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Deed of Trust as a Financing Device in Purchasing Missouri Farm Land

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Deed of Trust as a Financing Device in Purchasing Missouri Farm Land

Introduction

The use of the deed of trust as a purchase-money financing instrument in transferring farm land is of considerable importance in Missouri. It provides an economical means of financing a considerable portion of the sale price of farm land.

The law which applies to deeds of trust is fairly well defined by statute and by appellate court decisions. However, little information as to their actual use is available.

Though a recorded deed of trust is available for public inspection in the county recorders' offices, it is only a static legal instrument until the interplay of human relationships and personalities that affect the performance of the contracting parties is revealed.

An attempt was made to determine the way in which these conveyances were used in a field study conducted by the Department of Agricultural Economics in 1958. Seven representative counties throughout the state were selected for the collection of data. Atchison, Clark, Livingston and Audrain Counties were chosen to represent the section of Missouri that most nearly conforms to the typical corn belt area of the North Central Region. Pemiscot County, where cotton is a major enterprise, was included to represent a cash crop area where farm land values are relatively high. Polk and Dent Counties represent dairy, poultry, and meat producing areas where land values are lower.

The field study included two phases. First, the county records were examined for the years 1956 to the date of interview in 1958 to get information

concerning all recorded deeds of trust covering 160 acres or more. The parties to the instruments who could be located were then interviewed. Altogether, 62 deeds of trust were examined, and data were obtained from 60 buyers and 34 sellers.

TABLE 1-DISTRIBUTION OF DEEDS OF TRUST USED IN FINANCING TRANSFER OF FARM LAND IN SEVERAL SELECTED COUNTIES OF MISSOURI, 1956-1958.

Name and Location of County	Recorded Deeds of Trust Studied *	Interviews With Sellers	Interviews With Buyers	Transactions Where Both Buyer and Seller Were Interviewed
Atchison - Northwest	9	2	8	1
Audrain - Central	11	5	11	1
Clark - Northeast	5	1	5	1
Dent - Southeast Central	11	9	11	9
Livingston - North Central	8	6	7	5
Pemiscot - Southeast	8	8**	8	8**
Polk - Southwest Central	10	3	10	3
Missouri	62	34	60	28

* Only parties to deeds of trust covering 160 acres or more were selected for interviews.

** Includes six interviews obtained from friends or relatives of a deceased seller.

Legal Characteristics of Deed of Trust

When a buyer incurs a significant debt in connection with the purchase of land, he is usually required to give the lender some type of security interest in the property. The most common type of security instrument used in Missouri is the deed of trust. If the equity of the buyer is small, the trustee usually is given power of foreclosure by nonjudicial sale.¹

Use of a deed of trust as a security device is fairly simple: The buyer receives a warranty deed from the seller and executes a promissory note to his creditor as evidence of the debt. He also executes a deed of trust in favor of the noteholder to secure the amount of the debt.² This deed of trust represents a lien on the land, with title and the incidents of ownership remaining in the buyer so long as he does not default under its terms.

The problem of an efficient and inexpensive method of extinguishing the interest of a defaulting buyer without leaving a cloud on the title is crucial where a large amount of the purchase price of land remains unpaid or has been financed. In jurisdictions that do not recognize power of nonjudicial sale in mortgage instruments, this problem has been solved at least partially by use of the installment land contract with a forfeiture clause where the buyer has made a low down payment. The title remains in the seller and the buyer obtains an

¹Mo. Rev. Stat. 1949 §§ 443.190, 443.410; *Abrams v. Lakewood Park Cemetery Ass'n.*, 355 Mo. 313, 196 S.W. 2d 278 (1946).

²*Eurengy v. Equitable Realty Corp.*, 341 Mo. 341, 107 S.W. 2d 68 (1937).

equitable interest under the contract. If the buyer does not meet his payments according to agreement, the seller is entitled to forfeit the rights of the buyer without resort to court action.³

In Missouri, use of the power of nonjudicial sale as a means of foreclosure is very general. It has certain advantages over a forfeiture provision in an installment land contract. Foreclosure procedure by exercise of a trustee's power of nonjudicial sale is governed by statute.⁴ The law describes the power of sale as an "option," to be exercised by the "holder of the debt," through a "trustee's sale."⁵

The deed of trust with power of nonjudicial sale has been firmly established in Missouri for well over a century.⁶ Exercise of this power extinguishes a mortgagor's interest as surely as does a judicial foreclosure and it is recognized by the courts as being a complete foreclosure in itself, without need for proceedings in a court.⁷

The Missouri statute refers to power of nonjudicial sale as an option.⁸ However, it cannot be exercised independently of any agreement between the mortgagor and mortgagee. It is a matter of contract between the parties, and without an express provision in the deed of trust, the power does not exist.⁹

The sale under a nonjudicial power of sale must be held in the county where the land is situated.¹⁰ If land in two counties is mortgaged under one deed of trust, two sales, one in each county, must be held.¹¹ The place where the sale is to be held is a matter of contract between the parties.¹² If no place is specified, it will normally be at the east door of the courthouse.¹³

The statute also provides that not less than 20 days notice of the sale must be given, regardless of the provisions in the deed of trust.¹⁴ In other words, although the deed of trust may specify the period of notice required, it cannot be less than 20 days. Notice of sale must be given by advertisement, inserted in a newspaper at least 20 times, and continued up to the day of sale, if the county contains a city with a population of 50,000 or more.¹⁵ Otherwise, the notice may be given by inserting an advertisement in a weekly or more frequent newspaper at least once a week for four successive weeks, the last insertion not to be more than one week from the date of sale.¹⁶ Of course, if the deed of trust itself calls

³See a discussion of the use of installment land contracts in "A Comparative Study of Laws Relating to Low-Equity Transfers of Farm Land in the North Central Region," by Fred L. Mann (to be published at the University of Missouri Agricultural Experiment Station).

⁴*Mo. Rev. Stat.* 1949, § 443.410.

⁵*Ibid.*

⁶*Carson v. Blakey*, 6 Mo. 273 (1840).

⁷*Homan v. Connett*, 348 Mo. 244, 152 S.W. 2d 1053 (1941).

⁸*Mo. Rev. Stat.* 1949, § 443.410.

⁹*Adams v. Boyd*, 332 Mo. 484, 58 S.W. 2d 704 (1933).

¹⁰*Mo. Rev. Stat.* 1949, § 443.310.

¹¹*Metropolitan Life Insurance Co. v. Coleman*, 99 S.W. 2d 479 (Mo. App. 1936).

¹²*Stewart v. Brown*, 16 S.W. 389 (Mo. 1891).

¹³See *Ibid.*

¹⁴*Mo. Rev. Stat.* 1949, § 443.310.

¹⁵*Ibid.* at § 443.320.

¹⁶*Id.*

for a longer or more frequent notice, these provisions must be complied with.¹⁷

As stated earlier, the trustee's power of sale is a contractual one.¹⁸ However, it is not a power based on legal title, for title does not vest in the trustee at the time the deed of trust is executed.¹⁹ As to third parties, the relationship of the trustee to the grantor and noteholder is one of agency.²⁰ A statement of default by the trustee binds the principals even though they have not requested foreclosure. By statute, recitals of default in a trustee's deed are prima facie evidence of the truth of such statements.²¹ Rebuttal of them puts the trustee in a position of breach (i.e., failure to meet his obligations).²² The duties of a trustee require scrupulous fidelity and must be conducted with strict impartiality and integrity.²³ Thus, the courts hold such duties to be nondelegable.²⁴

Foreclosure in Missouri under a power of sale in a deed of trust is as effectual to pass title as a foreclosure by court action, if properly carried out.²⁵ Generally, there is no equity of redemption in the grantor of the deed of trust, after the foreclosure sale.²⁶ However, in certain cases there is a limited statutory right of redemption at any time within one year from the date of sale where the holder of the note, or someone in his behalf, is the purchaser at the trustee's foreclosure sale.²⁷ If a buyer who has given a deed of trust and defaulted on it intends to redeem the property, he must give notice of his intention and post a bond within a specified time after the sale.

The grantor of a deed of trust (the buyer or mortgagor) also may invoke equitable jurisdiction to set aside a foreclosure sale and may redeem the property where certain irregularities have occurred in the conduct of the sale. Irregularities include such items as inadequacy of consideration, unusual hour of sale, improper sale in bulk or parcels, lulling grantor into a sense of security, chilled bidding at sale, trustee or noteholder as purchaser at sale, unauthorized place of sale, defective notice, improper substitution of trustee or delegation of trustee's duties, failure to adjourn the sale to prevent sacrifice of the property, and trustee's abuse of discretion or violation of duties.²⁸

Unless one of the above irregularities occurs, or unless the grantor qualifies for the limited statutory right to redeem, the foreclosure sale is absolute. It can be seen, then, that in Missouri a power of nonjudicial sale provision in a deed

¹⁷*Id.*

¹⁸*Adams v. Boyd, Supra.*

¹⁹*Lustenberger v. Hutchinson*, 343 Mo. 51, 119 S.W. 2d 921 (1938); *Butler Building and Investment Co. v. Dinsworth*, 146 Mo. 361, 48 S.W. 449 (1898).

²⁰*Ibid.*

²¹*Mo. Rev. Stat.* 1949, § 443.380.

²²*Hayes v. Delzell*, 21 Mo. App. 679 (1886).

²³*Goode v. Comfort*, 39 Mo. 313 (1866).

²⁴*Pollibam v. Revely*, 181 Mo. 622, 81 S.W. 182 (1904).

²⁵*Wharton v. Farmers Bank*, 119 F. 2d 487 (8th Cir. 1941).

²⁶*Mo. Rev. Stat.* 1949, §§ 443.280, 443.290, 443.410.

²⁷*Mo. Rev. Stat.* 1949, §§ 443.410-440.

²⁸These are discussed in detail in an excellent article by Dingus, L. D., *Mortgages—Redemption After Foreclosure Sale in Missouri*, 25 Mo. L. Rev. 261 (June, 1960).

of trust is more effective than a forfeiture provision in an installment land contract in assuring the seller in a low-equity transfer transaction a clear, economical, and simplified remedy against a defaulting buyer.

Nature of Farms Purchased and Financing Arrangements in Which Deeds of Trust Were Used

Since the deed of trust is used widely in Missouri in financing the transfer of real estate, no attempt was made in this study to relate its use to low down-payment sales as such. However, as is indicated in Table 2, the percent of down-payment varied considerably in nearly all counties, and no relationship between the proportion of purchase price received by the seller and the type of farming area or relative value of land was apparent. In addition, since only two of the buyers and sellers were related (Table 3), kinship seemed to have no bearing on the percent of downpayment.

TABLE 2-NUMBER OF BUYERS PAYING VARIOUS PERCENTAGES OF PURCHASE PRICE ON FARM LAND WHEN DEEDS OF TRUST WERE USED IN SELECTED COUNTIES OF MISSOURI, 1956-58.

County	Percentage of Purchase Price							Undetermined	Total	
	None	1-10%	11-15%	16-20%	21-25%	26-30%	31-40%			Over 41%
Atchison		2	1	1			2	1	2	9
Audrain		2	2	1			3		3	11
Clark	3							2		5
Dent	2				1		3	2	3	11
Livingston				2				2	4	8
Pemiscot	2			1		1	1	1	2	8
Polk	3	1			2		3		1	10
Total	10	5	3	5	3	1	12	8	15	62

TABLE 3-SELLER'S OCCUPATION AND RELATION TO BUYER IN SELECTED COUNTIES OF MISSOURI WHERE DEEDS OF TRUST WERE USED TO FINANCE THE TRANSFER OF FARM LAND, 1956-58.

County	Number of Sellers Interviewed	Occupation				Relation of Parties		
		Active Farmer	Retired Farmer	Farmer's Widow	Businessman	Relative	Friend	Stranger
Atchison	2				2		1	1
Audrain	5		4	1		1	2	2
Clark	1		1				1	
Dent	9	2	3	1	3	1	3	5
Livingston	6		3	1	2		1	4
Pemiscot	8*	3	1		4		8	
Polk	3		1		2		2	1
Total	34	5	13	3	13	2	18	13

*Includes 6 with administrator or relative of deceased seller.

Although the deeds of trust covered only tracts of 160 acres or more (Table 4), interviews with sellers indicated that at least 23 of the 62 parcels sold were 160 acres or less, and seven were 80 acres or less (Table 5). Thus it appears that at least some of the financiers required extra land as security for the amount loaned. Whether or not the transactions in which additional security was required were confined to sales in which a low downpayment was received or where the seller financed the buyer was not determined.

TABLE 4-NUMBER OF TRANSFERS IN WHICH DIFFERENT ACREAGES OF FARM LAND WERE COVERED BY THE DEED OF TRUST IN SELECTED COUNTIES OF MISSOURI WHERE CREDIT WAS USED TO FINANCE THE TRANSFER OF FARM LAND, 1956-58.

County	Acres Included in Deed of Trust						Total
	160	161-200	201-240	241-280	281-320	Over 320	
Atchison	3	1	2	1	1	1	9
Audrain	5	1	3	1	1		11
Clark	2	2	1				5
Dent		3	1	1		6	11
Livingston	3	1			2	2	8
Pemiscot	6	1				1	8
Polk	2	4	1	1	1	1	10
Total	21	13	8	4	5	11	62

TABLE 5-NUMBER OF SELLERS TRANSFERRING VARIOUS SIZED TRACTS THAT WERE FINANCED BY USING DEED OF TRUST IN SELECTED COUNTIES OF MISSOURI AS DETERMINED BY INTERVIEWS WITH SELLERS, 1956-58.

County	Acres in Tract Sold							Total
	40-80	81-160	161-200	201-240	241-280	281-320	Over 320	
Atchison	2	2	1	1		2	1	9
Audrain		4	2	2	1	2		11
Clark		2	3					5
Dent		1	4		1		5	11
Livingston	2	2			2	1	1	8
Pemiscot	1	4		1			2	8
Polk	2	1	4	2	1			10
Total	7	16	14	6	5	5	9	62

Nearly 84 percent of the tracts sold contained 160 acres or less of crop land, with only two transactions in Pemiscot County involving more than 200 acres (Table 6). Forty-one of 58 buyers indicated that they were able to accumulate additional capital out of earnings each year, while 17 were unable to do so. It is interesting that all of those who indicated inability to accumulate capital were located in Dent and Clark Counties. No buyers in Clark County and only 2 out of 11 in Dent County said that they could accumulate capital out of their farm earnings.

Sources of income from the purchased land are indicated in Table 7. Because of the type of farming in the counties where the interviews were taken, most of the income was derived from crops.

Thirty-four percent of the loans ran for not more than 5 years; only 6.5 percent specified a term of over 30 years (Table 8). Most of the arrangements required annual or semi-annual interest payments and annual principal payments, but many of them required principal and interest payments at the same time (Table 9). The interest rate specified in the deeds of trust varied from 0 to 6 percent with the majority at 5 to 6 percent. The 6 percent rate dominated in Dent and Polk Counties, while 5 percent was the usual rate in the other counties. One-half the transactions in Livingston County called for a 4.5 percent interest rate (Table 10). The amount of the notes secured by each deed of trust varied according to the acreage involved and the amount of the downpayment (Table 11).

TABLE 6-NUMBER OF SELLERS WHERE DEEDS OF TRUST WERE USED IN TRANSFERRING FARM LAND TRACTS WITH SPECIFIED ACRES OF CROPLAND IN SELECTED COUNTIES OF MISSOURI AS DETERMINED BY INTERVIEWS WITH SELLERS, 1956-58.

County	Acres of Cropland in Tract Sold								Total
	0-40	41-80	81-160	161-200	201-240	241-280	281-320	Over 320	
Atchison		3	4		1	1			9
Audrain		2	6	3					11
Clark		1	4						5
Dent	4	4	1	1	1				11
Livingston	1	1	5	1					8
Pemiscot		1	4		1			2	8
Polk	1	2	7						10
Total	6	14	31	5	3	1	0	2	62

TABLE 7-NUMBER OF OPERATORS WHO SPECIFIED CERTAIN ENTERPRISES AS THE MAJOR SOURCE OF INCOME ON FARMS IN SELECTED COUNTIES OF MISSOURI WHERE THE TRANSFER OF FARM LAND WAS FINANCED THROUGH USE OF A DEED OF TRUST, 1956-58. (THREE SOURCES WERE REQUESTED; SOME HAD ONLY ONE SOURCE).

County	Major Source of Income							
	Not Farmed	Farmed Crops*	Cattle	Hogs	Dairy	Pasture	Other	
Atchison		9	8	5	4		1	
Audrain	1	10	9	5	3			
Clark	1	4	4	1				
Dent	1	10	4	9	4			
Livingston		8	6	1	1		2	1
Pemiscot		8	8		1			1
Polk		10	8		3	6	3	
Total	3	59	47	21	16	6	6	2

* The crops mentioned, depending on the part of the state, included: cotton, beans, corn, wheat, rye, milo and hay.

The data indicate that farm land transfers involving use of credit are financed primarily by sellers, 39 percent of all deeds of trust being carried by the former owner. The next largest group is insurance companies, financing 23 percent of all credit transactions. Pemiscot and Atchison Counties had the largest proportion of transactions where an insurance company did the financing (Table 12).

TABLE 8-NUMBER OF LOANS FOR VARIOUS PERIODS IN SELECTED COUNTIES OF MISSOURI WHERE THE TRANSFER OF FARM LAND WAS FINANCED THROUGH USE OF DEEDS OF TRUST, 1956-58.

County	Years of Loan						Not Specified	Total
	0-5	5-10	11-15	16-20	21-30	31-40		
Atchison	1			4	2	1	1	9
Audrain	3	2	2		1	1	2	11
Clark	3		1	1				5
Dent	7			1			3	11
Livingston		3	1	1		2	1	8
Pemiscot	1		1	1			5	8
Polk	6	2		1			1	10
Total	21	7	5	9	3	4	13	62

TABLE 9-NUMBER OF LOANS WITH SPECIFIC ARRANGEMENTS FOR PAYMENT OF INTEREST AND PRINCIPAL IN SELECTED COUNTIES OF MISSOURI WHERE DEEDS OF TRUST WERE USED TO FINANCE THE TRANSFER OF FARM LAND, 1956-58.

County	Interest				Principal			
	Annual	Semi-annual	Other	Not Specified	Annual	Semi-annual	Other	Not Specified
Atchison	1	2	3	3	3	2	3	1
Audrain	7	1		3	7			4
Clark	4			1	4			1
Dent	7	1	2	1	7	1	2	1
Livingston	1	4		3	3	2		3
Pemiscot	3			5	3			5
Polk	1	6	2	1	1	6	2	1
Total	24	14	7	17	28	11	7	16

Characteristics of Buyers and Sellers Using the Deed of Trust

The average age of buyers was 47.2 years, with a range from 24-82 years, while the average age of sellers was 60.3 years, with a range of 37-78 years. Sixty-six percent of the buyers were natives of the county in which the land was located. They had an average farming experience of 24.3 years. However, some buyers had had no prior experience in farming (Table 13).

More than 75 percent of the buyers operated their land after it was purchased; only 11 percent had been renting the farm before it was purchased.

Thirty-eight buyers estimated their net worth at the time of the purchase. The average was \$58,400 and the range \$1,000 to \$200,000. Seventeen buyers expected to make some or all of their payments on the land from off-farm sources of income. The average amount that these buyers expected to pay from off-farm sources was 66.66 percent of the debt. The range was 25 to 100 percent. The main sources were income from professional services and investments.

Of the sellers, 16 owned other farms and 12 owned other businesses. Eighteen were operating the land prior to the sale, while 12 were leasing it out. All sellers who gave the buyer a credit rating listed his standing as good or excellent. Thirty sellers sold directly to the buyer, without the services of a real estate agent.

Twelve of the 13 sellers who financed the sale depended at least in part on the payments for living expenses. On the average they depended on payments for 31.5 percent of their income. The range was from 15 to 75 percent. Ten sellers indicated that they financed the buyer in a particular manner because of the tax advantage from the credit arrangement that was used.

TABLE 10-NUMBER OF LOANS WITH SPECIFIED INTEREST RATES IN SELECTED COUNTIES OF MISSOURI WHERE DEEDS OF TRUST WERE USED TO FINANCE THE TRANSFER OF FARM LAND, 1956-58

County	Interest Rate									Not Specified	Total
	No Interest	3%	3 1/2%	4%	4 1/2%	5%	5 1/2%	6%	7%		
Atchison				1		3				5	9
Audrain	1		1	1		7				1	11
Clark				1		2		1		1	5
Dent		1		1				8		1	11
Livingston					4	2				2	8
Pemiscot						1				7	8
Polk						3		6		1	10
Total	1	1	1	4	4	18	0	15		18	62

TABLE 11-NUMBER OF DEED OF TRUST LOANS OF SPECIFIED RANGE IN SIZE USED TO FINANCE THE TRANSFER OF FARM LAND IN SELECTED COUNTIES OF MISSOURI, 1956-58.

County	Amount of Loan (\$1,000)					Not Stated	Total
	0-5	5.001-10	10.001-15	15.001-20	20.001-30		
Atchison	1	1	3	4			9
Audrain			5	4	2		11
Clark	1	4					5
Dent	8		2		1		11
Livingston		11	2	5			8
Pemiscot	1				11	6	8
Polk	2	4	3	1			10
Total	13	20	15	14	4	6	62

TABLE 12-NUMBER OF LOANS MADE BY SPECIFIED LENDERS TO FINANCE THE TRANSFER OF LAND IN SELECTED COUNTIES OF MISSOURI WHERE DEEDS OF TRUST WERE USED, 1956-58.*

County	Seller	Bank	Agency Making Loan				Private Lender (Other than Seller)	Total
			Insurance Company	Federal Land Bank	Farmers Home Administration	Loan Company		
Atchison	1		5	2			1	9
Audrain	8			1	1		1	11
Clark	2	2	1					5
Dent	4	3		3			1	11
Livingston	3	2	1		2			8
Pemiscot	1		7					8
Polk	4	2		1		2	1	10
Total	23	9	14	7	3	2	4	62

* Three transactions were found where double financing was used: (in order of priority)

1. Bank, Seller
2. Bank, Ins. Co.
3. Seller, Ins. Co.

Characteristics of Legal Instruments Used in Transfer of Land

Only 9 out of 34 sellers indicated that an earnest money contract was used to bind the sale agreement before the transaction was actually effected. Every deed of trust in the study was on a "standard form," although several "standard" forms were used. In general, the larger lending institutions such as insurance companies, federal land banks and the FHA used their own forms. Other lenders used one of the standard printed forms available from local supply houses. All but one deed of trust included a provision requiring the buyer to pay the taxes and special assessments. One deed of trust from Pemiscot County included no such provision. This same instrument contained no insurance provisions, although all others contained such a provision requiring that premiums be paid by the buyer. Only 16 of the deeds of trust specified the amount of insurance to be carried. Eight stated a dollar amount, while the others specified that insurance equal to "reasonable" or "insurable" value should be carried.

Table 14 indicates the frequency of provisions against the commission of waste by the buyer and superior lien provisions in favor of the lender. Breach of agreement and foreclosure by nonjudicial sale clauses were included in all deeds of trust for which this information was available.

Of the 13 seller-financed transactions, only 2 included provision for a grace or redemption period after default by the buyer. All sellers indicated that a grace period should be allowed. Six suggested 30 days, two 60 days, one 90 days, and two 1 year.

In only 3 instances had the buyer failed to make a payment on time. In no case had a seller-lender taken legal action. Some compromise arrangement had always been worked out. These three sellers indicated that they were satisfied with the results. They had waited 3 months, 1 year, and 2 years, respectively, for payment.

Five buyers indicated that they had made a payment late. All stated that an arrangement for late payment had been worked out with the lender. Two had been given 30 days, one 75 days, one 90 days, and one, one year.

TABLE 13-AGE AND FARM EXPERIENCE OF BUYERS OF FARM LAND IN SELECTED COUNTIES OF MISSOURI WHERE DEEDS OF TRUST WERE USED, 1956-58.

County	Age (Years)		Farm Experience (Years)*	
	Average	Range	Average	Range
Atchison	59	51-82	39.5	20-69
Audrain	38.3	25-51	16.2	0-34
Clark	45.6	33-52	31.	14-38
Dent	44.4	24-61	17.	0-48
Livingston	54	32-77	35.5	4-64
Pemiscot	55.5	42-71	18.4	0-53
Polk	39.3	29-59	21.6	0-46
	47.2	24-82	24.3	0-69

* 13 was used as the starting age in determining work experience.

TABLE 14-NUMBER OF DEEDS OF TRUST CONTAINING WASTE AND SUPERIOR LIEN PROVISIONS IN SELECTED COUNTIES OF MISSOURI WHERE THIS TYPE OF SECURITY DEVICE WAS USED IN THE TRANSFER OF LAND, 1956-58.

County	Waste				Superior Lien			
	Yes	No	Not Specified	Total	Yes	No	Not Specified	Total
Atchison	7	2		9	8	1		9
Audrain	2	9		11	2	9		11
Clark	1	4		5	1	4		5
Dent	1	10		11	1	10		11
Livingston	5	3		8		2	6	8
Pemiscot	7		1	8	7		1	8
Polk	10			10	10			10
Total	33	28	1	62	29	26	7	62

Summary and Conclusions

The deed of trust is in general use as a security device in financing Missouri farm land transfers. It is used in transfers where a low downpayment is made, as well as in those where the conventional amount of 35 percent or more is paid down. It is also used whether the seller, an institutional lender, or someone else finances the transaction.

The popularity of the deed of trust in Missouri is due in part, especially in low downpayment transactions, to the legality of a nonjudicial foreclosure sale under Missouri law. Because of this law, the deed of trust provides a safe and economical means of foreclosure if the buyer defaults. At the same time, the buyer retains a sufficient beneficial interest to permit him to use the property as he chooses when he gives a deed of trust as security.

Satisfactory redemption periods can be provided for in the deed of trust, but the need for a specific time period may not be great. This fact is indicated by the lack of legal action by lenders in cases where the buyer had defaulted under the terms of the deeds of trust studied. Whether or not the same leniency would be displayed during periods of serious recession or decreasing land values may be questionable.

Because of the legal and practical advantages in Missouri of the deed of trust with power of nonjudicial sale over the installment contract, it is used almost exclusively in low downpayment transfers of farm land. It is also used in conventional downpayment transfers where a conventional mortgage is used in other midwestern states.

The data examined in seven counties of the state revealed no marked disadvantages in the use of the deed of trust. It is a convenient security device for both borrower and lender, but both parties should study the agreement carefully to be sure that it contains the specific provisions they desire.