



Farmer Debtors in Pioneer Pebble

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Article Summary: The farmers of Pebble Township, Nebraska, used land mortgage credit effectively during the pioneer period. Bogue contrasts them with the less successful land holders of Kinsley Township, Kansas.

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FARMER DEBTORS IN PIONEER PEBBLE

BY ALLAN G. BOGUE

LIKE the prairie fire and the grasshopper, the money lender and the mortgage enter most accounts of agricultural settlement in the Plains states. Detailed accounts of the financing and of the success and failure of settlers on the middle border, however, are but few. If the historian is to do more than rehash the generalizations of the pioneers, such studies are essential. This article is an effort to describe in quantitative fashion the transfer of the land in an east central Nebraska township into the hands of the settlers and to sketch the way in which this land was encumbered during the first thirty-five years of settlement.

Bounded on the south by the Platte River, Dodge County lies in the second tier of counties west of the eastern boundary of Nebraska. The county seat is Fremont. Receiving some thirty inches of rainfall annually and enjoying an average frost-free growing season of about 160 days, the county is situated within the portion of eastern Nebraska which agricultural geographers include in the corn belt of the United States. In the last "type-of-farming" study, produced by the Experiment Station of the University of Nebraska College of Agriculture, the northern half of the county was included in the intensive livestock production area of northeastern Nebraska, while the south half was placed in the region of general farming which

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stretches southward from the Platte. The annual yields of corn, oats, alfalfa, and winter wheat, as well as the value of the cattle and of the pig crop, stamp the county as one of the most productive in the state. The average valuation of farm land in Dodge County, returned for the Agricultural Census of 1950, was somewhat higher than that of most of the surrounding counties.¹

Pebble Township is Township 20, north of the base line, range six, east of the sixth principal meridian in the federal survey and lies between Webster and Cuming Townships against the northern boundary of Dodge County. Since some of the sections in the township are fractional, the total area is only some 22,745 acres. The topography is rolling rather than hilly. The Elkhorn River meanders through the eastern side of the township, passing through Sections 3, 2, 10, 13, 14, 24, and 25. Pebble Creek converges upon the course of the Elkhorn from the northwest, cutting through Sections 6, 7, 17, 18, 19, 20, 21, 28, 27, 34, 35, and 36.

The dominant soil type in the township was mapped by the United States Soil Survey in 1916, as Marshall silt loam, an upland soil of loessial origin. Lying mainly between the river and the creek and occurring again in the southwest corner of the township, this soil type predominates in some fifteen of the thirty-six sections. When the areas of Waukesha silt loam, a terrace type, and of Wabash silt loam, the typical soil of the stream bottoms, are added to those of Marshall silt loam, some seven sections are left. These are made up for the most part of Waukesha fine sandy loam, Sarpy very fine sandy loam, and Cass very fine

¹Nebraska Department of Agriculture and Inspection *et al*, *Nebraska Agricultural Statistics, Annual Report*, 1951 (Lincoln, 1953); L. F. Garey, "Factors Determining Type-of-Farming Areas in Nebraska," *University of Nebraska College of Agriculture Experiment Station, Bulletin 299* (Lincoln, 1936), and "Systems of Farming and Possible Alternates in Nebraska," *Ibid.*, *Bulletin 309* (Lincoln, 1937); Arthur F. George, *Annual Farm Business Report*, 1951, *Eastern Nebraska, 38 Farms*, Extension Service, University of Nebraska College of Agriculture *et al* (mimeographed; Lincoln, 1952); U. S. Bureau of the Census, *U. S. Census of Agriculture, 1950*, Vol. I, "Counties and State Economic Areas", Part 12 (Washington, 1952), Table 1.

sandy loam. All of the major soil types found in the township are excellent corn soils.²

Pebble Township fell within the boundaries of the land grant given to the Union Pacific Railroad Company in 1864.³ Land in the sections designated by odd numbers therefore became the property of that corporation to be sold in aid of construction of its line. The land in sections bearing even numbers was eventually allocated directly to individuals by the federal government with the exception of Sections 16 and 36, the state school lands. In this article the land transferred to individuals by the federal government will be referred to as government land.

The tract books of the United States Land Office identify the settlers who sought to obtain title to government land.⁴ In 1859, Thomas Parks pre-empted 160 acres in Section 12. No further entries were made from the township until 1866 when five settlers entered land under the Homestead Act. During 1868, 1869, and 1870 settlers recorded 118 entries at the district land office from Pebble Township as the land passed rapidly into the hands of claimants. When William McClintock homesteaded eighty acres in Section 12 in 1879, the government lands in Pebble Township were exhausted. Title, as represented by the final certificate of the district land office, passed to the settlers between 1872 and 1878 for the most part. Twenty-four settlers obtained certificates in both 1873 and 1875, and eleven settlers obtained evidence of title in 1874, 1876, and 1877. The process of alienation was completed in 1885 when McClintock obtained his final certificate. In all, 114 individuals received title to 121 parcels of government land

²U. S. Department of Agriculture, *Soil Survey of Dodge County, Nebraska* (Washington, 1918). This publication was written by B. W. Tillman and H. C. Morlock. Field surveys were carried out in 1916.

³Nelson Trottman, *History of the Union Pacific: A Financial and Economic Survey* (New York, 1923), p. 18. Pebble Township lay beyond the limits of the original grant of 1862.

⁴Duplicate sets of land office tract books for the State of Nebraska are held in the Nebraska State Historical Society, Lincoln, and in the Department of the Interior, Washington, D. C. Pebble Township fell in the territory of the district office at Omaha until 1868 and was then included in the Grand Island district.

in Pebble Township. These figures represent 71 per cent of both the number of settlers from the township whose names appear on the tract books and of the number of entries which they filed at the district land office.

TABLE 1
DISPOSAL OF GOVERNMENT LAND IN PEBBLE TOWNSHIP

	Successful Entries	Unsuccessful Entries	Final Certificates
1859	1		1
1866	5		
1867	5	2	
1868	35	17	3
1869	20	8	1
1870	23	15	5
1871	11	4	3
1872	7	1	9
1873	6		24
1874	4		11
1875	1		24
1876	1		11
1877		2	11
1878	1		9
1879	1		2
1880			5
1881			
1882			1
1885			1
Totals	121	49	121

One hundred and seven settlers obtained title to government land in Pebble Township under the terms of the homestead laws. This number includes seven who commuted their homestead rights and purchased their claims at \$2.50 per acre.⁵ Only seven of the successful homesteaders obtained holdings of more than eighty acres. Settlement in the township was well under way before it became lawful for veterans of the Civil War or their heirs to acquire 160 acres within the confines of a railroad land grant and was almost complete when it became lawful for the ordin-

⁵The word "homestead" will be used hereafter to refer to land either acquired by its owner under the terms of the various federal homestead acts or to land in the process of thus being acquired without recourse to commutation. In the legal sense, of course, a homestead is a holding which its owner holds free from the claims of creditors under certain conditions.

any settler to do so. A large proportion of the pioneers in the township, however, probably could not have qualified for an additional eighty acres as veterans. Eighty-two of the 114 settlers who obtained government land bore German or Bohemian names. Many of these were recent immigrants who had not enjoyed the opportunity to serve in the forces of the Union. Of the homesteaders, one also pre-empted land. Seven settlers obtained tracts under the Pre-emption Act of 1841 alone.⁶

The odd-numbered sections in Pebble Township fell within the land grant obtained by the Union Pacific Railroad Company in 1864. These eighteen sections embraced 11,401 acres. To this total must be added forty acres in Section 10 which the Union Pacific acquired in 1872 as part of an indemnity list replacing shortages discovered when the company located its grant in the sections originally allotted to it.

The portion of the land grant lying in Pebble Township was offered for sale in the spring of 1870. Between that date and the year 1884, when the last railroad land in the township was sold, seventy-one sales were made to fifty purchasers.⁷ The Union Pacific Railroad Company offered to sell its lands on cash or on time. Despite the discount of 10 per cent for cash, only 640 acres in two sales were purchased on such terms. Deeds were issued on the remainder, sold by land contract, from ten to 134 months after sale. During June, 1870, the land department of the Union Pacific advertised in the *Fremont Tribune* that all sales on credit thereafter would be written for periods of

⁶Aside from the *U. S. Statutes at Large*, a summary of most of the acts under which title was transferred from the government in this township will be found in Thomas Donaldson, *The Public Domain* (Washington, 1884).

⁷These and later statistics bearing on the sale of railroad land in Pebble Township were taken from the tract books of the Union Pacific land grant in the possession of the Company at Omaha, and from the *Deed Registers* of Dodge County in the office of the Register of Deeds, Fremont, Nebraska. All purchases made by one individual in 1870 were counted as one sale, since in the first rush of buying individuals buying large amounts of land often received contracts bearing several dates. Thereafter, purchases by the same individual in any year were counted separately if they bore different dates.

five years. Buyers would pay one fifth of the principal at the date of purchase, but only interest on the remaining principal at the end of the first year. At the end of the second, third, fourth, and fifth years, one fifth of the principal was to be paid along with interest on the unpaid portion to that date at 6 per cent.⁸ Some of the contracts drawn after this announcement, however, ran for ten years.

The Union Pacific accepted its land grant bonds in payment for land. During the early 1870's these bonds sold at a discount, enabling purchasers to realize a saving on the cost of land obtained from the railway. In August, 1869, the *Fremont Tribune* announced that one bond house had begun to take orders from small purchasers whose payments did not amount to one thousand dollars—the smallest denomination in which the bonds were printed.⁹ When orders totalled the price of a bond, the bond house purchased one and tendered it to the railroad company on behalf of the group of small purchasers. Thus, some of the savings which could be derived from using land grant bonds in payment for railroad land was to be passed along to the small buyer. A private banker and real estate agent acted as the representative of the brokerage firm in Fremont. When the officials of the railroad ruled that clubbing was no longer acceptable in 1873, the *Tribune* indignantly stigmatized the edict as "Another Public Outrage and Private Steal."¹⁰

TABLE 2
Quotations on
"Union Pacific Land Grant 7's"*

July 2, 1870	76	Dec. 27, 1873	74½
Dec. 24, 1870	58½	July 11, 1874	81
July 1, 1871	85½	Dec. 26, 1874	90
Dec. 30, 1871	80	July 3, 1875	100
July 6, 1872	82	Dec. 25, 1875	101
Dec. 28, 1872	79	July 1, 1876	101
July 5, 1873	69½	Dec. 30, 1876	101

*Taken from the *Commercial and Financial Chronicle* (New York), of the dates given.

⁸*Fremont Tribune*, June 30, 1870. Used in the office of the newspaper at Fremont.

⁹*Ibid.*, August 20, 1869.

¹⁰*Ibid.*, August 1, 1873.

The Union Pacific sold some 82 per cent of its land in Pebble Township during 1870 and 1871 when 9,400 acres were transferred in nineteen parcels. Sales thereafter were made from the remaining 2,040 acres and tracts which were returned to the railroad company after purchasers had defaulted on their contracts. Of the successful buyers, those who obtained forty or eighty acre units were most numerous, but John Davenport of Bath, New York, acquired 6,678 acres which amounted to more than one-half of the railroad land in the township. Two other non-residents of Nebraska obtained a total of 360 acres. Thus over 7,000 acres of the 11,441 acres of railroad land in the township were sold to non-residents who held the land for resale rather than for farming purposes. Certain of the purchases which were made by residents of Omaha and Fremont were obviously speculative as well. In total, such purchases accounted for 68 per cent of the railroad land in the township.

TABLE 3
TOTAL PURCHASES OF FORTY-TWO SUCCESSFUL BUYERS

40 acres	14
80 " "	10
120 " "	8
160 " "	5
200 " "	1
320 " "	1
480 " "	1
640 " "	
or more	2

Twelve, or 24 per cent, of the buyers defaulted on land contracts. Four of the twelve, however, paid out on a portion of the land which they had purchased. Forty-two, or 84 per cent, of the fifty buyers were, therefore, successful in completing all or part of their purchases from the Union Pacific. In terms of acreage a little less than 10 per cent of the railroad lands were sold a second time. At least twelve purchasers assigned land contracts to other individuals. Five of these assignees purchased additional railroad land on their own account.

Of the fifty who purchased land from the railroad, thirteen had obtained land from the government within

TABLE 4
UNION PACIFIC LAND SALES: PEBBLE TOWNSHIP

Year	Sales	Cancel- lations	Acres
1870	19	1	9,000
1871	3		400
1872	4	1	240
1873	14	6	720
1874	3	3	120
1875	2	2	120
1876			
1877	1		40
1878	5		400
1879	10		480
1880	3		120
1881	1		40
1882	2		160
1883	3		400
1884	1		40

Pebble Township by homesteading or pre-emption. This group represented 11 per cent of all the individuals who obtained government land and 26 per cent of the purchasers of railroad land. These thirteen individuals, of course, purchased far less than 26 per cent of the land grant in the township.

The twelve buyers who failed to make good all or part of thirteen purchases are worth some attention. Twelve of the thirteen repudiated purchases were made in the four years, 1872-75, and represented 54 per cent of the sales of those years. All of the cancellations involved tracts of 40, 80, or 120 acres. Three of the purchasers lived at near-by points in eastern Nebraska, and one gave Omaha as his address; the remaining eight were undeniably residents of Pebble Township. Five of the latter had homesteaded government land. The price of the land embraced in the cancelled contracts of the eleven residents of Pebble or adjacent points may well have had some significance. The Union Pacific sold most of its land in the township for prices which ranged from four dollars to six dollars per acre, but in seven of the twelve cancellations made by local men the consideration was either ten dollars or twelve dollars per acre.

In all, some 68 per cent of the railroad land in Pebble Township was sold to non-resident speculators. This finding contradicts the contention that the land grant was sold to resident farmers only. Actually, if the experience of the land department of the railroad in Pebble Township is at all typical, it would not even have been good business to limit sales to actual residents. Twelve of the thirteen cancellations occurred on tracts falling within the 32 per cent of the land grant in the township which was sold to actual residents of the immediate locality. In Pebble Township at least, the railroad company would apparently have experienced a much higher rate of cancellation in the sale of its land had an effort been made to sell only to residents of the area.

During 1870 and 1871, John Davenport and his brother Ira purchased almost eighteen thousand acres of land in Dodge County from the Union Pacific Railroad Company. For the most part this land lay in the northern tier of townships and over one-third of it lay in Pebble Township. Ira Davenport did not at first agree with his brother that the land purchase was a wise one. He was to write referring to a tract of land in Pebble Township, "I bought the other half the section myself after my brother had bought the other half in our large purchase and I had gone out to Nebraska to see what had made him crazy enough to buy so much land. My buying the half section and a couple other pieces I picked up was a practical answering of myself. . ."¹¹

The Davenports bought their land on five year contract. Title was obtained during 1875 and 1876. The 6,678 acres which lay in Pebble Township included all or a portion of fifteen sections. Seven dollars per acre was paid for 640 acres while the remainder was obtained at a price

¹¹Ira Davenport, Bath, New York, to Richards and Reynolds, Fremont, Nebraska, November 29, 1877, letter in the *Davenport Collection*, Cornell University Collection of Regional History, Ithaca, New York. Unless otherwise cited all Davenport correspondence used hereafter will be found in this collection.

of five dollars per acre.¹² The total purchase price of the land was \$38,265. To this must be added some \$6,228 of interest payments which were made over the term of the contracts. The Davenports, however, paid for their land with land grant bonds of the Union Pacific and realized a sizable discount as a result. In 1871, the resident of Cedar Rapids, Iowa, who had entered the land for John Davenport, received five hundred dollars for his services.

Contractors assumed the payment of taxes immediately after making their purchases. The Davenports had disbursed some \$4,700 at least in taxes by the end of 1879. The rapidity with which charges accumulated against land was a sobering feature of land speculation to Ira Davenport. Late in 1876 he wrote, "We are *loaded* to the water's edge with lands & I frankly say with our trouble with loans & lands I wish I had never seen Nebraska. . . Look at the rate int & taxes are rolling up on our lands & ask yourself if you believe the investment likely to prove as paying a one as a good seven per cent Eastern bond."¹³

Late in 1877 the Davenport brothers placed their land in Dodge County upon the market through the real estate agency of L. D. Richards of Fremont. They placed a minimum price of ten dollars per acre on a list of lands about which Richards had received inquiries. If buyers so desired they would be given credit of five or ten years with interest on the deferred payments reckoned at the rate of 10 per cent per annum. The brothers cautioned Richards against publicizing the price of their lands if he believed that potential buyers might be frightened away and concluded, "It may be deemed high. But the good crops & decreasing rates of interest must affect land also."¹⁴

The land nearest to the town plat of Scribner (in

¹²Purchase and sale data are to be found in the land book of the Davenports, labelled "Fannie Davenport Ledger" in the *Davenport Collection*.

¹³Ira Davenport to E. O. Crosby, Fremont, Nebraska, November 22, 1876.

¹⁴John and Ira Davenport to Richards and Reynolds, August 29, 1877; see also *Ibid.*, November 14 and 29, 1877, January 8, 1878; Richards and Keene, Fremont, Nebraska, to John and Ira Davenport, March 6, 1883 and November 10, 1887.

31-T.20-R.7E.) was held off the market in expectation that prices would rise there to a greater extent than elsewhere in the township. Farmers owning lands adjacent to the lands of the Davenports were given preference over other buyers. Care was taken lest the first purchaser in a tract should obtain all of the best land. Where an eighty acre holding was to be divided into parcels of forty acres the more fertile land was to be divided between the two. Contracts were drawn "payable at Bath" so that the purchaser would pay the cost of exchange. Interest was compounded when contractors were late with their payments. An interest rate of 10 per cent on deferred payments was held until 1883 when it was lowered to 8 per cent. This rate in turn was dropped to 7 per cent during the early 1890's.

In selling the Davenport land L. D. Richards obtained as large a down payment as possible and divided the remainder of the principal among any number of years up to ten, but usually five or ten. Often, however, the first payment was one fifth or one tenth of the principal. Contracts specified that the premises were sold "for improvement and cultivation" and that all improvements placed upon the premises by the contractor must remain there until title was surrendered by the Davenports. Purchasers assumed the payment of taxes immediately on signing the contracts. If a buyer failed to make his payments when due or broke other conditions of the contract, the Davenports could declare the agreement broken and resume full possession of the land without legal proceedings. Nor were the brothers obligated to compensate defaulting contractors for payments already made. On the other hand, if the Davenports so desired, they could allow the contract to remain in force provided that interest was paid on the over due interest and principal.¹⁵

During the first few years of sales Richards assured purchasers that they could pay out on their contracts before

¹⁵The cancelled contracts used in Dodge County are not among the Davenport papers. Many examples of the form used elsewhere in Nebraska are available, and one purchaser of Davenport land in Pebble Township filed an identical contract at the office of the Register of Deeds. See *Miscellaneous Records*, B., pp. 156-58.

they became due if it was their wish to do so. Early in 1880, Ira Davenport decided that contracts thereafter should run through until maturity.¹⁶ Possibly Davenport made this decision because the brothers were obtaining a better rate of interest on land contracts than could have been obtained in other avenues of investment.

No land was sold in the township of Pebble during 1877, but in 1878 eleven tracts were sold which totalled 480 acres. Nine tracts were sold during the following year, but 1880 was to be the year in which occurred the greatest turnover of Davenport land. Thirty-four tracts, embracing 1,721 acres, were sold. Eighteen hundred and eighty-two and 1883 were also years of active selling. By the end of the latter year 69 per cent of the lands held by the Davenports in the township had been sold. In 1886 the brothers took their remaining lands off the market, and only three sales were made between 1885 and 1891. Between this year and 1904 the residue was fed slowly

TABLE 5
DAVENPORT LAND SALES

Year	Sales	Acres	Percent Return Per Annum
1878	11	480	12%
1879	9	359	9%
1880	34	1,721	9%
1881	5	190	13%
1882	18	1,031	11%
1883	16	863	10%
1884	4	236	11%
1885	3	120	12%
1888	2	80	8½%
1890	1	40	7%
1891	7	357	9%
1893	3	120	5%
1894	5	196	7%
1895	1	80	5½%
1896	4	160	6%
1897	1	80	4%
1899	4	240	5%
1900	6	280	5%
1901	1	40	default
1904	1	40	12%

¹⁶L. D. Richards to Ira Davenport, June 10, 1880.

into the market. When Ira Davenport died in 1905, only forty acres on which the original contractor had defaulted remained unsold.

The sale price of the land sold by the Davenport brothers in Pebble Township by 1905 totalled slightly more than \$122,000, well over twice the sum which had been invested in the land by the end of 1876. The average sale price per acre was eighteen dollars as compared to an average purchase price of less than six dollars. Such totals and averages are apt to be misleading, however, unless one realizes that allowance must be made for accumulating taxes and sales commissions and that, contrary to other types of investment, no yearly dividends had been received with the exception of the occasional rent payment. When these factors were taken into consideration and the per cent return per year calculated the results were less striking.¹⁷

The yearly average return on the funds invested in lands which were sold before 1885, varied from 9 per cent to 13 per cent, although returns on individual tracts fell as low as 6 per cent, and one quarter quarter section returned 15 per cent. After 1885 the average return on the lands sold each year fell sharply, reflecting the sharp decline in western land values after the collapse of the western real estate boom in 1887-1888. The last forty acre tract sold under Ira

¹⁷In calculating per cent return per annum on invested capital a generalized allowance was made for tax payments of six dollars per forty acres annually. The occasional notation of the amount paid for taxes in the correspondence with the Nebraska agents, and the detailed tax records on foreclosed lands held by the Davenports in Dodge County as well as Richard's rule of thumb when allowing for taxes in leases of five dollars for forty acres, make this a realistic but generous estimate through to the mid 1890's. Undoubtedly it is less satisfactory for the improved tract sold in 1904. Richards usually collected his sales commission by deducting 2½ per cent at date of sale and 1 per cent from all principal and interest payments thereafter. In calculation he was credited with a flat 3½ per cent at date of sale. From rentals the agent obtained 10 per cent from the first payment and 1 per cent for subsequent payments on the same lease. The actual discounts at which the Davenports purchased Union Pacific bonds were found for only two years. These corresponded closely with the July quotation in the *Commercial and Financial Chronicle* for those years, and as a result the Davenport land payments in other years were scaled down by the amount of the quoted discount.

Davenport's administration in 1904 for seventy-five dollars per acre returned 12 per cent on the invested capital. This land had been rented almost continuously after 1881, and the rents raised the yearly returns by 4 per cent. Seventeen other tracts were rented for varying periods of time, producing in some cases an upward revision of 1 or 2 per cent in the annual return on the invested funds. The total revenue obtained from rents in Pebble Township between 1880 and 1904 was \$6,121.

In his study of the Diller community in southeastern Nebraska which he described as "fairly typical of the prairie part of the Middle West" and which was settled at about the same time as was Pebble Township, Robert Diller wrote of the land speculators, "It is sad to think how poorly they were paid."¹⁸ Such may well have been the case in Diller, but the experience of the Davenports shows that not all speculators were poorly rewarded in eastern Nebraska.

In 1883 the brothers lamented that they had placed their lands in Dodge County on the market too soon.¹⁹ Actually, as events developed, they were not to obtain returns equal to those of the early years of sales on the lands held past the mid eighties. Perhaps a good part of the credit for the profitable returns should be given to L. D. Richards who constantly revised the price lists in an attempt to keep the prices on the Davenport lands in step with rising land values. In 1899 he summed up, "your prices have been always a little higher and at a figure quite often above that of fairly improved farms in the same neighborhood. The favorable terms, of course, are an inducement to buy your lands."²⁰ Aside from the sale price, it must be remembered that most of the Davenport lands were sold on credit and that the land contracts returned a relatively high rate of interest on the unpaid principal.

John and Ira Davenport sold 136 tracts of land in Pebble Township to eighty-one individuals. In numbers,

¹⁸Robert Diller, *Farm Ownership, Tenancy, and Land Use in a Nebraska Community* (Chicago, 1941), pp. 7 and 21.

¹⁹John and Ira Davenport to Richards and Keene, September 27, 1883.

²⁰L. D. Richards to Ira Davenport, February 15, 1899; Richards, Keene and Co. to Ira Davenport, September 23, 1902.

therefore, the purchasers of Davenport land fell between the 114 settlers who obtained government land and the forty-two who were successful in purchasing land from the Union Pacific. Of the eighty-one who purchased land from the Davenports, thirty-three or 41 per cent had obtained land from the government as homesteaders or pre-emptioners. Six, or 7 per cent, had purchased land directly from the railroad company. Others were quite obviously the second generation descendants of the original settlers. Most of the purchases were made in forty acre units, and it was common for the same purchaser to buy several tracts over a period of ten or fifteen years. Hans Martens, for instance, purchased five parcels of land—one eighty acre unit and four forty acre tracts—between 1878 and 1886. Martens was the most frequent customer of the Davenports, but other farmers made two or three purchases. A high proportion of the purchasers took advantage of the credit offered by the New Yorkers. The Davenport land book shows that only two purchasers defaulted on their contracts and that one of these successfully completed another contract.

With this summary of the way in which the land in Pebble Township entered private ownership, let us examine its role as mortgage security in a pioneer western township.

Of the 114 persons who obtained government land in the township, sixty, or 53 per cent, did not mortgage their land. Fifty-five, or 47 per cent, did encumber all or part of the land which they obtained from the government. Of the 106 parcels to which title was obtained under the homestead laws without commutation, forty-nine, or 46 per cent, were eventually encumbered by the settler. Fifty-seven tracts, or 54 per cent of the whole, were not mortgaged by the settler. Four out of seven, or 57 per cent of those who commuted their homestead rights, mortgaged their land. Of the eight pre-emptors only three, or 38 per cent, encumbered their holdings.

Of the forty-nine encumbered homesteads, fifteen were mortgaged within six months of the date on the settler's final certificate. Another seven were mortgaged within the next six months. In other words, 45 per cent of the

encumbered homesteads were put up as security for a loan within the first year after title had passed from the government to the settler. Over half of the encumbered homesteads were mortgaged within the first two years after the settler obtained title.

Of the four commuted homesteads which were encumbered only one was mortgaged within six months after the final certificate was obtained. The other three tracts were not mortgaged until between the sixth and fifteenth years after the government had surrendered title.

TABLE 6
DATE OF ENCUMBERING GOVERNMENT LAND

Mortgaged	Home-steads		Pre-emp-tions		Commu-tations		Combined Totals	
	No.	%	No.	%	No.	%	No.	%
within 6 months after title	15	31	2	67	1	25	18	32
between 6 months and 1 year after title	7	14					7	13
between 1 year and 2 years after title	6	12					6	11
between 2 years and 3 years after title	7	14					7	13
between 3 years and 5 years after title	7	14	1	33			8	15
more than 5 years after title	7	14			3	75	10	18

One of the forty-two successful buyers of railroad land mortgaged his property within six months after the railroad had given him his deed. Two of the twelve assignees mortgaged similarly. Four others among the original forty-two encumbered one or more parcels of land at dates extending from six and one-half to thirteen years after they had obtained title. Thirteen, or 16 per cent of the individuals who purchased land from the Davenports, mortgaged all or part of their holdings within six months after acquiring title. Another eight, or 9 per cent, mortgaged their purchases eventually.

Between October 2, 1869, and December 31, 1905, lenders recorded 367 first mortgages to the value of \$420,889 and 74 junior mortgages worth \$47,027 on the

agricultural land of Pebble Township.²¹ The mortgage history of the township began in 1869 when J. B. Robinson filed a mortgage to secure a loan of \$4,600 to H. J. Robinson,

TABLE 7
MORTGAGE DEBT IN PEBBLE TOWNSHIP

Year	First Mortgages			Second Mortgages		Total	
	Number	Amount	Acres	Number	Amount	Number	Amount
1869	1	\$ 4,600	43			1	\$ 4,600
1870	3	3,700	440	1	\$ 400	4	4,100
1871	1	400	80			1	400
1872	3	1,150	240			3	1,150
1873	3	850	240	1	400	4	1,250
1874	11	6,387	1,000			11	6,387
1875	10	3,717	958			10	3,717
1876	23	6,154	1,840			23	6,154
1877	7	2,183	760	2	707	9	2,890
1878	13	6,910	1,320			13	6,910
1879	13	6,525	1,160			13	6,525
1880	7	3,297	520	1	100	8	3,397
1881	14	9,150	1,327	5	890	19	10,040
1882	6	4,775	480	5	1,832	11	6,607
1883	17	15,255	1,660	3	1,767	20	17,022
1884	9	8,775	700	3	1,056	12	9,831
1885	14	10,883	1,380	7	1,935	21	12,818
1886	20	11,500	1,340	6	975	26	12,475
1887	7	7,318	700	4	1,860	11	9,178
1888	13	21,655	1,330	3	536	16	22,191
1889	10	10,210	760	6	3,732	16	13,942
1890	11	15,025	1,228	1	425	12	15,450
1891	11	12,086	955	2	4,500	13	16,586
1892	13	20,975	1,350	4	3,359	17	24,334
1893	10	12,235	847	2	2,650	12	14,885
1894	12	11,308	1,158	1	300	13	11,608
1895	8	10,700	960	5	3,777	13	14,477
1896	6	6,305	640			6	6,305
1897	10	10,800	890	3	805	13	11,605
1898	11	19,990	1,250	1	542	12	20,532
1899	11	24,650	1,406	1	350	12	25,000
1900	12	19,850	900			12	19,850
1901	12	26,854	1,238	2	9,089	14	35,943
1902	11	26,600	1,370	1	1,200	12	27,800
1903	6	11,600	480	1	2,000	7	13,600
1904	10	31,665	1,081	3	1,840	13	33,505
1905	8	14,852	720			8	14,852

²¹Mortgage statistics were compiled from data taken from the *Mortgage and Deed Registers* in the office of the Register of Deeds, Fremont, Dodge County, Nebraska. A. G. Bogue, "Farmer Debtors in Pioneer Kinsley," *Kansas Historical Quarterly*, XX (May, 1952), 91, contains a short bibliography of mortgage studies.

another member of his family. In certain respects the mortgage was irregular. H. J. Robinson mortgaged his half interest in forty-three acres of Section 36. This was school land on which the State did not issue a deed to Robinson until January, 1871. The high valuation reflected the efforts of the Robinsons to promote a town site in Section 36.

No more than three first mortgages were filed from the township in any of the years before 1874. In this year eleven first mortgages were recorded. Two years later, twenty-three first mortgages were filed. Not for another ten years did the total again rise as high as twenty. In the nineteen years after 1886, the fluctuation in the number of first mortgages diminished in contrast to the earlier years as the number stabilized between six and thirteen.

The total amount of funds loaned annually to the farmers of the township, however, made a somewhat different pattern. The yearly totals fluctuated in amount, but the over-all trend was steadily upward. If fewer first mortgages were filed after 1887, they represented larger amounts. The twenty-three first mortgages of 1876 represented loans totalling \$6,154; the twelve first mortgage loans of 1901 totalled \$26,854.

Table 8 shows the total first mortgage debt on farms in Pebble Township at intervals of five years. The debt of \$8,324, divided into fifteen loans encumbering 1,430 acres in 1875, had risen by 1905 to \$103,244 divided into forty-five loans secured by 5,947 acres of land. The greatest increase in the first mortgage debt occurred between 1885

TABLE 8
FIRST MORTGAGE DEBT AT FIVE-YEAR INTERVALS

	Number of First Mortgages	Value of First Mortgages	Encumbered Acres (Agricultural)	Percentage of Acres (Agricultural)
Jan. 1, 1870	1	\$ 4,600	43	
Jan. 1, 1875	15	8,324	1,430	6.3%
Jan. 1, 1880	49	22,774	4,598	20.3
Jan. 1, 1885	51	37,945	4,607	20.3
Jan. 1, 1890	69	64,493	6,038	26.7
Jan. 1, 1895	68	69,490	6,341	28
Jan. 1, 1900	61	90,893	6,672	29.5
Jan. 1, 1905	45	103,244	5,947	26.2

and 1890 when the total rose from \$37,945 to \$64,493. Although the total debt rose, the number of loans outstanding declined after 1890 when the figure stood at sixty-nine; by 1905 the equivalent figure was forty-five. The percentage of agricultural acres which were encumbered in the township rose until it stood at 29½ per cent in 1900 but declined thereafter to 26.2 per cent in 1905.

In eight years the amount of funds borrowed on junior mortgage totalled over 20 per cent of the mortgage debt contracted in that year. Three of these years fell within the five-year span 1887-1891. Small non-interest bearing second mortgages which had been accepted by loan agents as their commission, appeared in some years but seldom represented a majority of the second mortgages.

What motives impelled the pioneer land holders of Pebble Township to mortgage their land? During 1874, 1875, 1876, and 1877, fifty-one first mortgages were recorded. Of these, fifteen or 29 per cent formed part of real estate transactions or were negotiated to refinance mortgages which were coming due.²² But thirty-six first mortgages, or 71 per cent, cannot be explained in this manner. During the years between 1873 and 1877, however, the settlers obtained final certificates on eighty-one, or 67 per cent, of the tracts in the township which were acquired directly from the federal government. There were thus during the mid 1870's a large number of pioneers who for the first time had real estate to advance as security. Many of the mortgages drawn between 1874 and 1877 undoubtedly represented the efforts of settlers to convert an interest in their property into supplies, stock, machinery, and other farm equipment.

In 1878 for the first time the first mortgages growing out of real estate transactions and refinancing formed more than 50 per cent of the number recorded. In only two years thereafter, 1879 and 1883, did these two categories of mortgages together make up less than 50 per cent of the

²²When a mortgage was recorded within six months after purchase of the property by the mortgagor it was assumed that the indenture represented part of the purchase price. Undoubtedly the assumption leaves a margin for error.

total while the average was 64 per cent and in the eight years 1898-1905, 75 per cent. For a five year period from 1893 to 1897, however, refinancing and transfer mortgages totalled more than 60 per cent of all mortgages recorded in only one year. In the other four years such indentures made up a bare 50 per cent of the first mortgages. These were years of agricultural depression in the district if the letters of L. D. Richards accurately mirror conditions. Mortgages growing out of economic distress, therefore, may well have formed a larger proportion of the mortgage total than usual.²³

It has been pointed out in other studies that hard-pressed settlers often commuted their homesteads with borrowed funds. As soon as such settlers had evidence of title, they secured their loan with a mortgage and used any surplus in the loan above the land office price for family living. Such mortgages, it is inferred, were born of desperation, or of the desire to obtain speculator's profits by a quick sale as soon as the settler had obtained title. Similarly the Pre-emption Law was used to obtain title quickly.²⁴ No definite conclusions can be based upon such a small sample as that provided by Pebble Township, but 25 per cent of those who pre-empted land did mortgage it within six months as did 14 per cent of those who commuted their homesteads. In comparison, 15 per cent of all homesteaders mortgaged their land within six months. The two persons who pre-empted and then mortgaged almost immediately did dispose of their holdings within a few years, but the

²³Precipitation fell below twenty-five inches in sections of eastern Nebraska in 1870, 1887-88-89, 1890-92-93-95-97 and 1901, while in 1894 it fell below twenty inches. Statement based on Eastern Division Averages in Nebraska Legislative Reference Bureau, *Nebraska Blue Book*, 1938, p. 468, and on the figures given in the yearly *Report of the Chief of the Weather Bureau*, (Washington, D. C.) and in 51st Congress, 1st session (1889-90), *Senate Document 115*, for Omaha and Fremont.

²⁴Charles Lowell Green, "The Administration of the Public Domain in South Dakota," *South Dakota Historical Collections*, (Pierre, 1940), XX, 204-225, and Harold Hathaway Dunham, *Government Handout: A Study in the Administration of the Public Lands, 1875-1891* (Ann Arbor, 1941), pp. 188-190. Actually Pebble Township was settled for the most part before the abuses of the commutation clause of the Homestead Act became most widespread.

homesteader who commuted his homestead right to cash and then mortgaged did not alienate his land.

The mortgage appears to have played a small role in financing the purchase of land from the Union Pacific since only one of the forty-two successful purchasers mortgaged his land within six months. To the farmers who bought land from the Davenports the mortgage was more important. Thirteen, or 16 per cent, of them mortgaged a portion of their land almost immediately after obtaining title. Of this thirteen, three had paid cash; the remainder had purchased on credit. On the average the ten who purchased on credit received their deeds seven years after they had purchased the land. Since the Davenport brothers were willing to grant ten years' credit this group evidently preferred to pay up with borrowed money in order to obtain a deed rather than to take full advantage of the terms offered to them. Since the rate of interest specified in the land contracts of the Davenports was usually somewhat above the rate charged for first mortgage funds at the same time such a decision is understandable.

Turning briefly to the junior mortgages, twenty-seven out of seventy-four, or 36 per cent, of the total represented the commission on first mortgage loans. Seventeen, or 23 per cent, arose from the purchase of real estate, leaving the motivation underlying 41 per cent of the second mortgages unexplained.

From 1870 to 1877 capital from other midwestern states and from the northeast provided more than 50 per cent of the funds loaned on first mortgage in all but one year. Between 1878 and 1884, however, sources of credit within Dodge County were more important than non-resident sources with but one year of exception. During the three years, 1885, 1886, and 1887, non-resident capital was again dominant, supplying at least 84 per cent of the funds advanced on the security of first mortgages in the township in each year. In the eight years, 1888-1895, more than 50 per cent of the capital invested in first mortgages was of local origin in half of the years. But from 1896 onward, local lenders became unquestionably the most important source of funds. In only two years did non-

resident capital finance 50 per cent of the first mortgages which were drawn on the security of land in Pebble Township. In the thirty-seven years studied, however, the percentage of first mortgage funds from non-resident sources was less than 30 per cent in only five years and those well scattered. To the very end of the period the funds of non-residents played a significant role in financing the farmers of Pebble Township.

TABLE 9
PERCENTAGE OF NON-RESIDENT CAPITAL LOANED
ON FIRST MORTGAGES IN
PEBBLE TOWNSHIP: 1869-1905

1869	-----	1888	29%
1870	84%	1889	53
1871	100	1890	66
1872	52	1891	41
1873	35	1892	42
1874	93	1893	38
1875	75	1894	83
1876	63	1895	79
1877	82	1896	30
1878	41	1897	50
1879	58	1898	34
1880	36	1899	27
1881	20	1900	48
1882	19	1901	33
1883	30	1902	41
1884	39	1903	52
1885	93	1904	34
1886	84	1905	49
1887	100		

Undoubtedly the yearly variations in the amount of capital obtained from outside sources were linked in part to the availability of that capital. Thus the four years, 1874-1877, in which non-resident capital entered the township in large amounts for the first time, marked the entrance of the first of the large western mortgage agencies into the township. The three years between January 1, 1885 and December 31, 1887 were the years in which these agencies reached the height of their popularity in the eastern states and had the largest supply of funds at their disposal. After 1896 the percentage of non-resident capital disbursed in the township was kept up by several eastern insurance companies that replaced the private

eastern investors and the western mortgage agencies of the previous twenty years.

In 1870 two mortgagees gave New York as their state of residence. In the following year, John and Ira Davenport recorded their first mortgages on land in the township. Aside from their land speculations, the brothers loaned some five million dollars on first mortgage in the states of Michigan, Illinois, Iowa, Kansas, and Nebraska between 1868 and 1905. By 1905 they had extended thirty-two first mortgage loans to Pebble Township farmers, totalling \$26,325. For a time the brothers concentrated their lending activities in Nebraska in districts where they held real estate for sale.²⁵ Their motive was a simple one. Credit was necessary before the holdings of the settlers established in these townships could be developed adequately. If credit was supplied, the improvements which the settlers made would be reflected in rising land values. Such an increase, however, would enhance the value of the unimproved lands held by the Davenports as well. Other non-corporate investors from the northeastern United States also loaned money in the township but none on a scale to compare with the Davenports.

Numerous western mortgage companies were organized during the late 1870's and particularly during the early 1880's.²⁶ The first of these agencies to appear in Pebble Township was the Corbin Banking Company of New York. In all, this company negotiated twelve of the thirty-three mortgages recorded from the township during 1875 and 1876. Other companies followed the lead of the Corbin agency during the late 1870's and the 1880's including the Western Trust and Security Company of Fremont, the Iowa Mortgage Company of Muscatine, Iowa, and the Dakota Mortgage Loan Company of Boston, Massa-

²⁵Ira Davenport to E. O. Crosby, Fremont, Nebraska, July 7, 1874.

²⁶*The Annual Reports* of the Connecticut Bank Commissioners, 1888-1895, of the Massachusetts Commissioner of Foreign Mortgage Companies, 1890-1895, of the New York Superintendent of Banking relative to foreign mortgage, loan, investment and trust companies, 1891-1896, and of the Vermont Inspector of Finance, 1889-1893, provide the most satisfactory catalogue of the more important western mortgage companies of this period.

chusetts. During 1885-1887 the mortgage companies brought in over 74 per cent of the funds loaned on first mortgage. In nine other years between 1875 and 1898 the equivalent percentages ranged from 19 to 47 per cent. Although most of the western mortgage companies had failed by 1894, the Western Trust and Security Company continued after some reorganization while the Phoenix Mutual Life Insurance Company supported the Security Investment Company of Lincoln when most of the other mortgage companies found their operating capital drained away by the necessity of making great numbers of foreclosures.²⁷ All of the loans in the township of Pebble after 1892, which were negotiated by mortgage companies, were written by these two agencies, and all of those drawn by the Security Investment Company were negotiated on behalf of either the Aetna Life Insurance Company of Hartford, Connecticut, or the Phoenix Mutual of the same city.²⁸

These life insurance companies, along with the Connecticut Mutual Benefit Life Insurance Company of Hartford, the Union Central Life Insurance Company of Cincinnati, Ohio, and the Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin, formed the most important group of non-resident lenders after the year 1889. Beginning in the year 1890, when the Connecticut Mutual loaned \$5,400 in four loans, these companies negotiated thirty-three loans before 1905, totalling \$57,800.

Local banks were never very important directly as sources of land credit in the township. In all, three banks located in Dodge County appeared as mortgagee in seven first mortgages, amounting to \$6,973 and eight second mortgages totalling \$8,803.32. All of these indentures were filed after 1886.

Most important of the banks which appear on the

²⁷For information on this phase of the history of the Security Investment Company I am indebted to the officers of the Farm Loan Division of the Phoenix Mutual Life Insurance Company who opened the early mortgage registers of that company to me in August, 1948.

²⁸*The Annual Reports* of the Connecticut Commissioner of Insurance Companies contain much information on the lending activities of the Hartford companies. See particularly those of 1875 and 1876.

mortgage records was the Merchants and Farmers Bank of Scribner. Lying in a village just across the eastern boundary of the township adjacent to Section 36, this bank stood as mortgagee in four first mortgage loans to the amount of \$4,203 and all of the eight second mortgages negotiated by local banks. Two of the second mortgages were security for commissions owing to the bank in return for its services in obtaining first mortgage loans.

Directly, as we have seen, the banks ranked far behind such investors as the life insurance companies or the Davenport brothers in the amount of funds which they placed at the disposal of Pebble Township farmers on the security of their farms. The importance of the local banks, however, did not end with the loans which they negotiated in their own name. The Merchants and Farmers Bank of Scribner acted as the local agent for a mortgage company. Although the national banks in Fremont ostensibly played no part in farm mortgage financing in the township, these institutions were important. The officials of two national banks in Fremont sponsored mortgage companies which were active in Dodge County as well as farther to the west. Of these, the more important was the Western Trust and Security Company organized by L. D. Richards and other directors of the Fremont National Bank.²⁹

Making it still more difficult to assess the role of banking institutions in the farm mortgage field was the non-corporate private banker. Since a township provides a relatively small sample of mortgage securities, it is easy to miss the activities of such individuals. Yet their activities were undoubtedly of great significance in total. Preferring to use their own limited supply of funds in more remunerative fields than first mortgage farm financing they served as local agents for the mortgage companies or for individual eastern investors. A. P. Hopkins, for instance, a private banker of Fremont, negotiated more than five hundred loans for the Davenport brothers during the late 1870's and early 1880's. At least one private banker was located

²⁹Incorporation of this company was noted by the *Fremont Tribune*, September 9, 1885.

at Scribner during the 1880's, acting as the agent of a mortgage company.

The provisions in the mortgages filed on land in Pebble Township varied in their complexity. When the mortgagees were local men, the indentures were usually simple and short—a mere transfer of the security in case the terms of the notes should be broken. The mortgages filed by eastern investors or their agents were much longer and filled with a greater variety of terms which were designed to safeguard the mortgagee.

Clauses which were designed to nullify the effect of the collection laws of the state were common in the forms used by eastern investors. Although the code of Nebraska allowed attorney's fees to be assessed against mortgagors in foreclosure cases during only the years intervening between the legislative terms of 1873 and 1879,³⁰ mortgages containing clauses authorizing such practice were filed in later years. Stay and appraisal laws were specifically waived in many of the mortgages as in the concluding paragraph of the form used by the Corbin Banking Company: "...the said parties of the first part do hereby expressly waive an appraisement of said real estate, should the same be sold under execution, order of sale, or other final process, and do further waive all benefits of the stay, valuation or appraisement laws..."³¹ Most mortgages recorded on behalf of non-resident mortgagees named a place of payment in the eastern United States, thereby insuring that the mortgagor would pay the cost of exchange.

The first four mortgages recorded from Pebble Township backed notes drawn at 10 per cent. Then, during the next three years 12 per cent became the prevalent rate. From this figure the average rate on all first mortgages slumped, with some fluctuation, until 1905 when the average rate specified in seven notes was 4.9 per cent.³²

³⁰Nebraska, *General Statutes*, 1873, p. 98, and *General Laws*, 1879, p. 78.

³¹*Mortgage Register*, H, p. 320.

³²Occasionally the interest rate specified was not given in the recorded mortgage. The annual number of the mortgages given in Table 10 does not always coincide with the number given in Table 7.

TABLE 10
INTEREST RATES IN PEBBLE TOWNSHIP

Year	First Mortgages		Second Mortgages		Year	First Mortgages		Second Mortgages	
	No.	Rate	No.	Rate		No.	Rate	No.	Rate
1869	1	10 %			1888	12	6.8%	1	9 %
1870	3	10			1889	8	7	3	8.6
1871	1	12			1890	11	7.1		
1872	3	11.3			1891	11	7.6	2	9
1873	3	12	1	12%	1892	11	7.5	3	8.6
1874	11	11			1893	10	7.2	2	9
1875	10	10.8			1894	11	6.7		
1876	23	10.8			1895	7	6.3	4	8
1877	6	12	1	12	1896	6	8.2		
1878	13	10.8			1897	10	7.5	2	8.5
1879	12	9.7			1898	11	6.5	1	10
1880	5	9.6	2	9	1899	10	5.7	1	8
1881	14	9.4	2	10	1900	12	5.6		
1882	6	7.8	1	9	1901	11	5.4	2	6.5
1883	16	9	4	8.7	1902	11	5.2	1	5
1884	9	8.3	2	6.5	1903	6	5.2	1	5
1885	13	7.9	1	9	1904	10	5.5	3	6.6
1886	19	7.8	2	8.7	1905	7	4.9		
1887	7	7.6	1	8					

In the years when comparison is possible the rate on funds loaned by residents was equal to the non-resident rate in four years, less than the non-resident rate in eight years and greater than the non-resident rate in twenty-two years. Seven of the twelve years, when the resident rate was below or equal to the rate charged by out-of-state lenders, fell before 1880. Evidently the non-resident rate tended to be lower than the local rate after 1880 because the commission of the mortgage agent was usually not included in the rate given in the note and mortgage. Had the commission been added, the resident and non-resident rate would have been closer to equal.³³

Why, however, was the local rate usually below or equal to the out-of-state rate during the 1870's? Part of the explanation may be found in the usury legislation of the State of Nebraska. Interest was regarded as usurious if the mortgagor had paid more than 12 per cent in one year

³³The difference between the average local and the average non-resident rate was less than 1 per cent in twenty years and reached 2 per cent in only three years.

prior to 1879 or more than 10 per cent after the legislative session of that year on new loans. If local agents could be proven to be the agents of eastern lenders their commissions were counted as part of the interest rate obtained by such investors. The Supreme Court of Nebraska interpreted the word "agent" more broadly than did the courts of adjacent states.³⁴ Non-resident lenders, therefore, adopted the policy of writing notes at the legal maximum and paying the local agent from the interest payments. Under such conditions the resident and the out-of-state rate were equal unless, among the local lenders, friends or kinsfolk gave special accommodation to borrowers or a canny real estate salesman offset a high sale price by a lower rate of interest in the note accepted as partial payment in a real estate transaction; then, the local rate might fall below the non-resident rate. During the 1880's, however, the market rate of interest dropped well below the upper limit set by the usury law. There ceased to be as much danger that the agent's commission, when combined with the interest rate, could bring a charge of usury, and the number of lending agencies which took their commission above the interest rate increased.

Although the rate of interest was often not given in the junior mortgages filed from the township, figures were obtained from forty-two of seventy-nine such indentures. In all but a few years the rate stood above that of the average on all first mortgages. Since the junior mortgage is less satisfactory as a claim on security, it is natural that it should bear a higher rate of interest than do first mortgages. Sometimes, however, relatives or friends take second mortgages as security for loans, and then the rate may well be no higher or even lower than the going rate for first mortgages.

Over the period covered by this study, the percentage of loans written for one year declined. In most years before 1879 at least a third of all the first mortgages drawn on

³⁴Ira Davenport to Wilson and Hopkins, Fremont, Nebraska, August 31, 1877; See also *Philo vs. Butterfield*, *Nebraska Reports*, III, 256, *Cheney vs. White*, *Ibid.*, V, 261, and *Cheney vs. Woodruff*, *Ibid.*, VI, 151.

agricultural land in the township specified maturities of twelve months or less. After 1883 the percentage of such mortgages was never greater than 18 per cent, and in nine of the twenty-two years there were none recorded. Evidently the pioneer used his land to provide short-term financing to a much greater extent than did his successors in the township.

Once large amounts of non-resident funds were available to the farmers of Pebble Township the average length of time between the recording of the mortgage and its release stood generally between four and six years, although the mortgages recorded in 1887, 1895, and 1902 all enjoyed an average life span of between ninety and one hundred months.

The mortgage first recorded from the township specified that repayment should be made in installments. Such clauses became rarer as the years passed, although the insurance companies allowed the repayment of principal when interest became due if the mortgagor so wished.

The farmers of Pebble Township were generally successful in their use of land mortgage credit during the pioneer period. In all, eleven owners appear to have entered unsuccessfully into first mortgage contracts. Creditors foreclosed the mortgages of eight farmers, and three owners deeded their security to the mortgagees. There is some doubt whether one of the latter should be regarded as failing since he deeded for a consideration of nine hundred dollars only three years after borrowing four hundred dollars on the security of eighty acres. Even had he neglected all interest payments a judgment could hardly have amounted to nine hundred dollars. With this reservation the mortgagor was included among the unsuccessful debtors. In addition to the group of eleven whose first mortgages were closed out disastrously, three junior mortgagors deeded their interest in real estate to the mortgagees. These men had all purchased land on which a first mortgage already stood. As part of the purchase price of the land they gave a second mortgage to the original mortgagor and assumed the payments on the first mortgage. Eventually they deeded back their interest in the land to the original

owner and mortgagor. The failures of these three men did not represent unsuccessful first mortgages but did evidently involve the failure of farm operators. Reduced to percentages, 3 per cent of all the first mortgages recorded on Pebble Township land in the period between 1869 and 1905 were terminated either by foreclosure or by the mortgagor deeding the real estate to the mortgagee. Three second mortgages or 4 per cent of all second mortgages were closed out by deeding.

Of the eleven owners who failed to complete first mortgage contracts successfully four belonged to the group of one hundred settlers who had homesteaded government land. Thirty-six per cent of those who lost their land were, therefore, homesteaders, but this group actually represented only 4 per cent of all those who had homesteaded in Pebble Township. One of the eleven was listed among the purchasers of land from the Union Pacific, but the security which he deeded to his mortgagee represented only one quarter of his purchases from the railroad. Four others failed to extinguish mortgages which they had given as part of the purchase price of their holding. Neither of the two remaining unsuccessful mortgagors were residents of the county; one gave his residence as Wisconsin and had obviously inherited the land which he gave up, while the other resided in Cuming County, Nebraska.

Five of the eleven defaulted first mortgage contracts were filed before 1877, two were recorded during the 1880's, two during the 1890's, and one in 1905. Of the five filed before 1877, four were placed on the mortgage rolls during 1876. Seventeen per cent of the twenty-three first mortgages filed in that year ended therefore in failure.

The contractors, who deeded away their equity to the holders of second mortgages, signed these indentures in 1876, 1887, and 1891.

Of the warranty and sheriff's deeds which terminated the title of the fourteen unsuccessful mortgagors, six had been written by the end of 1880 and eight by the close of 1887. Five were recorded in the years 1889-1895 and one in 1910. The evidence is clear. Mortgagors in Pebble Township made the greatest number of unsuccessful loans during

the 1870's or early period of settlement rather than during the late 1880's and the 1890's when the alliance movement and the populist agitation were at their peaks.

In all, the eleven defaulted first mortgage loans were backed by one thousand acres of land as security or some 5 per cent of the total land area of the township which was used for agricultural purposes. Despite the predominance of the upland soils in the township, only three of the eleven failures occurred on these soil types. These three parcels embraced in all, 280 acres, or 28 per cent of the land on which first mortgage loans terminated unsuccessfully. With the exception of eighty acres of the more droughty type of terrace soils, the remainder was found in the bottoms. In proportion to its total area, therefore, far more bottom land was sacrificed than either terrace or upland soil. This finding perhaps reflects the drainage problem which was a very real one in the bottoms in the pioneer period.³⁵

Were the pioneer land holders of Pebble Township more successful than those in other areas? A comparison can be drawn with Kinsley Township in Edwards County, Kansas, lying on the Arkansas River to the east of Dodge City.³⁶ The settlement and mortgage history of the Kansas township began some four to seven years later than that of the Nebraska area. While Pebble Township lay in the land grant of the Union Pacific, half of the land in Kinsley fell in the domain of the Santa Fe. The contrast in agricultural economy today is one of corn and livestock operations as opposed to wheat farming.

There are elements of similarity in the credit history of the two townships. In general, the credit agencies were of the same type, and local groups and individuals played much the same role in both townships. The first peak of mortgaging in both townships came as soon as the settlers acquired title. Thereafter the numbers of mortgages filed annually were perhaps most strongly influenced by the ease

³⁵Dan V. Stephens, "Soil and Drainage of Dodge County," in William H. Buss and Thomas T. Osterman, *History of Dodge and Washington Counties, Nebraska and their People* (Chicago, 1921), I, 128-132.

³⁶A. G. Bogue, "Farmer Debtors in Pioneer Kinsley," *Kansas Historical Quarterly*, XX (May, 1952), 82-107.

with which non-resident funds could be obtained. Interest rates behaved similarly in the townships down to the late 1880's, although the Kansas rate never fell as low as did the rate in Nebraska. The percentage of failures among mortgagors was in both cases greater in the first years of mortgaging than in the famous depression of the late 1880's and 1890's.

Despite such similarities, a considerably higher percentage of entrymen failed to obtain title to their claims in Kinsley Township than in Pebble.³⁷ The same was true of those who purchased land from the railroads. Land holders in Pebble were much more successful in their use of mortgage credit than was the case in Kinsley. The overall pattern of mortgaging in Pebble showed little of the "boom and bust" pattern found in Kinsley.

TABLE 11
SUCCESS AND FAILURE
IN
PEBBLE AND KINSLEY TOWNSHIPS

	Kinsley	Pebble
Entrymen: failed to obtain title	41%	29%
Purchasers: defaulted railroad land contracts	47%	16%
Entrymen: mortgaged within 6 months of title	30%	18%
First mortgage loans failed	28%	3%
Homesteaders: lost land by foreclosure or deeding	33%	4%
Railroad purchasers: lost land by foreclosure or deeding	16%	2%
Percentage of agricultural land foreclosed or deeded	40% (1876-1905)	6% (1869-1905)
Percentage of agricultural land encumbered	17% 1880 42% 1890 15% 1900 25% 1905	6% 1875 20% 1885 28% 1895 26% 1905

³⁷The fact that a settler did not complete his title to government land does not always mean that he failed in his personal plans. He may well have sold his improvements and moved on well satisfied with his bargain.

How does one account for such contrasts? The townships of course differ markedly in climate, soil, topography and distance to market, although both enjoyed railroad connections almost from the beginning of the period of settlement.³⁸ Since Pebble Township was settled a few years earlier, perhaps the pioneer farmers there were in a less vulnerable position economically by the late 1880's when deep depression developed than were the residents of Kinsley. After a study of the turnover of farm operators in a considerable number of Kansas townships, Professor James C. Malin discounted the effect of "variations of local and physical environment" and periods of "drouth and depression" in influencing the volume of exodus "after the communities became established."³⁹ Turnover was not perhaps synonymous with failure in the categories of Table 11, and Pebble and Kinsley Townships can hardly be described as "established communities" during much of the period studied. We cannot, therefore, disregard climate, soil, topography, markets, drouth and depression completely.

Professor Malin has also suggested that areas with a large percentage of European-born stock had a lower rate of turnover than did those where native Anglo-American stock predominated. The European immigrant was content to accept a lower standard of living in the early years of settlement, worked longer hours, was more cautious in his use of credit, and had a deeper attachment to his land than the settler of American antecedents. Pioneer Pebble did contain a much greater percentage of foreign born than did Kinsley. Perhaps this factor accounts for the greater success enjoyed by the settlers of Pebble Township. We can only be certain when someone has met the grim challenge and completed additional township studies..

³⁸The Fremont, Elkhorn, and Missouri Valley Railroad had reached Pebble Township by the end of 1870 while the Atchison and Topeka had been built through Kinsley by the end of 1872. (Edwin A. Curley, *Nebraska, Its Advantages, Resources and Drawbacks* [London, 1875], p. 152; Harrison Johnson, *Johnson's History of Nebraska* [Omaha, 1880], p. 131; Glenn D. Bradley, *The Story of the Santa Fe* [Boston, 1920], p. 85.)

³⁹James C. Malin, "The Turnover of Farm Population in Kansas," *Kansas Historical Quarterly*, IV (1935), 352-53.