

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT
SALES, COLLECTIONS AND OPERATING STATISTICS
JANUARY 1, 1944, TO DECEMBER 31, 1944

9721

TO HIS EXCELLENCY GOVERNOR EDWARD J. THYE: REPORT OF OPERATIONS FOR THE PERIOD
January 1, 1944 to December 31, 1944

I respectfully submit herewith a summary report of the operations of the Department of Rural Credit for the year ending December 31, 1944.

Sale of Real Estate:

As the number of farms available for sale diminishes the quality decreases in direct proportion. This factor along with the small field force now maintained causes a natural decrease in the volume of sales. During the past year 116 farms were sold for the sales price of \$188,250.00. The Department has currently available for sale 132 farms, 48 of these are considered Class "A" and Class "B" farms. These are the farms which we consider to have enough agricultural value to warrant their sale as an agricultural unit or as an addition to an existing unit. The eighty-four remaining farms are considered as Class "C" and Class "D" farms. These are the units which we consider to be of little or no agricultural value and should not be sold except as an addition to an existing farm as pasture or meadow and sold only for all cash or at least on a short-term contract. The farms in the latter category are those units which we believe could best be turned over to the Conservation Department for reforestation purposes since the bulk of them are located in the northern part of the state in what is considered the forest area.

Interest bearing paper:

The Department currently holds 1,834 of the original mortgages which aggregate in amount \$3,413,111.32; 143 Purchase Price Mortgages with a value of \$201,902.79; 4,498 Standard Contracts for Deed with a value of \$9,212,462.17 making a total of 6,464 collection units aggregating in amount \$12,827,426.28. These collection units are served by four men located in our field offices at Brainerd, Detroit Lakes and Thief River Falls. The quality of the work performed by these men is demonstrated by the condition of the loans. Of the 6,464 collection units there are only nine that are one year or more in arrears, making a total delinquency of .14 of 1%. Naturally a part of this fine collection record is due to the favorable crop conditions of the past few years, along with the good prices which farmers are currently receiving for their products. Our efforts are now directed toward encouraging farmers to build up a substantial equity in their places in order that if and when poor times should again return the state need not anticipate the acquisition of a large number of farms. During the year the collections have been as follows:

Principal of loan and contracts	\$	2,944,673.90
Real Estate sold for cash and		
Shoriffs' Certificates redeemed		52,642.74
Collection of Interest		595,520.34
Rentals collected		19,234.81
Total -	\$	3,612,071.79

The total cost of field operations for the past year which includes collection costs, all phases of farm management and sales amounts to .8 of 1% of the total amount collected.

ASSETS:

The assets of the Department of Rural Credit as of December 31, 1944, with the real estate included at its appraised value, are as follows:

CASH, with State Treasurer \$ 1,361,075.66

SECURITIES

First Mortgage loans	1834	\$	3,413,111.32	
Purchase price mortgages	143		201,902.79	
Standard Contracts for Deed	4487		9,212,462.28	
(Above including interest receivable)				
				\$12,827,476.39

REAL ESTATE

Sheriff's Certificates		\$	8,180.11	
Farms, Class A. and B.	48		125,000.00	
Farms, Class C. and D.	84		25,000.00	
Balance due on unclosed sales			47,465.00	
				\$ 205,645.11

MISCELLANEOUS

Rent receivable and miscellaneous items			9,233.65	
Equipment			16,658.32	\$ 25,891.97
				\$14,420,089.13

The large cash balance will be observed. This has accumulated to provide funds to pay the large amount of interest and premium required in connection with the issue of bonds. (Closed 1/17/45).

Ordinarily, as fast as funds accumulate they are used to prepay bonds held by the State Board of Investment, under an agreement made with them.

The reduction in assets which is reflected between my report of a year ago and the current report is brought about by the heavy prepayment of contracts and mortgages, 1,097 of our borrowers having paid their loans in full during the past year.

Servicing of Bonded Indebtedness:

The principal amount of Rural Credit bonds and Certificates of Indebtedness is \$21,690,000. There are outstanding Rural Credit Deficiency Fund Certificates of Indebtedness in the principal amount of \$24,300,000 payable from the proceeds of tax levies authorized and directed by Chapter 463, Laws of 1941, as amended by Chapter 439, Laws of 1943.

An issue of Deficiency Fund Certificates of Indebtedness was made in February of the past year in the amount of \$9,450,000 at the rate of .014 to replace \$10,000,000 of bonds which matured February 15, 1944 bearing interest at from .0425 to .0475. A further issue of bonds in the amount of \$4,903,000 has been made under the original 1923 law as amended, at an interest rate of .011. These bonds are issued to replace certain high interest bonds that were held by the State Board of Investment. Under an agreement made with the State Board of Investment this Department pays a premium equal to the amount lost by the surrender of the high interest bonds and the reinvestment of the money obtained therefrom in government securities. As you see, by this action the State Board of Investment is saved from any loss by the transaction, and this Department will, over the next ten years, save approximately \$230,000.00 in interest payments. It is not expected that there will be any further bonds issued until 1954 when an issue of \$10,000,000, largely held by the public, matures.

Administrative Costs

Administrative costs for the calendar year 1944 were \$123,799.33. This includes the expense incurred in the above mentioned bond issue which aggregated \$10,509.15. Administrative expense for the calendar year 1943 was \$162,113.74, which means that administrative cost decreased during the past year in the amount of \$38,314.41. We believe that our operating force is now down to a minimum. We currently employ thirty-five people of which seven are in our three field offices and twenty-eight in the St. Paul office. No reductions in personnel are anticipated.

For your further information I am attaching hereto a more detailed statement of our operations.

Respectfully submitted,

Richard H. Bennett

CONSERVATOR
Department of Rural Credit

January 31, 1945

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT

COMPARATIVE STATEMENT OF CONDITION

DECEMBER 31, 1944

A S S E T S

CURRENT	
CASH	\$ 1,361,075.66
INTEREST BEARING PAPER (INCLUDING INTEREST RECEIVABLE)	
FIRST MORTGAGE LOANS	3,413,111.32
PURCHASE PRICE MORTGAGES	201,902.79
STANDARD CONTRACTS FOR DEED	9,212,462.17
REAL PROPERTY	
SHERIFF'S CERTIFICATES (LOANS IN FORECLOSURE)	8,180.11
REAL ESTATE (STATE-OWNED FARMS)	609,299.57
MISCELLANEOUS	
RENT RECEIVABLE ON CURRENT LEASES	3,242.01
RENT RECEIVABLE ON PRIOR YEARS' LEASES--UNSECURED	2,982.14
MISCELLANEOUS ACCOUNTS RECEIVABLE	3,009.50
BUILDINGS AND EQUIPMENT	<u>16,658.32</u>
TOTAL ASSETS	<u>\$14,831,923.59</u>

L I A B I L I T I E S

CURRENT	
EARNEST MONEY ON PURCHASE OFFERS	\$ 10,475.84
BORROWERS' CREDIT AND OTHER SUSPENSE	14,003.49
ACCRUED INTEREST ON BONDS AND CERTIFICATES	188,561.09
VALUATION RESERVES	
UNPAID INTEREST INCLUDED IN COST OF REAL ESTATE	108,158.43
UNCOLLECTED INTEREST ON LOANS AND CONTRACTS	6,612.41
UNCOLLECTED RENT	6,224.15
UNCOLLECTED ACCOUNTS RECEIVABLE	3,009.50
PAID IN CAPITAL	
PROCEEDS FROM SALE OF TAX LEVY CERTIFICATES	4,606,354.15
PROCEEDS FROM SALE OF RURAL CREDIT DEFICIENCY FUND CERTIFICATES, PLUS TAX COLLECTIONS	26,697,249.55
CERTIFICATES OF INDEBTEDNESS	6,190,000.00
RURAL CREDIT BONDS	15,500,000.00
DEFICIT (INCLUDING CONTINGENT LOSS ON SALES NOT PAID IN FULL)	<u>-38,498,725.02</u>
TOTAL LIABILITIES	<u>\$14,831,923.59</u>

ANALYSIS OF DEFICIT

DECEMBER 31, 1944

LOSS ON LOANS PAID BY COMPROMISE SETTLEMENT	\$ 2,191,964.29
LOSS ON SALE OF LAND	11,933,202.03
EXCESS OF INTEREST PAYMENTS OVER INTEREST COLLECTIONS	19,194,790.46
ACCRUED INTEREST PAYABLE ON BONDS AND CERTIFICATES	188,561.09
INTEREST COLLECTIONS ALLOCATED FOR OPERATING EXPENSE	2,922,548.05
RENTAL COLLECTIONS ALLOCATED FOR OPERATING EXPENSE	<u>2,067,659.10</u>
TOTAL DEFICIT	<u>\$38,498,725.02</u>

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT

RECEIPTS AND DISBURSEMENTS BY FUNDS

RURAL CREDIT FUND

	MONTH OF DEC. 1944	JAN. 1 TO DEC. 31 1944
CASH RECEIPTS		
CAPITALIZED CREDITS		
PRINCIPAL PAYMENTS ON FIRST MORTGAGE LOANS	\$ 73,229.91	\$ 883,798.00
PRINCIPAL PAYMENTS ON PURCHASE PRICE MORTGAGES	4,913.16	96,743.29
PRINCIPAL PAYMENTS ON STANDARD CONTRACTS	134,457.01	1,941,797.41
CASH DOWN PAYMENTS ON STANDARD CONTRACTS	5,750.00	83,620.00
PRINCIPAL PAYMENTS ON CROP PAYMENT CONTRACTS	--	22,335.20
REAL ESTATE SOLD FOR ALL CASH	325.00	38,590.00
REAL ESTATE INCOME	852.60	1,457.41
REDEMPTION OF SHERIFF'S CERTIFICATES	--	6,761.48
REIMBURSEMENTS	-2,606.47	12,595.33
TOTAL RECEIPTS	\$216,921.21	\$ 3,087,698.12
DISBURSEMENTS		
CAPITALIZED CHARGES		
NEW CONSTRUCTION	\$ --	\$ --
COSTS OF ACQUIRING TITLE	--	118.65
MISCELLANEOUS	--	167.88
ADVANCES	5,460.65	54,953.78
TOTAL DISBURSEMENTS	\$ 5,460.65	\$ 55,240.31
NET AVAILABLE FROM OPERATIONS	\$211,460.56	\$ 3,032,457.81
BORROWING AND DEBT SERVICE		
CASH ON HAND JANUARY 1, 1944		\$ 1,185,097.99
CASH AVAILABLE FROM OPERATIONS (FROM ABOVE)		3,032,457.81
TRANSFERS FROM RURAL CREDIT DEFICIENCY FUND		9,850,000.00
TOTAL		\$14,067,555.80
BONDS AND CERTIFICATES OF INDEBTEDNESS RETIRED		\$12,500,000.00
TRANSFERS TO RURAL CREDIT INTEREST FUND		500,000.00
TOTAL		\$13,000,000.00
NET CASH AVAILABLE DECEMBER 31, 1944		\$ 1,067,555.80

RURAL CREDIT INTEREST FUND

	MONTH OF DEC. 1944	JAN. 1 TO DEC. 31 1944
CASH RECEIPTS		
INTEREST ON FIRST MORTGAGE LOANS	\$ 12,536.81	\$ 166,730.71
INTEREST ON PURCHASE PRICE MORTGAGES	524.10	10,457.13
INTEREST ON STANDARD CONTRACTS	17,307.98	414,979.42
INTEREST ON CROP PAYMENT CONTRACTS	--	98.58
SUNDRY INTEREST	--	343.59
TOTAL RECEIPTS	\$ 30,368.89	\$ 592,609.43
DISBURSEMENTS		
INTEREST ON BONDS AND CERTIFICATES	\$ --	\$ 1,188,129.77
TOTAL DISBURSEMENTS	\$ --	\$ 1,188,129.77
NET OPERATING DEFICIT	\$-30,368.89	\$ 595,520.34
BORROWING AND DEBT SERVICE		
CASH ON HAND JANUARY 1, 1944		\$ 54,595.03
TRANSFERS FROM RURAL CREDIT FUND		500,000.00
TRANSFERS FROM RURAL CREDIT DEFICIENCY FUND		520,000.00
TOTAL		\$ 1,074,595.03
NET OPERATING DEFICIT (FROM ABOVE)		\$ 595,520.34
TRANSFERS TO RURAL CREDIT EXPENSE FUND		209,000.00
CERTIFICATES OF INDEBTEDNESS RETIRED		100,000.00
TOTAL		\$ 904,520.34
NET CASH AVAILABLE DECEMBER 31, 1944		\$ 170,074.69
INTEREST RECEIVABLE		
DELINQUENT INTEREST ON MTGS., P. P. MTGS., & STD. CONTS.		\$ 3,045.81
EXTENDED INTEREST (NOT DUE)		3,566.60
TOTAL		\$ 6,612.41

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT

RECEIPTS AND DISBURSEMENTS BY FUNDS

RURAL CREDIT EXPENSE FUND

	MONTH OF DECEMBER			TWELVE MONTHS ENDING DECEMBER 31		
	1943	1944	INCREASE -DECREASE	1943	1944	INCREASE -DECREASE
CASH RECEIPTS						
OPERATING INCOME (Gross)						
MISCELLANEOUS	\$ --	\$ 25.25	\$ 25.25	\$ 925.97	\$ 842.76	\$ -83.21
TOTAL	\$ --	\$ 25.25	\$ 25.25	\$ 925.97	\$ 842.76	\$ -83.21
CREDITS TO REAL ESTATE (Gross)						
RENTAL COLLECTIONS--CURRENT	\$ 2,713.68	\$ 1,382.29	\$ -1,331.39	\$ 55,833.29	\$ 17,222.41	\$ -38,610.88
RENT. COLL.--PRIOR YRS. UNSEC.	398.78	125.00	-273.78	2,398.41	1,016.42	-1,381.99
MISCELLANEOUS	71.48	--	-71.48	7,074.84	995.98	-6,078.86
TOTAL	\$ 3,183.94	\$ 1,507.29	\$ -1,676.65	\$ 65,306.54	\$ 19,234.81	\$ -46,071.73
OTHER CAPITALIZED CREDITS (Gr.)						
FURNITURE & FIXTURE INVENTORY REIMBURSEMENTS	\$ --	\$ 253.00	\$ 253.00	\$ 1,510.53	\$ 5,318.50	\$ 3,807.97
	539.99	304.89	-235.10	5,622.33	6,835.87	1,213.54
TOTAL	\$ 539.99	\$ 557.89	\$ 17.90	\$ 7,132.86	\$ 12,154.37	\$ 5,021.51
TOTAL RECEIPTS	\$ 3,723.93	\$ 2,090.43	\$ -1,633.50	\$ 73,365.37	\$ 32,231.94	\$ -41,133.43
DISBURSEMENTS						
ADMINISTRATION EXPENSE (NET)						
SALARIES	\$ 7,322.06	\$ 5,838.64	\$ -1,483.42	\$ 96,667.56	\$ 77,548.64	\$ -19,118.92
BROKERS' COMMISSIONS	958.00	424.50	-533.50	15,296.09	4,341.00	-10,955.09
RENTS	412.50	361.50	-51.00	4,950.00	4,475.50	-474.50
ADVERTISING & PUBLICATION	3.00	--	-3.00	919.39	19.34	-900.05
COMMUNICATION SERVICE	167.74	610.42	442.68	5,944.53	4,577.82	-1,366.71
TRAVEL EXPENSE	1,045.86	506.00	-539.86	13,619.64	9,505.55	-4,114.09
FREIGHT, EXPRESS & DRAYAGE	--	24.68	24.68	17.10	45.98	28.88
HEAT, LIGHT, WATER & POWER	145.18	137.00	-8.18	1,641.12	1,356.74	-284.38
STATIONERY & OFFICE SUPPLIES	146.32	64.59	-81.73	2,050.56	1,692.10	-358.46
MISCELLANEOUS	560.54	220.13	-340.41	13,541.54	9,727.51	-3,814.03
EXP. OF REFIN. BONDS & CERTFS.	5,059.30	423.03	-4,636.27	7,466.21	10,509.15	3,042.94
TOTAL	\$ 15,820.50	\$ 8,610.49	\$ -7,210.01	\$ 162,113.74	\$ 123,799.33	\$ -38,314.41
CHARGES TO REAL ESTATE (GROSS)						
FARM UPKEEP	\$ 509.12	\$ 248.43	\$ -260.69	\$ 4,954.44	\$ 938.53	\$ -4,015.91
FARM OPERATION	31.50	--	-31.50	814.42	193.38	-621.04
ABSTRACTING, FILING, ETC.	--	--	--	893.80	--	-893.80
TAXES AND INSURANCE	427.18	316.49	-110.69	15,082.01	3,598.72	-11,483.29
RENTAL REFUNDS	26.50	--	-26.50	1,167.26	266.07	-901.19
TOTAL	\$ 994.30	\$ 564.92	\$ -429.38	\$ 22,952.93	\$ 4,996.70	\$ -17,956.23
OTHER CAPITALIZED CHARGES (Gr.)						
FURNITURE & FIXTURE INVENTORY ADVANCES	\$ --	\$ --	\$ --	\$ 42.15	\$ --	\$ -42.15
	365.81	638.74	272.93	6,070.52	5,043.77	-1,026.75
TOTAL	\$ 365.81	\$ 638.74	\$ 272.93	\$ 6,112.67	\$ 5,043.77	\$ -1,068.90
TOTAL DISBURSEMENTS	\$ 17,180.61	\$ 9,814.15	\$ -7,366.46	\$ 191,179.34	\$ 133,839.80	\$ -57,339.54

CASH RECONCILEMENT

CASH ON HAND - JANUARY 1, 1944	\$ 16,053.03
CASH RECEIPTS - JANUARY 1 TO DECEMBER 31, 1944 (FROM ABOVE)	32,231.94
TRANSFERRED FROM RURAL CREDIT INTEREST FUND	209,000.00
TOTAL	\$ 257,284.97
LESS: DISBURSEMENTS - JANUARY 1 TO DECEMBER 31, 1944 (FROM ABOVE)	133,839.80
CASH ON HAND DECEMBER 31, 1944	\$ 123,445.17

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT

STATEMENT OF INDEBTEDNESS
DECEMBER 31, 1944

RURAL CREDIT FUND BONDS & CERTIFICATES OF INDEBTEDNESS

DATE OF ISSUE	DATE DUE	TERMS YEARS	RATE	NUMBERS	HELD BY INVEST. BOARD	HELD BY PUBLIC
6-1-1924	6-1-1954	30	4.25%	17611-21110 (PART)	\$ --	\$ 3,303,000
6-1-1924	6-1-1954	30	4.50	21111-24410 (PART)	--	2,906,000
6-1-1924	6-1-1954	30	4.75	24411-27610 (PART)	--	2,913,000
3-3-1931	2-1-1946	15	4.01	32762-32766	1,050,000	--
6-27-1932	2-1-1946	15	4.01	32767	250,000	--
9-1-1932	9-1-1947	15	4.25	32780	250,000	--
12-14-1932	12-15-1947	15	4.25	32783	250,000	--
4-25-1933	12-15-1947	15	4.25	32784	250,000	--
6-5-1933	6-5-1948	15	4.25	32791	250,000	--
11-13-1933	11-13-1948	15	4.25	40795	465,000 (1)	--
2-1-1940	2-1-1949	9	1.75	40976-41475	--	500,000(1)
12-15-1944	6-15-1954	9½	1.10	44480-48557	--	4,078,000
TOTAL RURAL CREDIT FUND BONDS & CERTIFICATES					<u>\$2,765,000</u>	<u>\$13,700,000</u>

INTEREST FUND CERTIFICATES OF INDEBTEDNESS & BONDS

DATE OF ISSUE	DATE DUE	TERMS YEARS	RATE	NUMBERS	HELD BY INVEST. BOARD	HELD BY PUBLIC
2-1-1940	2-1-1949	9	1.75%	41476-42475	\$ --	\$ 1,000,000
2-1-1940	2-1-1950	10	1.75	42476-44475	--	2,000,000
1-14-1941	2-1-1951	10	1.50	44477	1,400,000	--
12-15-1944	6-15-1954	9½	1.10	48558-49382	--	825,000
TOTAL INTEREST FUND CERTIFICATES & BONDS					<u>\$1,400,000</u>	<u>\$3,825,000</u>

GRAND TOTAL - BONDS AND CERTIFICATES OF INDEBTEDNESS

\$4,165,000 \$17,525,000

(1) RURAL CREDIT FUND CERTIFICATES OF INDEBTEDNESS

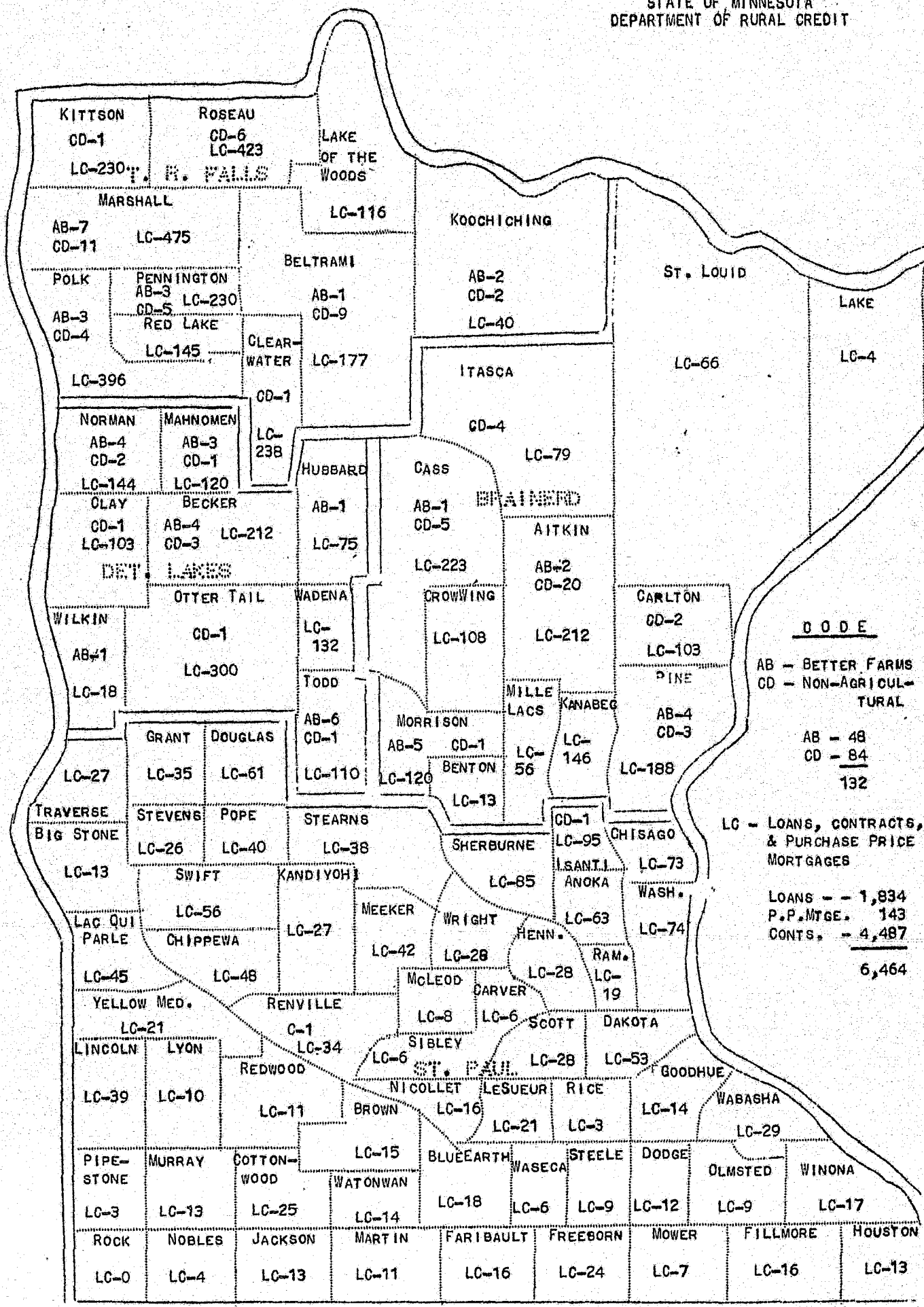
RURAL CREDIT DEFICIENCY FUND CERTIFICATES OF INDEBTEDNESS

THESE WERE ISSUED UNDER CHAPTER 463 OF LAWS OF 1941 AS AMENDED BY CHAPTER 439, LAWS OF 1943, AND ARE PAYABLE FROM THE PROCEEDS OF TAX LEVIES AS PROVIDED BY SAID LAW, AND ARE NOT AN INDEBTEDNESS OF THIS DEPARTMENT.

	DATE	RATE	MATURITY	AMOUNT	
A SERIES	OCT. 1, 1941	.012%	10-1-45 THRU 10-1-47	\$4,050,000.00	
B SERIES	JAN. 15, 1942	.016	1-15-48 THRU 7-15-49	2,700,000.00	
C SERIES	JULY 15, 1942	.017	7-15-50 THRU 1-15-51	2,025,000.00	
D SERIES	JULY 1, 1943	.011	7-1-51 THRU 1-1-53	2,700,000.00	
E SERIES	DEC. 1, 1943	.011	12-1-53 THRU 6-1-56	4,050,000.00	
F SERIES	FEB. 1, 1944	.014	8-1-56 THRU 2-1-63	<u>9,450,000.00</u>	\$24,975,000.00

NOTE: \$675,000.00 OF SERIES A ABOVE HAVE BEEN PAID FROM MONIES IN GENERAL REVENUE FUND.

STATE OF MINNESOTA
DEPARTMENT OF RURAL CREDIT



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STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
FEB 8 - 1945

Mike Holm
Secretary of State