

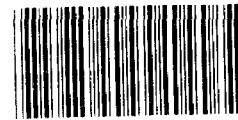
GAO

Briefing Report to the Honorable
Kent Conrad, U.S. Senate

May 1988

FARMERS HOME ADMINISTRATION

Farm Program Debt, Delinquencies, and Loan Losses As of June 30, 1987



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United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-221105

May 20, 1988

The Honorable Kent Conrad
United States Senate

Dear Senator Conrad:

In January 1986 we issued a report that provided an overview of the Farmers Home Administration's (FmHA) farm loan program debt, delinquencies, and loan losses.¹ As you requested on October 29, 1987, this briefing report updates our earlier report and shows the financial condition of that portfolio as of June 30, 1987, for FmHA's five major farm loan programs: farm ownership, operating, emergency disaster, economic emergency, and soil and water.

Specifically, this report provides both national and state information on (1) total farm debt and FmHA's portion of that total, (2) total number of loans and borrowers and loan amounts for each of FmHA's major farm programs, and (3) delinquencies and loan losses occurring in these programs.

FmHA is a credit agency of the U.S. Department of Agriculture (USDA). In addition to making direct loans (government-funded), FmHA guarantees some loans made by private lenders primarily to family farmers who are unable to obtain credit from other lenders at reasonable rates and terms. As such, FmHA serves as a "lender of last resort" to farmers and is the federal government's primary source of farm credit. Statutory authority for FmHA's lending programs is provided by the Consolidated Farm and Rural Development Act (P.L. 87-128, Aug. 8, 1961, as amended).

The financial condition of farmers and their lenders deteriorated rapidly between 1980 and 1985. As a result, increasing numbers of farmers were turned down for financing by private lenders and had to go to FmHA for credit assistance. FmHA responded to these credit requests by substantially increasing its farm loan portfolio. Beginning in 1986, however, farmers made extensive use of advanced deficiency payments from USDA's Commodity Credit Corporation

¹Farmers Home Administration: An Overview of Farmer Program Debt, Delinquencies, and Loan Losses (GAO/RCED-86-57BR, Jan. 2, 1986).

for operating cash and generally reduced their expenses to adjust to the poor farm economy. This resulted in a decrease in total farm lending by FmHA and an overall decrease in its total outstanding principal on farm loans for the first time in 10 years.

However, in spite of decreased lending, FmHA's total farm loan portfolio has become increasingly at risk as delinquencies and loan losses have continued to mount. In summary, we found the following:

- Total farm debt from all lenders more than doubled between 1976 and 1985, growing from about \$104 billion to over \$210 billion. Over this same period, FmHA's farm debt increased over 380 percent--from about \$5.5 billion to about \$26.6 billion. However, in 1986 (the latest year for which such data were available), total farm debt decreased to about \$189.6 billion, while FmHA farm debt decreased slightly to about \$26.2 billion.
- As of June 30, 1987, FmHA's major farm program direct loan portfolio was over \$26 billion and consisted of 242,266 borrowers with 688,393 loans. The three largest loan programs are emergency disaster (\$8.8 billion; 251,885 loans; and 105,344 borrowers), farm ownership (\$7.5 billion; 154,176 loans; and 118,628 borrowers), and operating (\$6.0 billion; 198,299 loans; and 112,319 borrowers).
- Delinquent amounts on FmHA major farm program direct loans rose from \$164 million in 1976 to \$823 million in 1980 to \$7 billion in 1987. Over \$4 billion of the 1987 delinquencies are in one loan program--emergency disaster.
- The \$7 billion direct loan delinquent amount represents nonpayment of principal and interest due on about 83,000 borrowers' loans with outstanding principal of \$13.3 billion--about half the total direct loan portfolio.
- About \$5.7 billion (80 percent of the \$7 billion direct loan delinquent amount) is owed by about 33,000 borrowers who have not made a loan payment in over 3 years. About \$3.6 billion of this \$5.7 billion is in the emergency disaster program.

-- For the past 10 fiscal years (1978 through 1987), annual loan losses in the major farm programs (net of proceeds from sales of loan collateral) have grown from about \$41 million in 1978 to over \$1.1 billion in 1987 for direct loans and from \$277 thousand to over \$78 million for guaranteed loans. Total major farm program annual loan losses increased over 1,500 percent between 1982 and 1987, growing from about \$78 million to over \$1.2 billion, with the losses more than tripling between 1985 and 1987. Cumulative loan losses for the past 10 years have been greatest in the emergency disaster (\$1.2 billion) and economic emergency (\$644 million) programs.

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We obtained overall farm debt information from various reports issued by USDA's Economic Research Service. We developed FmHA farm debt information, including delinquencies, from FmHA's Master Borrower File and loan status reports. Loan loss data came from USDA budget records. Details on our scope, methodology, and data limitations are discussed in section 5. We provided a draft of this report to USDA for review and comment. Agency officials agreed with the results of our work and their comments have been incorporated into the report.

As arranged with your office, we are sending copies of this report to the Secretary of Agriculture, the Administrator of the Farmers Home Administration, the Director of the Office of Management and Budget, and other interested parties. If you have additional questions or if we can be of further assistance on this issue, please contact me on (202) 275-5138 or John Hunt of my staff on (202) 475-4880. Major contributors to this report are shown in appendix V.

Sincerely yours,



Brian P. Crowley
Senior Associate Director

CONTENTS

		<u>Page</u>
LETTER		1
SECTION		
1	FARM DEBT: FmHA FARM DEBT OUTPACED TOTAL FARM DEBT FROM 1975 TO 1986	11
2	FmHA MAJOR FARM PROGRAM DEBT INCREASED FROM 1976 TO 1986 BUT DECREASED IN 1987	21
3	FmHA MAJOR FARM PROGRAM DELINQUENCIES ARE GROWING	51
4	FmHA MAJOR FARM PROGRAM LOAN LOSSES ARE MOUNTING	81
5	OBJECTIVES, SCOPE, AND METHODOLOGY	95
APPENDIX		
I	FARM DEBT, STATE INFORMATION, DECEMBER 31, 1986	98
II	TOTAL FmHA DIRECT LOAN ACTIVITY BY MAJOR FARM PROGRAM, JUNE 30, 1987	100
III	DELINQUENT FmHA DIRECT LOAN ACTIVITY BY MAJOR FARM PROGRAM, JUNE 30, 1987	112
IV	FmHA OVER-3-YEAR DELINQUENCIES OF MAJOR FARM PROGRAM DIRECT LOANS, JUNE 30, 1987	124
V	MAJOR CONTRIBUTORS TO THIS REPORT	126
TABLE		
1.1	FmHA and All Other Farm Debt, December 31, 1975-1986	13
1.2	Source of Total Farm Debt, December 31, 1986	15
1.3	Ten States With Highest Total Farm Debt, December 31, 1986	17
1.4	Ten States With Highest Percentage of FmHA Farm Debt to Total Farm Debt, December 31, 1986	19

	<u>Page</u>
2.1 Total FmHA Major Farm Program Outstanding Principal, Direct Loans, June 30, 1976-1987	23
2.2 Lending Levels for FmHA Major Farm Program Direct and Guaranteed Loans, Fiscal Years 1976-1987	25
2.3 Borrowers, Loans, and Outstanding Principal Amounts for the FmHA Direct Major Farm Programs, June 30, 1987	27
2.4 Ten States With Highest FmHA Farm Debt, Direct Loans, June 30, 1987	29
2.5 FmHA Farm Ownership Outstanding Principal, Direct Loans, June 30, 1976-1987	31
2.6 Ten States With Highest Farm Ownership Outstanding Principal, Direct Loans, June 30, 1987	33
2.7 FmHA Operating Loan Outstanding Principal, Direct Loans, June 30, 1976-1987	35
2.8 Ten States With Highest Operating Loan Outstanding Principal, Direct Loans, June 30, 1987	37
2.9 FmHA Emergency Disaster Outstanding Principal, Direct Loans, June 30, 1976-1987	39
2.10 Ten States With Highest Emergency Disaster Outstanding Principal, Direct Loans, June 30, 1987	41
2.11 FmHA Economic Emergency Outstanding Principal, Direct Loans, September 30, 1978-June 30, 1987	43
2.12 Ten States With Highest Economic Emergency Outstanding Principal, Direct Loans, June 30, 1987	45
2.13 FmHA Soil and Water Outstanding Principal, Direct Loans, June 30, 1976-1987	47
2.14 Ten States With Highest Soil and Water Outstanding Principal, Direct Loans, June 30, 1987	49
3.1 Comparison of Major Farm Program Delinquent Dollars to Outstanding Principal, June 30, 1976-1987	53

	<u>Page</u>
3.2 Comparison of Major Farm Program Delinquent Dollars to Outstanding Principal Owed by Delinquent Borrowers, June 30, 1976-1987	55
3.3 Comparison of Major Farm Program Delinquent Dollars to Over-3-Year Delinquent Dollars, June 30, 1976-1987	57
3.4 Index of Major Farm Program Total Delinquent Dollars and Over-3-Year Delinquent Dollars, June 30, 1976-1987	59
3.5 Total Delinquent Dollars and Over-3-Year Delinquent Dollars by Major Farm Program, June 30, 1987	61
3.6 Ten States With Highest Major Farm Program Delinquencies, June 30, 1987	63
3.7 Ten States With Highest Farm Ownership Delinquencies, June 30, 1987	65
3.8 Ten States With Highest Operating Loan Delinquencies, June 30, 1987	67
3.9 Ten States With Highest Emergency Disaster Delinquencies, June 30, 1987	69
3.10 Ten States With Highest Economic Emergency Delinquencies, June 30, 1987	71
3.11 Ten States With Highest Soil and Water Delinquencies, June 30, 1987	73
3.12 Ten States With Highest Over-3-Year Delinquencies, June 30, 1987	75
3.13 Age of Major Farm Program Delinquent Amounts, June 30, 1987	77
3.14 Major Farm Program Loans and Delinquency Status, June 30, 1987	78
4.1 FmHA Major Farm Program Loan Losses, Fiscal Years 1976-1987	83
4.2 Farm Ownership Loan Losses, Fiscal Years 1976-1987	85
4.3 Operating Loan Losses, Fiscal Years 1976-1987	87

	<u>Page</u>	
4.4	Emergency Disaster Loan Losses, Fiscal Years 1976-1987	89
4.5	Economic Emergency Loan Losses, Fiscal Years 1978-1987	91
4.6	Soil and Water Loan Losses, Fiscal Years 1976-1987	93
5.1	FmHA Delinquent Dollar Amounts Calculated by Borrower and by Loan Type, June 30, 1987	97
II.1	Total FmHA Major Farm Program Direct Loan Activity, June 30, 1987	100
II.2	Total Farm Ownership Program Direct Loan Activity, June 30, 1987	102
II.3	Total Operating Loan Program Direct Loan Activity, June 30, 1987	104
II.4	Total Emergency Disaster Program Direct Loan Activity, June 30, 1987	106
II.5	Total Economic Emergency Program Direct Loan Activity, June 30, 1987	108
II.6	Total Soil and Water Program Direct Loan Activity, June 30, 1987	110
III.1	Delinquent FmHA Major Farm Program Direct Loan Activity, June 30, 1987	112
III.2	Delinquent Farm Ownership Program Direct Loan Activity, June 30, 1987	114
III.3	Delinquent Operating Loan Program Direct Loan Activity, June 30, 1987	116
III.4	Delinquent Emergency Disaster Program Direct Loan Activity, June 30, 1987	118
III.5	Delinquent Economic Emergency Program Direct Loan Activity, June 30, 1987	120
III.6	Delinquent Soil and Water Program Direct Loan Activity, June 30, 1987	122

	<u>Page</u>
FIGURE	
1.1 Index of Farm Debt, December 31, 1975-1986	12
1.2 Percent of Farm Debt by Source, December 31, 1986	14
1.3 Total Farm Debt: All Sources--Nationwide Distribution, December 31, 1986	16
1.4 FmHA Farm Debt as a Percent of Total Farm Debt-- Nationwide Distribution, December 31, 1986	18
2.1 FmHA Major Farm Program Outstanding Principal-- Direct Loans, June 30, 1976-1987	22
2.2 FmHA Direct Major Farm Program Lending Levels, Fiscal Years 1976-1987	24
2.3 FmHA Guaranteed Major Farm Program Lending Levels, Fiscal Years 1976-1987	24
2.4 FmHA Major Farm Program Direct Loan Activity, June 30, 1987	26
2.5 FmHA Major Farm Program Outstanding Principal-- Direct Loans, June 30, 1987	26
2.6 Total FmHA Major Farm Program Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	28
2.7 FmHA Farm Ownership Outstanding Principal--Direct Loans, June 30, 1976-1987	30
2.8 FmHA Farm Ownership Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	32
2.9 FmHA Operating Loan Outstanding Principal--Direct Loans, June 30, 1976-1987	34
2.10 FmHA Operating Loan Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	36
2.11 FmHA Emergency Disaster Outstanding Principal-- Direct Loans, June 30, 1976-1987	38
2.12 FmHA Emergency Disaster Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	40

	<u>Page</u>	
2.13	FmHA Economic Emergency Outstanding Principal-- Direct Loans, September 30, 1978-June 30, 1987	42
2.14	FmHA Economic Emergency Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	44
2.15	FmHA Soil and Water Outstanding Principal--Direct Loans, June 30, 1976-1987	46
2.16	FmHA Soil and Water Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987	48
3.1	FmHA Major Farm Program Delinquencies as a Percentage of Outstanding Principal, June 30, 1976-1987	52
3.2	FmHA Major Farm Program Delinquent Dollars, June 30, 1976-1987	54
3.3	FmHA Major Farm Program Outstanding Principal Owed by Delinquent Borrowers, June 30, 1976-1987	54
3.4	Percent of FmHA Major Farm Program Dollars Delinquent Over 3 Years to Total Delinquent Dollars, June 30, 1976-1987	56
3.5	Index of FmHA Major Farm Program Delinquencies, June 30, 1976-1987	58
3.6	Delinquencies by FmHA Major Farm Program, June 30, 1987	60
3.7	FmHA Major Farm Program Delinquent Dollars-- Nationwide Distribution, June 30, 1987	62
3.8	FmHA Farm Ownership Delinquent Dollars--Nationwide Distribution, June 30, 1987	64
3.9	FmHA Operating Loan Delinquent Dollars--Nationwide Distribution, June 30, 1987	66
3.10	FmHA Emergency Disaster Delinquent Dollars-- Nationwide Distribution, June 30, 1987	68
3.11	FmHA Economic Emergency Delinquent Dollars-- Nationwide Distribution, June 30, 1987	70
3.12	FmHA Soil and Water Delinquent Dollars--Nationwide Distribution, June 30, 1987	72

		<u>Page</u>
3.13	FmHA Major Farm Program Dollars Delinquent Over 3 Years--Nationwide Distribution, June 30, 1987	74
3.14	Age of Major Farm Program Delinquent Dollars, June 30, 1987	76
4.1	FmHA Major Farm Program Direct Loan Losses, Fiscal Years 1976-1987	82
4.2	FmHA Major Farm Program Guaranteed Loan Losses, Fiscal Years 1976-1987	82
4.3	FmHA Farm Ownership Loan Losses, Fiscal Years 1976-1987	84
4.4	FmHA Operating Loan Losses, Fiscal Years 1976-1987	86
4.5	FmHA Emergency Disaster Loan Losses, Fiscal Years 1976-1987	88
4.6	FmHA Economic Emergency Loan Losses, Fiscal Years 1978-1987	90
4.7	FmHA Soil and Water Loan Losses, Fiscal Years 1976-1987	92

ABBREVIATIONS

ACIF	Agricultural Credit Insurance Fund
EE	economic emergency loan program
EM	emergency disaster loan program
ERS	Economic Research Service
FmHA	Farmers Home Administration
FO	farm ownership loan program
GAO	General Accounting Office
OL	operating loan program
RCED	Resources, Community, and Economic Development Division
SW	soil and water loan program
USDA	U.S. Department of Agriculture

SECTION 1

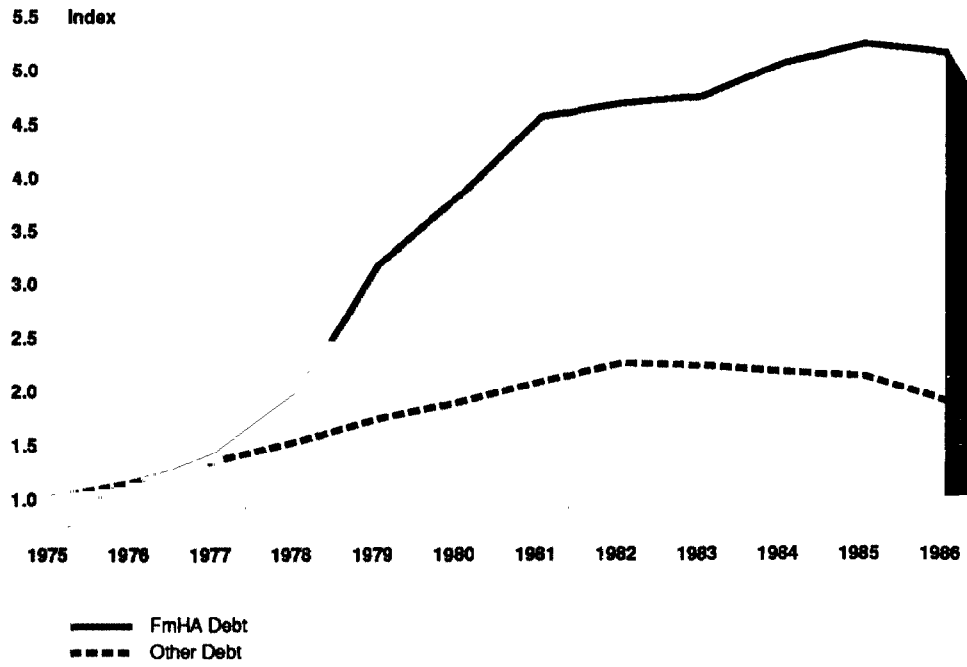
FARM DEBT:

FmHA FARM DEBT

OUTPACED TOTAL FARM

DEBT FROM 1975 TO 1986

Figure 1.1: Index of Farm Debt,
December 31, 1975-1986



Index: Base Year 1975 = 1

Source: USDA.

TOTAL FARM DEBT

Between 1975 and 1985, total farm debt more than doubled (a 130-percent increase), from \$91.6 billion to \$210.4 billion. However, in 1986 total farm debt declined significantly to \$189.6 billion. Over the same 12-year period, FmHA farm debt increased from \$5.1 billion to \$26.2 billion (an over 400-percent increase), representing 5.6 percent of all farm debt in 1975 and 13.8 percent in 1986. This increase demonstrates that FmHA has become an increasingly important source of financing for farmers. FmHA farm debt did decrease slightly, from about \$26.6 billion in 1985 to about \$26.2 billion in 1986. This was the first time FmHA total outstanding farm debt had decreased during the previous 12 years; it reflects recent decreases in FmHA direct lending. As of June 30, 1987, FmHA farm debt remained at \$26.2 billion. Total farm-debt statistics for each state were not available for 1987.

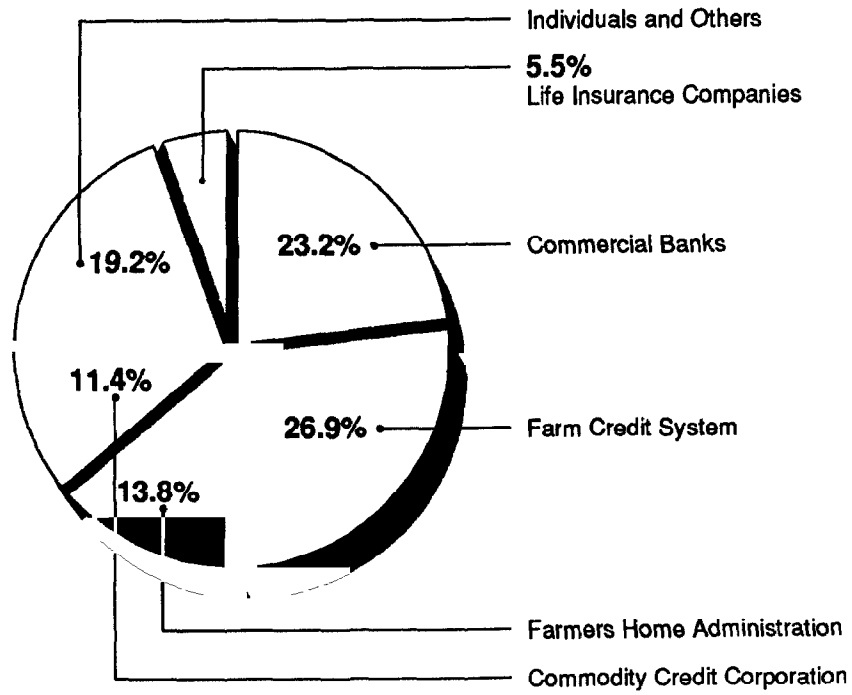
Table 1.1: FmHA and All Other Farm Debt,
December 31, 1975-1986

<u>Year</u>	<u>FmHA</u> <u>farm</u> <u>debt</u> (billions)	<u>Index of</u> <u>change</u> ^a	<u>All other</u> <u>farm</u> <u>debt</u> ^b (billions)	<u>Index of</u> <u>change</u> ^a	<u>Total</u> <u>farm</u> <u>debt</u> (billions)
1975	\$ 5.1	1.00	\$ 86.5	1.00	\$ 91.6
1976	5.5	1.08	98.5	1.14	104.0
1977	7.1	1.39	115.9	1.34	123.0
1978	9.9	1.94	131.2	1.52	141.1
1979	16.1	3.16	150.0	1.73	166.1
1980	19.5	3.82	162.9	1.88	182.4
1981	23.2	4.55	178.9	2.07	202.1
1982	23.8	4.67	193.4	2.24	217.2
1983	24.1	4.73	192.1	2.22	216.2
1984	25.7	5.04	186.9	2.16	212.5
1985	26.6	5.22	183.8	2.12	210.4
1986	26.2	5.14	163.4	1.89	189.6

^aIndex: Base year 1975 = 1; index calculations based on whole numbers.

^bExcludes FmHA farm debt.

Figure 1.2: Percent of Farm Debt by Source, December 31, 1986



Source: USDA.

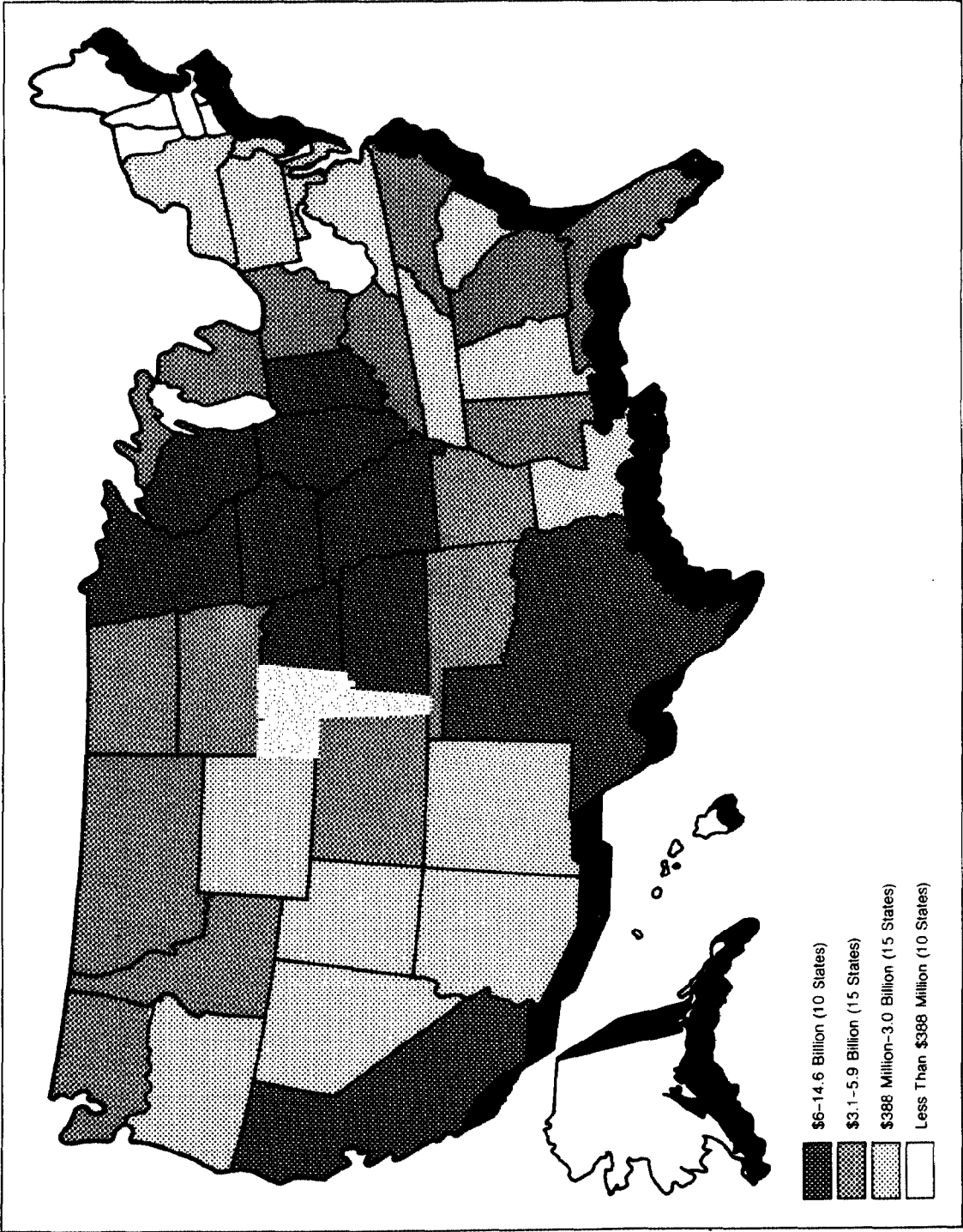
SOURCES OF FARM DEBT

Farmers receive financing from three primary sources:
(1) banks (commercial and those of the Farm Credit System),
(2) government (FmHA and the Commodity Credit Corporation), and
(3) other lenders (individuals and life insurance companies).

Table 1.2: Source of Total Farm Debt,
December 31, 1986

<u>Source</u>	<u>Total</u> (billions)	<u>Percent</u> <u>of total</u>
Banks		
Commercial	\$ 43.9	23.2
Farm Credit System	51.0	26.9
Government		
Farmers Home Administration	26.2	13.8
Commodity Credit Corporation	21.6	11.4
Other		
Individuals and others	36.4	19.2
Life insurance companies	<u>10.5</u>	<u>5.5</u>
Total	<u>\$189.6</u>	<u>100.0</u>

Figure 1.3: Total Farm Debt: All Sources--
Nationwide Distribution, December 31, 1986



LOCATION OF FARM DEBT

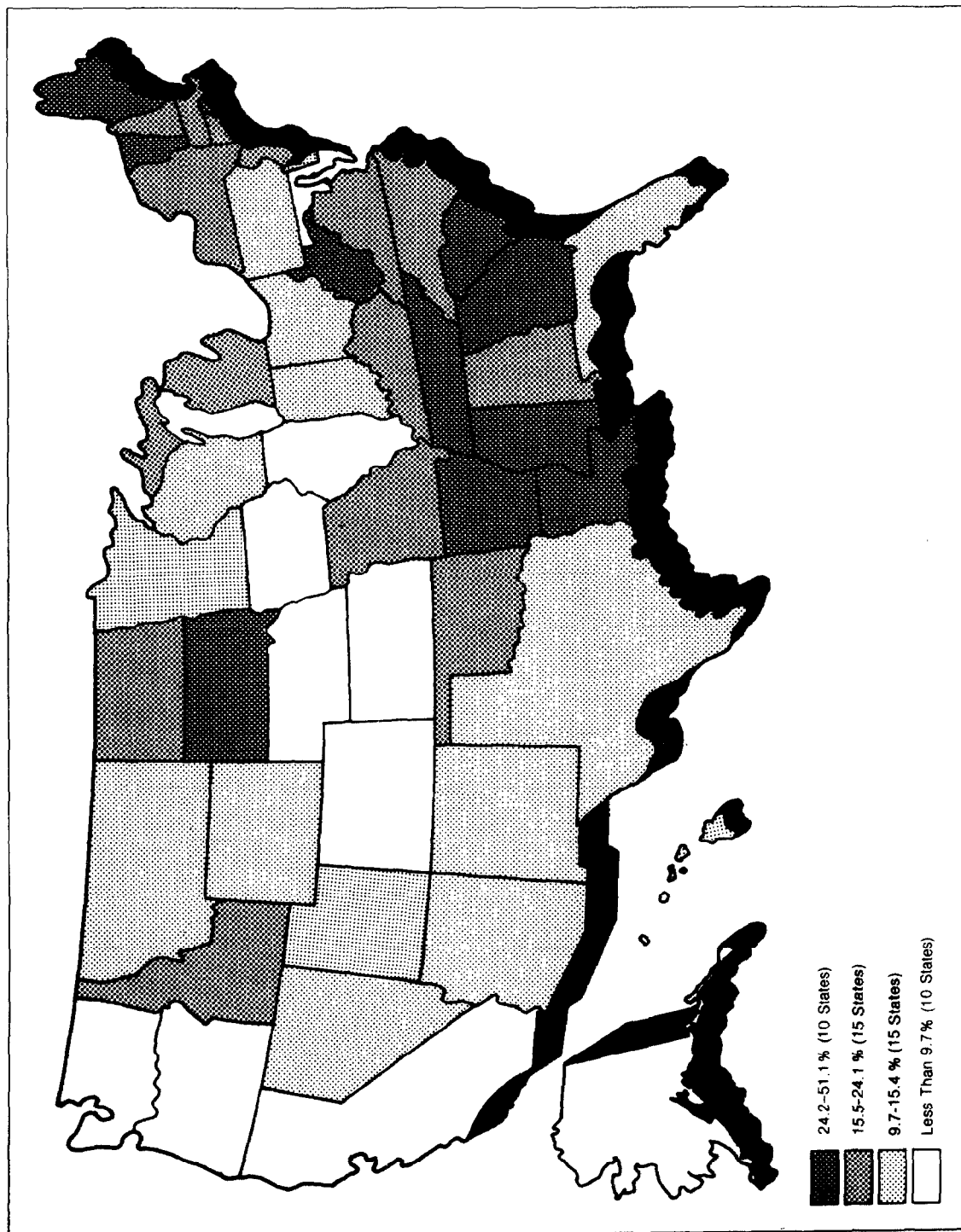
As of December 31, 1986, total farm debt was \$189.6 billion. This debt is highest in Iowa, California, Texas, and several midwestern states. The New England states and Alaska have the lowest levels of total farm debt.

Appendix I provides the individual state statistics on total farm debt.

Table 1.3: Ten States With Highest Total Farm Debt,
December 31, 1986

<u>State</u>	<u>Farm debt</u> <u>(billions)</u>
Iowa	\$14.6
California	14.4
Texas	12.7
Illinois	10.7
Minnesota	10.4
Nebraska	9.1
Kansas	6.9
Indiana	6.5
Wisconsin	6.5
Missouri	6.0

Figure 1.4: FmHA Farm Debt as a Percent of Total Farm Debt--
Nationwide Distribution, December 31, 1986



NATIONWIDE DISTRIBUTION OF FmHA FARM DEBT

Six of the 10 states with FmHA farm debt as the largest percentage of their total farm debt are located in the South. The amount of farm debt held by FmHA in each state varies and represents only a portion of the total farm debt utilized by the state's borrowers--ranging from about 2 percent in Alaska and 6 percent in California to over 51 percent in Maine. However, California's FmHA farm debt is about \$926 million (6.4 percent of the \$14.4 billion total farm debt held by California borrowers), while Maine's FmHA farm debt stands at \$192 million (51.1 percent of the \$377 million in total farm debt).

Appendix I provides the individual state statistics on FmHA farm debt compared to total farm debt.

Table 1.4: Ten States With Highest Percentage of FmHA Farm Debt to Total Farm Debt, December 31, 1986

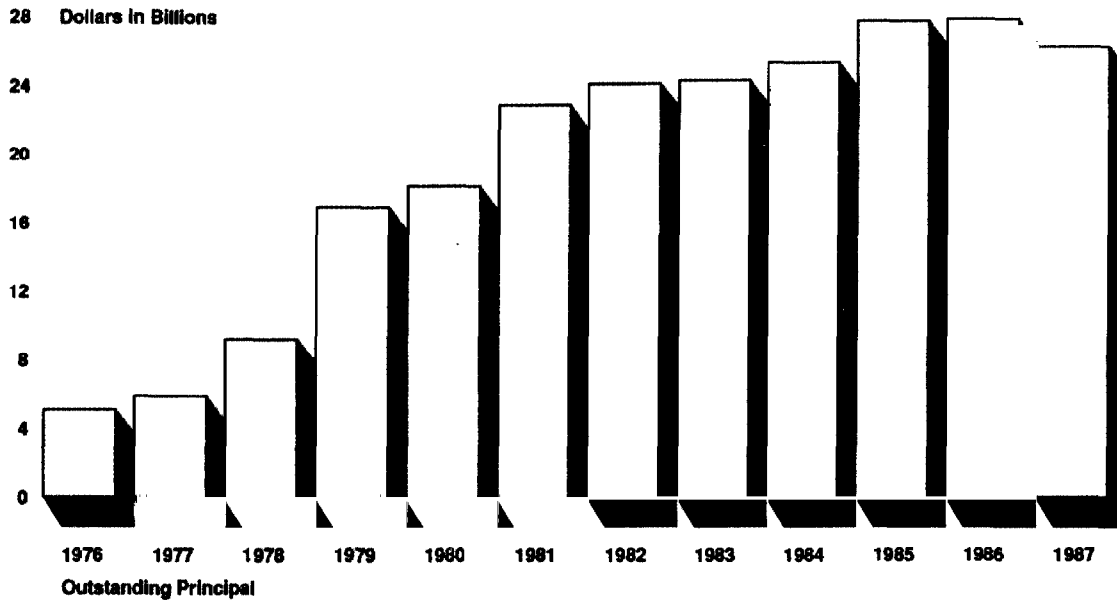
<u>State</u>	<u>FmHA debt</u> (millions)	<u>Percent of</u> <u>total farm</u> <u>debt</u>
Maine	\$ 192	51.1
Mississippi	1,376	37.6
Louisiana	945	35.0
Georgia	1,099	30.6
South Carolina	394	30.2
West Virginia	90	29.8
Tennessee	708	27.6
Arkansas	982	27.2
South Dakota	1,205	26.0
Vermont	85	24.2

SECTION 2

FmHA MAJOR FARM PROGRAM

DEBT INCREASED FROM 1976 TO
1986 BUT DECREASED IN 1987

Figure 2.1: FmHA Major Farm Program Outstanding Principal--Direct Loans, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

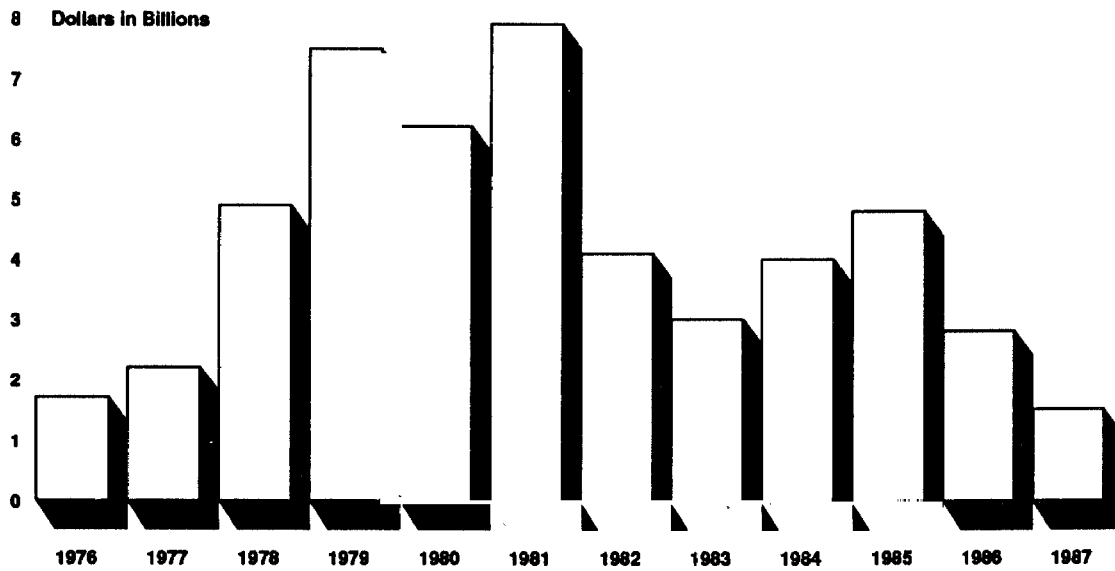
FmHA FARM DEBT

As of June 30, 1987, the total outstanding principal of FmHA's major farm program loan portfolio was about \$26.2 billion, an increase of more than 400 percent over the 1976 level of \$5.1 billion. This expansion can be attributed to, among other things, the growth in emergency disaster loans made as a result of natural disasters occurring in 1978 and 1980 and the availability of economic emergency loans authorized between August 1978 and September 1984. In addition, in February 1982 FmHA revised its loan-servicing policy to allow borrowers to obtain additional new financing without showing the ability to repay prior loans. This policy stated that FmHA would continue to work with present borrowers who, among other things, had a reasonable chance to repay any new loan for production purposes plus the interest accruing on that loan. Borrowers were not required to show repayment ability for principal and interest on other existing loans. Because of the deterioration of its farm loan portfolio, FmHA rescinded the "continuation" policy in November 1985. However, in making supplemental appropriations for fiscal year 1987 (P.L. 100-71, July 11, 1987), the Congress included a provision that reinstated the continuation policy.

Table 2.1: Total FmHA Major Farm Program Outstanding Principal, Direct Loans, June 30, 1976-1987

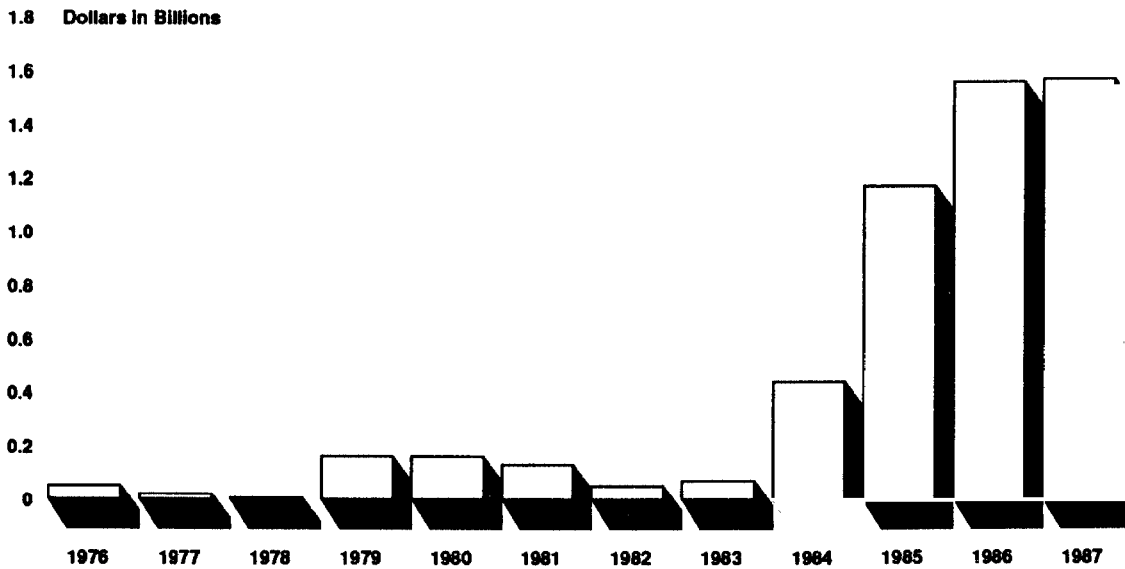
<u>Year</u>	<u>Total</u> (millions)
1976	\$ 5,077
1977	5,931
1978	9,236
1979	16,922
1980	18,111
1981	22,821
1982	24,053
1983	24,330
1984	25,292
1985	27,718
1986	27,769
1987	26,191

Figure 2.2: FmHA Direct Major Farm Program Lending Levels, Fiscal Years 1976-1987



Source: USDA.

Figure 2.3: FmHA Guaranteed Major Farm Program Lending Levels, Fiscal Years 1976-1987



Source: USDA.

FmHA DIRECT AND GUARANTEED LOANS

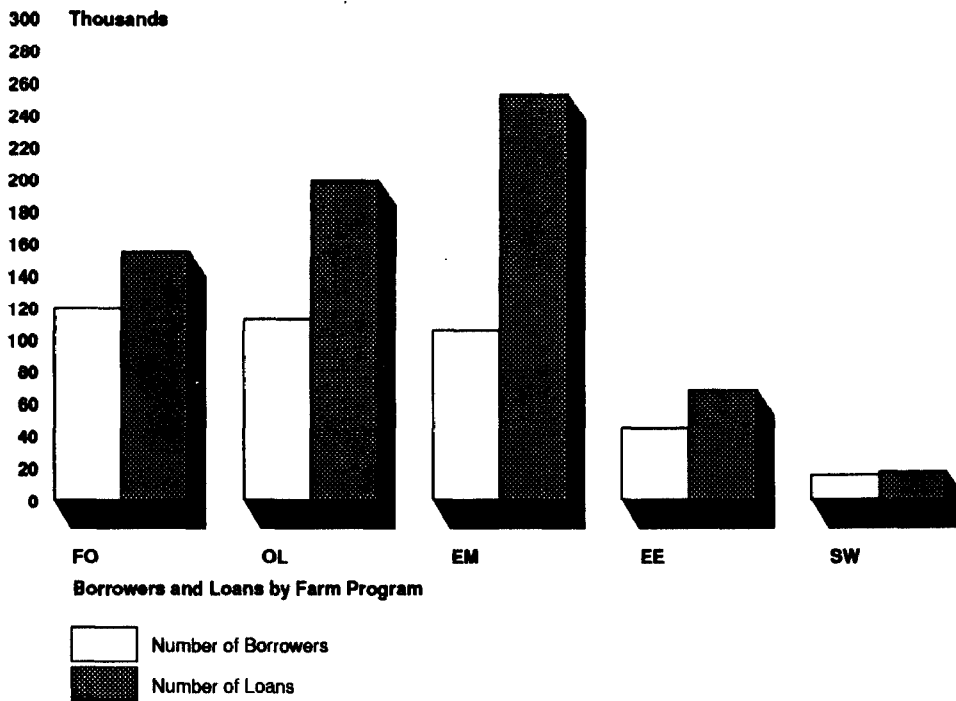
FmHA direct farm program loans are made from the Agricultural Credit Insurance Fund (ACIF), a revolving fund established in the 1940s. The ACIF is funded by the incoming flow of loan repayment plus the sale of Certificates of Beneficial Ownership to the Federal Financing Bank. The ACIF financed about \$1.5 billion in direct major farm program loans during fiscal year 1987.

Guaranteed loan funds are supplied directly to borrowers by commercial lenders, and FmHA guarantees the lender that a stipulated portion (up to 90 percent) of the borrower's loan will be repaid by FmHA if the borrower defaults on the loan. During fiscal year 1987, FmHA guaranteed about \$1.6 billion in major farm program loans financed by private lenders. This was slightly more than the total direct loan activity during the year.

Table 2.2: Lending Levels for FmHA Major Farm Program Direct and Guaranteed Loans, Fiscal Years 1976-1987

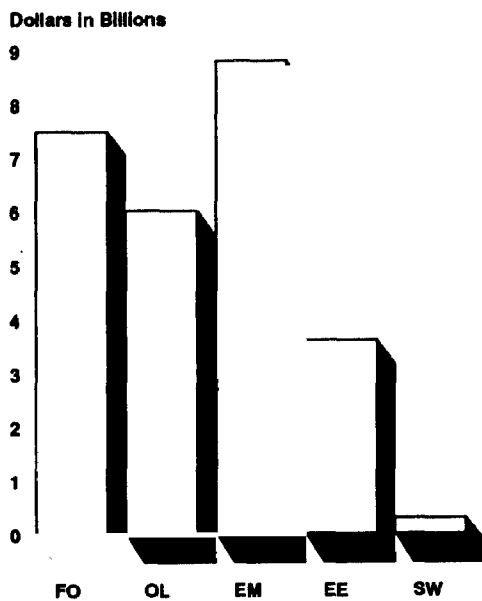
<u>Fiscal year</u>	<u>Direct loans</u> (millions)	<u>Guaranteed loans</u> (millions)	<u>Total</u> (millions)
1976	\$1,702.3	\$ 48.2	\$1,750.5
1977	2,218.0	16.5	2,234.5
1978	4,901.1	4.0	4,905.1
1979	7,507.4	163.1	7,670.5
1980	6,173.7	162.2	6,335.9
1981	7,939.7	128.5	8,068.2
1982	4,059.6	51.2	4,110.8
1983	2,992.7	70.6	3,063.3
1984	3,993.2	442.9	4,436.1
1985	4,752.5	1,174.8	5,927.3
1986	2,798.7	1,559.6	4,358.3
1987	1,491.4	1,565.2	3,056.6

Figure 2.4: FmHA Major Farm Program Direct Loan Activity, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Figure 2.5: FmHA Major Farm Program Outstanding Principal--Direct Loans, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

CURRENT FmHA MAJOR FARM PROGRAM ACTIVITY

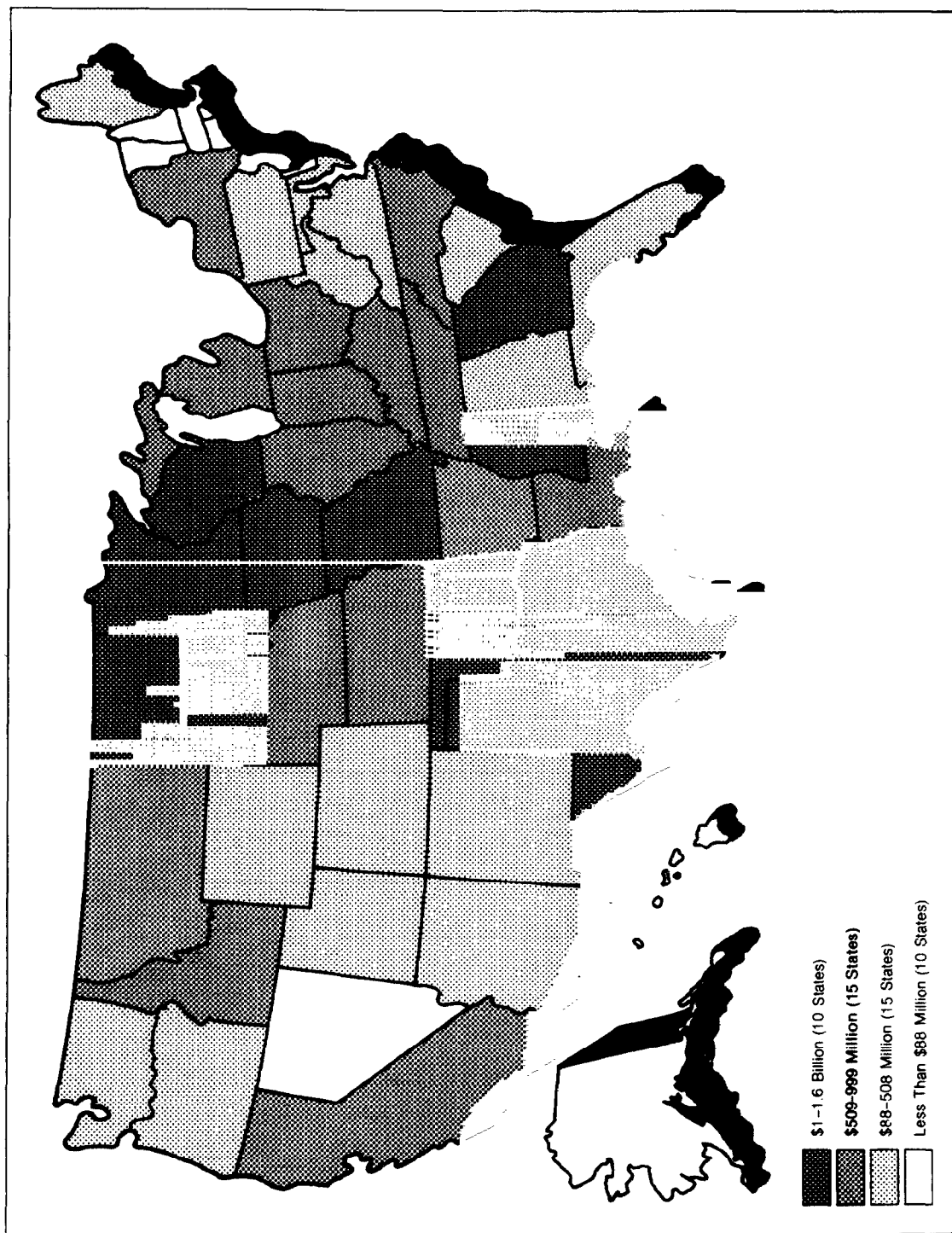
The \$26.2 billion FmHA major farm program debt as of June 30, 1987, represented 688,393 direct loans held by 242,266 borrowers. These borrowers often had more than one loan type. This is illustrated in table 2.3, which shows that the total number of borrowers within each individual program--395,096--exceeds the overall total of 242,266 borrowers for all programs, each borrower having been counted for each type of loan held. The largest direct loan programs are farm ownership, operating, and emergency disaster.

Table 2.3: Borrowers, Loans, and Outstanding Principal Amounts for the FmHA Direct Major Farm Programs, June 30, 1987

<u>Program</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Farm ownership (FO)	118,628	154,176	\$ 7,470.8
Operating (OL)	112,319	198,299	6,016.9
Emergency disaster (EM)	105,344	251,885	8,827.1
Economic emergency (EE)	44,181	67,451	3,598.0
Soil and water (SW)	<u>14,624</u>	<u>16,582</u>	<u>278.7</u>
Total	<u>395,096</u>	<u>688,393</u>	<u>\$26,191.4</u>

^aThe total for outstanding principal does not add because of rounding.

Figure 2.6: Total FmHA Major Farm Program Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

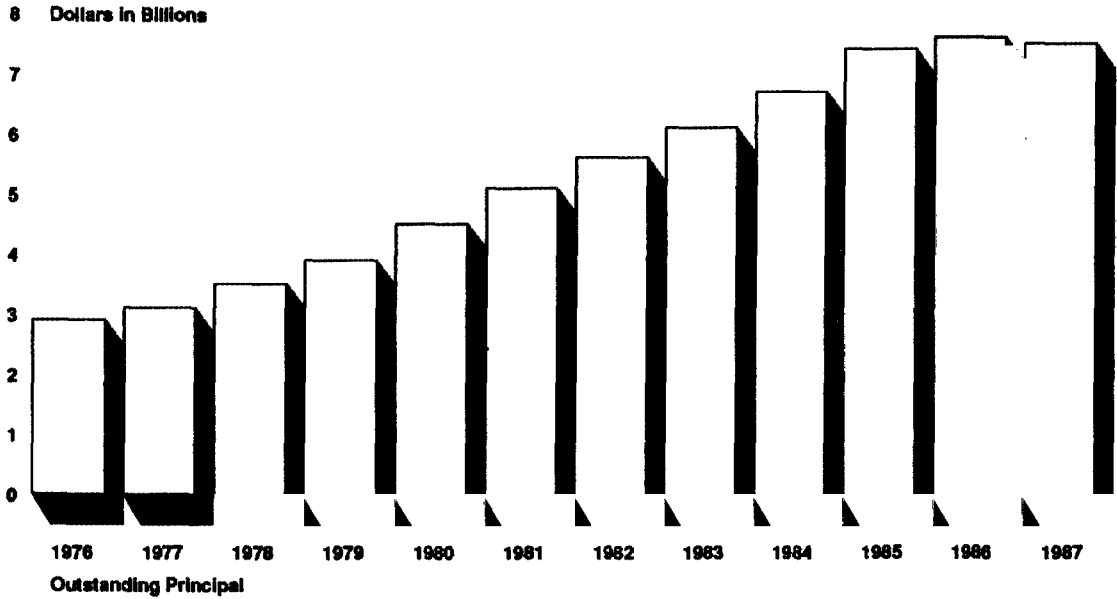
NATIONWIDE DISTRIBUTION OF FmHA
MAJOR FARM PROGRAM DEBT

The 10 states with the most FmHA major farm program debt are concentrated throughout the central and southern regions of the nation. Table II.1 provides statistics for total major farm program direct loan activity by state and territory.

Table 2.4: Ten States With Highest FmHA Farm Debt,
Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Texas	\$1,587.7
Iowa	1,268.4
Mississippi	1,247.2
South Dakota	1,124.8
Minnesota	1,111.2
Georgia	1,061.7
North Dakota	1,044.7
Oklahoma	1,037.7
Missouri	1,027.6
Wisconsin	1,000.4

Figure 2.7: FmHA Farm Ownership Outstanding Principal--Direct Loans, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

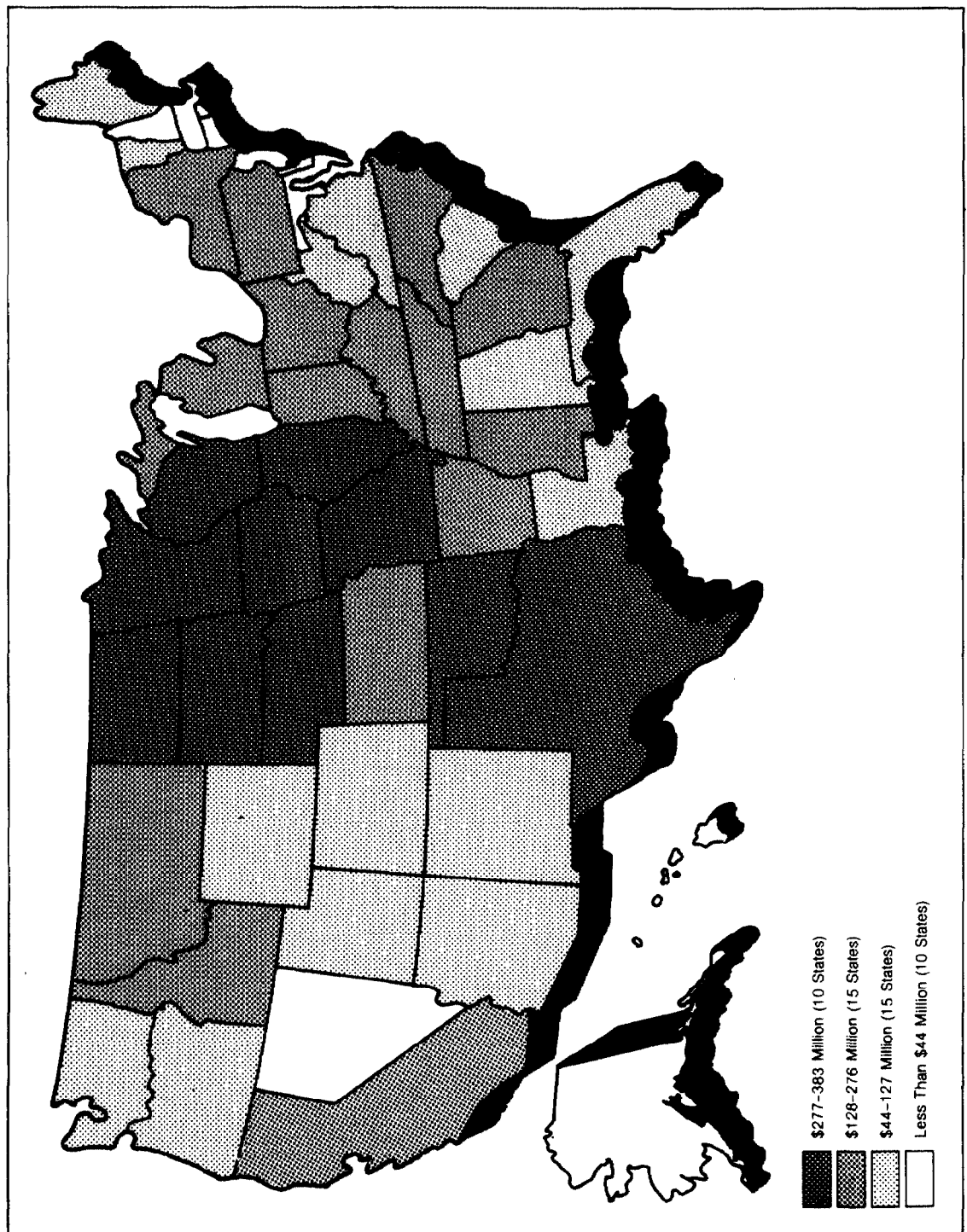
FARM OWNERSHIP LOANS

The farm ownership direct loan portfolio more than doubled between 1976 and 1987. However, in 1987 it declined for the first time in 12 years, from \$7,630 million in 1986 to \$7,471 million in 1987. Farm ownership loans enable family-size farmers lacking other sources of credit to buy, improve, or refinance farm real estate. Family-size farms can be operated by individuals, partnerships, cooperatives, or corporations. Loan limits are \$200,000 for direct loans and \$300,000 for guaranteed loans. Loans may be repaid within 40 years. The interest rate for the direct loans is set periodically by the Secretary of Agriculture on the basis of the government's cost of borrowing. As of January 1, 1988, the direct loan interest rate for farm ownership loans was 9.50 percent. Guaranteed loan repayment terms and interest rates are negotiated between the borrower and the lender. Loans are normally secured by either a first or second mortgage on the farm real estate.

Table 2.5: FmHA Farm Ownership Outstanding
Principal, Direct Loans, June 30, 1976-1987

<u>Year</u>	<u>Outstanding principal</u> (millions)
1976	\$2,891
1977	3,137
1978	3,467
1979	3,942
1980	4,476
1981	5,109
1982	5,586
1983	6,122
1984	6,696
1985	7,360
1986	7,630
1987	7,471

Figure 2.8: FmHA Farm Ownership Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

NATIONWIDE DISTRIBUTION OF
FARM OWNERSHIP DIRECT LOANS

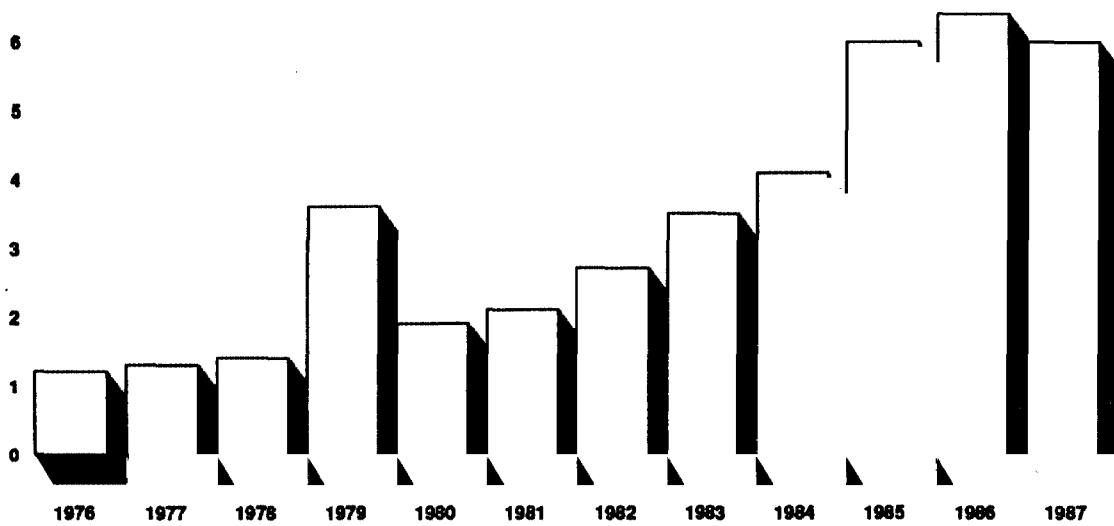
The 10 states with the largest amounts in farm ownership program debt are located in the center of the country. Table II.2 provides statistics for the farm ownership program in each state and territory.

Table 2.6: Ten States With Highest Farm Ownership Outstanding
Principal, Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Iowa	\$382.2
Missouri	361.9
Texas	331.1
Minnesota	308.0
North Dakota	308.0
Illinois	307.2
South Dakota	304.5
Nebraska	303.6
Oklahoma	297.3
Wisconsin	277.9

Figure 2.9: FmHA Operating Loan Outstanding Principal--Direct Loans, June 30, 1976-1987

7 Dollars in Billions



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

OPERATING LOANS

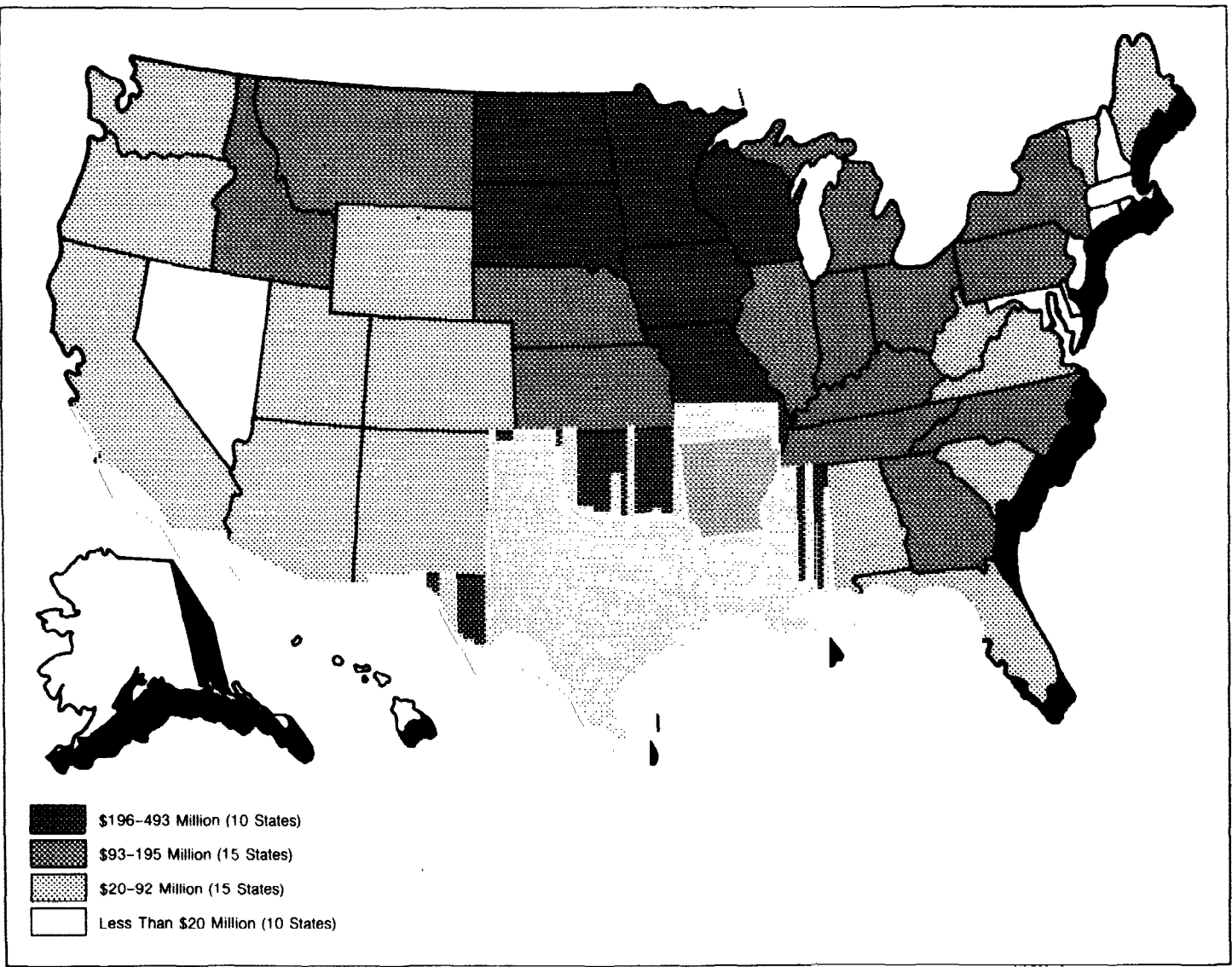
The direct operating loan portfolio increased fivefold from 1976 to 1986 but declined slightly--about 6 percent--from 1986 to 1987. Farm operating loans are made to family-size farmers for essential operating purposes, such as (1) machinery, equipment, or livestock purchases, (2) payment of annual operating and/or family living expenses, (3) refinancing debts incurred for any authorized operating loan purpose other than FmHA debts, and (4) payments to a creditor. These loans are usually secured by chattel mortgages on feed, crops, livestock, machinery, or other elements of production.

The operating loan limit is \$200,000 for direct loans and \$400,000 for guaranteed loans. The interest rate for direct loans is set periodically (9.00 percent as of January 1, 1988) on the basis of the federal government's cost of borrowing, while the interest rates for guaranteed loans are negotiated between lender and borrower. Operating loan terms usually range from 1 to 7 years, according to loan purpose, with a maximum repayment period of 15 years for consolidated or rescheduled loans.

Table 2.7: FmHA Operating Loan Outstanding
Principal, Direct Loans, June 30, 1976-1987

<u>Year</u>	<u>Outstanding principal</u> (millions)
1976	\$1,220
1977	1,254
1978	1,417
1979	3,613
1980	1,938
1981	2,116
1982	2,708
1983	3,508
1984	4,072
1985	5,970
1986	6,433
1987	6,017

Figure 2.10: FmHA Operating Loan Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

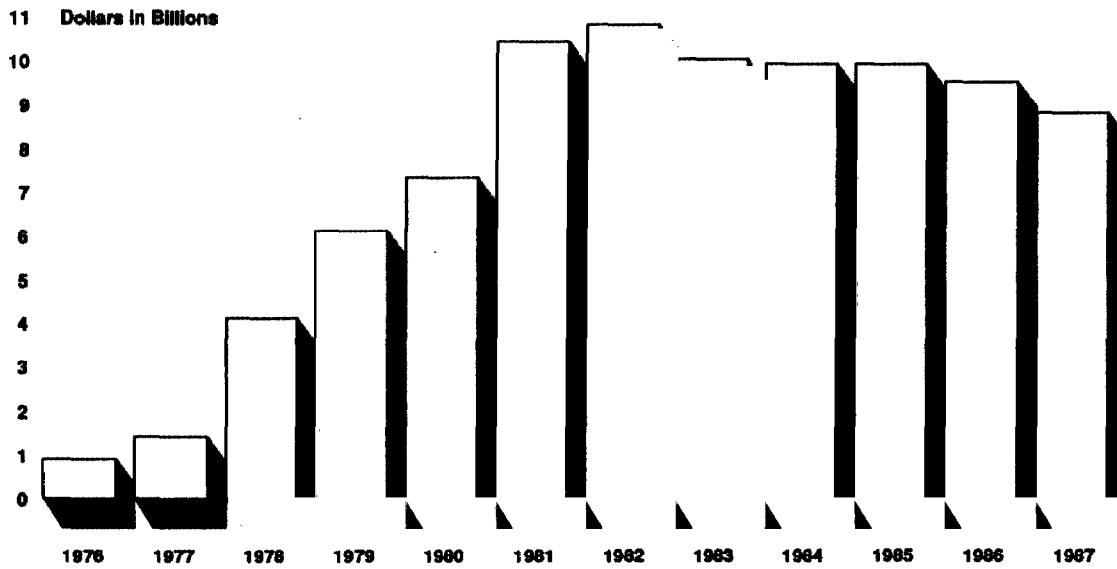
NATIONWIDE DISTRIBUTION OF
DIRECT OPERATING LOANS

The 10 states with the greatest amounts in direct operating loans are concentrated in the center of the country. Table II.3 provides statistics for the operating loan program in each state and territory.

Table 2.8: Ten States With Highest Operating Loan
Outstanding Principal, Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Texas	\$492.8
Iowa	449.7
Wisconsin	447.8
Minnesota	372.5
Louisiana	327.6
North Dakota	292.3
Oklahoma	243.4
Mississippi	222.2
Missouri	205.3
South Dakota	197.0

Figure 2.11: FmHA Emergency Disaster Outstanding Principal--
Direct Loans, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

EMERGENCY DISASTER LOANS

The emergency disaster direct loan portfolio grew rapidly between 1977 and 1981 as a result of severe and widespread natural disasters occurring in 1978 and 1980. The portfolio leveled off at about \$10 billion in each year from 1983 to 1985 and declined from about \$9.5 billion in 1986 to about \$8.8 billion in 1987. Emergency disaster loans help farmers recover from actual production and physical losses inflicted by natural disasters, such as drought, floods, and hailstorms.

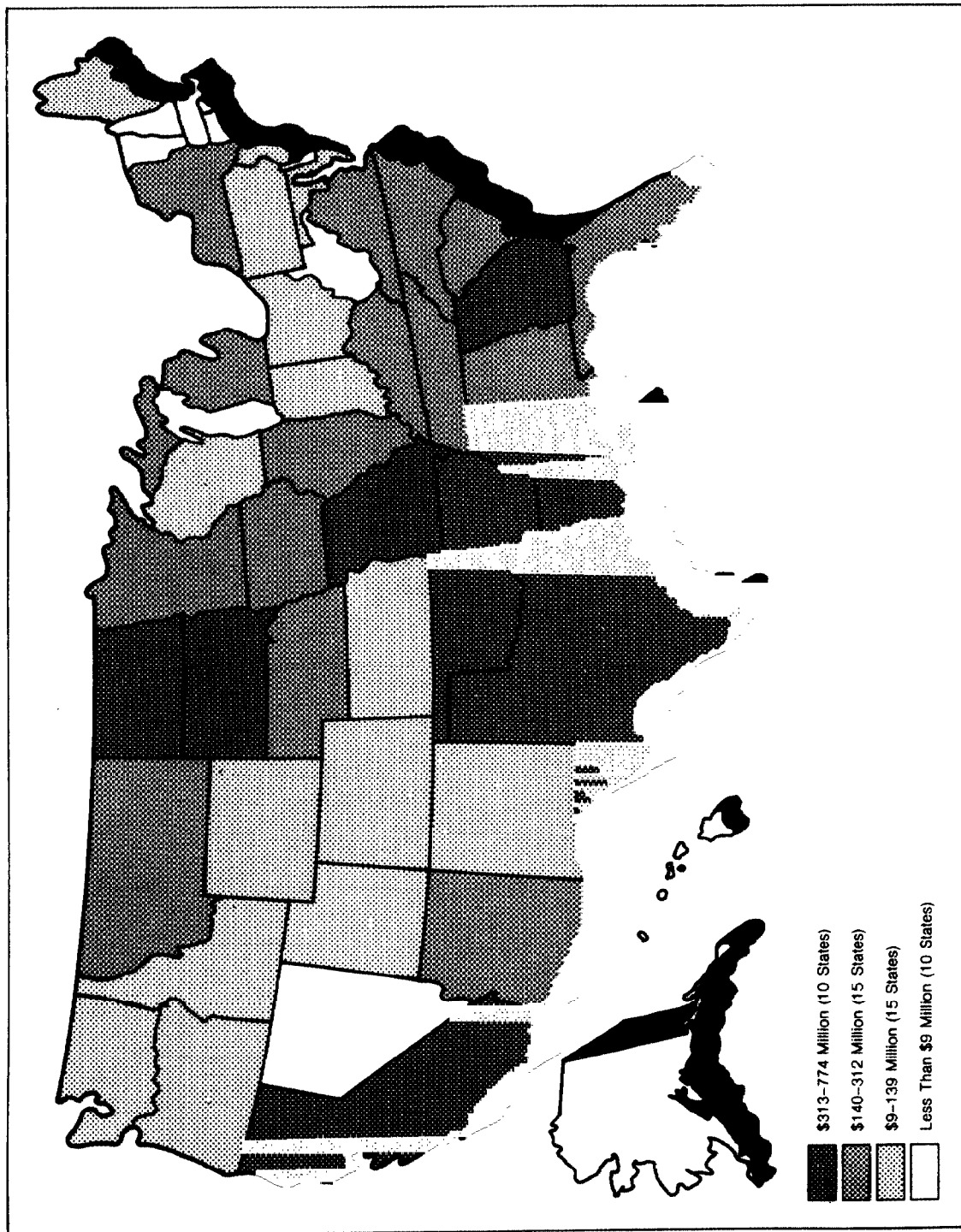
The maximum emergency loan amount available to any farmer is limited to the amount necessary to restore the farm to its pre-disaster condition, not to exceed the sum of the maximum production and physical loss or \$500,000, whichever is less. Farmers can, however, receive subsequent emergency loans not to exceed their actual losses or \$500,000, whichever is less, for each additional disaster.

Loans to cover actual losses are made at subsidized interest rates. For loans made through November 18, 1986, the interest rate was 5 percent for loan amounts of up to \$100,000 and 8 percent for loan amounts exceeding \$100,000 up to \$500,000. Loans made after November 18, 1986, are at a single interest rate of 4.5 percent. Repayment terms for emergency loans vary according to the type of loss, use of loan funds, available collateral, and the borrower's repayment ability; but they cannot exceed 40 years.

Table 2.9: FmHA Emergency Disaster Outstanding
Principal, Direct Loans, June 30, 1976-1987

<u>Year</u>	<u>Outstanding principal</u> (millions)
1976	\$ 918
1977	1,430
1978	4,084
1979	6,149
1980	7,313
1981	10,411
1982	10,795
1983	9,995
1984	9,938
1985	9,918
1986	9,488
1987	8,827

Figure 2.12: FmHA Emergency Disaster Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

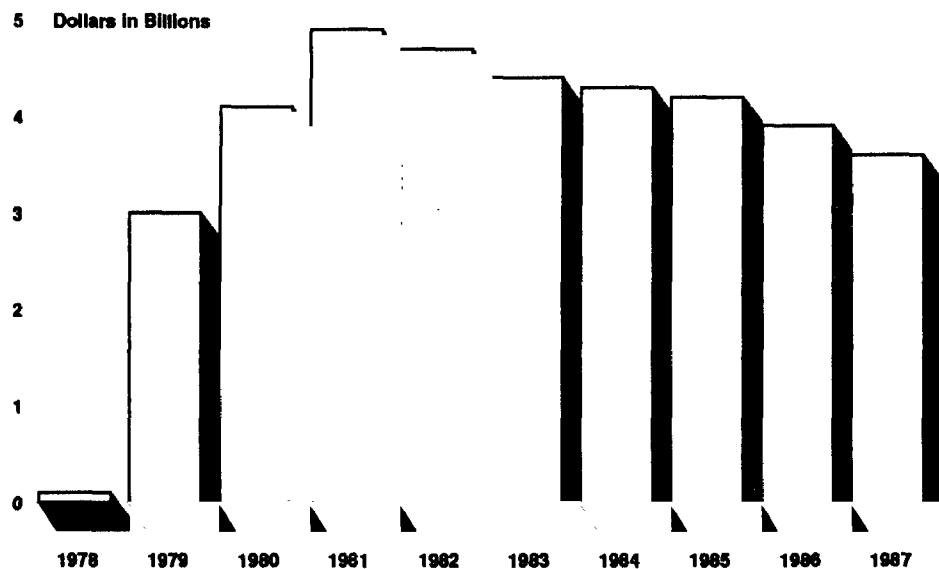
NATIONWIDE DISTRIBUTION OF
EMERGENCY DISASTER DIRECT LOANS

The 10 states with the greatest emergency disaster program debt are generally located in the South but also include the Dakotas and California. Table II.4 provides statistics for the emergency disaster program in each state and territory.

Table 2.10: Ten States With Highest Emergency Disaster
Outstanding Principal, Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Mississippi	\$773.6
Georgia	689.6
Texas	639.9
California	540.5
South Dakota	462.0
Louisiana	450.6
Arkansas	395.0
North Dakota	353.4
Missouri	323.0
Oklahoma	313.8

Figure 2.13: FmHA Economic Emergency Outstanding Principal--
Direct Loans, September 30, 1978 - June 30, 1987



Outstanding principal for 1978 and 1979 is as of September 30.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

ECONOMIC EMERGENCY LOANS

FmHA economic emergency loans were made to allow farmers to continue their operations when a serious lack of agricultural credit existed because of national or area-wide economic stress, as determined by the Secretary of Agriculture. These loans were authorized from August 4, 1978, to September 30, 1984. This program has not been authorized since September 30, 1984. Outstanding principal on economic emergency loans declined from \$3.9 billion in 1986 to about \$3.6 billion in 1987.

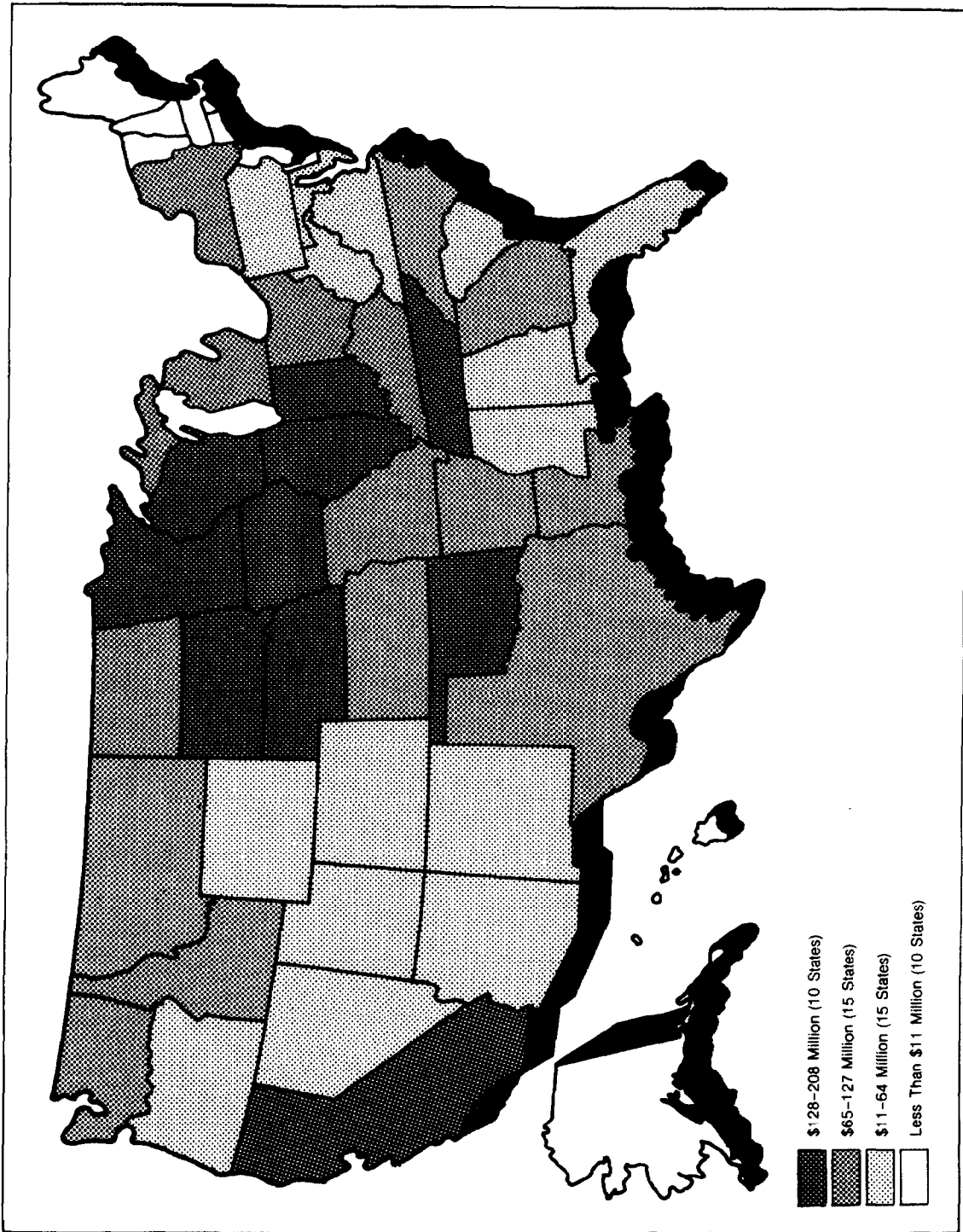
Under the program an economic emergency resulted from a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities, causing widespread need among farmers for temporary credit. The loans were limited to \$400,000 per borrower and were repayable as determined by the Secretary of Agriculture, taking into account the purpose and need for the loan. Prior to the program's expiration, the direct loan interest rate was 10.25 percent for operating purposes and 10.75 percent for real estate. Guaranteed loan interest rates were agreed upon by the lender and borrower.

Table 2.11: FmHA Economic Emergency Outstanding Principal, Direct Loans, September 30, 1978 - June 30, 1987

<u>Year</u>	<u>Outstanding principal</u> (millions)
1978 ^a	\$ 108
1979 ^a	2,954
1980	4,138
1981	4,897
1982	4,679
1983	4,404
1984	4,289
1985	4,171
1986	3,924
1987	3,598

^aAs of September 30.

Figure 2.14: FmHA Economic Emergency Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



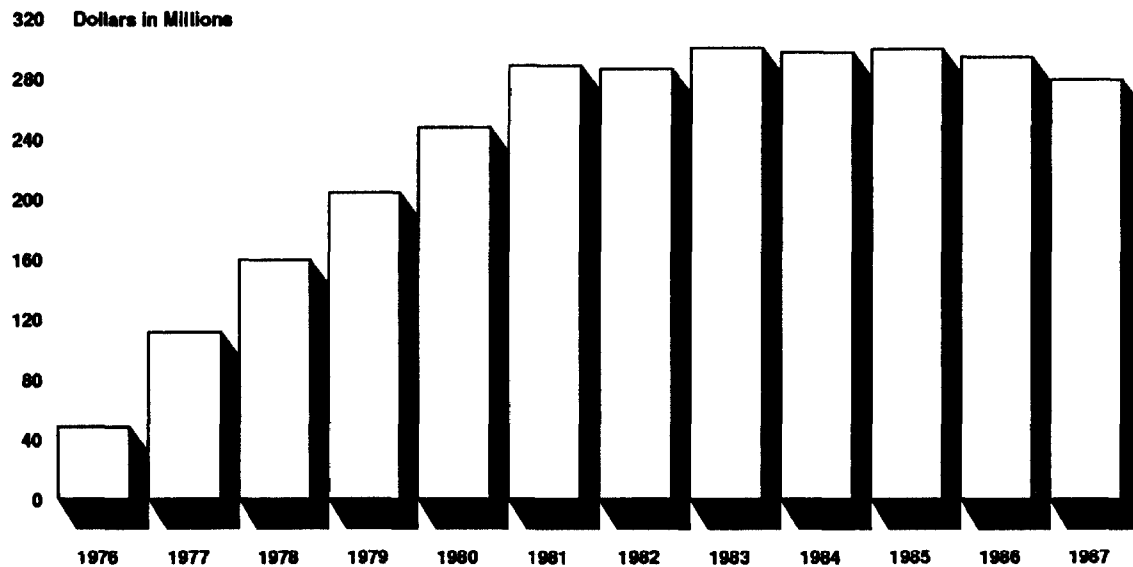
NATIONWIDE DISTRIBUTION OF
ECONOMIC EMERGENCY DIRECT LOANS

The 10 states with the largest share of economic emergency direct loans are generally concentrated in the upper Midwest and Great Lakes sections of the nation but include California, Oklahoma, and Tennessee. Table II.5 provides statistics for the economic emergency program in each state and territory.

Table 2.12: Ten States With Highest Economic Emergency
Outstanding Principal, Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Nebraska	\$207.7
Iowa	204.2
Oklahoma	174.7
Indiana	164.7
Minnesota	163.6
Wisconsin	162.7
South Dakota	152.4
Tennessee	131.7
Illinois	128.4
California	128.1

Figure 2.15: FmHA Soil and Water Outstanding Principal--
Direct Loans, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

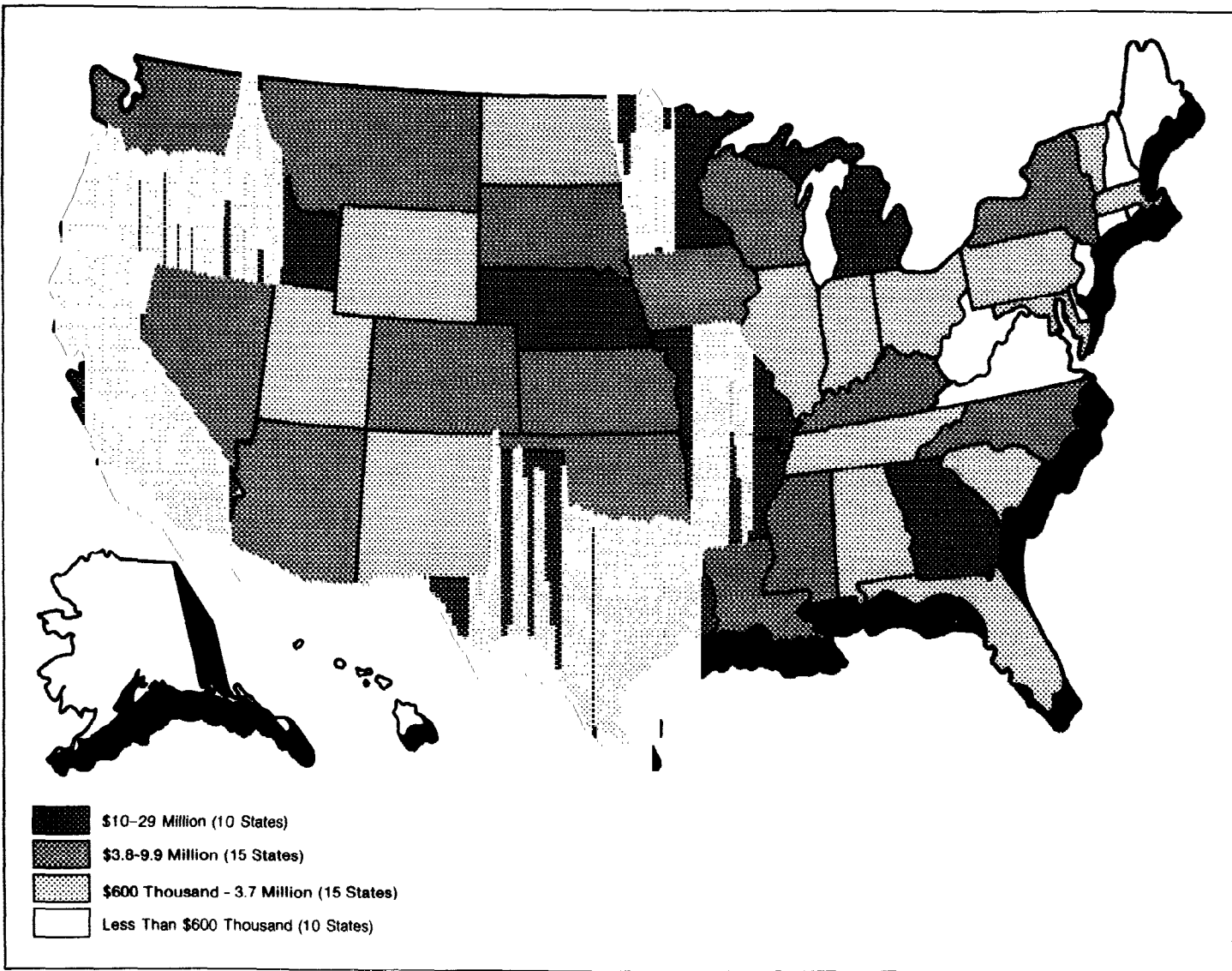
SOIL AND WATER LOANS

The soil and water program is the smallest of FmHA's major farm programs. Its direct loan portfolio increased from about \$48 million in 1976 to about \$300 million in 1983. It then leveled off at less than \$300 million from 1983 to 1987. The soil and water loan program encourages and facilitates the improvement, protection, and proper use of farmland by providing financing for soil conservation, water development, and other related measures consistent with environmental quality standards. Loans may be made to pay costs for construction, materials, supplies, equipment, and services. Direct loans cannot exceed \$200,000 per borrower, and guaranteed loans are limited to \$300,000. The repayment term for each is 40 years or less. The current direct loan interest rate is 9.50 percent (as of January 1, 1988), and the guaranteed loan rate is negotiated by the lender and borrower.

Table 2.13: FmHA Soil and Water Outstanding
Principal, Direct Loans, June 30, 1976-1987

<u>Year</u>	<u>Outstanding principal</u> (millions)
1976	\$ 48
1977	111
1978	159
1979	204
1980	247
1981	288
1982	286
1983	300
1984	297
1985	299
1986	294
1987	279

Figure 2.16: FmHA Soil and Water Outstanding Principal, Direct Loans--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

NATIONWIDE DISTRIBUTION OF
SOIL AND WATER DIRECT LOANS

The 10 states having the largest soil and water direct loan amounts are scattered from the southeastern to the northwestern parts of the nation, with most located in the center of the country. Table II.6 provides statistics for the soil and water program in each state and territory.

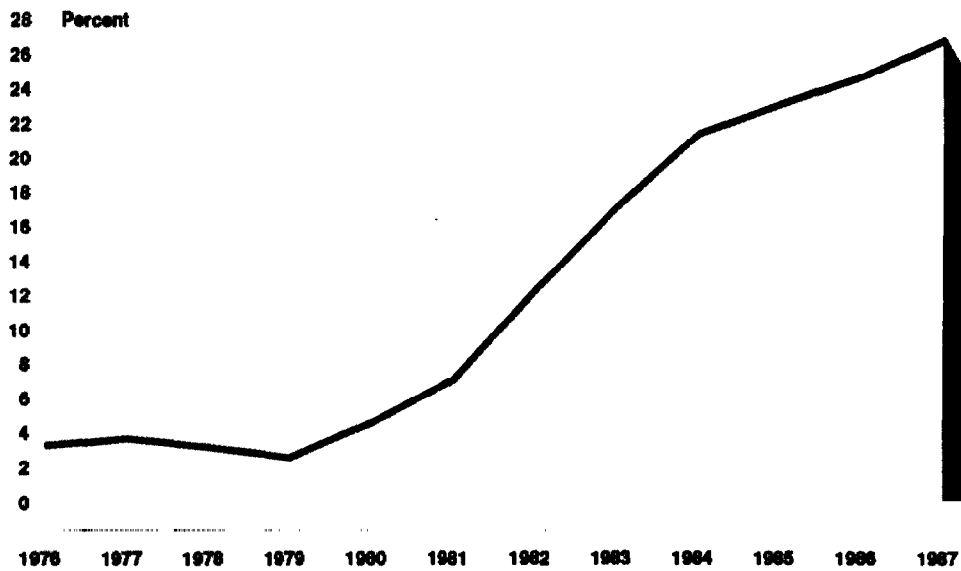
Table 2.14: Ten States With Highest Soil and Water
Outstanding Principal, Direct Loans, June 30, 1987

<u>State</u>	<u>Outstanding principal</u> (millions)
Nebraska	\$28.1
Idaho	20.3
Missouri	18.9
Texas	15.6
California	15.0
Georgia	13.7
Oregon	13.5
Michigan	12.8
Arkansas	11.5
Minnesota	10.1

SECTION 3

FmHA MAJOR FARM PROGRAM
DELINQUENCIES ARE GROWING

Figure 3.1: FmHA Major Farm Program Delinquencies as a Percentage of Outstanding Principal, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

FmHA MAJOR FARM PROGRAM DELINQUENCIES ARE INCREASING AS A PERCENTAGE OF OUTSTANDING PRINCIPAL

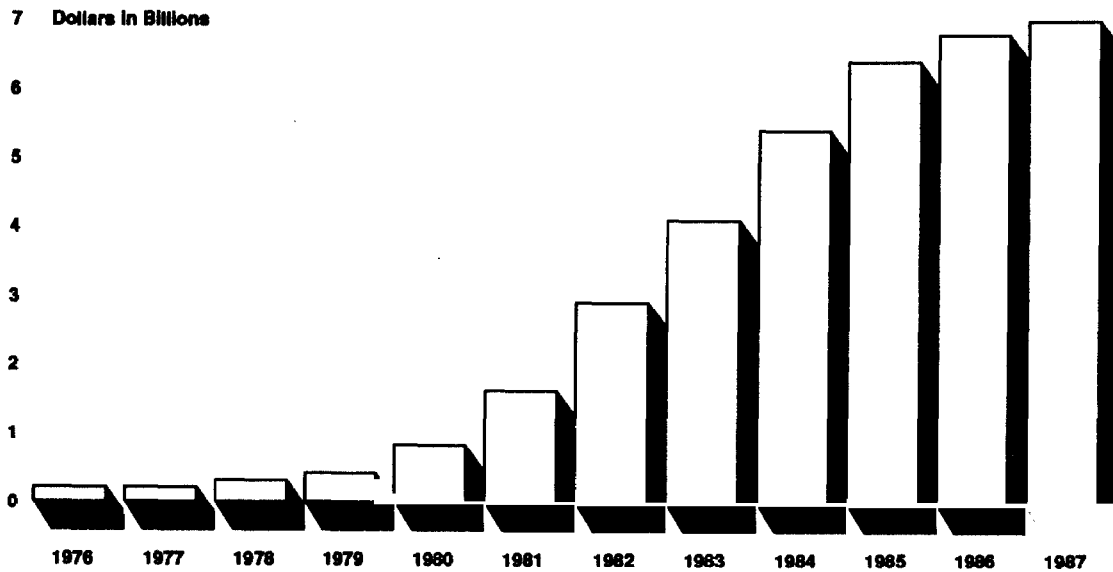
FmHA's major farm program direct loan outstanding principal declined slightly during 1987 to \$26.2 billion from an 11-year high of \$27.8 billion in 1986. Delinquencies, however, continued to increase during this period, rising from \$6.8 billion in 1986 to almost \$7 billion in 1987. The \$7 billion direct loan delinquent amount represents nonpayment of principal and interest on about 83,000 borrowers' loans. Delinquent dollar amounts continue to represent a larger portion of the total debt each subsequent year. FmHA considers a borrower delinquent if the borrower has an unpaid scheduled payment and the delinquent amount is \$10 or more for 15 or more days as recorded in the automated FmHA Active Borrowers Delinquent Report (FmHA report code 616). In calculating the delinquent amount, FmHA offsets payments made ahead of schedule on other loans.

Current law authorizes FmHA to assist borrowers who cannot meet loan repayments for reasons beyond their control, such as disasters or a poor farming economy. FmHA helps these borrowers through various servicing alternatives including payment deferment and the consolidation, rescheduling, and reamortization of loans. These alternatives restructure the borrower's debt terms, enabling the borrower to avoid a delinquency and stay current without making full loan payments. During fiscal years 1986 and 1987, about 30,000 borrowers were assisted by these alternatives and continued their farm operations. According to FmHA officials, these borrowers would have been delinquent without such assistance.

Table 3.1: Comparison of Major Farm Program Delinquent Dollars to Outstanding Principal, June 30, 1976-1987

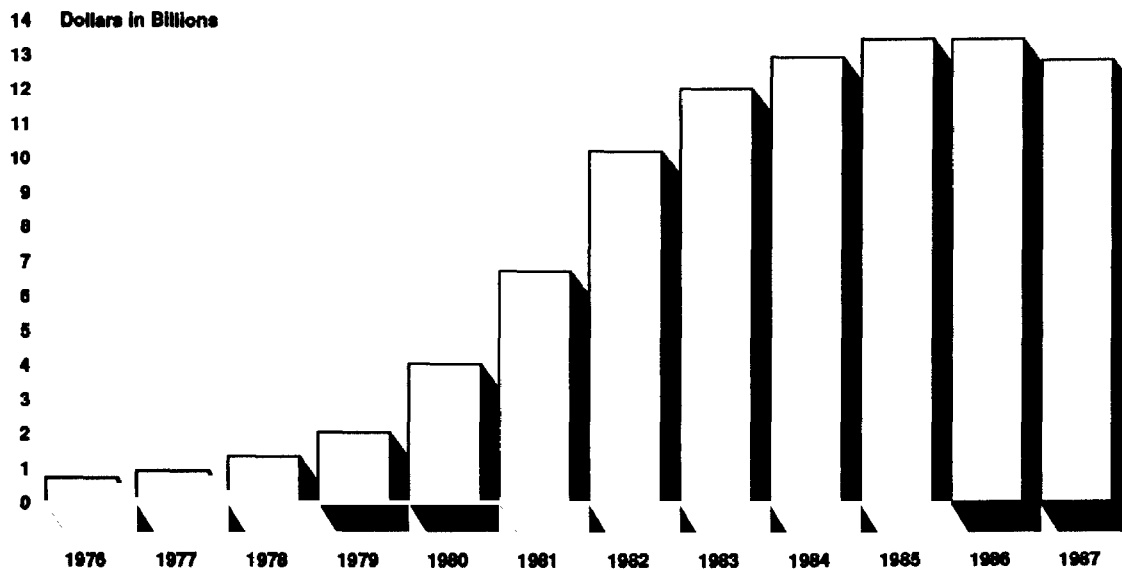
<u>Year</u>	<u>Delinquent dollars</u> (millions)	<u>Total outstanding principal</u> (millions)	<u>Percent of delinquent dollars to principal</u>
1976	\$ 164.1	\$ 5,077.0	3.2
1977	213.3	5,931.4	3.6
1978	288.2	9,236.0	3.1
1979	417.3	16,921.8	2.5
1980	823.2	18,111.3	4.5
1981	1,587.9	22,820.5	7.0
1982	2,927.8	24,053.0	12.2
1983	4,124.8	24,329.8	17.0
1984	5,389.5	25,292.4	21.3
1985	6,385.2	27,718.3	23.0
1986	6,832.7	27,768.7	24.6
1987	6,999.7	26,191.4	26.7

Figure 3.2: FmHA Major Farm Program Delinquent Dollars, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Figure 3.3: FmHA Major Farm Program Outstanding Principal Owed by Delinquent Borrowers, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

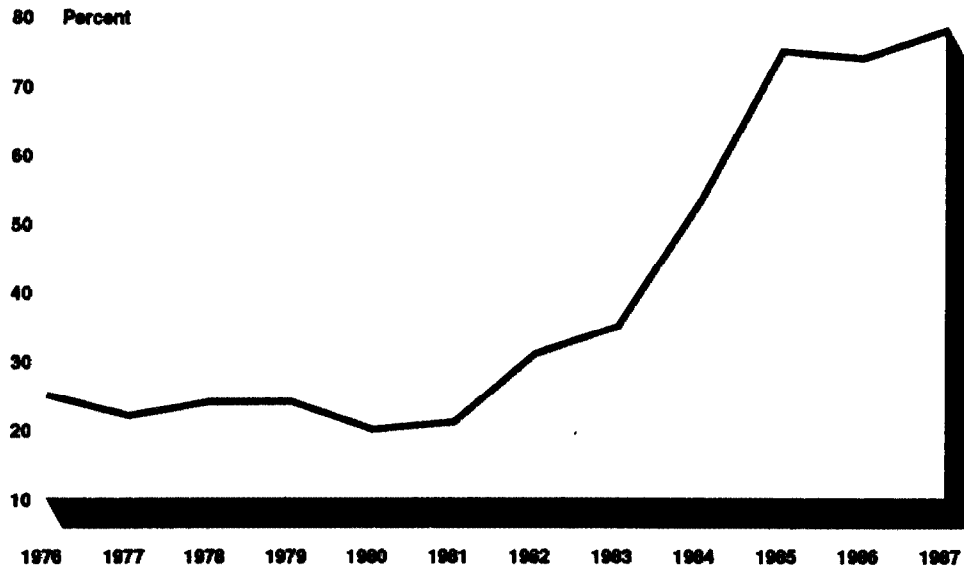
MAJOR FARM PROGRAM OUTSTANDING PRINCIPAL REPRESENTED
BY BORROWERS WITH DELINQUENT LOANS

As major farm program delinquencies have increased, so have the principal amounts owed by delinquent borrowers. This principal, less proceeds from the sale of loan collateral, is a potential loss for the government if the borrower is unable to catch up on delinquent payments. Outstanding principal owed by borrowers with delinquent loans decreased slightly in 1987. However, total delinquencies continued to increase during the period.

Table 3.2: Comparison of Major Farm Program
Delinquent Dollars to Outstanding Principal Owed by
Delinquent Borrowers, June 30, 1976-1987

<u>Year</u>	<u>Total delinquencies (millions)</u>	<u>Outstanding principal owed by delinquent borrowers (millions)</u>
1976	\$ 164	\$ 723
1977	213	859
1978	288	1,323
1979	417	1,958
1980	823	4,047
1981	1,588	6,722
1982	2,928	10,245
1983	4,125	12,010
1984	5,390	12,878
1985	6,385	13,448
1986	6,833	13,448
1987	7,000	12,820

Figure 3.4: Percent of FmHA Major Farm Program Dollars Delinquent Over 3 Years to Total Delinquent Dollars, June 30, 1976-1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

MAJOR FARM PROGRAM DELINQUENCIES
FOR OVER 3 YEARS ARE RISING

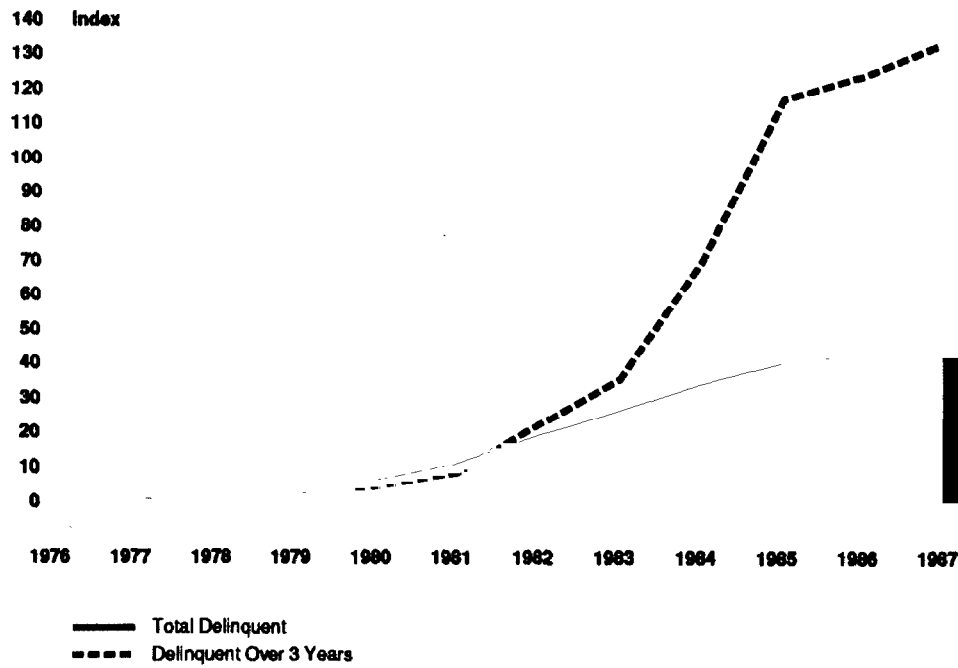
As the amount of major farm program delinquencies increased, so has the length of time payments have been delinquent. Although the percentage of over-3-year delinquencies was relatively stable between 1976 and 1981, it began to rise in 1982 and jumped from 35 percent in 1983 to 78 percent in 1987.

In the past, borrowers delinquent for over 3 years would have had little chance of becoming current on their payments and would have failed. However, according to FmHA, recent congressional action will probably change this. The reinstatement of the continuation policy will allow delinquent borrowers to obtain additional operating loans if they can show the ability to repay only the new loan. In addition, the Agricultural Credit Act of 1987 (P.L. 100-233, Jan. 6, 1988) requires FmHA to write off delinquent borrower debt if it is less costly to the government than foreclosing on a borrower. According to FmHA's Assistant Administrator for Farmer Programs, these provisions will at least temporarily keep delinquent farmers in business but most likely will also increase FmHA loan losses.

Table 3.3: Comparison of Major Farm Program
Delinquent Dollars to Over-3-Year Delinquent Dollars,
June 30, 1976-1987

<u>Year</u>	Total delinquent dollars (millions)	Total over-3-year delinquent dollars (millions)	Percent of over-3-year to total delinquent dollars
1976	\$ 164.1	\$ 41.1	25
1977	213.3	46.2	22
1978	288.2	70.0	24
1979	417.3	101.3	24
1980	823.2	164.1	20
1981	1,587.9	333.2	21
1982	2,927.8	898.8	31
1983	4,124.8	1,444.8	35
1984	5,389.5	2,868.6	53
1985	6,385.2	4,799.9	75
1986	6,832.7	5,084.9	74
1987	6,999.7	5,464.4	78

Figure 3.5: Index of FmHA Major Farm Program Delinquencies, June 30, 1976-1987



Index: Base year 1976 = 1

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

INDEX OF INCREASING MAJOR
FARM PROGRAM DELINQUENCIES

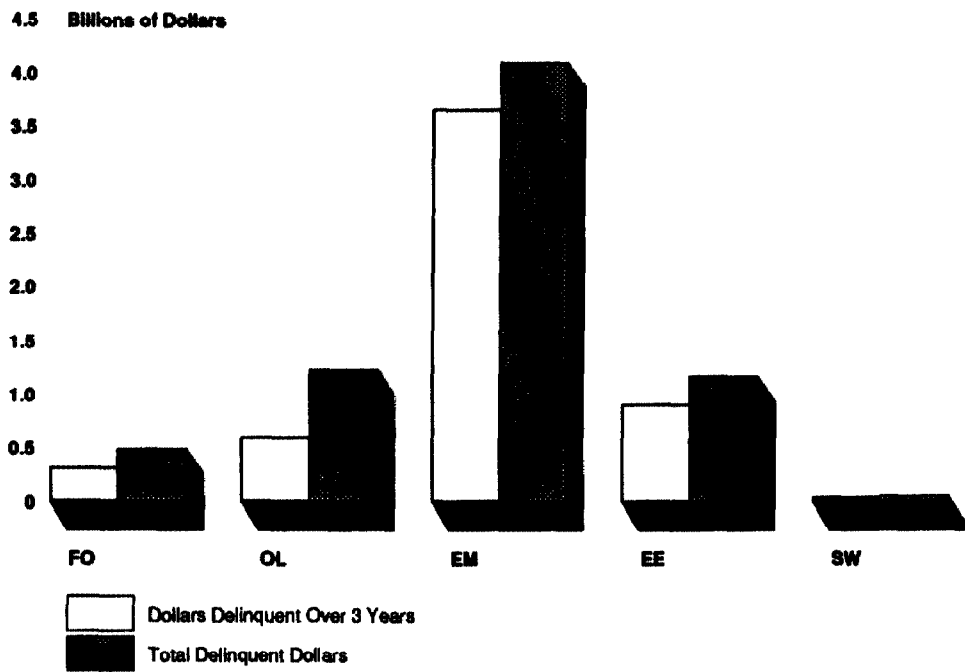
The rapid increase in FmHA major farm program delinquencies can be shown using an index. Total 1987 major farm program delinquencies of about \$7 billion are over 42 times greater than their 1976 level of \$164 million. The over-3-year delinquencies are about 133 times greater than the 1976 total of \$41 million, reaching about \$5.5 billion in 1987.

Table 3.4: Index of Major Farm Program Total Delinquent Dollars and Over-3-Year Delinquent Dollars, June 30, 1976-1987

<u>Year</u>	<u>Total delinquent dollars (millions)</u>	<u>Index of total delinquent dollars^a</u>	<u>Over-3-year delinquent dollars (millions)</u>	<u>Index of over-3-year delinquent dollars</u>
1976	\$ 164.1	1.00	\$ 41.1	1.00
1977	213.3	1.30	46.2	1.12
1978	288.2	1.76	70.0	1.70
1979	417.3	2.54	101.3	2.46
1980	823.2	5.02	164.1	3.99
1981	1,587.9	9.68	333.2	8.10
1982	2,927.8	17.84	898.8	21.87
1983	4,124.8	25.13	1,444.8	35.15
1984	5,389.5	32.84	2,868.6	69.80
1985	6,385.2	38.91	4,799.9	116.79
1986	6,832.7	41.64	5,084.9	123.72
1987	6,999.7	42.66	5,464.4	132.95

^aIndex: Base year 1976 = 1.

Figure 3.6: Delinquencies by FmHA Major Farm Program, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

CURRENT FmHA MAJOR FARM PROGRAM DELINQUENCIES

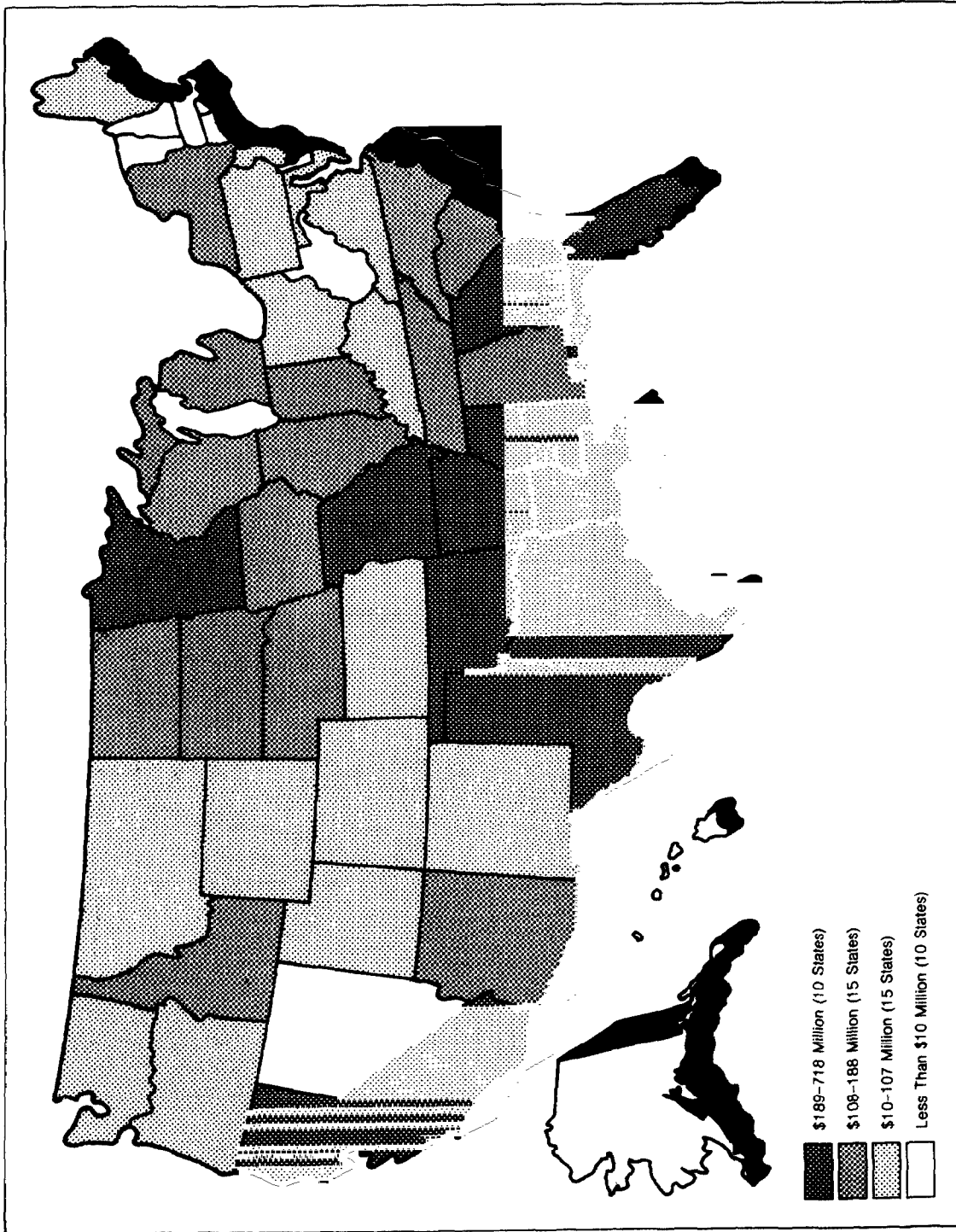
As of June 30, 1987, the five major farm programs have direct loan delinquencies of about \$7.0 billion, of which almost \$5.5 billion is more than 3 years delinquent. These delinquencies are largest in the emergency disaster program where almost 90 percent of the delinquencies are over 3 years old.

Table 3.5: Total Delinquent Dollars and Over-3-Year Delinquent Dollars by Major Farm Program, June 30, 1987

<u>Program</u>	Total delinquent dollars ^a (millions)	Over-3-year delinquent dollars ^a (millions)	Percent of over-3-year to total delinquencies
Farm ownership	\$ 478.3	\$ 302.0	63.1
Operating	1,228.1	588.8	47.9
Emergency disaster	4,091.4	3,647.9	89.2
Economic emergency	1,159.5	896.0	77.3
Soil and water	<u>42.5</u>	<u>29.7</u>	70.0
Total	<u>\$6,999.7</u>	<u>\$5,464.4</u>	78.1

^aTotal delinquent dollars and over-3-year delinquent dollars are slightly lower in this table than in table 3.13 because of programming variances for presenting data by individual borrower and by loan program.

Figure 3.7: FmHA Major Farm Program Delinquent Dollars--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

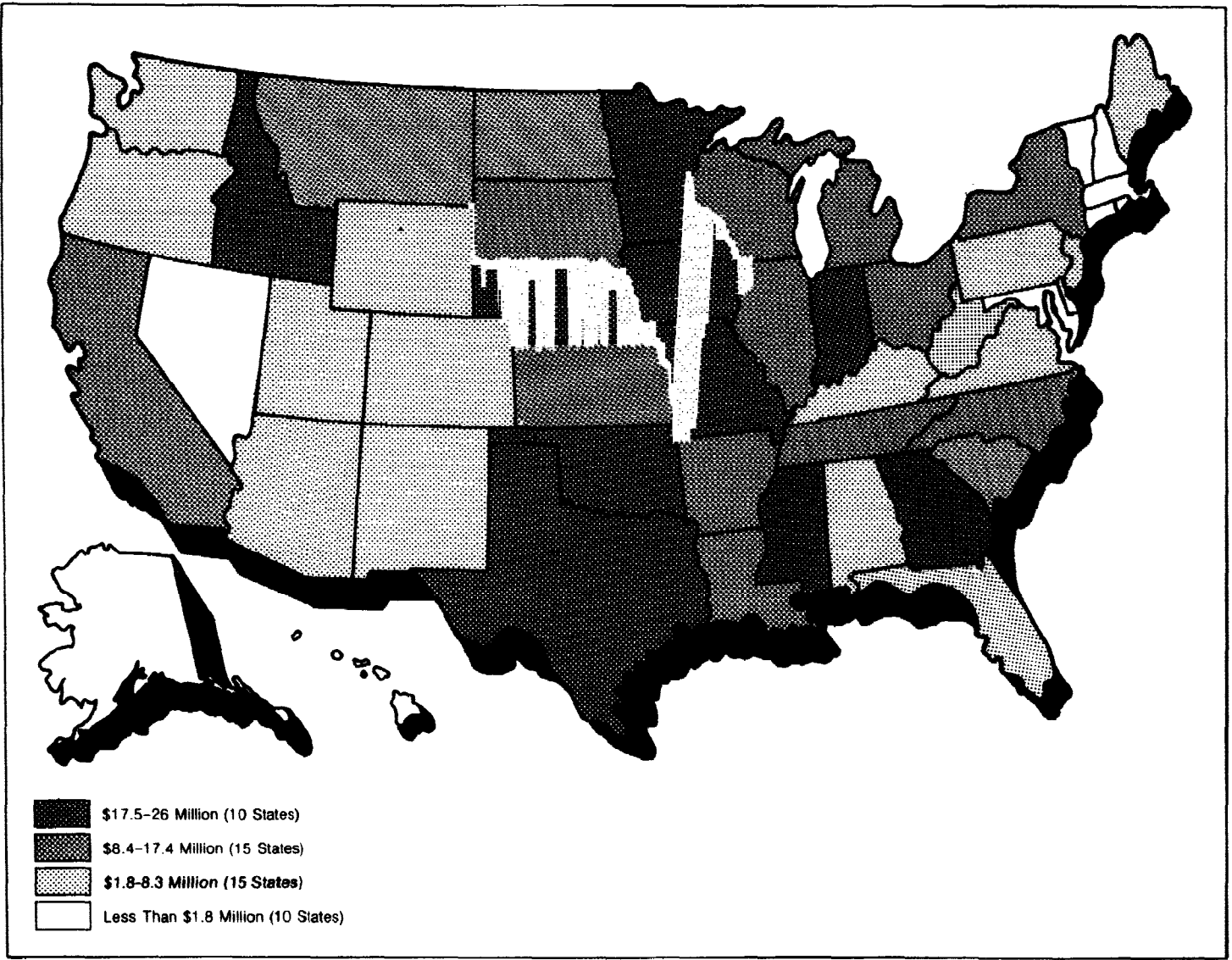
NATIONWIDE DISTRIBUTION OF FmHA MAJOR
FARM PROGRAM DELINQUENCIES

The 10 states having the largest total FmHA farm program delinquencies are scattered in the South, Midwest, and West. Table III.1 provides statistics for major farm program delinquencies in each state and territory.

Table 3.6: Ten States With Highest Major Farm
Program Delinquencies, June 30, 1987

<u>State</u>	<u>Delinquent dollars (millions)</u>	<u>Outstanding principal owed by delinquent borrowers (millions)</u>
Georgia	\$717.7	\$791.8
Mississippi	621.2	859.4
Texas	577.1	828.7
California	489.0	651.3
Louisiana	407.2	630.1
Arkansas	297.6	528.2
Oklahoma	242.9	547.3
Minnesota	232.5	525.3
Florida	205.8	240.8
Missouri	190.0	468.7

Figure 3.8: FmHA Farm Ownership Delinquent Dollars--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

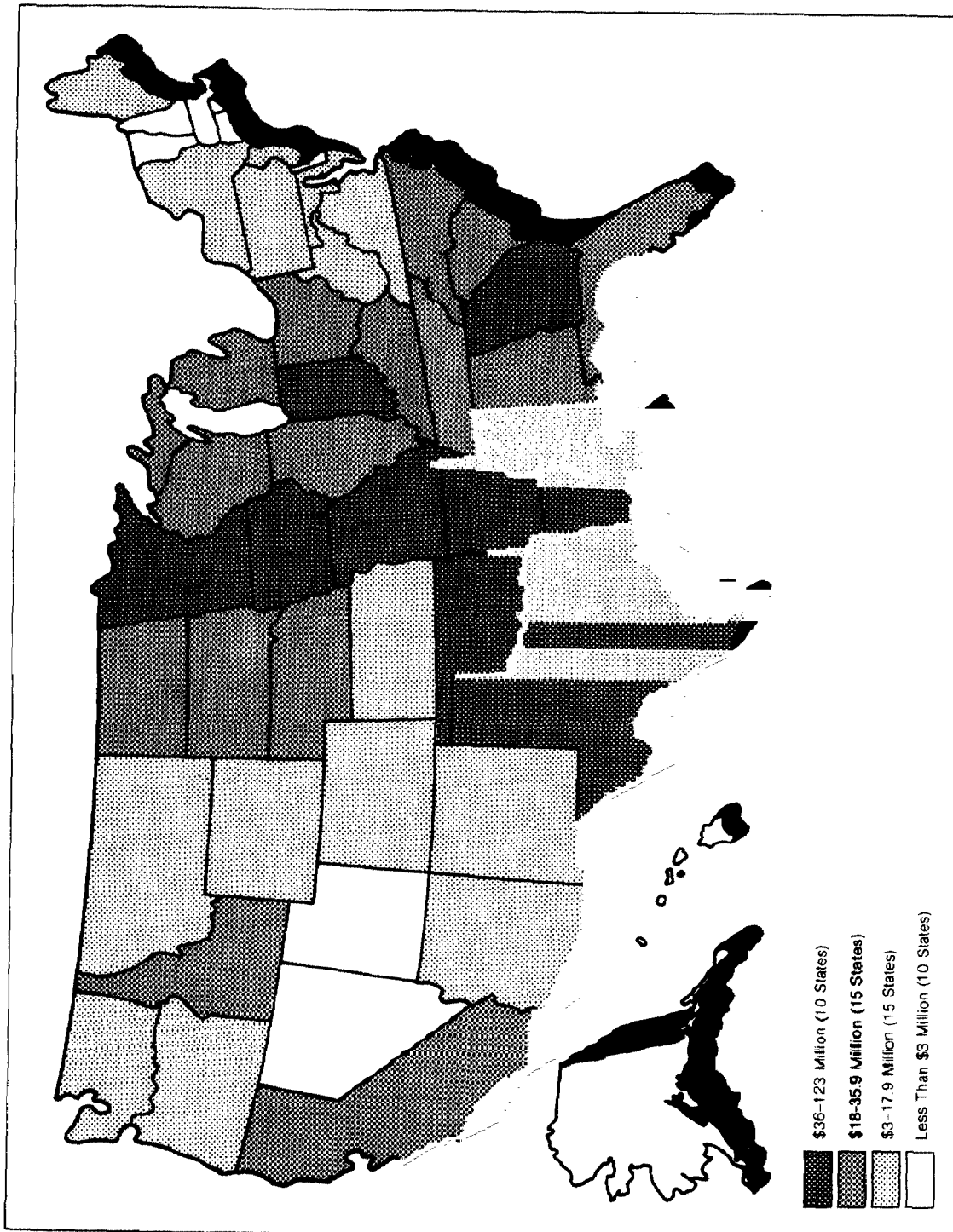
NATIONWIDE DISTRIBUTION OF
FARM OWNERSHIP DELINQUENCIES

The 10 states with the largest farm ownership delinquencies are generally located in the South and Midwest. Farm ownership delinquencies total \$478.3 million, representing about \$2.4 billion in outstanding principal. Table III.2 provides statistics for farm ownership delinquencies in each state and territory.

Table 3.7: Ten States With Highest Farm Ownership Delinquencies,
June 30, 1987

<u>State</u>	<u>Delinquent</u> <u>dollars</u> <u>(millions)</u>	<u>Outstanding</u> <u>principal owed by</u> <u>delinquent borrowers</u> <u>(millions)</u>
Minnesota	\$25.3	\$129.0
Texas	24.5	102.5
Missouri	22.1	126.3
Idaho	20.9	86.6
Iowa	20.0	103.6
Oklahoma	19.0	109.2
Indiana	18.5	88.4
Nebraska	18.4	83.7
Mississippi	18.3	76.2
Georgia	17.5	61.3

Figure 3.9: FmHA Operating Loan Delinquent Dollars--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

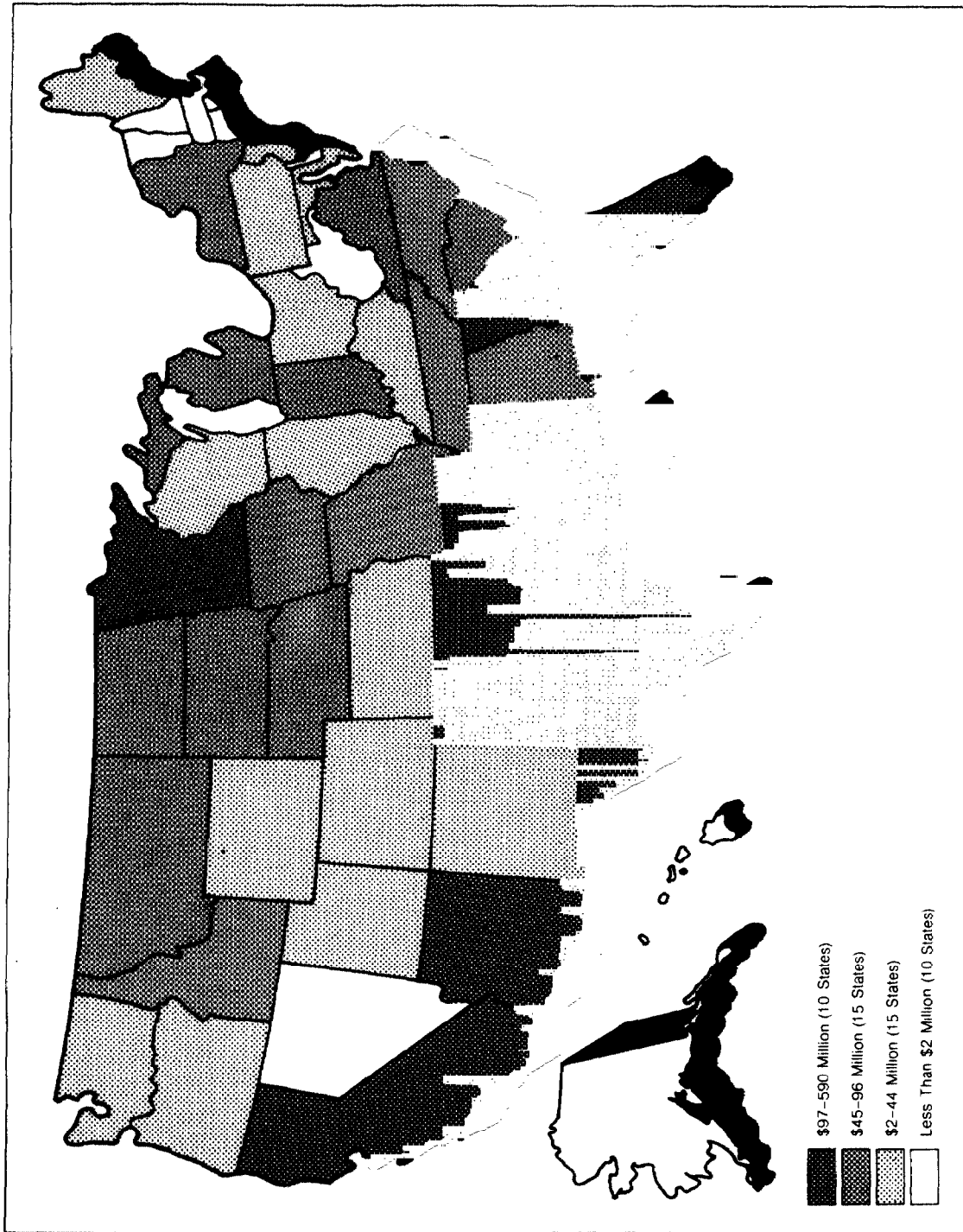
NATIONWIDE DISTRIBUTION OF
OPERATING LOAN DELINQUENCIES

The 10 largest amounts of operating loan delinquencies are located primarily in the southern and midwestern states. Operating loan delinquencies total \$1.2 billion, representing \$2.1 billion in outstanding principal. Table III.3 provides statistics on operating loan delinquencies in each state and territory.

Table 3.8: Ten States With Highest Operating Loan Delinquencies,
June 30, 1987

<u>State</u>	<u>Delinquent dollars (millions)</u>	<u>Outstanding principal owed by delinquent borrowers (millions)</u>
Texas	\$122.9	\$201.0
Louisiana	95.1	150.2
Mississippi	93.6	119.1
Minnesota	56.4	108.8
Georgia	54.0	59.7
Arkansas	53.6	88.4
Iowa	49.6	127.0
Oklahoma	46.0	98.4
Missouri	40.9	79.2
Indiana	37.2	56.3

Figure 3.10: FmHA Emergency Disaster Delinquent Dollars--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

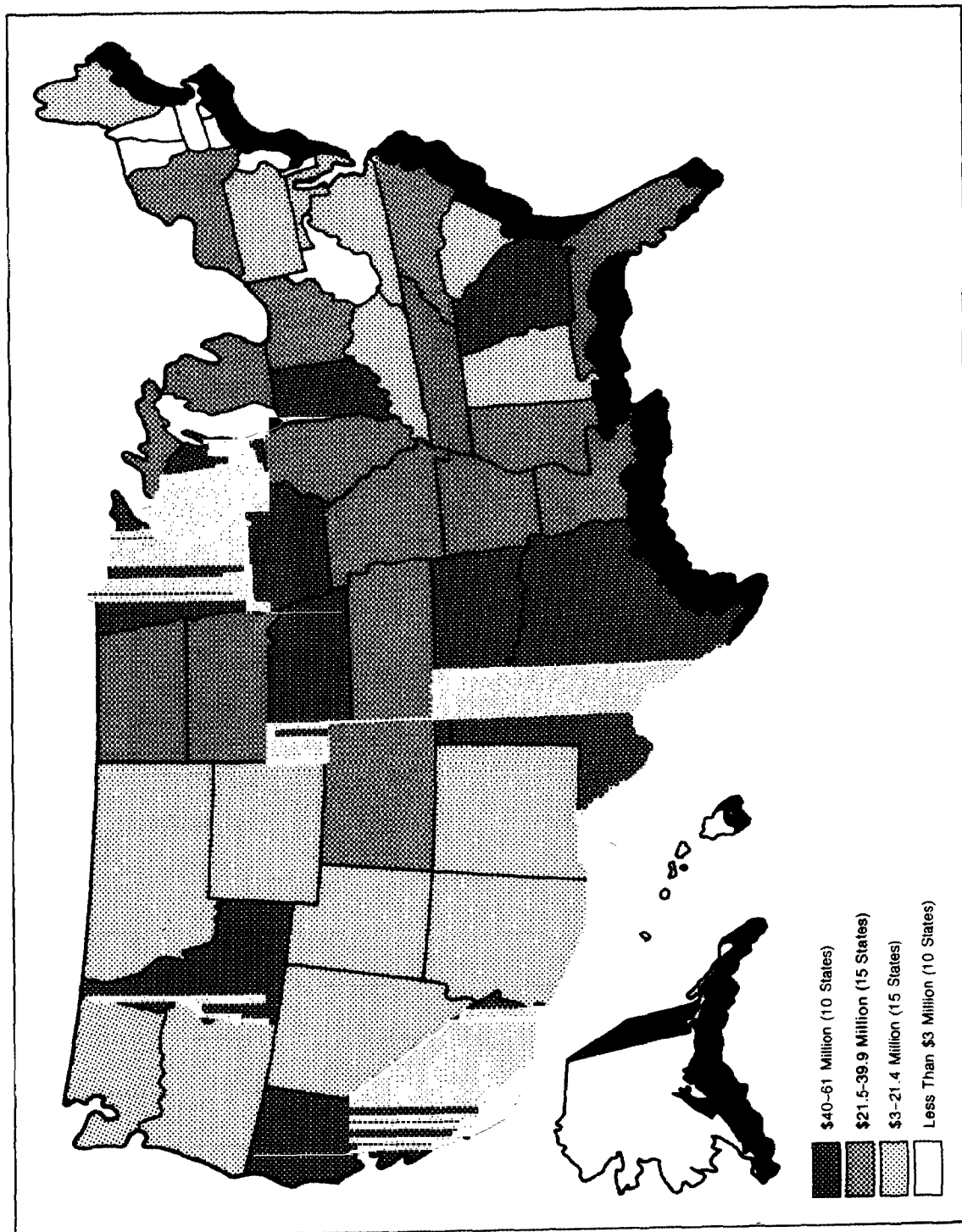
NATIONWIDE DISTRIBUTION OF
EMERGENCY DISASTER DELINQUENCIES

The 10 states with the largest amounts in emergency disaster delinquencies are located in the South and West. Emergency disaster delinquencies are the largest of the major farm program delinquencies, totaling \$4.1 billion, representing \$6.0 billion in outstanding principal. Table III.4 provides statistics on emergency disaster delinquencies in each state and territory.

Table 3.9: Ten States With Highest Emergency Disaster Delinquencies, June 30, 1987

<u>State</u>	<u>Delinquent dollars (millions)</u>	<u>Outstanding principal on delinquent loans (millions)</u>
Georgia	\$589.3	\$599.7
Mississippi	482.2	625.4
California	392.5	471.2
Texas	373.6	445.5
Louisiana	265.8	366.9
Arkansas	199.0	298.3
Florida	131.6	138.9
Oklahoma	120.2	217.4
Arizona	108.8	121.1
Minnesota	98.5	179.2

Figure 3.11: FmHA Economic Emergency Delinquent Dollars--Nationwide Distribution, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

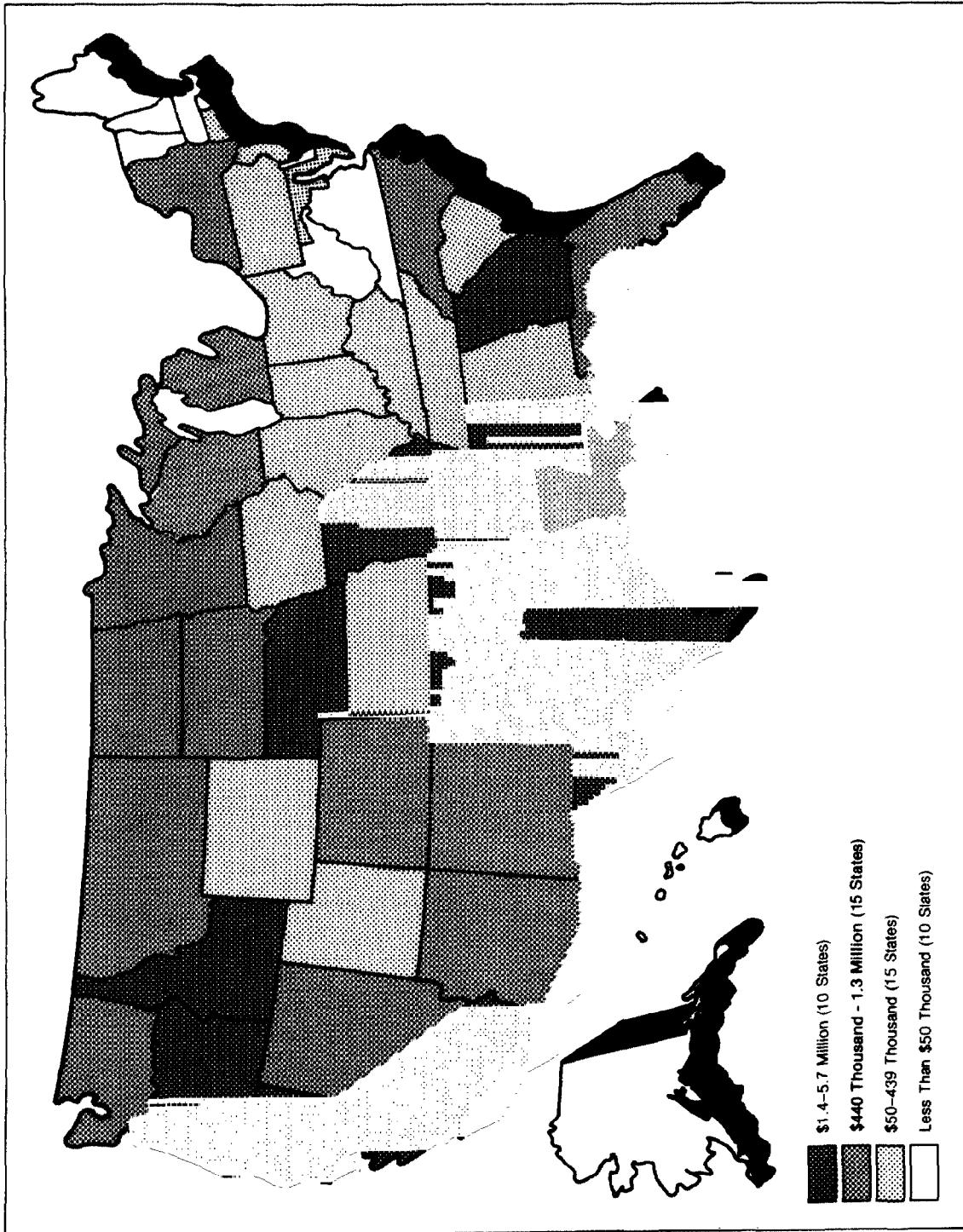
NATIONWIDE DISTRIBUTION OF
ECONOMIC EMERGENCY DELINQUENCIES

The states with the 10 largest totals of economic emergency delinquencies are scattered across the country. Economic emergency delinquencies total about \$1.2 billion, representing almost \$2.2 billion in outstanding principal. Table III.5 provides statistics on economic emergency delinquencies in each state and territory.

Table 3.10: Ten States With Highest Economic Emergency
Delinquencies, June 30, 1987

<u>State</u>	<u>Delinquent dollars (millions)</u>	<u>Outstanding principal owed by delinquent borrowers (millions)</u>
Indiana	\$60.5	\$116.4
Idaho	57.5	87.9
Oklahoma	56.4	118.2
Nebraska	55.3	125.3
California	55.1	86.2
Texas	53.0	72.1
Georgia	51.3	61.7
Minnesota	51.1	104.2
Iowa	47.3	115.5
Wisconsin	41.4	80.3

Figure 3.12: FmHA Soil and Water Delinquent Dollars--Nationwide Distribution, June 30, 1987



NATIONWIDE DISTRIBUTION OF
SOIL AND WATER DELINQUENCIES

The 10 states having the largest total of soil and water delinquencies are located generally in the South, Midwest, and West. Soil and water delinquencies total \$42.5 million, representing \$119.2 million in outstanding principal. Table III.6 provides statistics for soil and water delinquencies in each state and territory.

Table 3.11: Ten States With Highest Soil and Water Delinquencies,
June 30, 1987

<u>State</u>	<u>Delinquent dollars (millions)</u>	<u>Outstanding principal owed by delinquent borrowers (millions)</u>
Georgia	\$5.6	\$ 9.4
Nebraska	3.4	9.4
Texas	3.2	7.6
Idaho	3.2	10.6
California	2.8	9.1
Oregon	2.5	6.6
Mississippi	1.8	4.0
Missouri	1.8	6.4
Arkansas	1.5	4.7
Oklahoma	1.4	4.0

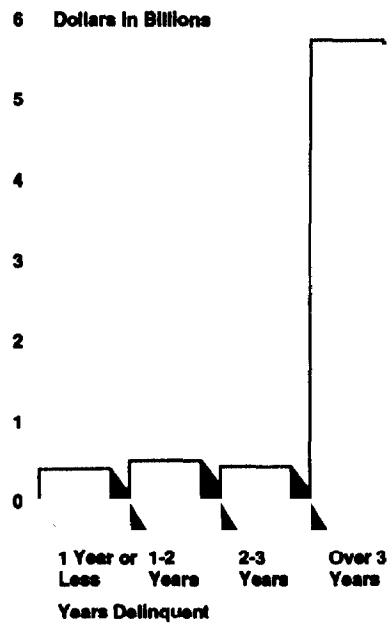
NATIONWIDE DISTRIBUTION OF DOLLARS
DELINQUENT FOR OVER 3 YEARS

The 10 states with largest amounts of over-3-year delinquencies are generally located in the South and Midwest but also include California. Nationwide, this delinquency category totals about \$5.5 billion, representing \$6.2 billion in outstanding principal. As illustrated by the state of Georgia, over-3-year delinquent dollar amounts can exceed outstanding principal owed by over-3-year delinquent borrowers because delinquent dollar amounts include both principal and interest. Appendix IV provides statistics for individual state and territory delinquencies in the over-3-year category.

Table 3.12: Ten States With Highest Over-3-Year Delinquencies,
June 30, 1987

<u>State</u>	<u>Over-3-year delinquent dollars (millions)</u>	<u>Outstanding principal owed by over-3-year delinquent borrowers (millions)</u>
Georgia	\$674.7	\$637.2
Mississippi	532.5	556.1
Texas	482.9	437.4
California	443.4	471.8
Louisiana	310.0	320.7
Arkansas	227.8	257.9
Florida	186.2	173.5
Oklahoma	169.6	215.9
Minnesota	163.6	223.9
North Carolina	133.8	150.6

Figure 3.14: Age of Major Farm Program
Delinquent Dollars, June 30, 1987



Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

AGE OF DELINQUENT MAJOR FARM PROGRAM LOAN AMOUNTS

FmHA categorizes borrowers by their oldest delinquent farm program loan even though a borrower may have loans in different delinquent age categories. For example, FmHA shows that the 32,865 borrowers delinquent for over 3 years have a total of \$5.7 billion in delinquent payments. However, only about \$5.0 billion is delinquent for over 3 years. The remaining delinquent \$726 million is less than 3 years delinquent but is shown in the over-3-year delinquency total because of FmHA's method of aging delinquencies.

Table 3.13: Age of Major Farm Program Delinquent Amounts, June 30, 1987

	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>	<u>Totals^a</u>
Number of delinquent borrowers	27,138	15,108	7,866	32,865	82,977
Delinquent dollars (millions)					
over 3 years				\$4,986.1	\$4,986.1
2-3 years			\$315.7	352.7	668.4
1-2 years		\$436.9	83.8	203.9	724.6
1 year or less	\$385.6	58.4	16.1	169.5	629.6
Total	<u>\$385.6</u>	<u>\$495.3</u>	<u>\$415.7</u>	<u>\$5,712.2</u>	<u>\$7,008.8</u>
Outstanding principal owed by delinquent borrowers (millions)	\$3,370.0	\$2,218.5	\$1,081.3	\$6,662.4	\$13,332.2

^aTotal delinquent dollars and outstanding principal on loans owed by delinquent borrowers are higher in this table than in tables 3.2, 3.5, and 3.14 because of programming variances for presenting data by individual borrower and by loan program.

Table 3.14: Major Farm Program Loans and Delinquency Status, June 30, 1987

	<u>Farm ownership</u>	<u>Operating</u>	<u>Emergency disaster</u>	<u>Economic emergency</u>	<u>Soil and water</u>	<u>Total</u> ^a
Total borrowers ^b	118,628	112,319	105,344	44,181	14,624	395,096
Delinquent borrowers ^b	29,917	41,369	44,268	21,307	4,477	141,338
Delinquent borrowers as a percent of total	25.2	36.8	42.0	48.2	30.6	35.8
Total outstanding principal (millions)	\$7,470.8	\$6,016.9	\$8,827.1	\$3,598.0	\$278.7	\$26,191.5
Outstanding principal owed by delinquent borrowers (millions)	\$2,370.4	\$2,140.7	\$6,037.6	\$2,151.8	\$119.2	\$12,819.7
Outstanding principal owed by delinquent borrowers as a percent of total	31.7	35.6	68.4	59.8	42.8	48.9
Delinquent dollars (millions)	\$478.3	\$1,228.1	\$4,091.4	\$1,159.5	\$42.5	\$6,999.8
Delinquent dollars as a percent of principal on delinquent loans	20.2	57.4	67.8	53.9	35.6	54.6

^aTotals do not add because of rounding.

^bThis table presents data by loan type rather than individual borrower, which results in the borrowers' being counted in each loan category in which they have a loan.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

TOTAL AND DELINQUENT MAJOR FARM PROGRAM LOANS

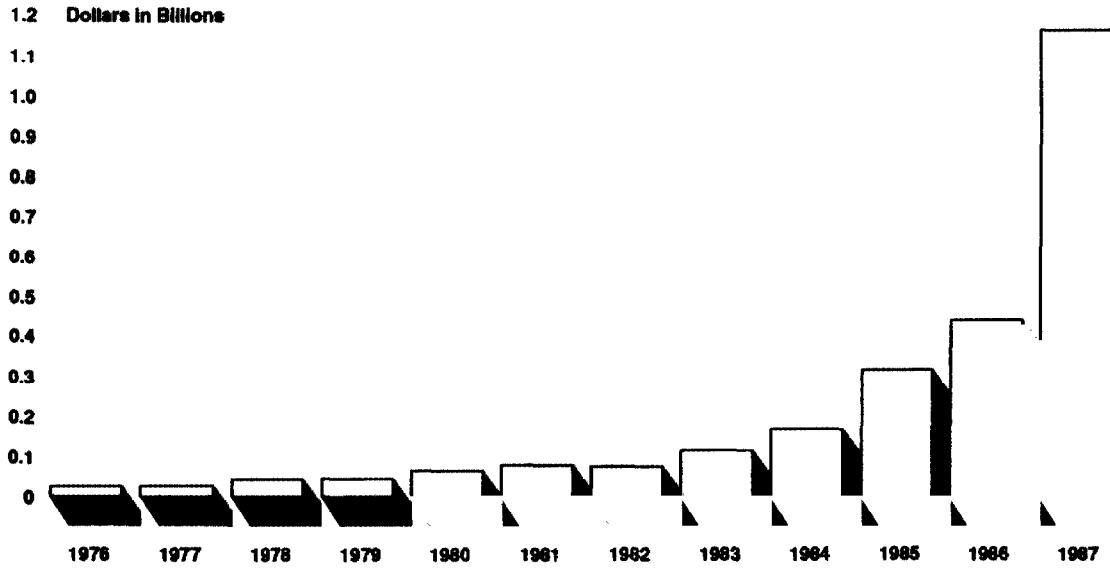
Individual borrowers often have more than one type of farm program loan. Table 3.14 presents data by loan type (rather than by individual borrower), which results in the borrowers' being counted in each loan category in which they have a loan. This tabulation method also provides slightly different totals for delinquent dollars and outstanding principal amounts owed by delinquent borrowers that, according to FmHA officials, are not significant when the data are viewed in the aggregate. Details on why these differences occurred are contained in section 5.

SECTION 4

FmHA MAJOR FARM PROGRAM

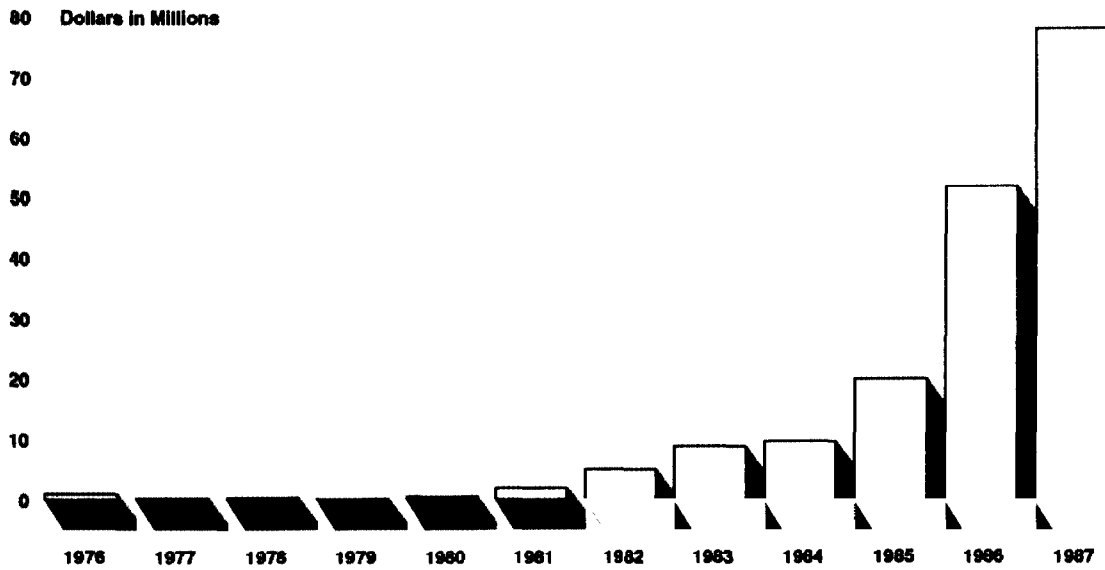
LOAN LOSSES ARE MOUNTING

**Figure 4.1: FmHA Major Farm Program
Direct Loan Losses, Fiscal Years 1976-1987**



Source: USDA.

**Figure 4.2: FmHA Major Farm Program
Guaranteed Loan Losses, Fiscal Years 1976-1987**



Source: USDA.

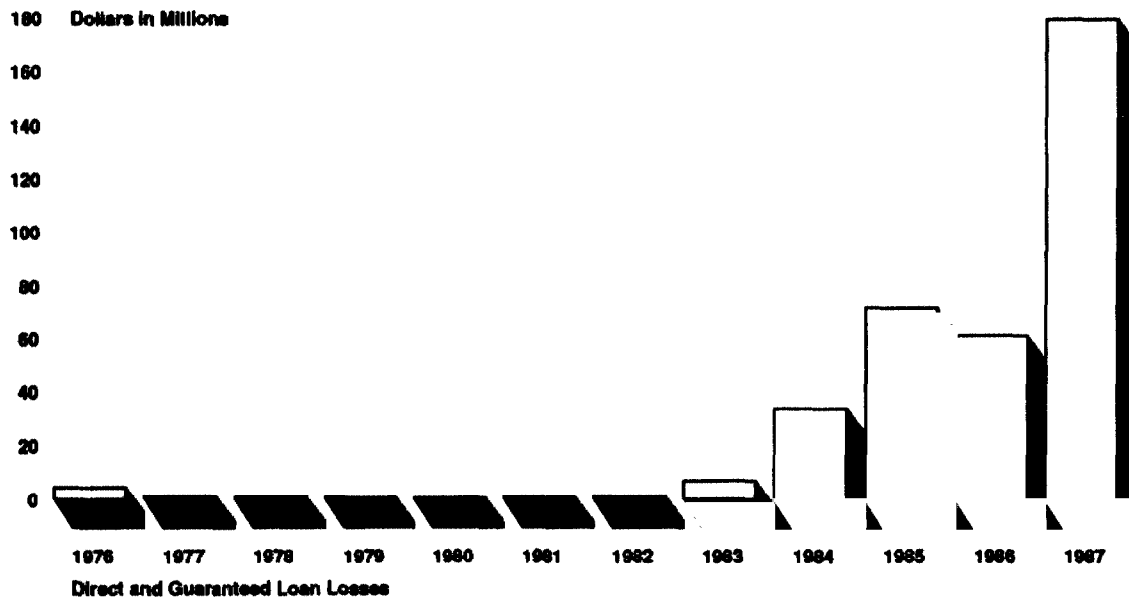
FmHA MAJOR FARM PROGRAM
DIRECT AND GUARANTEED LOAN LOSSES

FmHA can incur a loss on a direct and/or guaranteed farm program loan when a borrower defaults. A loss occurs when the proceeds from the sale of acquired loan collateral are less than the outstanding loan amount plus costs of acquiring and disposing of the collateral. These loan losses are exclusive of interest rate subsidies provided for the major farm programs. FmHA major farm program direct loan losses were about \$24 million in fiscal year 1976 and increased to almost \$1.2 billion in fiscal year 1987. The major farm program guaranteed loan losses were less than \$1 million in fiscal year 1976 and were over \$78 million in fiscal year 1987. Total major farm program annual loan losses were almost 16 times greater in fiscal year 1987 than they were in fiscal year 1982, increasing from \$77.6 million to over \$1.2 billion.

Table 4.1: FmHA Major Farm Program Loan Losses, Fiscal Years 1976-1987

<u>Fiscal year</u>	<u>Direct losses</u> (thousands)	<u>Guaranteed losses</u> (thousands)	<u>Annual total losses</u> (thousands)
1976	\$ 23,563	\$ 849	\$ 24,412
1977	25,434	197	25,631
1978	40,807	277	41,084
1979	42,656	153	42,809
1980	63,390	378	63,768
1981	76,840	2,043	78,883
1982	72,563	5,050	77,613
1983	113,183	8,706	121,889
1984	168,155	9,596	177,751
1985	315,466	19,789	335,255
1986	438,341	51,667	490,008
1987	<u>1,161,685</u>	<u>78,050</u>	<u>1,239,735</u>
Total	<u>\$2,542,083</u>	<u>\$176,755</u>	<u>\$2,718,838</u>

Figure 4.3: FmHA Farm Ownership Loan Losses,
Fiscal Years 1976-1987



Source: USDA.

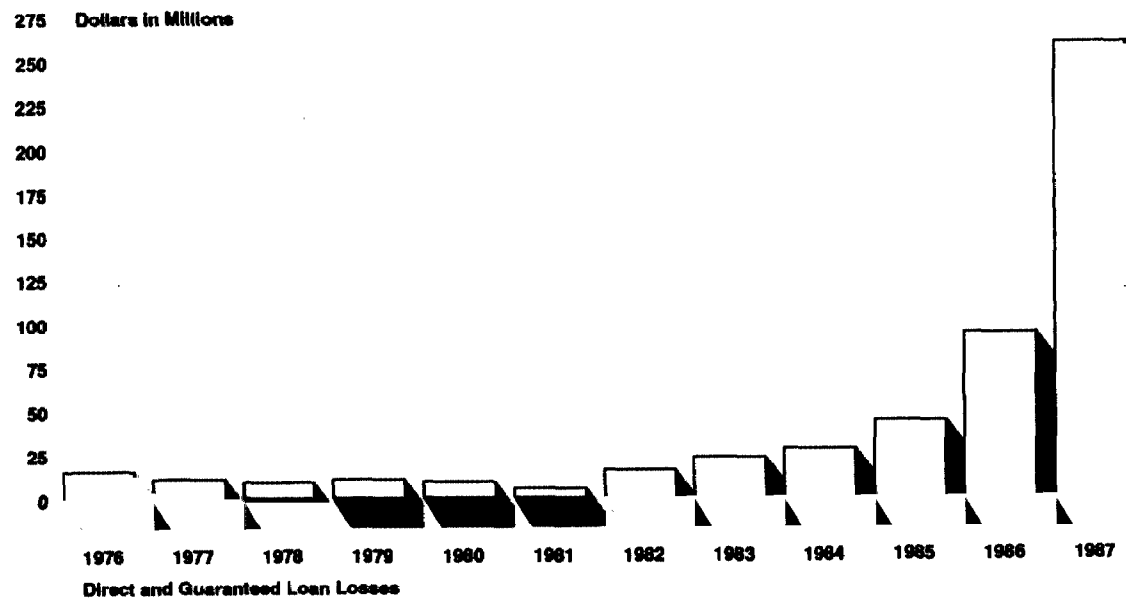
FARM OWNERSHIP LOAN LOSSES

Farm ownership loan losses for fiscal years 1976 through 1987 total about \$361 million, representing 13 percent of the total major farm program loan losses for this period. After several years at a fairly steady level, farm ownership loan losses jumped in fiscal year 1983 and increased even more dramatically in fiscal years 1984 through 1987.

Table 4.2: Farm Ownership Loan Losses, Fiscal Years 1976-1987

<u>Fiscal year</u>	<u>Farm ownership losses</u>			<u>Total major farm program losses</u> (thousands)
	<u>Direct</u>	<u>Guaranteed</u> (thousands)	<u>Total</u>	
1976	\$ 4,236	\$ 0	\$ 4,236	\$ 24,412
1977	931	0	931	25,631
1978	833	0	833	41,084
1979	472	0	472	42,809
1980	465	0	465	63,768
1981	839	0	839	78,883
1982	775	93	868	77,613
1983	6,689	85	6,774	121,889
1984	33,274	440	33,714	177,751
1985	68,132	3,281	71,413	335,255
1986	52,805	8,250	61,055	490,008
1987	<u>166,848</u>	<u>12,538</u>	<u>179,386</u>	<u>1,239,735</u>
Total	<u>\$336,299</u>	<u>\$24,687</u>	<u>\$360,986</u>	<u>\$2,718,838</u>
Percent			13	100

Figure 4.4: FmHA Operating Loan Losses,
Fiscal Years 1976-1987



Source: USDA.

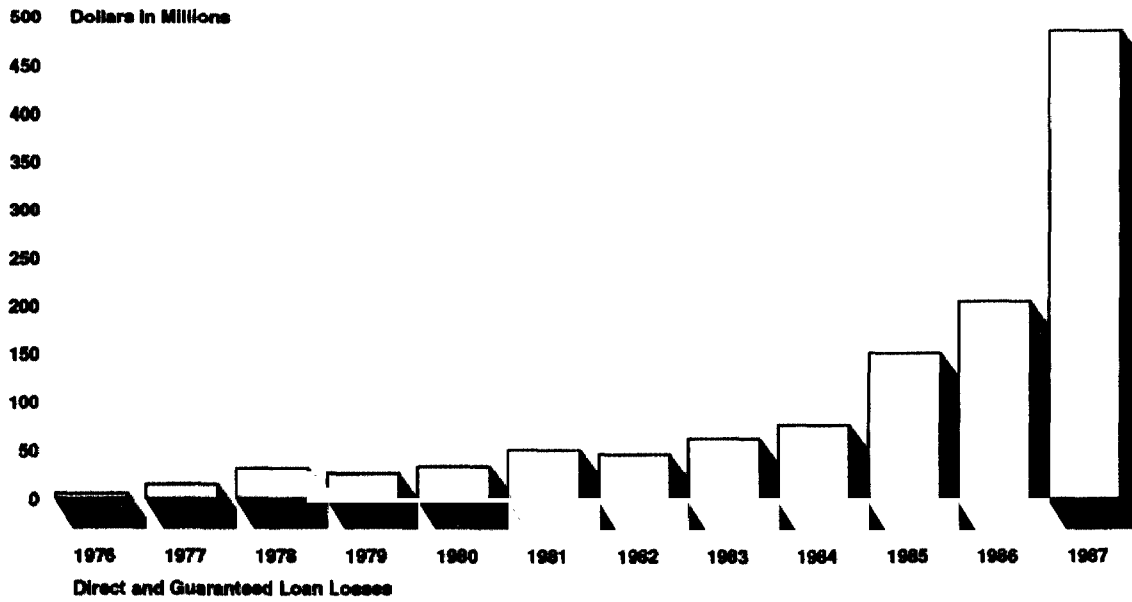
OPERATING LOAN LOSSES

Operating loan losses total about \$519 million for fiscal years 1976 through 1987, representing 19 percent of total major farm program loan losses for the 12-year period. These losses decreased fairly steadily between fiscal years 1976 and 1981 but increased substantially over the past 6 fiscal years, 1982 through 1987.

Table 4.3: Operating Loan Losses, Fiscal Years 1976-1987

<u>Fiscal year</u>	<u>Operating loan losses</u>			<u>Total major farm program losses</u> (thousands)
	<u>Direct</u>	<u>Guaranteed</u>	<u>Total</u>	
	----- (thousands) -----			
1976	\$ 14,749	\$ 179	\$ 14,928	\$ 24,412
1977	10,693	152	10,845	25,631
1978	8,601	242	8,843	41,084
1979	9,975	92	10,067	42,809
1980	8,728	56	8,784	63,768
1981	4,665	492	5,157	78,883
1982	13,910	1,068	14,978	77,613
1983	19,732	2,573	22,305	121,889
1984	24,173	2,980	27,153	177,751
1985	38,928	4,444	43,372	335,255
1986	74,909	18,592	93,501	490,008
1987	<u>217,950</u>	<u>40,942</u>	<u>258,892</u>	<u>1,239,735</u>
Total	<u>\$447,013</u>	<u>\$71,812</u>	<u>\$518,825</u>	<u>\$2,718,838</u>
Percent			19	100

Figure 4.5: FmHA Emergency Disaster Loan Losses,
Fiscal Years 1976-1987



Source: USDA.

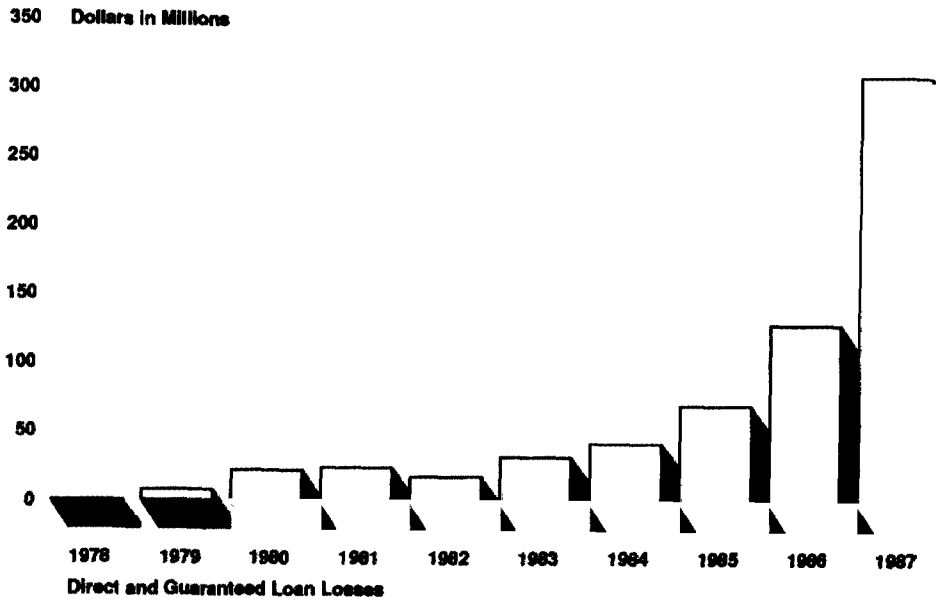
EMERGENCY DISASTER LOAN LOSSES

Emergency disaster loan losses of nearly \$1.2 billion account for the largest portion (43 percent) of total major farm program loan losses. These loan losses increased fairly steadily from fiscal years 1976 to 1984 but then rose sharply in fiscal years 1985, 1986, and 1987.

Table 4.4: Emergency Disaster Loan Losses,
Fiscal Years 1976-1987

<u>Fiscal</u> <u>year</u>	<u>Emergency disaster losses</u>			<u>Total major</u> <u>farm</u> <u>program losses</u> <u>(thousands)</u>
	<u>Direct</u>	<u>Guaranteed</u> <u>(thousands)</u>	<u>Total</u>	
1976	\$ 4,189	\$ 670	\$ 4,859	\$ 24,412
1977	13,807	45	13,852	25,631
1978	30,939	35	30,974	41,084
1979	24,935	61	24,996	42,809
1980	33,449	32	33,481	63,768
1981	49,713	0	49,713	78,883
1982	45,173	0	45,173	77,613
1983	61,643	36	61,679	121,889
1984	75,585	62	75,647	177,751
1985	150,778	121	150,899	335,255
1986	204,476	56	204,532	490,008
1987	484,874	0	484,874	1,239,735
Total	<u>\$1,179,561</u>	<u>\$1,118</u>	<u>\$1,180,679</u>	<u>\$2,718,838</u>
Percent			43	100

Figure 4.6: FmHA Economic Emergency Loan Losses,
Fiscal Years 1978-1987



Source: USDA.

ECONOMIC EMERGENCY LOAN LOSSES

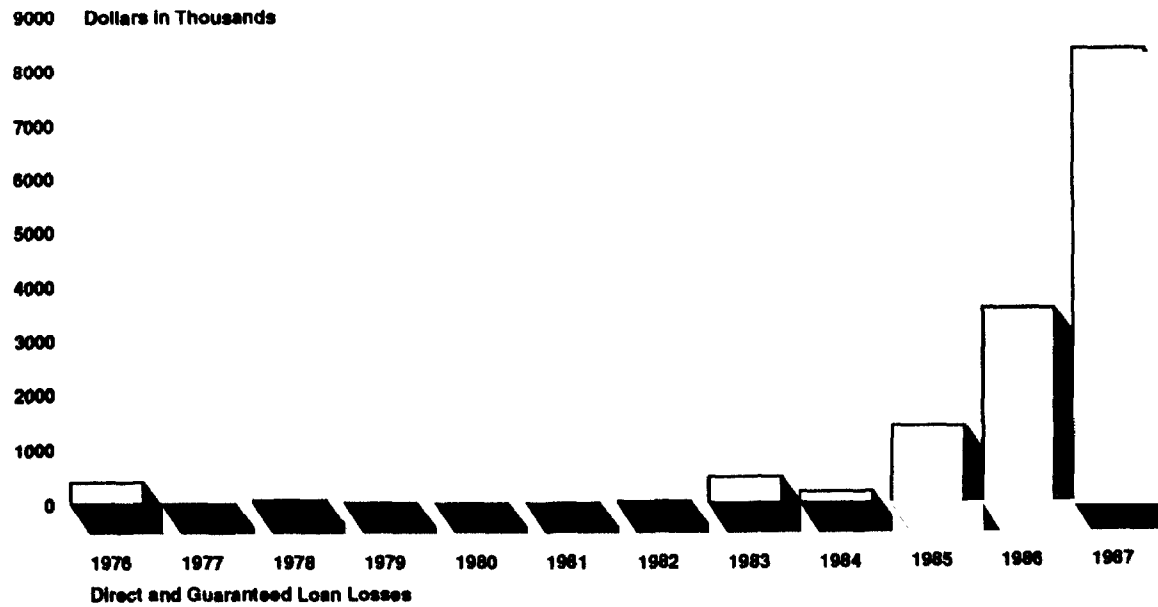
Economic emergency loan losses for fiscal years 1978 through 1987 total almost \$644 million, or 24 percent of total major farm program loan losses for this time period. Losses in this program have substantially increased over the past 5-fiscal-year period, 1983 through 1987.

Table 4.5: Economic Emergency Loan Losses, Fiscal Years 1978-1987

<u>Fiscal year</u>	<u>Economic emergency losses</u>			<u>Total major farm program losses</u> (thousands)
	<u>Direct</u>	<u>Guaranteed</u> (thousands)	<u>Total</u>	
1976 ^a	-	-	-	\$ 24,412
1977 ^a	-	-	-	25,631
1978	\$ 377	\$ 0	\$ 377	41,084
1979	7,264	0	7,264	42,809
1980	20,746	290	21,036	63,768
1981	21,621	1,551	23,172	78,883
1982	12,673	3,889	16,562	77,613
1983	24,648	6,012	30,660	121,889
1984	34,917	6,114	41,031	177,751
1985	56,233	11,943	68,176	335,255
1986	102,593	24,769	127,362	490,008
1987	<u>283,679</u>	<u>24,570</u>	<u>308,249</u>	<u>1,239,735</u>
Total	<u>\$564,751</u>	<u>\$79,138</u>	<u>\$643,889</u>	<u>\$2,718,838</u>
Percent			24	100

^aEconomic emergency loans were not available until the latter part of fiscal year 1978.

Figure 4.7: FmHA Soil and Water Loan Losses,
Fiscal Years 1976-1987



Source: USDA.

SOIL AND WATER LOAN LOSSES

Soil and water direct loan losses total \$14 million for fiscal years 1976 through 1987 but represent less than 1 percent of the total major farm program loan losses for that time period. No guaranteed loan losses for the soil and water program occurred during this time. After a period of limited loan losses, soil and water loan losses increased in fiscal years 1983 and 1984 and grew substantially in fiscal years 1985 through 1987.

Table 4.6: Soil and Water Loan Losses, Fiscal Years 1976-1987

<u>Fiscal year</u>	<u>Soil and water direct losses (thousands)</u>	<u>Total major farm program losses (thousands)</u>
1976	\$ 389	\$ 24,412
1977	3	25,631
1978	57	41,084
1979	10	42,809
1980	2	63,768
1981	2	78,883
1982	32	77,613
1983	471	121,889
1984	206	177,751
1985	1,395	335,255
1986	3,558	490,008
1987	<u>8,334</u>	<u>1,239,735</u>
Total	<u>\$14,459</u>	<u>\$2,718,838</u>
Percent	1	100

SECTION 5

OBJECTIVES, SCOPE,
AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

As agreed with Senator Kent Conrad's office, our overall objective was to update information on the financial condition of FmHA's farm loan portfolio previously provided in a January 1986 briefing report entitled Farmers Home Administration: An Overview of Farmer Program Debt, Delinquencies, and Loan Losses (GAO/RCED-86-57BR, Jan. 2, 1986). Specifically, we agreed to provide updated national and state information on (1) total farm debt and FmHA's portion of that total, (2) total number of loans and borrowers and loan amounts for each of FmHA's major farm programs, and (3) delinquencies and loan losses occurring in these programs. This information covers, for the most part, the 12-year period between fiscal years 1976 and 1987 and supplements information provided in another recent report entitled Farm Finance: Financial Condition of American Agriculture as of December 31, 1986, (GAO/RCED-88-26BR, Oct. 20, 1987).

We obtained data on total farm debt as well as FmHA's portion of that total from the USDA Economic Research Service report entitled Economic Indicators of the Farm Sector, 1984. We updated this information with data from the 1985 and 1986 reports. These reports contained the latest available data on farm lending sources and amounts for both national and state levels.

We obtained detailed FmHA major farm program information from four sources. First, we conducted our own computer analysis of FmHA's Master Borrower File, a computerized data base updated quarterly that contains information on current outstanding loan principal, total borrowers and loans, delinquent borrowers and loans, and delinquent dollar amounts. The latest information available was as of June 30, 1987, and we used this date for our analysis of both current and 12-year trend information. Second, we obtained 12-year trend data from FmHA's 616 report on delinquent borrowers, prepared from the Master Borrower File. Third, we obtained direct and guaranteed major farm program loan activity for fiscal years 1976 through 1985 from FmHA's 205 loan status reports and for 1986 and 1987 from FmHA's Budget Staff. Fourth, we obtained information on losses in both direct and guaranteed loan activity for fiscal years 1976 through 1987 from USDA budget records.

Data Limitations

The information contained in this report comes from FmHA automated data bases. We did not test the validity or reliability of this information. However, we provided the results of our work to FmHA officials who concurred that the information used in this report agreed with the data contained in FmHA records.

We conducted a more extensive analysis of FmHA's Master Borrower File than FmHA does in producing its reports. We

calculated delinquent dollar amounts in two ways: by individual borrowers and by individual borrower's loan type. These calculations produced slightly different results because of differences in the methodologies used to determine delinquent borrowers and delinquent loans. In determining whether a borrower was delinquent, we took all loans owed (OL, FO, EM, etc.) by a borrower and offset delinquent payments against payments made ahead of schedule. We considered the borrower delinquent if he/she had an unpaid scheduled payment and the delinquent amount was greater than \$100 after offsetting all loans owed by that borrower. In determining whether an individual borrower's loan type, such as OL, was delinquent, we took all loans of the same type owed by a borrower and offset delinquent payments against payments made ahead of schedule. We considered the individual borrower's loan type delinquent if a scheduled payment was unpaid and the delinquent amount for that loan type was greater than \$100 after the offset. Table 5.1 illustrates how these variances in methodology result in different calculations of delinquent dollar amounts.

Table 5.1: FmHA Delinquent Dollar Amounts Calculated by Borrower and by Loan Type, June 30, 1987

	<u>By borrower</u> (millions)	<u>By loan type</u> (millions)
Delinquent dollars	\$ 7,008.7	\$ 6,999.7
Outstanding principal owed by borrowers with delinquent loans	13,332.2	12,819.8
Over-3-year delinquent dollars	5,712.2	5,464.4
Outstanding principal owed by over-3-year delinquent borrowers	6,662.4	6,209.4

Minor differences also occurred between the results of our loan type analysis and FmHA's report information, which is also compiled by loan type, primarily because of variances in GAO and FmHA programming and format methodology. For example, our analysis of delinquent dollars by major farm program as of June 30, 1987, resulted in total delinquencies of \$6,999.7 million, whereas FmHA's total is \$6,998.1 million--a difference of about 0.02 percent. In addition, our computation of outstanding principal on loans owed by delinquent borrowers resulted in a total of \$12,819.8 million compared with FmHA's 616 report total of \$12,859.3 million--a difference of about 0.3 percent. We discussed these differences with FmHA Finance Office officials. They were unable to provide specific reasons for the variance in GAO and FmHA programming but believed that the resulting differences are not significant when the data are viewed in the aggregate. We used the results of our analysis in this report.

FARM DEBT, STATE INFORMATION,DECEMBER 31, 1986

<u>State</u>	<u>Total farm debta (millions)</u>	<u>FmHA farm debtb (millions)</u>	<u>FmHA debt to total debtc (percent)</u>
Alabama	\$ 1,979 (32)	\$ 413 (26)	20.9 (14)
Alaska	36 (49)	.8 (50)	2.2 (50)
Arizona	1,839 (33)	269 (34)	14.6 (28)
Arkansas	3,615 (20)	982 (11)	27.2 (8)
California	14,430 (2)	926 (13)	6.4 (49)
Colorado	3,789 (17)	274 (33)	7.2 (48)
Connecticut	210 (47)	34 (46)	16.2 (23)
Delaware	285 (45)	30 (47)	10.7 (36)
Florida	3,862 (16)	381 (28)	9.9 (39)
Georgia	3,590 (21)	1,099 (5)	30.6 (4)
Hawaii	368 (42)	40 (44)	11.0 (35)
Idaho	3,116 (25)	547 (23)	17.6 (19)
Illinois	10,711 (4)	807 (15)	7.5 (47)
Indiana	6,508 (8)	692 (19)	10.6 (37)
Iowa	14,617 (1)	1,293 (3)	8.8 (45)
Kansas	6,942 (7)	589 (21)	8.5 (46)
Kentucky	3,430 (23)	707 (17)	20.6 (15)
Louisiana	2,700 (28)	945 (12)	35.0 (3)
Maine	377 (41)	192 (35)	51.1 (1)
Maryland	1,033 (36)	100 (39)	9.6 (42)
Massachusetts	245 (46)	42 (43)	17.0 (20)
Michigan	4,119 (15)	652 (20)	15.8 (25)
Minnesota	10,425 (5)	1,085 (6)	10.4 (38)
Mississippi	3,662 (19)	1,376 (2)	37.6 (2)
Missouri	6,014 (10)	1,058 (7)	17.6 (18)
Montana	3,676 (18)	562 (22)	15.3 (26)
Nebraska	9,098 (6)	879 (14)	9.6 (41)
Nevada	388 (40)	38 (45)	9.7 (40)
New Hampshire	77 (48)	13 (48)	16.3 (22)
New Jersey	423 (39)	68 (42)	16.0 (24)
New Mexico	1,248 (35)	157 (36)	12.6 (33)
New York	2,703 (27)	519 (25)	19.2 (17)
North Carolina	3,300 (24)	693 (18)	21.0 (13)
North Dakota	5,230 (11)	1,034 (9)	19.8 (16)
Ohio	4,376 (14)	538 (24)	12.3 (34)

<u>State</u>	<u>Total farm debt^a</u> (millions)	<u>FmHA farm debt^b</u> (millions)	<u>FmHA debt to total debt^c</u> (percent)
Oklahoma	\$ 4,776 (12)	\$1,035 (8)	21.7 (12)
Oregon	3,065 (26)	292 (32)	9.5 (44)
Pennsylvania	2,569 (29)	328 (31)	12.8 (31)
Rhode Island	27 (50)	6 (49)	22.0 (11)
South Carolina	1,304 (34)	394 (27)	30.2 (5)
South Dakota	4,637 (13)	1,205 (4)	26.0 (9)
Tennessee	2,562 (30)	708 (16)	27.6 (7)
Texas	12,696 (3)	1,641 (1)	12.9 (30)
Utah	893 (38)	114 (38)	12.8 (32)
Vermont	351 (43)	85 (41)	24.2 (10)
Virginia	2,084 (31)	344 (29)	16.5 (21)
Washington	3,577 (22)	340 (30)	9.5 (43)
West Virginia	303 (44)	90 (40)	29.8 (6)
Wisconsin	6,492 (9)	993 (10)	15.3 (27)
Wyoming	946 (37)	130 (37)	13.7 (29)

^aThe number in parentheses indicates where each state ranks according to the amount of total farm debt held by the state's borrowers. For example, Iowa ranks first with the largest amount of total farm debt (\$14.6 billion).

^bThe number in parentheses indicates where each state ranks according to the amount of FmHA farm debt held by the state's borrowers. For example, Texas ranks first with the largest amount of FmHA farm debt (\$1.6 billion).

^cThe number in parentheses indicates where each state ranks according to the percent of FmHA farm debt as compared with total farm debt. For example, Maine ranks first with the highest percentage of FmHA farm debt to total farm debt (51.1 percent). In addition, percentage calculations may not compute because of rounding.

Source: Department of Agriculture, Economic Research Service (ERS), Economic Indicators of the Farm Sector, Income and Balance Sheet Statistics, 1986, published in Feb. 1988. ERS does not report farm debt for Guam, Puerto Rico, or the Virgin Islands.

TOTAL FmHA DIRECT LOAN ACTIVITY
BY MAJOR FARM PROGRAM, JUNE 30, 1987

Table II.1: Total FmHA Major Farm Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers^a</u>	<u>Number of loans</u>	<u>Outstanding principal^b</u> (millions)
Alabama	7,654	13,972	\$ 391.5
Alaska	11	13	.7
Arizona	1,491	3,098	250.3
Arkansas	16,895	29,180	937.2
California	4,894	8,360	904.1
Colorado	3,234	5,136	263.7
Connecticut	452	665	32.0
Delaware	484	679	29.1
Florida	4,040	8,463	342.1
Georgia	10,647	28,868	1,061.7
Guam	14	17	.6
Hawaii	477	624	39.8
Idaho	6,799	11,213	525.1
Illinois	14,909	21,986	794.8
Indiana	8,808	13,521	676.8
Iowa	21,425	33,142	1,268.4
Kansas	11,000	15,703	574.9
Kentucky	15,833	23,165	676.7
Louisiana	11,800	28,955	979.1
Maine	2,992	5,717	172.2
Maryland	1,678	2,464	94.4
Massachusetts	613	946	40.3
Michigan	8,887	15,095	653.6
Minnesota	16,686	27,617	1,111.2
Mississippi	16,462	36,846	1,247.2
Missouri	20,889	34,349	1,027.6
Montana	5,992	11,028	550.6
Nebraska	14,128	21,301	883.1
Nevada	462	777	37.8
New Hampshire	194	369	11.4

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers^a</u>	<u>Number of loans</u>	<u>Outstanding principal^b</u> (millions)
New Jersey	1,083	1,759	\$ 64.8
New Mexico	2,073	3,256	152.7
New York	9,394	15,771	509.3
North Carolina	12,170	21,962	634.0
North Dakota	15,256	28,051	1,044.7
Ohio	6,789	11,042	540.1
Oklahoma	14,836	24,970	1,037.7
Oregon	3,408	5,391	285.7
Pennsylvania	5,138	8,127	317.5
Puerto Rico	3,955	4,981	144.5
Rhode Island	86	124	5.4
South Carolina	5,997	11,712	403.4
South Dakota	19,591	35,441	1,124.8
Tennessee	12,224	19,043	696.9
Texas	21,070	41,713	1,587.7
Utah	1,999	2,865	111.4
Vermont	1,385	2,500	76.9
Virgin Islands	51	61	2.2
Virginia	6,247	10,996	333.8
Washington	3,656	6,178	326.3
West Virginia	2,340	3,292	88.4
Wisconsin	15,062	23,613	1,000.4
Wyoming	<u>1,436</u>	<u>2,276</u>	<u>124.7</u>
Total	<u>395,096</u>	<u>688,393</u>	<u>\$26,191.4</u>

^aThis table presents data by loan type rather than individual borrowers, which results in the borrowers being counted in each category in which they have a loan.

^bThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table II.2: Total Farm Ownership Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Alabama	2,869	3,562	\$ 120.7
Alaska	7	8	.5
Arizona	455	604	46.7
Arkansas	4,742	6,042	233.0
California	1,235	1,455	128.9
Colorado	1,267	1,662	97.6
Connecticut	171	235	14.7
Delaware	224	299	16.6
Florida	1,144	1,464	67.7
Georgia	2,462	3,057	161.0
Guam	2	2	.05
Hawaii	237	293	26.3
Idaho	2,482	3,739	189.0
Illinois	4,231	5,145	307.2
Indiana	3,056	3,536	249.0
Iowa	5,009	6,184	382.2
Kansas	4,674	5,781	255.0
Kentucky	4,660	5,628	265.0
Louisiana	1,731	2,288	127.5
Maine	1,211	2,100	60.6
Maryland	568	772	43.2
Massachusetts	254	364	22.8
Michigan	2,253	3,115	163.9
Minnesota	4,672	6,069	308.0
Mississippi	4,692	5,927	193.6
Missouri	6,269	8,176	361.9
Montana	1,563	2,069	138.1
Nebraska	4,678	5,650	303.6
Nevada	134	185	12.2
New Hampshire	92	189	6.9
New Jersey	356	429	26.4
New Mexico	842	1,153	60.0
New York	2,590	3,651	146.0
North Carolina	4,217	5,620	206.0
North Dakota	4,724	6,627	308.0

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Ohio	1,898	2,253	\$ 177.6
Oklahoma	5,280	6,664	297.3
Oregon	1,149	1,552	99.3
Pennsylvania	1,544	2,060	130.2
Puerto Rico	1,900	2,283	83.5
Rhode Island	37	53	3.3
South Carolina	1,859	2,459	95.8
South Dakota	5,433	7,720	304.5
Tennessee	4,434	5,348	217.9
Texas	5,344	6,541	331.1
Utah	825	1,233	54.4
Vermont	620	1,173	47.5
Virgin Islands	19	27	1.3
Virginia	1,592	1,969	87.9
Washington	1,345	2,016	117.5
West Virginia	1,061	1,364	49.2
Wisconsin	3,978	5,626	277.9
Wyoming	537	755	44.9
Total	<u>118,628</u>	<u>154,176</u>	<u>\$7,470.8</u>

^aThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table II.3: Total Operating Loan Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Alabama	1,744	3,234	\$ 67.4
Alaska	4	5	.2
Arizona	370	585	20.2
Arkansas	4,123	6,771	182.1
California	1,351	2,297	91.5
Colorado	836	1,422	51.3
Connecticut	163	271	8.0
Delaware	99	136	3.5
Florida	1,125	2,167	46.7
Georgia	2,644	4,847	111.9
Guam	8	9	.1
Hawaii	146	208	4.4
Idaho	1,630	2,796	97.9
Illinois	3,735	6,161	164.6
Indiana	2,271	3,841	121.3
Iowa	7,373	12,961	449.7
Kansas	2,704	4,047	128.0
Kentucky	4,514	7,333	146.0
Louisiana	5,084	11,948	327.6
Maine	1,197	2,320	59.6
Maryland	422	650	13.8
Massachusetts	217	355	8.4
Michigan	2,540	4,369	158.4
Minnesota	5,461	8,864	372.5
Mississippi	4,496	8,156	222.2
Missouri	4,492	8,118	205.3
Montana	1,258	2,613	93.7
Nebraska	3,099	5,511	163.4
Nevada	117	222	4.9
New Hampshire	80	156	3.7
New Jersey	333	585	13.8
New Mexico	607	989	30.1
New York	2,426	3,865	111.6
North Carolina	2,934	5,540	98.9
North Dakota	4,491	7,742	292.3

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Ohio	2,378	4,152	\$ 152.5
Oklahoma	4,115	7,465	243.4
Oregon	886	1,491	54.4
Pennsylvania	1,842	3,252	94.0
Puerto Rico	1,269	1,735	26.4
Rhode Island	33	51	.9
South Carolina	1,569	2,766	64.2
South Dakota	4,195	7,372	197.0
Tennessee	3,265	5,713	143.7
Texas	7,618	15,085	492.8
Utah	598	867	29.0
Vermont	495	1,000	22.7
Virgin Islands	21	22	.8
Virginia	1,642	2,733	58.5
Washington	931	1,796	60.3
West Virginia	1,047	1,598	22.4
Wisconsin	5,912	9,406	447.8
Wyoming	409	701	31.1
Total	<u>112,319</u>	<u>198,299</u>	<u>\$6,016.9</u>

^aThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table II.4: Total Emergency Disaster Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Alabama	2,448	6,435	\$ 178.4
Alaska	0	0	0
Arizona	390	1,471	148.2
Arkansas	5,121	12,557	395.0
California	1,142	2,820	540.5
Colorado	512	1,071	56.8
Connecticut	53	78	2.5
Delaware	85	144	4.9
Florida	1,130	3,702	169.2
Georgia	4,293	18,754	689.6
Guam	4	6	.4
Hawaii	71	92	6.3
Idaho	804	1,715	97.6
Illinois	5,074	8,188	191.6
Indiana	1,880	3,568	138.9
Iowa	5,925	9,624	227.5
Kansas	2,366	4,290	108.8
Kentucky	4,058	7,097	163.8
Louisiana	3,876	13,082	450.6
Maine	331	977	41.3
Maryland	395	623	15.4
Massachusetts	52	114	3.8
Michigan	2,381	4,940	210.1
Minnesota	3,694	8,399	257.1
Mississippi	6,110	21,278	773.6
Missouri	6,166	12,945	323.0
Montana	2,324	5,199	245.7
Nebraska	3,196	5,962	180.3
Nevada	31	51	3.5
New Hampshire	9	10	.2
New Jersey	313	648	21.7
New Mexico	302	690	35.8
New York	2,484	5,308	160.9
North Carolina	3,156	7,904	202.5
North Dakota	4,378	11,407	353.4

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Ohio	1,714	3,446	\$ 138.7
Oklahoma	3,124	7,558	313.8
Oregon	524	1,091	67.8
Pennsylvania	703	1,152	32.8
Puerto Rico	448	519	6.6
Rhode Island	9	13	.6
South Carolina	2,174	5,935	213.6
South Dakota	7,078	16,393	462.0
Tennessee	2,981	5,779	202.8
Texas	6,137	17,539	639.9
Utah	267	363	9.6
Vermont	61	69	.9
Virgin Islands	3	3	.03
Virginia	2,393	5,385	142.4
Washington	472	876	54.3
West Virginia	73	113	4.3
Wisconsin	2,359	3,983	106.7
Wyoming	<u>270</u>	<u>519</u>	<u>31.6</u>
Total	<u>105,344</u>	<u>251,885</u>	<u>\$8,827.1</u>

^aThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table II.5: Total Economic Emergency Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Alabama	352	480	\$ 23.3
Alaska	0	0	0
Arizona	194	342	30.9
Arkansas	1,675	2,412	115.7
California	852	1,428	128.1
Colorado	511	853	54.2
Connecticut	53	67	6.2
Delaware	63	85	3.9
Florida	540	1,019	55.1
Georgia	920	1,824	85.5
Guam	0	0	0
Hawaii	12	17	2.7
Idaho	1,234	2,179	120.4
Illinois	1,601	2,199	128.4
Indiana	1,435	2,395	164.7
Iowa	2,676	3,906	204.2
Kansas	998	1,294	77.4
Kentucky	1,602	2,021	97.5
Louisiana	928	1,440	69.2
Maine	215	281	10.5
Maryland	268	393	21.3
Massachusetts	63	84	4.5
Michigan	1,257	2,112	108.5
Minnesota	2,329	3,694	163.6
Mississippi	697	985	51.5
Missouri	1,941	2,719	118.5
Montana	578	829	65.4
Nebraska	2,290	3,230	207.7
Nevada	92	197	11.6
New Hampshire	9	10	.5
New Jersey	50	63	2.6
New Mexico	209	295	24.4
New York	1,498	2,483	81.8
North Carolina	1,544	2,536	122.6
North Dakota	1,520	2,121	87.4

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (millions)</u>
Ohio	612	992	\$ 68.8
Oklahoma	1,744	2,641	174.7
Oregon	512	845	50.6
Pennsylvania	830	1,413	59.1
Puerto Rico	244	345	26.7
Rhode Island	5	5	.5
South Carolina	361	515	28.8
South Dakota	2,566	3,597	152.4
Tennessee	1,421	2,076	131.7
Texas	1,225	1,732	108.3
Utah	213	287	15.8
Vermont	139	177	5.0
Virgin Islands	0	0	0
Virginia	606	895	44.7
Washington	753	1,314	89.8
West Virginia	120	176	12.3
Wisconsin	2,443	4,190	162.7
Wyoming	181	258	16.2
Total	<u>44,181</u>	<u>67,451</u>	<u>\$3,598.0</u>

^aThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO Analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table II.6: Total Soil and Water Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (thousands)</u>
Alabama	241	261	\$ 1,743
Alaska	0	0	0
Arizona	82	96	4,281
Arkansas	1,234	1,398	11,478
California	314	360	15,002
Colorado	108	128	3,845
Connecticut	12	14	504
Delaware	13	15	205
Florida	101	111	3,358
Georgia	328	386	13,658
Guam	0	0	0
Hawaii	11	14	108
Idaho	649	784	20,283
Illinois	268	293	2,987
Indiana	166	181	2,895
Iowa	442	467	4,919
Kansas	258	291	5,781
Kentucky	999	1,086	4,419
Louisiana	181	197	4,278
Maine	38	39	305
Maryland	25	26	686
Massachusetts	27	29	750
Michigan	456	559	12,788
Minnesota	530	591	10,083
Mississippi	467	500	6,390
Missouri	2,021	2,391	18,861
Montana	269	318	7,652
Nebraska	865	948	28,083
Nevada	88	122	5,509
New Hampshire	4	4	40
New Jersey	31	34	381
New Mexico	113	129	2,598
New York	396	464	8,975
North Carolina	319	362	3,997
North Dakota	143	154	3,585

APPENDIX II

APPENDIX II

<u>State/territory</u>	<u>Number of borrowers</u>	<u>Number of loans</u>	<u>Outstanding principal^a (thousands)</u>
Ohio	187	199	\$ 2,497
Oklahoma	573	642	8,537
Oregon	337	412	13,514
Pennsylvania	219	250	1,502
Puerto Rico	94	99	1,327
Rhode Island	2	2	3
South Carolina	34	37	1,043
South Dakota	319	359	8,856
Tennessee	123	127	774
Texas	746	816	15,650
Utah	96	115	2,481
Vermont	70	81	760
Virgin Islands	8	9	168
Virginia	14	14	313
Washington	155	176	4,411
West Virginia	39	41	157
Wisconsin	370	408	5,290
Wyoming	<u>39</u>	<u>43</u>	<u>943</u>
Total	<u>14,624</u>	<u>16,582</u>	<u>\$278,652</u>

^aThe total for outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

DELINQUENT FmHA DIRECT LOAN ACTIVITY
BY MAJOR FARM PROGRAMS, JUNE 30, 1987

Table III.1: Delinquent FmHA Major Farm Program Direct Loan Activity, June 30, 1987

<u>State/territory</u>	<u>Total delinquent borrowers^a</u>	<u>Total delinquent dollars^b</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Total outstanding principal owed by delinquent borrowers^b</u> (millions)
Alabama	2,372	\$ 108.8	5,990	\$ 178.1
Alaska	3	.05	3	.3
Arizona	714	136.3	1,980	172.2
Arkansas	6,326	297.6	14,227	528.2
California	2,273	489.0	4,770	651.3
Colorado	1,307	66.1	2,425	130.9
Connecticut	62	1.8	93	5.2
Delaware	93	3.4	153	6.3
Florida	2,157	205.8	5,841	240.8
Georgia	6,028	717.7	21,412	791.8
Guam	7	.09	10	.2
Hawaii	136	1.5	174	14.7
Idaho	3,182	155.6	6,027	300.0
Illinois	4,396	117.9	7,829	287.5
Indiana	3,737	166.9	6,975	356.3
Iowa	5,807	163.5	11,117	453.7
Kansas	3,583	83.5	5,928	233.5
Kentucky	4,005	72.2	7,070	267.1
Louisiana	6,381	407.2	19,074	630.1
Maine	799	43.1	1,947	66.6
Maryland	509	15.0	873	34.2
Massachusetts	79	1.9	151	5.8
Michigan	3,454	130.4	6,908	306.6
Minnesota	6,900	232.5	13,434	525.3
Mississippi	7,329	621.2	22,064	859.4
Missouri	7,572	190.0	14,673	468.7
Montana	1,987	100.8	4,668	250.0
Nebraska	4,454	148.3	7,855	361.6
Nevada	226	8.7	448	21.3
New Hampshire	12	.08	21	.6

APPENDIX III

APPENDIX III

<u>State/territory</u>	<u>Total delinquent borrowers^a</u>	<u>Total delinquent dollars^b</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Total outstanding principal owed by delinquent borrowers^b</u> (millions)
New Jersey	391	\$ 16.3	790	\$ 27.0
New Mexico	709	37.9	1,361	72.8
New York	3,030	113.0	6,151	204.6
North Carolina	4,270	171.3	9,944	299.3
North Dakota	4,727	160.4	10,447	410.8
Ohio	2,558	103.4	4,996	241.9
Oklahoma	5,623	242.9	11,034	547.3
Oregon	1,289	63.5	2,423	138.8
Pennsylvania	925	33.2	1,741	68.2
Puerto Rico	1,267	22.7	1,699	59.6
Rhode Island	16	.5	27	1.4
South Carolina	2,789	140.4	6,720	238.4
South Dakota	6,266	180.9	13,563	506.3
Tennessee	4,198	143.2	7,998	320.8
Texas	8,232	577.1	21,057	828.7
Utah	450	10.7	756	36.0
Vermont	108	1.9	204	6.4
Virgin Islands	26	.6	32	1.4
Virginia	2,147	82.7	4,958	144.8
Washington	1,239	63.5	2,552	142.5
West Virginia	405	8.8	650	22.4
Wisconsin	4,268	111.8	7,838	292.8
Wyoming	515	26.1	955	59.2
Total	<u>141,338</u>	<u>\$6,999.7</u>	<u>312,036</u>	<u>\$ 12,819.8</u>

^aThis table presents data by loan type rather than individual borrowers, which results in the borrowers' being counted in each category in which they have a loan.

^bThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table III.2: Delinquent Farm Ownership Program Direct Loan Activity, June 30, 1987

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (millions)
Alabama	437	\$ 4.8	572	\$ 26.8
Alaska	2	.02	2	.3
Arizona	160	6.4	237	20.8
Arkansas	1,129	13.4	1,498	75.7
California	396	10.6	467	44.8
Colorado	379	7.7	508	35.8
Connecticut	17	.3	21	1.9
Delaware	27	.6	31	2.3
Florida	352	8.1	452	26.2
Georgia	781	17.5	1,004	61.3
Guam	0	0	0	0
Hawaii	64	.5	80	10.8
Idaho	932	20.9	1,497	86.6
Illinois	918	11.5	1,207	79.6
Indiana	885	18.5	1,072	88.4
Iowa	1,115	20.0	1,447	103.6
Kansas	1,105	14.7	1,463	76.4
Kentucky	867	8.3	1,072	69.8
Louisiana	692	13.3	984	58.6
Maine	199	2.9	319	11.9
Maryland	86	1.4	108	8.1
Massachusetts	27	.5	37	2.6
Michigan	704	10.5	980	57.6
Minnesota	1,658	25.3	2,292	129.0
Mississippi	1,221	18.3	1,544	76.2
Missouri	1,811	22.1	2,435	126.3
Montana	438	8.4	617	47.0
Nebraska	1,085	18.4	1,384	83.7
Nevada	58	1.4	82	5.8
New Hampshire	5	.02	10	.5

APPENDIX III

APPENDIX III

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (millions)
New Jersey	89	\$ 2.0	106	\$ 7.5
New Mexico	197	4.0	277	19.2
New York	656	10.1	947	43.5
North Carolina	793	10.7	1,086	49.7
North Dakota	1,207	17.2	1,735	91.6
Ohio	528	11.4	637	55.6
Oklahoma	1,464	19.0	1,936	109.2
Oregon	329	7.6	462	36.5
Pennsylvania	231	4.8	320	21.5
Puerto Rico	490	5.5	617	29.3
Rhode Island	8	.1	11	.7
South Carolina	587	8.7	830	39.7
South Dakota	1,293	15.2	1,927	89.0
Tennessee	987	12.3	1,223	69.2
Texas	1,269	24.5	1,579	102.5
Utah	163	2.3	264	15.4
Vermont	49	.9	93	4.7
Virgin Islands	11	.2	16	.8
Virginia	335	5.4	435	22.0
Washington	328	7.2	483	35.2
West Virginia	131	1.9	177	9.5
Wisconsin	1,074	17.4	1,562	83.3
Wyoming	148	4.1	224	16.3
Total	<u>29,917</u>	<u>\$478.3</u>	<u>40,369</u>	<u>\$2,370.4</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table III.3: Delinquent Operating Loan Program Direct Loan Activity, June 30, 1987

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a (millions)</u>	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a (millions)</u>
Alabama	747	\$ 19.7	1,540	\$ 29.7
Alaska	1	.03	1	.02
Arizona	187	9.4	324	10.5
Arkansas	1,852	53.6	3,378	88.4
California	604	28.0	1,131	39.9
Colorado	306	10.2	580	16.5
Connecticut	24	.5	43	.9
Delaware	28	.9	46	1.4
Florida	669	26.3	1,492	29.2
Georgia	1,587	54.0	3,116	59.7
Guam	5	.06	6	.09
Hawaii	54	.5	72	1.4
Idaho	760	26.6	1,421	42.0
Illinois	1,214	28.3	2,248	52.6
Indiana	1,054	37.2	1,975	56.3
Iowa	1,975	49.6	4,082	127.0
Kansas	853	17.8	1,391	38.8
Kentucky	1,266	22.1	2,184	51.7
Louisiana	2,584	95.1	6,696	150.2
Maine	342	10.7	840	19.6
Maryland	175	4.5	308	7.0
Massachusetts	27	.5	43	1.1
Michigan	1,040	30.6	1,928	65.3
Minnesota	1,921	56.4	3,379	108.8
Mississippi	2,355	93.6	4,676	119.1
Missouri	1,703	40.9	3,413	79.2
Montana	470	17.1	1,219	36.0
Nebraska	784	18.5	1,449	36.2
Nevada	59	1.8	134	2.6
New Hampshire	7	.06	11	.2

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (millions)
New Jersey	133	\$ 4.2	275	\$ 5.3
New Mexico	223	7.6	427	12.0
New York	773	17.3	1,224	28.8
North Carolina	1,243	31.4	2,597	42.9
North Dakota	1,212	30.5	2,394	73.7
Ohio	836	27.7	1,582	50.5
Oklahoma	1,632	46.0	3,110	98.4
Oregon	332	11.9	652	19.5
Pennsylvania	308	8.4	545	13.1
Puerto Rico	472	7.6	662	11.3
Rhode Island	6	.03	13	.2
South Carolina	841	23.9	1,587	33.1
South Dakota	1,381	30.5	2,487	70.1
Tennessee	1,332	34.2	2,602	61.0
Texas	3,059	122.9	6,951	201.0
Utah	133	2.6	225	7.3
Vermont	38	.8	77	1.2
Virgin Islands	9	.3	10	.5
Virginia	666	15.8	1,262	23.7
Washington	363	14.0	808	24.0
West Virginia	219	3.9	379	6.7
Wisconsin	1,371	28.0	2,318	75.7
Wyoming	134	4.2	267	9.5
Total	<u>41,369</u>	<u>\$1,228.1</u>	<u>81,580</u>	<u>\$2,140.7</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table III.4: Delinquent Emergency Disaster Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a (millions)</u>	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a (millions)</u>
Alabama	982	\$ 76.6	3,577	\$ 110.3
Alaska	0	0	0	0
Arizona	235	108.8	1,152	121.1
Arkansas	2,297	199.0	7,766	298.3
California	613	392.5	2,000	471.2
Colorado	253	20.6	648	38.5
Connecticut	6	.3	10	.4
Delaware	25	1.0	51	1.5
Florida	713	131.6	3,016	138.9
Georgia	2,863	589.3	15,661	599.7
Guam	2	.03	4	.07
Hawaii	11	.2	11	1.1
Idaho	422	47.4	1,158	72.9
Illinois	1,491	44.0	3,133	85.5
Indiana	906	50.4	2,168	94.0
Iowa	1,529	46.1	3,470	106.2
Kansas	1,009	28.5	2,202	64.7
Kentucky	1,166	26.8	2,831	95.6
Louisiana	2,391	265.8	10,244	366.9
Maine	174	26.0	665	29.7
Maryland	147	4.4	281	9.0
Massachusetts	9	.4	42	.8
Michigan	983	57.6	2,615	117.6
Minnesota	1,891	98.5	5,299	179.2
Mississippi	3,156	482.2	15,019	625.4
Missouri	2,525	91.8	6,611	189.4
Montana	730	58.7	2,293	127.0
Nebraska	1,192	52.7	2,832	107.0
Nevada	14	.6	27	1.7
New Hampshire	0	0	0	0

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (millions)
New Jersey	133	\$ 9.1	361	\$ 12.9
New Mexico	139	17.1	425	25.3
New York	871	55.8	2,548	85.7
North Carolina	1,428	89.8	4,767	139.0
North Dakota	1,639	88.6	5,274	194.9
Ohio	787	42.5	2,051	92.4
Oklahoma	1,393	120.2	4,087	217.4
Oregon	235	22.9	608	43.3
Pennsylvania	133	7.2	318	13.3
Puerto Rico	143	1.6	182	3.1
Rhode Island	1	.03	2	.04
South Carolina	1,124	95.0	3,942	146.0
South Dakota	2,389	96.0	7,275	254.9
Tennessee	1,202	61.8	2,975	119.6
Texas	2,948	373.6	11,097	445.5
Utah	51	2.6	103	4.3
Vermont	6	.01	7	.1
Virgin Islands	1	.01	1	.01
Virginia	863	48.9	2,776	76.7
Washington	161	20.6	437	33.5
West Virginia	17	1.0	33	1.6
Wisconsin	749	24.4	1,738	52.3
Wyoming	120	10.9	288	21.9
Total	<u>44,268</u>	<u>\$4,091.4</u>	<u>\$146,081</u>	<u>\$6,037.6</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table III.5: Delinquent Economic Emergency Program Direct Loan Activity,
June 30, 1987

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a (millions)</u>	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a (millions)</u>
Alabama	166	\$ 7.6	257	\$ 11.0
Alaska	0	0	0	0
Arizona	100	11.1	230	18.4
Arkansas	737	30.1	1,236	61.1
California	515	55.1	999	86.2
Colorado	320	26.7	628	38.4
Connecticut	12	.6	16	1.7
Delaware	9	.9	21	1.0
Florida	369	38.8	819	44.6
Georgia	598	51.3	1,389	61.7
Guam	0	0	0	0
Hawaii	5	.3	9	1.4
Idaho	779	57.5	1,602	87.9
Illinois	685	33.7	1,138	68.6
Indiana	839	60.5	1,700	116.4
Iowa	1,096	47.3	2,021	115.5
Kansas	559	22.0	809	52.0
Kentucky	555	14.7	817	48.8
Louisiana	615	31.7	1,041	51.6
Maine	76	3.6	114	5.3
Maryland	95	4.7	170	9.7
Massachusetts	13	.5	26	1.2
Michigan	580	30.5	1,193	61.1
Minnesota	1,235	51.1	2,238	104.2
Mississippi	413	25.2	624	34.6
Missouri	916	33.5	1,463	67.4
Montana	274	15.8	450	37.3
Nebraska	1,138	55.3	1,910	125.3
Nevada	60	4.4	158	8.2
New Hampshire	0	0	0	0

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (millions)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (millions)
New Jersey	26	\$ 1.0	37	\$ 11.2
New Mexico	122	8.7	198	15.3
New York	621	28.9	1,295	44.0
North Carolina	698	38.9	1,367	66.1
North Dakota	626	23.5	998	48.8
Ohio	353	21.7	670	42.7
Oklahoma	952	56.4	1,689	118.2
Oregon	279	18.7	549	33.0
Pennsylvania	222	12.8	521	20.0
Puerto Rico	116	7.9	188	15.1
Rhode Island	1	.3	1	.3
South Carolina	227	12.5	351	19.0
South Dakota	1,124	38.7	1,785	89.7
Tennessee	654	34.7	1,173	70.7
Texas	696	53.0	1,136	72.1
Utah	85	3.1	139	8.3
Vermont	11	.2	23	.4
Virgin Islands	0	0	0	0
Virginia	278	12.7	480	22.3
Washington	345	21.1	779	48.3
West Virginia	33	2.0	56	4.6
Wisconsin	985	41.4	2,123	80.3
Wyoming	94	6.6	155	10.9
Total	<u>21,307</u>	<u>\$1,159.5</u>	<u>38,791</u>	<u>\$2,151.8</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

Table III.6: Delinquent Soil and Water Program Direct Loan Activity, June 30, 1987

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (thousands)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (thousands)
Alabama	40	\$ 135	44	\$ 372
Alaska	0	0	0	0
Arizona	32	722	37	1,434
Arkansas	311	1,527	349	4,748
California	145	2,849	173	9,133
Colorado	49	802	61	1,748
Connecticut	3	91	3	254
Delaware	4	37	4	109
Florida	54	925	62	1,917
Georgia	199	5,639	242	9,377
Guam	0	0	0	0
Hawaii	2	4	2	37
Idaho	289	3,232	349	10,589
Illinois	88	348	103	1,282
Indiana	53	299	60	1,078
Iowa	92	412	97	1,412
Kansas	57	360	63	1,575
Kentucky	151	245	166	1,197
Louisiana	99	1,340	109	2,804
Maine	8	22	9	67
Maryland	6	52	6	410
Massachusetts	3	8	3	72
Michigan	147	1,174	192	4,952
Minnesota	195	1,131	226	4,094
Mississippi	184	1,839	201	4,037
Missouri	617	1,774	751	6,440
Montana	75	852	89	2,648
Nebraska	255	3,406	280	9,442
Nevada	35	583	47	2,926
New Hampshire	0	0	0	0

APPENDIX III

APPENDIX III

<u>State/territory</u>	<u>Number of delinquent borrowers</u>	<u>Total delinquent dollars^a</u> (thousands)	<u>Total loans owed by delinquent borrowers</u>	<u>Outstanding principal owed by delinquent borrowers^a</u> (thousands)
New Jersey	10	\$ 90	11	\$ 141
New Mexico	28	472	34	982
New York	109	921	137	2,628
North Carolina	108	545	127	1,625
North Dakota	43	659	46	1,669
Ohio	54	163	56	694
Oklahoma	182	1,408	212	4,036
Oregon	114	2,482	152	6,646
Pennsylvania	31	79	37	224
Puerto Rico	46	245	50	830
Rhode Island	0	0	0	0
South Carolina	10	317	10	692
South Dakota	79	574	89	2,586
Tennessee	23	92	25	297
Texas	260	3,242	294	7,602
Utah	18	77	25	694
Vermont	4	12	4	41
Virgin Islands	5	44	5	115
Virginia	5	46	5	135
Washington	42	441	45	1,494
West Virginia	5	6	5	37
Wisconsin	89	442	97	1,236
Wyoming	19	299	21	622
Total	<u>4,477</u>	<u>\$42,462</u>	<u>5,215</u>	<u>\$119,181</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

FmHA OVER-3-YEAR DELINQUENCIES OF MAJOR
FARM PROGRAM DIRECT LOANS, JUNE 30, 1987

<u>State/territory</u>	Over-3-year delinquent dollars ^a (millions)	Outstanding principal owed by over-3-year delinquent borrowers ^a (millions)
Alabama	\$ 87.3	\$ 90.5
Alaska	0	0
Arizona	123.8	117.2
Arkansas	227.8	257.9
California	443.4	471.8
Colorado	49.3	58.7
Connecticut	1.0	1.4
Delaware	2.7	3.3
Florida	186.2	173.5
Georgia	674.7	637.2
Guam	.07	.07
Hawaii	.5	.9
Idaho	122.0	151.8
Illinois	71.1	87.6
Indiana	119.9	158.6
Iowa	86.3	136.8
Kansas	52.4	84.2
Kentucky	24.0	36.1
Louisiana	310.0	320.7
Maine	31.5	27.5
Maryland	9.2	11.4
Massachusetts	1.4	2.4
Michigan	86.5	106.9
Minnesota	163.6	223.9
Mississippi	532.5	556.1
Missouri	130.9	163.7
Montana	73.1	97.0
Nebraska	108.8	173.5
Nevada	6.1	8.7
New Hampshire	.04	.04

<u>State/territory</u>	<u>Over-3-year delinquent dollars^a</u> (millions)	<u>Outstanding principal owed by over-3-year delinquent borrowers^a</u> (millions)
New Jersey	\$ 13.3	\$ 14.3
New Mexico	29.3	34.8
New York	93.6	108.9
North Carolina	133.8	150.6
North Dakota	110.8	158.7
Ohio	65.9	89.5
Oklahoma	169.6	215.9
Oregon	49.7	67.1
Pennsylvania	24.3	33.8
Puerto Rico	16.0	23.1
Rhode Island	.4	.5
South Carolina	110.0	126.8
South Dakota	107.2	158.4
Tennessee	104.7	131.1
Texas	482.9	437.4
Utah	6.4	9.1
Vermont	1.4	2.3
Virgin Islands	.5	.9
Virginia	66.4	69.2
Washington	46.0	62.8
West Virginia	5.9	7.9
Wisconsin	79.7	118.1
Wyoming	<u>20.3</u>	<u>28.3</u>
Total	<u>\$5,464.4</u>	<u>\$6,209.4</u>

^aThe total for delinquent dollars and outstanding principal may not add because of rounding of the individual state amounts. In addition, over-3-year delinquent dollar amounts can exceed outstanding principal owed by over-3-year delinquent borrowers because delinquent dollar amounts include both principal and interest.

Source: GAO analysis of FmHA Active Borrowers Delinquent Report data (FmHA report code 616).

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