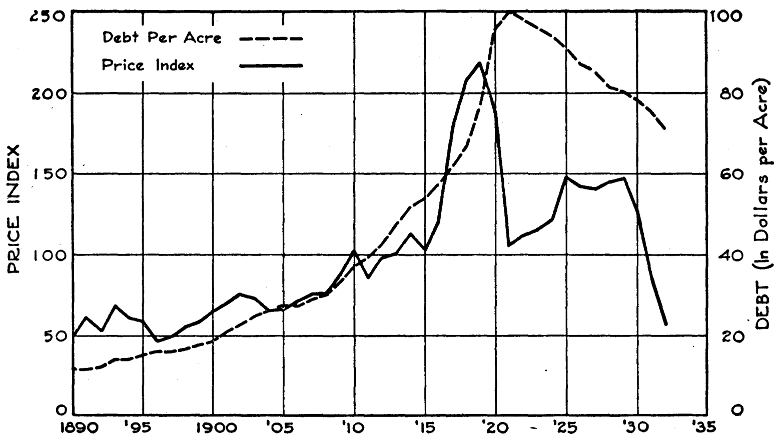

Fig. 10. Debt per acre of land mortgaged and price index of farm products, 1890-1932. (1890-1914, Story County data; 1915-1932 data for state as a whole.)

Hogs constituted the major source of income in both periods. An average of $3.95 a hundred was received for hogs in central Iowa for the years 1890-99. The low years were 1896-97 with average prices of $2.95 and $3.20, respectively. The high years of the decade were 1892-93 with prices at $4.50 and $5.80. In 1932, on the other hand, the average price of hogs was $3.20. For January, 1933, farmers received only $2.40. This is lower than in any month during the nineties.

Cattle, next to hogs in importance, sold lower in the nineties than in recent months. The average price for the nineties was $3.15. This is low compared with the average of $4.90 in 1932. Evil days have finally fallen upon cattle prices, however, for the February, 1933, price was only $3.90.

Corn, like hogs, held a better position in the nineties than at present. In the nineties an average of 26 cents a bushel was received for corn. In 1897 the price paid averaged only 15 cents and in 1892 an average of 42 cents was paid at local shipping points. Although the average price was 23 cents during 1932, in February, 1933, shelled corn brought only 12 cents a bushel.

In the case of butter, a similarity with cattle can be observed. During the nineties butter brought an average of 15 cents a pound. The year 1890 was low with a price of 9 cents, 1892 and 1894 were the high years with butter at 18 cents a pound. During 1932, on the other hand, butter brought 20 cents a pound and during February, 1933, 18 cents a pound.

Prices for all farm products during 1932, on an index basis, were on a level with prices received by farmers for their products in the nineties. With 100 the index number for the base years 1910-14, prices averaged 56 during 1932 and also 56 for the nineties. The low year in the decade was 1897 with an index of 46, and the high year 1893 with an index of 68.

It is evident, on the basis of farm product prices, that the farm debt in 1933 is at least four times too large.

What Happened from 1900 to 1920

The question now arises as to how such a heavy debt as $71 an acre was ever incurred against nearly one-half the farm land. What happened between the nineties and 1933 is shown in detail in fig. 10. Prices of farm products from 1900 to 1919 climbed almost without interruption and at a steadily increasing pace. Only 4 out of the 19 years showed a lower index than the year preceding. While this was taking place, farm income was rising and the value of land was being pushed up. Each year the farms bought with mortgage credit were mortgaged for more dollars per acre than in the preceding year. In fig. 10, the two curves, prices of farm products and debt per acre of land mortgaged, rise together. The period 1900-19, therefore, witnessed the conversion of land value increases into mortgage debts.

What took place following the price recession in 1920, as well as in previous depressions, is best presented by a record of farm-mortgage foreclosures.

Foreclosures in the Past

Foreclosures were frequent in the years 1858-60 because farm owners had assumed mortgages in the boom year 1857 which they couldn't meet during the depression years that followed*. So intense was the agitation at this time for relief that the state legislature passed a bill which became a law in March, 1860, allowing 9 months' time between notice of foreclosure and action by the court. This act continued in effect until Jan. 1, 1861.

Other waves of foreclosures came with low prices in the seventies and late eighties. No action was taken by the state legislature in either of these instances, however. In the middle nineties prices declined again, but foreclosures were not a serious problem. This is explained by the fact that prices of farm products during the preceding years had not been high. Consequently, the mortgage debt load was not heavy enough to cause widespread defaults.

From 1900 through 1920, foreclosures of farm mortgages were almost unheard of. What cases did come before the courts were largely disputes and settlements of estates.

Foreclosures, 1921-30

In 1921, according to fig. 11, the increase in foreclosures indicated that the liquidation of the land boom had started. As much land was foreclosed in 1921 as in the six preceding years. The cause for these foreclosures can readily be inferred from the drop in prices of farm products as shown in fig. 10.

The years that followed 1921 saw no let-up in the steady liquidation of all mortgages which could not be handled with prices fluctuating between an index of 120 and 150. Slightly less than 1 percent of the farm land in the state was foreclosed in 1922 and 1923. In the next 4 years, however, more than 1 percent of the land in the state was sold annually by the sheriff.

*Foreclosure information for the years 1854-1914 comes from a study of Boone and Story counties; for the years 1915-32 from a study of 15 counties.

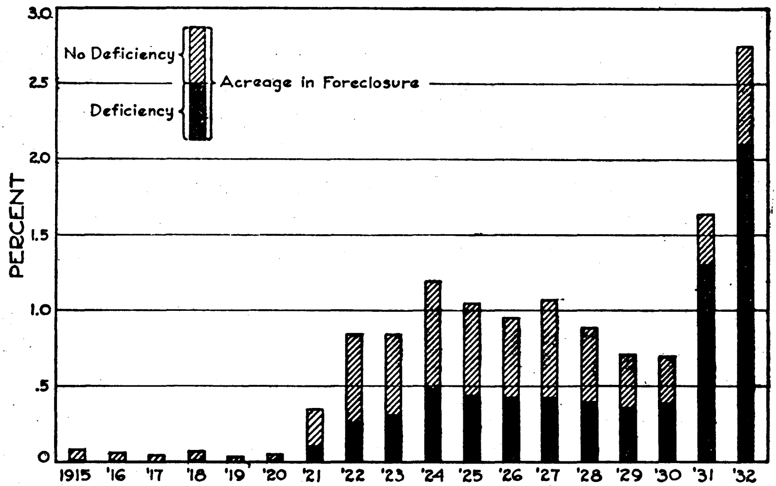

Fig. 11. Percentage of all farm land in foreclosure and proportion of foreclosed land involved in deficiency judgments, 1915-32. State estimates based on data from 15 counties.

This figure of 1 percent a year may not seem large by itself, but when there is added to it another 1 percent or thereabouts representing land assigned by the owner to mortgage holders, the liquidation cannot be considered other than significant.

By 1930 the liquidation of second and third mortgages was largely complete. If the junior mortgage debt (including second, third and fourth mortgages) for 1915 is called 100 percent, this type of debt had risen almost four times or to 390 in 1921. At the close of 1930, however, it was back to 150. During this interval the decline in first mortgage debt was relatively small.

While junior mortgages were being foreclosed, scaled down or cancelled through assignment, insurance companies and land banks were expanding their farm mortgage holdings. At the close of 1921, insurance companies had $334,000,000 in Iowa farm mortgages; in 1927, a total of $507,775,000. From 1927 the total declined to $482,900,000 at the end of 1930. The Federal Land Bank of Omaha had $27,562,000 outstanding in Iowa at the close of 1921 and $82,465,000 at the close of 1930. Joint stock land banks had $24,999,000 in Iowa farm mortgages on Dec. 31, 1921, and $82,925,000 9 years later. These figures indicate that a large portion of the mortgage loans of these companies was taken on during a period of agricultural depression.

First Mortgage Foreclosures, 1931-32

Foreclosure, assignment and scaling down of first mortgages were under way as early as 1925, but did not bulk large until 1931. Those cases which were settled prior to 1931 included farms on which a heavy first mortgage loan had been made and farms held by non-operators who were in financial difficulties. First mortgage liquidation was the exception, not the rule.

With the year 1931, first mortgages took the center of the stage. This was caused by the violent drop in prices of farm products which occurred in this year, the index declining from 127 to 86. More than 1½ percent of the land was sold at foreclosure sale. In the first 11 months of 1932, the situation became still worse. Prices dropped to 56 in 1932 and foreclosures claimed practically 3 percent of all farm land. This brings us down to the farm mortgage moratorium issued by the governor of Iowa in January, 1933, and the standstill enactment of the state legislature passed in the following month*.

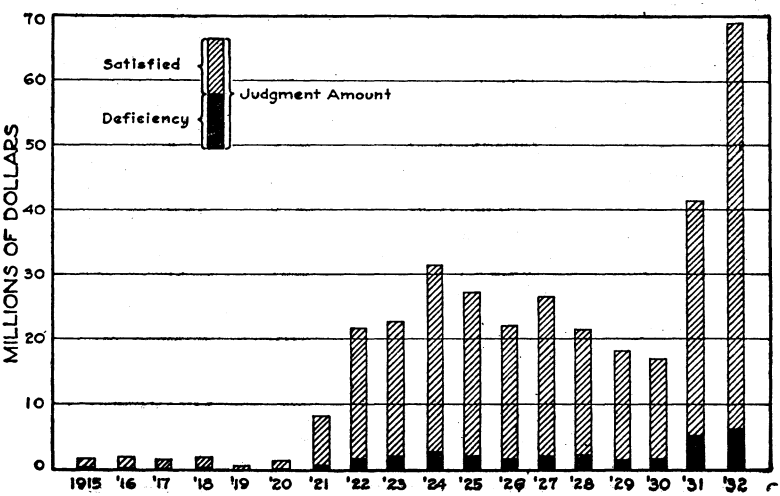

Fig. 12. Amount of judgments in foreclosure in Iowa and amount of deficiency judgments, 1915-32. State estimates based on study of 15 counties.

*For full text of this Act see appendix to this chapter.

Changes in the number of foreclosures have been accompanied by similar changes in amount of mortgage debt cancelled by foreclosure action (fig. 12). While few loans were cut out by foreclosure in the years 1915-20, in the years since 1920 approximately 327 million dollars has been involved in judgments handed down by the courts. From 1922 through 1930, 20 to 25 million dollars annually was the average for the state. In 1932, up to Dec. 1, 68 million dollars, it is estimated, was defaulted and cancelled through foreclosure sale. If figures were available for the entire year, the result would probably show upwards of $75,000,000, or $759,000 to a county.

Theer appears to be no region in the state that has been exempt from foreclosures. This is evident from fig. 13, a map showing the 15 counties for which foreclosure information was obtained for the last 18 years. The first vertical bar in each county represents the acreage involved in foreclosure in the 5-year period 1921-25, the next bar for the following 5-year period 1926-30, and the third bar for the 2-year period 1931-32.

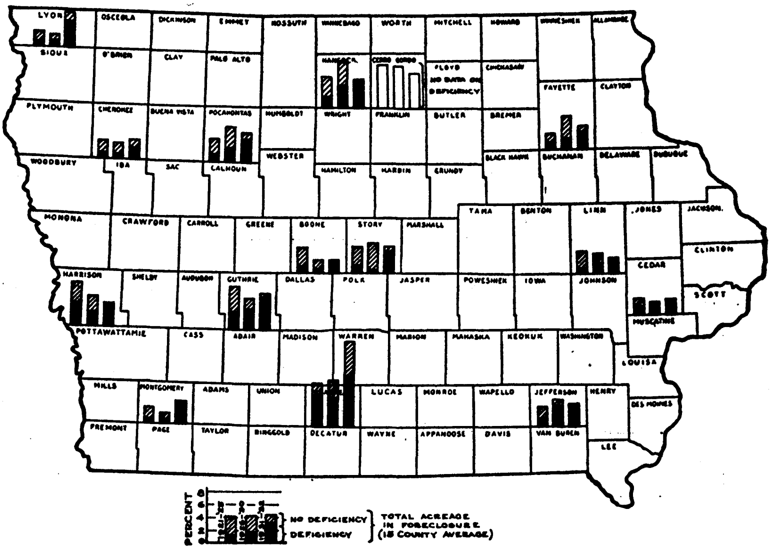

Fig. 13. Acreage in foreclosure by periods in 15 counties, and proportion of foreclosed acreage involved in deficiency judgments in 14 counties, 1921-1932. (See table II in Appendix.)

The dark shaded portions represent the percentage of the acreage on which deficiency judgments were secured. This subject of deficiencies will be discussed in a later section of this chapter. To return to the map, Clarke, Cerro Gordo, Guthrie and Hancock counties lead in the percentage of land foreclosed. Cedar, Boone and Cherokee counties, at the other end of the list, had relatively few foreclosures. Three important reasons account for the variations among counties. First, the amount of land purchases during the 1910-20 period varied as between counties; second, in some counties the ability and willingness of farm owners to hang on to their farms exceeded that in other counties; and third, the assignment of land to mortgage holders took the place of foreclosure in some counties more than in others.

In the last 2 years, it will be noted, there have been as many foreclosures as in either of the two preceding 5-year periods. This is the result of the drastic price drop of 1931-32 which caught farm owners ill-prepared to meet such a crisis. In 1921 financial reserves enabled many farm owners to hold on, while in 1931 reserves were largely exhausted.

Who Did the Foreclosing?

Private investors, deposit banks and mortgage companies did most of the foreclosing of farm mortgages in the years 1920-25 (fig. 14). As was mentioned previously these were the years when junior mortgages were foreclosed. Many of the second and third mortgages arising out of land transactions were held by private investors, a group which includes former owners of land.

From 1926 on, a new group of mortgage holders rises in importance. This group includes institutional investors whose mortgages are limited to first mortgages. The institutions are the insurance companies, the Federal Land Bank and joint stock land banks. In 1925 this group accounted for only 17 percent of all foreclosures, in 1930 for 45 percent and in 1932 for 73 percent.

The shift from private investors and deposit banks to insurance companies and land banks is fundamental to an understanding of present foreclosure problems. It represents a transition from liquidation of junior mortgage debts to liquidation of debts that were considered by lending institutions as anything but speculative.

Deficiency Judgments Increase

In all but one of the last 12 years, each succeeding year has witnessed a larger proportion of foreclosures resulting in deficiency judgments. In 1921 only 26.5 percent of the foreclosure sales ended with the land bid in for less than the judgment against it. In 1926, the percentage bid in for less than the judgment amounted to 44 percent and finally in 1932 over 74 percent were bought with a deficiency remaining. This trend toward more deficiency judgments is pictured in fig. 11.

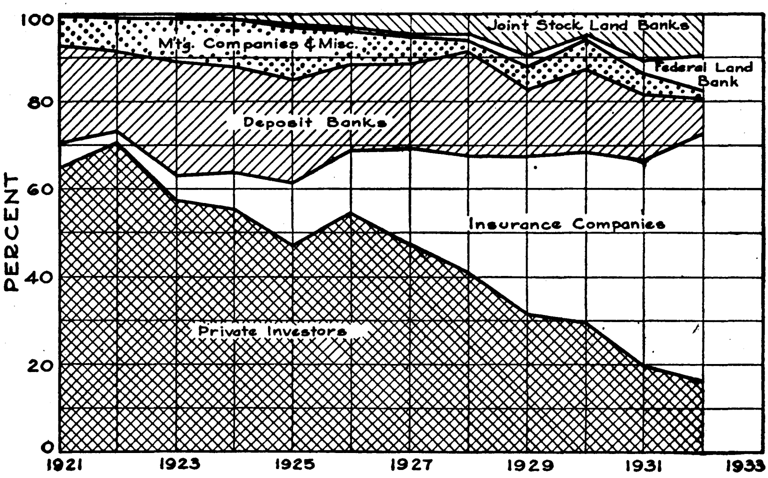

Fig. 14. Percentage distribution of acreage foreclosed by lenders, 15 counties, 1921-1932.

A deficiency judgment can be made clear by an example. A mortgage for $16,000 on 160 acres is foreclosed. The total amount against the land at the time of foreclosure sales is $17,500. This includes the original judgment allowed by the court of unpaid principal, interest and taxes, plus interest and costs since the case was started. At the foreclosure sale, the sheriff sells the land to the mortgage holder on a bid for $15,000. As a result, a deficiency of $2,500 stands against the person or persons who are liable on the original note for $16,000.

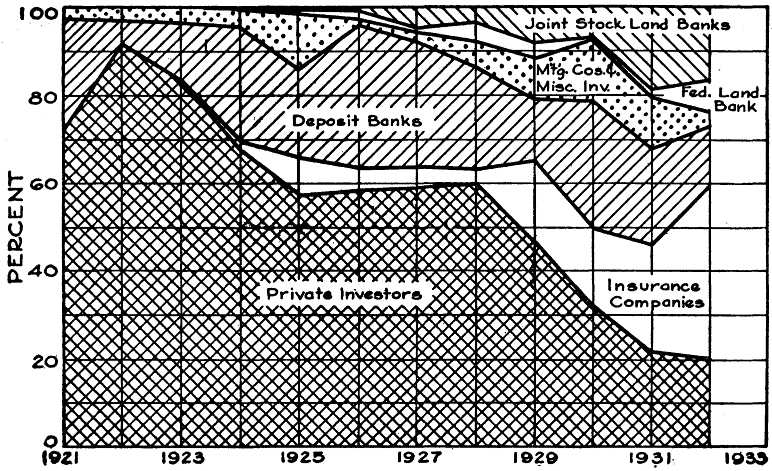

Fig. 15. Percentage distribution of acreage involved in deficiency judgments by lenders, 14 counties, 1921-1932.

In recent years, particularly since the advent of insurance companies, deficiency judgments have not been large in amount. The purpose of the bid lower than the judgment has been to make possible the appointment of a receiver so that an equivalent of rent can be obtained from the property during the year of redemption. Further, this practice means the mortgage holder avoids bidding an amount which includes accumulated interest and taxes in addition to the principal of the mortgage. Then accumulated interest in such cases will not show up in the company's income account.

The practice of securing deficiency judgments against farm owners in foreclosure has been common with all lending agencies (fig. 15.) The variations between lenders follows closely the situation with respect to all foreclosures. In the early years, up to 1928, private investors and deposit banks were the main parties obtaining deficiency judgments. In recent years, particularly since 1930, insurance companies and land banks have stepped into the lead.

SOLUTIONS

The discussion thus far has set forth two facts: First, that the debt is approximately four times too large to be supported by the present price level; second, that the debt now outstanding does not represent junior mortgages but chiefly first mortgages originating or renewed in the period 1921-29.

The problem now is what should be done with the debt outstanding, 91 percent of which is first mortgage debt. The major portion of this first mortgage debt is owed to institutions who in turn are obligated to bond, policy and deposit holders. In February, 1933, the mortgage holdings of different lenders were estimated as follows:

Group I.		
Insurance companies	$ 450,000,000	45%
Land banks	140,000,000	14%
Deposit banks	160,000,000	16%
Group II.		
Private investors	250,000,000	25%
Total	$1,000,000,000	100%

The lenders have been listed in two groups. The first includes those having contract obligations to set against their mortgage loans. The second includes private investors generally without offsetting contracts to other parties. This question of offsetting contract obligations has been raised because it plays such an important part in all discussions of mortgage relief.

As to what should be done, three points of view and accordingly three methods of action present themselves. The first, stripped of its qualifications, is the raising of farm income sufficiently to make possible the payment of interest on present debts. The second is turning over all heavily encumbered land to the mortgage holders. And the third, an alternative to the second, is scaling down debts to a basis where the interest can be paid out of present income.

At present, with foreclosures being held in abeyance until March, 1935, no one of these policies is in effect. It would be possible, of course, to continue this moratorium indefinitely, allowing mortgage holders whatever the farm produces, the equivalent of rent in place of interest. A number of ingenious plans have been devised to carry mortgages on this basis, one of them being the adjustment of payments to the price level of farm products. But the chief purpose of recent legislation has been to allow time for public policy to be determined along one of the three lines indicated.

Raising Farm Income

The first plan calls for income and price-raising measures such as the voluntary domestic allotment plan, removal of land from cultivation by government leasing, inflation as by reduction in the amount of gold in the dollar, and reduction in artificial barriers to international trade. Although numerous difficulties, some of them of a serious nature, must be overcome before successful execution of any income-raising scheme can be accomplished, there is no question as to the relief that would follow immediately upon the restoration of, say, the 1925-29 price level of farm products. To bring farm prices back to this level would solve the problem more quickly and more effectively than any other method. Because of the satisfactory character of the income-raising solution, it is placed first on the list, in spite of the difficulties which stand in its way.

Transfer Land to Mortgage Holders

The second solution is the transfer of the land from debtor to creditor. This has been taking place through foreclosures and assignments in Iowa for a period of 12 years. In 1931 and 1932 transfers of this kind increased at an alarming rate. In case of foreclosure, title does not pass until one year after the land is sold by the sheriff at foreclosure sale. Hence the large amount of land involved in foreclosures in 1932 will pass into the hands of mortgage holders in 1933. As fig. 14 indicates, insurance companies and land banks account for 73 percent of all land in foreclosure in 1932. This means these institutions are to get the bulk of the land transferred in 1933.

The main drawback to mortgage holders taking over land occurs where an owner is operating the farm with, at least, average success. For the creditors to assume ownership means an economic waste. First of all, a supervision expense is added. To manage their land, lending institutions must employ capable farm managers. Salaries and expenses for these men are no trivial item with farm income as low as it is. With adequate supervision, management will amount to 50 cents an acre, which is equivalent to 5 percent on a $10 an acre mortgage.

In the second place, absentee ownership makes for additional expense in connection with maintenance of the farm. The farmer living on his own farm naturally takes an interest in keeping the farm in good condition. Work on fences, buildings, water system, soil improvement and weed eradication, he will and can do himself. On the rented farm this is not always the case. Here the landlord often faces the responsibility of seeing that this work is done and of paying to have it done.

A final argument against land transfer is the social loss that follows: A farm is a home as well as a business. If many of the owner-operator farmers are uprooted from their farms and placed at the foot of the agricultural ladder, the result would be a distinct loss to rural life.

Debt Reduction

Debt reduction, the third plan, has disadvantages also. These arise chiefly from the nature of the debts. The debts are large and in addition are held for the most part by insurance companies, land banks and savings banks. These institutions, as pointed out earlier, have contracts with policy, bond and deposit holders which call for specific payments of money at some future time. If scaling down of farm mortgages should start, the same policy would be demanded by city dwellers for the mortgages on their homes, and by other debtors who are finding it difficult to meet interest and principal payments.

A further argument against debt scaling is the difficulty encountered in deciding to what level the mortgage should be reduced. If a mortgage for $12,000 on 160 acres is in default, what reduction would be required to bring about a satisfactory solution? In 1929 with farm prices at a level 47 percent above pre-war, this debt, we will say, was not too large. Today with the price level 57 percent below pre-war, a debt of $3,000 is all that can be handled providing taxes are not heavy on this farm.

One way to figure the maximum mortgage load is to use cash rents. According to cash rent figures, the average farmer on average land in Iowa paid $5.80 an acre rent with prices at

100 (the average for 1910-14).* With prices as they were in 1932, at 56, this farmer could pay only \$3.25 an acre, or with prices at 43, as they were in February, 1933, only \$2.50 an acre. On this basis a 160-acre farm returned only \$520 above operating expenses in 1932. Out of this sum had to come taxes, upkeep of the farm and interest on the mortgage. Taxes and upkeep would absorb \$300, leaving \$220 for interest or 5 percent on a mortgage of \$4,400. On the basis of prices in February, 1933, and with taxes and upkeep reduced to \$250, only \$150 would be left for interest, which is equivalent to 5 percent on a mortgage of \$3,000.

Although a \$3,000 mortgage is all that an average quarter section farm can support now, the same farm during the years 1924 to 1930 carried a \$12,000 mortgage easily. In these earlier years cash rent averaged \$8.00 an acre. For the farm in question, this meant \$1,280 total income out of which came not more than \$400 for taxes and upkeep. The remainder, \$880, was ample to cover the interest of \$600.

The case described above may seem exaggerated. True, it does not represent the exceptional farmer whose ingenuity has enabled him to produce more cheaply than his neighbors. But the debt problem does not center on the outstanding farmer. It hinges on the ability of the majority of the farmers to obtain sufficient income to pay operating expenses, taxes and interest.

To talk to mortgage holders about reducing the face value of their mortgages 75 percent, from \$12,000 to \$3,000, is illogical. The reply of the mortgage holders is, "What recourse will we have if prices and farm income rise in the next few years?" The answer is that they would have little chance of raising the principal of the mortgage unless such a procedure was provided for in a contract drawn up when the mortgage was reduced.

If this last provision is made, then in place of outright debt reduction a new plan is substituted calling for adjustment of principal and interest payments to income from the property. This method is more feasible than unconditional scaling down of debts.

*Millard Peck. A Plan for Adjusting Cash Rent to Changes in the Prices of Farm Products. Iowa Agr. Exp. Sta., Bul. 295. Page 207. October, 1932.

A final argument against the debt reduction or land transfer solution is the fact that by arrangements of this kind no relief is afforded the mortgage holder. The main difficulty is inadequate farm income. To cancel the debt or give the land to the mortgage holder does not increase the income from the land. In fact, many lending institutions are finding it difficult to obtain any income over taxes and upkeep on farms taken over through foreclosure or assignment.

Regardless of the arguments against debt reduction, unless income rises, there is no escaping the adjustment of debts. And if such a course is necessary on a large scale, what plan should be followed? If, for example, at the end of the present 2-year moratorium, income is still at the present low level, what means should be provided for handling the farm mortgages in default?

Three fundamental propositions underlie the satisfactory adjustment of debt cases. First, each case must be considered as an individual one, on its own merits. In other words, no simple plan calling for a reduction of all debts by a certain percentage will prove successful. Circumstances in each situation affect the type of adjustment needed. Second, debt adjustment can best be completed by arbitration, which means the appointment or selection of boards to bring about a settlement between debtors and creditors. Councils of this kind have been organized already in some Iowa counties. Third, some basis for adjustment should be adopted; as, for instance, reduction in line with prices, or in line with capacity to pay.

The most successful method for debt adjustment, therefore, is the hearing of individual cases by county credit councils or boards. These county credit councils, composed of public spirited men, including at least one lawyer, hear the claims of the debtor and his crediitors. After studying these claims carefully, they outline an agreement satisfactory to all parties. Such a procedure, of course, is not as simple as it sounds because farm owners often have several creditors whose claims are difficult to appraise. Moreover, what is agreeable to one creditor may not be to another. Nevertheless, there is no easy solution to the knotty problem of debt adjustment; and what has been described comes as close to a solution as is possible under our present system of contracts.

APPENDIX

This section contains the Mortgage Moratorium Acts of 1860 and 1933. Every borrower and lender should study carefully the act of 1933. Following the copy of the recent act, tables are presented showing the foreclosure situation from 1915 to Dec. 1, 1932, in 15 counties. Tables XXVII and XXIX give the number of foreclosures and amount of debt involved by lenders. Tables XXVIII and XXX classify the acreage in foreclosure by counties. Tables XXXI and XXXII show the deficiency judgments by lenders and percentage of foreclosure sales which have resulted in deficiency judgments.

Mortgage Moratorium Act of 1860

SECTION 1. *Foreclosure.* That in actions now commenced, or which may hereafter be commenced, in any of the courts of this state, for the foreclosure of any mortgage or mortgages, the defendants shall not be held to answer therein until the expiration of nine months after the date of the service of the original notice in such actions on the first defendant served, any provision in any law or laws enacted by the general assembly at its present session to the contrary notwithstanding.

SECTION 2. From and after the first day of January, one thousand eight hundred and sixty-one, thi sact shall cease to be in force, and the class of actions mentioned in this act, shall be governed by rules of practice concerning such actions in force at that time.

SECTION 3. *Take Effect.* This act to take effect and be in force from and after its publication in the Iowa State Register and the Iowa State Journal, newspapers published at Des Moines.

This bill having remained with the Governor three days, Sunday excepted, the General Assembly being in Session, has become a law this 21st day of March, 1860.

Mortgage Moratorium Act of 1933

SECTION 1. The governor of the state of Iowa having declared that an emergency now exists, and the general assembly having determined that such emergency does exist, which is general throughout the state, and that the safety and future welfare of the state as a whole is endangered thereby, the general assembly acting under the power reserved by the people of Iowa, does hereby enact the following:

SECTION 2. In all actions for the foreclosure of real estate mortgages or deeds of trust now pending in which decree has not been entered, and in all actions hereafter commenced for the foreclosure of real estate mortgages or deeds of trust, or on notes secured thereby, in any court of record in the state of Iowa, while this act is in effect, the court, upon the application of the owner or owners of such real estate or persons liable on said mortgages or deeds of trust, or notes secured thereby, who are defendants in said cause and not in default for want of pleading or appearance shall, unless upon hearing on said application good cause is shown to the contrary, order such cause continued until March 1st, 1935, or so long as this act is in effect, providing however, that in all causes now pending in which default has been entered but no decree signed, said owner or owners of such real estate or persons liable on said mortgages or deeds of trust, or notes secured thereby, shall have ten days from the taking effect of this act in which to file said application for continuance, and upon such order of continuance the court shall make order or orders for possession of said real estate, giving preference to the owner or owners in possession, determine fair rental terms to be paid by the party or parties to be in possession and the application and distribution of the rents, income and profits from said real estate, and make such provision for the preservation of said property as will be just and equitable during the continuance of said cause, which order or orders shall provide that such rents, income or profits shall be paid to and distributed by the Clerk of the District Court of the county in which said suit is pending, and further provide that in such distribution taxes, insurance, cost of maintenance and upkeep of said real estate shall be paid in the priority named, and any balance distributed as the court may further direct; provided, however, that the court shall, upon a substantial violation of its said order or orders, or for other good and sufficient cause, set aside said order or continuance and the cause shall proceed to trial as by law now provided, the provisions of this act to the contrary notwithstanding.

SECTION 3. For the purpose of the administration of this act, the court may in all cases suggest and recommend conciliation.

SECTION 4. All acts and parts of acts in conflict with this act are suspended while this act is in effect.

SECTION 5. From and after the first day of March, 1935, this act shall cease to be in force.

SECTION 6. This act being brought forth to meet an emergency through the police power of the state and being deemed of immediate importance shall be in full force and effect after its passage and publication in the Fort Dodge Messenger, a newspaper published at Fort Dodge, Iowa, and the Sibley Gazette-Tribune, a newspaper published at Sibley, Iowa.

(This bill was signed by the governor Feb. 8, 1933.)

TABLE XXVII. NUMBER OF FORECLOSURES BY LENDERS IN 15 COUNTIES, 1915-1932*

Year	Private investors	Insurance companies	Deposit banks	Mortgage companies	Federal land bank	Joint stock land banks	Miscellaneous investors	Total
	1	2	3	4	5	6	7-8	
1915	23	....	7	1	1	....	....	31
1916	29	....	....	....	....	....	....	29
1917	11	....	1	4	....	....	2	18
1918	17	3	5	1	....	....	....	26
1919	8	....	2	3	....	....	3	16
1920	17	1	4	1	....	....	1	24
1921	80	7	29	6	....	....	2	124
1922	215	7	60	21	....	1	7	311
1923	173	15	77	26	1	1	7	300
1924	235	31	93	40	....	4	3	406
1925	205	46	77	39	4	8	7	386
1926	203	37	65	22	2	10	4	343
1927	205	76	71	19	2	9	5	387
1928	136	65	64	12	5	12	1	295
1929	97	72	45	10	4	18	3	249
1930	97	82	50	9	3	11	9	261
1931	155	225	71	16	17	51	8	543
1932**	217	465	87	15	69	78	5	936
Total	2123	1132	808	245	107	203	67	4685
Percent	45.3	24.2	17.3	5.2	2.3	4.3	1.4	100

*The 15 counties are listed in table XXX.
**To Dec. 1, 1932.

TABLE XVIII. PERCENTAGE OF TOTAL ACREAGE IN FORECLOSURE AND PERCENTAGE OF TOTAL ACREAGE INVOLVED IN DEFICIENCY JUDGMENTS BY PERIODS, 1921-32

County	Total acreage in percent			Deficiency acreage in percent		
	1921-25	1926-30	1931-32	1921-25	1926-30	1931-32
Boone	2.6	2.1	2.1	1.03	.73	1.79
Cedar	2.6	2.1	2.5	1.23	1.18	1.99
Cerro Gordo	7.0	6.8	5.8	.....	.....	.....
Cherokee	7.0	6.8	5.8	.....	.....	.....
Clarke	6.8	7.3	13.3	4.96	4.89	7.84
Fayette	2.6	5.2	3.7	1.02	1.75	2.85
Guthrie	7.0	4.9	5.8	2.83	3.32	5.28
Hancock	4.8	7.3	4.5	1.70	3.60	4.02
Harrison	6.7	4.9	3.8	3.52	2.27	3.14
Jefferson	3.2	4.2	3.4	1.09	3.21	3.01
Linn	3.5	3.2	2.5	.82	1.68	2.06
Lyon	2.4	2.0	5.4	.96	.98	4.15
Montgomery	2.6	1.8	3.7	.97	.96	3.34
Pocahontas	3.5	5.7	4.7	1.06	2.30	3.84
Story	4.3	4.8	4.2	1.05	.66	3.47
Average	4.28	4.31	4.39	1.62	1.97	3.38

TABLE XXIX. JUDGMENTS IN FARM MORTGAGE FORECLOSURE BY LENDERS IN 15 COUNTIES AND ESTIMATED STATE TOTAL, 1915-1932

Year	Private investors	Insurance companies	Deposit banks	Mortgage companies	Federal land bank	Joint stock land banks	Misc. investors	Total 15 counties	Estimated Total for state
1915	$ 112,398	$........	$ 126,959	$ 5,298	$........	$........	$........	$ 244,655	$ 1,524,200.65
1916	159,423	....	....	....	....	....	....	159,423	993,205.29
1917	70,959	....	368	20,822	....	....	455	92,604	576,922.92
1918	106,162	17,584	29,340	6,550	....	....	....	159,636	994,532.28
1919	20,496	....	9,432	6,235	....	....	1,307	37,400	233,438.10
1920	59,607	5,748	7,109	21,355	....	....	2,900	96,719	602,559.37
1921	960,927	74,143	260,396	44,015	....	....	2,275	1,341,756	8,359,139.88
1922	2,777,242	85,487	442,300	110,519	....	9,627	41,977	3,467,152	21,600,356.96
1923	2,246,847	204,541	877,974	182,374	15,916	16,204	92,745	3,636,601	22,656,024.23
1924	3,140,093	425,851	997,994	392,517	....	59,176	40,599	5,056,230	31,500,312.90
1925	2,373,487	613,218	923,891	244,525	43,117	90,402	96,595	4,385,235	27,320,014.05
1926	2,039,959	610,974	581,860	128,771	12,399	134,155	23,367	3,531,485	22,001,151.55
1927	2,167,519	1,115,026	655,343	107,041	9,061	150,251	88,064	4,292,305	26,741,060.15
1928	1,486,573	1,038,303	665,513	72,973	36.389	117,977	11,816	3,429,544	21,366,059.12
1929	1,115,028	1,057,947	307,224	152,130	42,440	269,545	21,615	2,965,929	18,477,737.67
1930	744,090	1,261,225	402,191	87,925	30,015	129,427	72,967	2,727,840	16,994,443.20
1931	1,278,951	3,374,928	731,819	292,080	190,844	685,529	62,050	6,616,201	41,218,932.23
1932*	1,689,944	6,896,158	576,705	135,121	699,720	1,042,119	31,084	11,070,851	68,971,401.73
Total	$22,549,705	$16,781,133	$ 7,596,418	$ 2,010,251	$ 1,079,901	$ 2,704,412	$ 589,816	$53,311,636	$ 332,131,492.28
Percent	42.3	31.5	14.2	3.8	2.0	5.1	1.1	100	

*To Dec. 1, 1932.

TABLE XXX. ACREAGE INVOLVED IN FARM MORTGAGE FORECLOSURE IN 15 COUNTIES, 1915-32*

Year	Boone	Cedar	Cerro Gordo	Cherokee	Clarke	Fayette	Guthrie	Hancock	Harrison	Jefferson	Linn	Lyon	Montgomery	Pocahontas	Story	Total	Percent af total acreage
1915	77	240	560	718	960	370	88	....	503	238	397	32	240	....	120	4,543	.09
1916	246	80	174	72	974	382	80	200	130	317	398	....	....	275	....	3,328	.06
1917	....	120	390	....	10	400	....	400	502	....	235	....	....	....	60	2,117	.04
1918	10	80	505	....	520	160	359	640	808	290	747	....	....	....	8	4,127	.08
1919	40	....	200	320	120	....	....	....	335	102	220	134	....	252	118	1,841	.03
1920	292	....	160	160	....	40	85	320	902	95	260	....	....	....	174	2,488	.05
1921	1,861	405	1,044	520	1,800	744	2,589	1,630	3,373	645	1,892	134	959	439	781	18,816	.36
1922	2,951	1,570	2,600	2,962	5,110	1,440	7,013	3,118	4,222	1,714	3,333	2,635	1,690	1,995	2,266	44,619	.85
1923	2,250	1,400	3,740	2,997	4,459	2,222	5,876	4,543	3,315	1,912	3,760	1,108	1,138	2,026	3,330	44,076	.84
1924	3,696	4,822	10,059	2,374	2,971	4,893	5,190	4,059	10,834	830	2,618	1,773	2,335	3,519	2,880	62,853	1.19
1925	3,299	717	6,874	1,560	3,452	2,307	4,770	3,725	7,091	3,146	2,942	3,049	914	4,924	6,046	54,816	1.04
1926	1,904	520	5,012	2,354	4,062	4,826	4,723	4,633	5,600	1,839	1,476	1,574	1,091	5,354	4,895	49,863	.95
1927	1,913	2,324	6,054	2,935	2,910	4,264	3,676	8,336	5,223	1,291	1,796	2,755	1,216	6,088	5,736	56,517	1.07
1928	1,575	1,448	3,401	920	3,615	4,253	3,574	5,443	5,366	2,899	2,921	1,700	954	4,140	3,947	46,156	.88
1929	1,020	1,959	2,965	1,206	4,327	5,656	2,730	3,541	3,080	1,986	4,380	520	520	2,526	1,088	37,504	.71
1930	823	977	5,914	1,567	3,977	4,172	2,883	3,608	1,751	2,855	2,491	745	910	2,622	1,494	36,789	.70
1931	1,433	2,735	6,053	4,722	18,625	5,936	8,357	6,819	4,355	4,220	2,896	8,000	3,045	4,773	4,162	86,131	1.63
1932**	5,727	6,089	14,049	6,066	15,860	10,664	12,653	8,940	11,904	4,620	7,419	11,553	6,875	12,203	10,565	145,187	2.76
Total	29,117	25,486	69,754	31,453	73,752	52,729	64,646	59,955	69,294	28,999	40,181	35,712	21,887	51,136	47,670	701,771	3.3
Percent of all land	8.3	7.3	20.2	8.8	28.4	11.9	17.9	17.0	16.1	11.2	9.7	9.9	8.2	14.1	13.4	13.3	13.3

*Where a farm was involved in more than one foreclosure in the same year, the acreage was counted only once.
**To Dec. 1, 1932.

TABLE XXXI. NUMBER OF DEFICIENCY JUDGMENTS IN FARM MORTGAGE FORECLOSURE SALES BY LENDERS, 14 COUNTIES, 1915-32

Year	Private investors	Insurance companies	Deposit banks	Mortgage companies	Federal land banks	Joint stock land banks	Miscellaneous investors	Total
1915	2	......	3	1	......	......	......	6
1916	4	......	......	......	......	......	......	4
1917	1	......	......	1	......	......	......	2
1918	2	1	1	......	......	......	......	4
1919	....	......	......	......	......	......	......	....
1920	3	......	......	1	......	......	......	4
1921	25	......	5	1	......	......	......	31
1922	68	1	7	7	......	......	......	83
1923	75	2	17	6	......	......	3	103
1924	84	4	28	12	......	2	2	132
1925	80	14	22	18	2	6	1	143
1926	78	11	34	6	2	5	1	137
1927	69	19	27	6	1	8	1	131
1928	53	10	37	8	5	11	......	124
1929	36	20	20	8	3	13	2	102
1930	49	30	27	5	1	9	8	129
1931	102	132	53	14	13	49	5	368
1932*	131	304	59	10	55	64	5	628
Total	862	548	340	104	82	167	28	2,131
All foreclosures	1,930	975	747	233	91	196	64	4,236
Percent of all foreclosures	44.7	56.2	45.5	44.6	90.1	85.2	43.8	50.3

*To Dec. 1, 1932.

TABLE XXXII. NUMBER AND SIZE OF DEFICIENCY JUDGMENTS, 14 COUNTIES—1915-1932

Year	Number			Amount		
	All judgments	Deficiency judgments	Percent of all judgments	Total judgments in deficiency cases	Deficiency	Percent of total judgments
1915	28	6	21.4	$ 20,758	$ 6,205	29.9
1916	27	4	14.8	25,702	7,912	30.8
1917	16	2	12.5	5,781	1,691	29.3
1918	24	4	16.6	42,583	32,186	75.6
1919	15	....	......	....	....	......
1920	23	4	17.4	47,619	22,362	47.0
1921	117	31	26.5	391,876	130,276	33.2
1922	292	83	28.4	1,111,086	266,567	24.0
1923	280	103	36.8	1,485,759	306,220	20.6
1924	337	132	39.2	1,887,476	365,046	19.3
1925	339	143	42.2	1,905,501	311,707	16.4
1926	310	137	44.2	1,578,493	257,818	16.3
1927	347	131	37.8	1,487,016	284,676	19.1
1928	277	124	44.8	1,370,305	344,128	25.1
1929	225	102	45.3	1,343,673	218,515	16.3
1930	224	129	57.6	1,317,789	227,191	17.2
1931	507	368	72.6	4,520,545	739,512	16.4
1932*	848	628	74.1	7,871,053	934,068	11.9
Total	4,236	2,131	50.3	$26,413,015	$4,456,080	16.9

*To Dec. 1, 1932.