

# NORTHWESTERN *Banker*

FEBRUARY  
1987



## Agriculture — on the road back?

- Financial responsibility
  - Automating ag loans
  - Cattle feeders fight back
  - Banks' "secret weapon"





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# NORTHWESTERN Banker

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OLDEST FINANCIAL JOURNAL SERVING THE CENTRAL AND WESTERN STATES

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## NORTHWESTERN BANKER

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Dear  
Editor...

## More on Chapter 12

**Editor's Note:** Last month we published several of the initial letters sent to us by NORTHWESTERN BANKER readers after publication of our "Open Letter to Sen. Grassley" of Iowa in our December 15 *Weekly Newsletter*. That "Open Letter" invited the Senator to reconsider Chapter 12 Bankruptcy, which he co-sponsored, and to meet with bankers to discuss it. The Senator responded immediately and has graciously scheduled a meeting through the Iowa Bankers Association for February 9 at his Federal Building office here in Des Moines. We will be present and will give the Senator responses from bankers documenting their specific objections to Chapter 12. Results of that meeting will be published later. Here are a few of the additional reader responses to date:

"Excellent letter to Sen. Grassley. We appreciate your time and effort on our behalf. Chapter 12 is going great guns in our area. There were 146 people who attended a Chapter 12 meeting here and a like number in North Platte. Chapter 12 does many things, including taking no more chances with the young farmer, and discriminating against the small farmer (under \$1.5 million).

Mel Adams, Chairman,  
Adams Banks, Ogallala, Nebr.

\*\*\*

"Just got my hands on the 'Open Letter' and have read it very carefully. Simply an outstanding job of telling it like it is. I can only hope that your common sense analysis will get through to the right people."

Carlyle P. Austinson  
President (retired)  
Northwood State Bank  
Northwood, N.D.

\*\*\*

"All of our staff thought this letter was extremely well written and to the point. We all want you to know that we appreciate your efforts in explaining the actual conditions that do exist in the farm states.

Charles E. Moyer, President  
Bank of Wood River, Nebr.

\*\*\*

"Congratulations on your great letter to the Iowa Senator. I sent a copy to Emil Reutzel, editor of the *Norfolk Daily News*. I enclose the results." (The *Norfolk* newspaper's lead editorial was a thoughtful appraisal of all the effects of Chapter 12 and called for its repeal.)

B.M. DeLay, Chairman  
The DeLay First National Bank  
& Trust Co., Norfolk, Nebr.

\*\*\*

"I am sure you're receiving a truckload of letters complimenting you on your open let-

DEAR EDITOR. . .

(Turn to page 21, please)



## Across the desk from the Publisher

### Dear Readers:

**M**UCH has been written, spoken and pictorialized about the adverse condition of the agricultural economy in the Midwest the past four years. What started as another cyclical negative "blip" on decades of ag charts now is recognized as a major re-structuring within the industry. Its effects are being felt on everyone connected in any way with agriculture—farm operators, small town banks and other businesses, farm implement companies—with a total fallout that has affected millions of lives in the nationwide agricultural sector, especially in the upper Midwest.

Four years later, however, when many industry veterans feel that the problems have been identified and the final shakeout is underway, it's time to look ahead to the agricultural and financial industry we'll all be working in just a few years away and into the fast-approaching next century. It's time to "accentuate the positive," as one of Bing Crosby's old songs advised. It's time to take stock of *positive* things we have going for us, the *good* programs we have in agriculture and banking, the modern technology that can inject an upbeat note in our cadence as we stride forward to a new drummer.

This is not intended to close our eyes to present realities; but, while facing up to continuing resolution of problems we now know exist on the farms, in banks, in other businesses, sometimes with pain and casualties, it is only good business planning for bankers and farmers alike to look ahead and plan where they'll be when they are among the survivors. It's not just *good* business, it's vital not only to *our* future but to the world we'll leave those who follow. Midwesterners want to be good stewards, and good stewards look ahead to the welfare of coming generations.

For this purpose, in this issue we have devoted extra pages we normally wouldn't carry so that we might present to you a special selection of ag-oriented upbeat feature ar-

ticles, all except one of them written exclusively for you, our readers.

That one is the text of a positive, forward-looking talk we heard from Barry F. Sullivan, chairman and CEO of The First National Bank of Chicago, when he addressed community bank executives who attended his bank's 40th Annual Correspondent Bank Conference several weeks ago. Mr. Sullivan speaks almost enviously of "your greatest strength," your community bank's closeness to your customers, and urges you to utilize that strength to compete with and conquer the new wave of outside competition.

One exclusive article by a Minnesota banker relates his bank's success with a modern record-keeping system for farm customers, as well as small businesses and professional firms. Another, written by an experienced Iowa and Minnesota farm real estate appraiser, tells how a *qualified* appraiser can be an asset to a bank at the right time. Still, a third exclusive feature from a young Nebraska computer technology devotee tells how modern high-tech computers can work *for* banks and their ag customers.

Addressing the touchy area of how to get farm operators to understand the need for accurate financial records and, even more importantly, how to use them on the farm and with the bank is discussed for our readers by an 18-year financial veteran who works with banks and farm owners in four states. Adding to this array of forward-looking articles is a special report on new programs being utilized aggressively by cattle-men's associations, with special emphasis on a successful Iowa program.

In addition to preparing these special articles for you, we've been deeply involved, as many of you know, in an effort to have Senator Charles Grassley (R., Ia.) take another look at the new Chapter 12 Bankruptcy Law he co-sponsored. Our "Open Letter to Sen. Grassley," published in our December 15 *Weekly Newsletter*, which is mailed each week to all paid subscribers of the

magazine, has drawn as much reader response with dozens of letters and long distance phone calls as any article we've published in recent memory. Some of those letters were published in our January magazine, while others appear in this issue as Dear Editor letters. We are pleased to report that Sen. Grassley contacted us immediately upon receiving our letter and is very concerned with banker reaction to the new law. He has graciously contacted the Iowa Bankers Association after getting that letter and has arranged to meet with the IBA and several leading ag bankers here in Des Moines in early February. We have been invited to attend that small meeting and will give you a report later. We are grateful to Sen. Grassley for accepting our invitation to meet with these bankers.

With these special ag articles, and our approach to the Senator on your behalf, we hope to strike a positive note, and our concentrated effort is our re-confirmation of our publication's commitment of 93 years to serve you, our readers, to the very best of our ability. Ours is the oldest banking magazine from Chicago to the West Coast and we are grateful to you for your continued readership, which in many instances extends to second and third generation banking families.

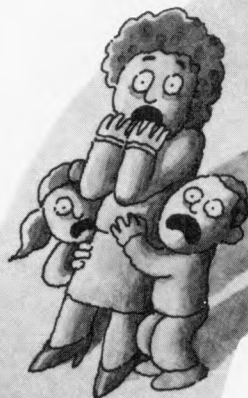
To continue making our publication the strong, viable vehicle it is to assist you with up-to-the minute news and latest banking techniques, we invite you to not only keep us informed about news from your bank, but also to let us know the types of articles you feel will be helpful to you and your staff. If you wish to recommend that we contact you or one of your staff or another banker you know who is doing something unique, or perhaps doing a routine job uncommonly well, please contact us. We'll use your ideas to formulate further exclusive articles designed to be helpful to you and others to build better banks for the future.

Cordially yours,

Ben Haller, Jr., Publisher  
THE NORTHWESTERN BANKER



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It happens all the time. A customer dies and his family inherits everything. Including a big loan balance.

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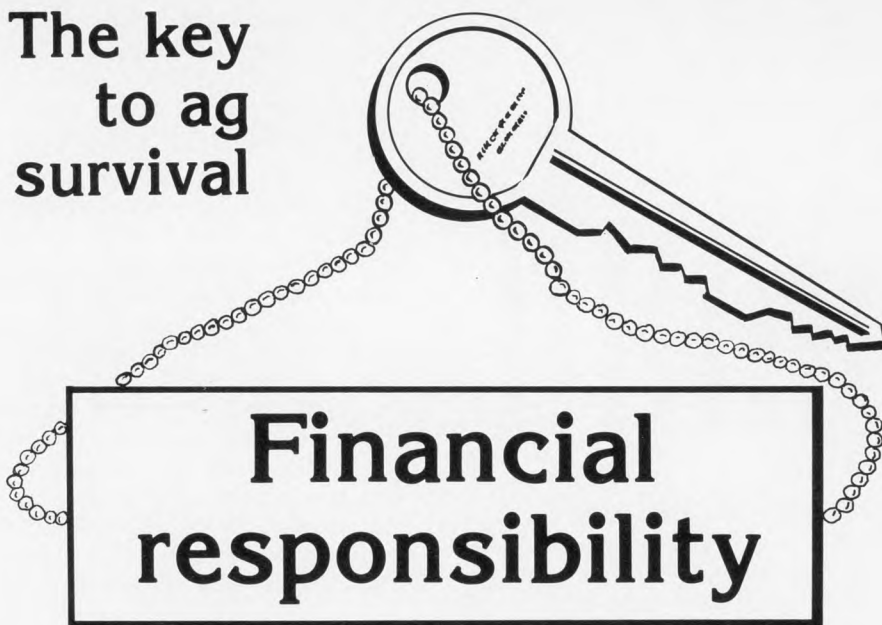
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The key  
to ag  
survival



Written especially for  
THE NORTHWESTERN BANKER  
By DONALD M. FEDIE, President  
Agri Control Company, Inc.  
Sioux City, Ia.

**R**ECENTLY, a second year accounting student was asked, "If you were a manufacturer, what is the most important financial fact you would need to know?" He answered, "My cost of production." A second question followed. "Why?" The answer, "Because knowing the cost of production is essential if I am to sell my product at a profit."

Simple? Sure! For you and me. Unfortunately, not simple for the majority of ag borrowers. In bank after bank and on farm after farm, we have experienced the frustration of farmers not knowing or understanding the application of simple, fundamental financial management concepts. Basic terms such as accrual, fixed and variable expenses, and allocation of interest draw blank stares. When discussing ratios there is, at best, a comprehension of current ratio. Debt service coverage ratio or earned net worth change might just as well be formulas for calculating earth's orbit. Gross margin is rarely understood, usually confusing.

The reason? Because, until now, the only "financial responsibility" required of most producers was writing checks to pay bills, and their wives do most of that. Until now!

#### TIME FOR CHANGE

The deceptive concept that increasing production can substitute for sound financial management does

not work. Producers cannot continue to fool themselves into believing that better yields will provide the funds to amortize steadily increasing loans! Nor can their lenders! If you need proof, look around. Count the number of producers and lenders that failed last year.

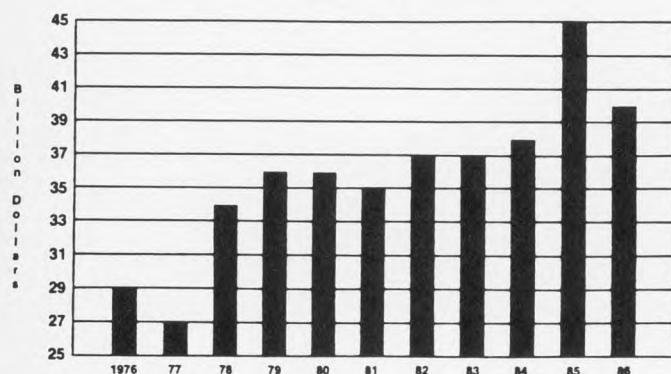
It's not a problem of present income. A report released by USDA demonstrates that net earned income equalled an all time high of **\$45 billion in 1985, and \$40 billion is estimated for 1986.** It's a problem of repositioning and restructuring capital assets. It's a problem of absorbing and allocating large capital losses. (See Chart I)

USDA expenditures in 1986 represent a peak in agricultural spending. So says the budget the President submitted to Congress recently. As shown in the second chart, the USDA outlays in fiscal 1986 totalled \$58.7 billion with \$25.8 billion of that spent to support farm prices. The Administration projects total expenditures to fall steadily to \$37.6 billion by 1992. (See Chart II)

At Agri Control Company we've been counseling with producers for over 18 years. A large number of our clients would not be in operation today had they not faced up to the financial facts of their businesses and learned how to utilize financial management tools. They became **financially responsible** to their business, to themselves, to their lenders.



CHART I  
NET CASH FARM INCOME



### FINANCIAL RESPONSIBILITY

Financial responsibility means knowing and understanding the financial base (foundation) of a business, however structured; then, using that understanding to make sound, practical decisions on product selection (corn-beans-cattle-hogs-etc), production quantities (acres and number of head per year), and marketing (cash-hedging-options-forward contracts); and in decisions concerning land ownership, equipment and facilities purchase, and livestock purchase and development. In short, proper, profitable use of capital assets. It means facing reality every day just like every other businessman and making the tough decisions that keep any business healthy, viable, and productive—a source of profit and strength to the owners, the lenders, and the community.

We believe the illness gripping American agriculture is essentially financial in nature, and that financial responsibility provides the cure. The need to educate and change financial management habits is now critical! For agriculture and for ag banking! It requires the efforts of everyone in the financial industry, but especially ag banking.

It's particularly discouraging to see some of our best producers in the worst shape. I can identify with many of my banker friends who lament about "having closed out three farmers this week, with several to go,"... "only 10% are immune to financial disaster,"..... "one bad crop year could take out 50%." And it's not over yet!

My one ardent hope is that the present problems of agriculture and the response of politicians doesn't permanently turn the financial community away from agriculture. There are a lot of good people out there. It is a good industry. We do have a vested interest in helping to save it.

□ **ABOUT THE AUTHOR**—Mr. Fedie was invited to share his insights on financial responsibility for farm operators, based on his nearly two decades of successful work with farm operators and bankers in several states. Mr. Fedie has been active in financial and management consulting for over 18 years, specializing in agri-business since 1975. Additionally, he has been personally active in farming, cattle feeding, and feedlot operations. This practical "hands on" knowledge is the foundation that gives substance to his expertise. Recognized throughout the United States as a leader in his field, he regularly appears in seminars, on panels, and as a guest speaker for ag industry associations and businesses. Mr. Fedie is a Certified Member of the American Society of Agricultural Consultants, is registered with the Iowa Securities Department, and is registered with the Securities and Exchange Commission (SEC) as an investment advisor.

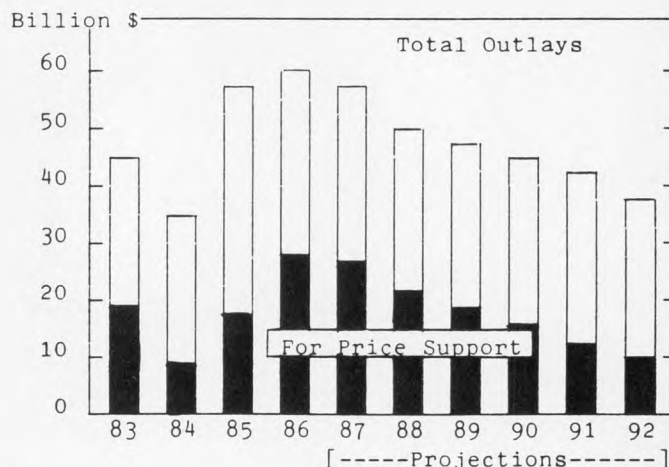
Our continuing problem is that we can't reach enough people and change enough minds to make a dent in the real scope of the problem. The economic downturn has happened swiftly enough to engulf too many producers. It's the domino theory in practice.

### THERE IS AN ANSWER

To this end, approximately one year ago, a bank vice president in charge of an ag loan portfolio of approximately \$40 million asked me to put together a financial planning seminar (workshop) which could be offered to the banks' customers. We developed a two-day workshop and, as of this writing, have already conducted, or have commitments to conduct, workshops for several banks in Iowa, Nebraska and Kansas.

The response has been gratifying. The bankers echo our thoughts (or vice versa) about financial responsibility, and support the educational effort. To quote a couple: R. Strachan, DeLay First National Bank & Trust, Norfolk, Nebr., says, "Survey results demonstrate an enthusiasm for materials presented." R. Cowan,

CHART II  
USDA EXPENDITURES



Laurens State Bank, Laurens, Ia., says, "Survival is understanding break-even costs, they can't market without it."

Comments from participating producers have included these:

"If I were in banking, every young person beginning farming would be required to attend such a seminar as this."

"Should have been three days."

"Makes us more aware how important good records are to survive."

"Super seminar."

"Encourages me to keep better records."

But, let's not kid ourselves. The road to educational excellence is a narrow, rough and twisting road. There will be continued disappointments, and we need the support of everyone within the financial community. We already know that the present two-day financial planning seminar should be thought of as only the first in a series of different topics. The ag producer will

### FINANCIAL RESPONSIBILITY...

(Turn to page 17, please)



# Automating the ag loan portfolio

Written especially for the NORTHWESTERN BANKER  
By MARC CURRIE  
for  
Founders Financial Services, Inc.  
Lincoln, Nebr.



**A** RECENTLY released software package offers a fresh new approach to the time-consuming task of managing the ag loan portfolio. While other financial software packages were designed from the farmer's standpoint, the newly developed agMGR (pronounced "ag manager") software package from MGR Software, Inc., was designed with the aid of ag loan officers to offer lending institutions a standardized method for the handling and evaluation of financial information.

The basis of the agMGR software package came from a series of forms used by a major Nebraska banking corporation. The forms were originated by a group of corporation employees whose backgrounds included government agency, Farm Credit System and commercial bank lending experience. The forms that were developed included an extensive cash flow, balance sheet, trend analysis, and credit arrangement with a credit scoring system designed to complement the package.

The agMGR software incorporates all the ideas of these refined financial forms and adds a few twists to make a very complete, useful and efficient package. The package is very user friendly as a result of its menu driven format and it is right in line with these every day thought processes of an ag lender:

**1. Balance Sheet.** The heart of the system revolves around the balance sheet which is easily compiled through a series of supporting schedules. The user has the ability to compile a single and double column balance sheet at the same time. After the balance sheet is complete, the user can choose from various print modes which include: three styles of balance sheets, general customer information, and supporting schedule information. The completed balance sheet information then can be incorporated into a trend analysis.

**2. Trend Analysis.** The trend analysis included in the agMGR package can span up to five years of customer information. In the trend analysis section, the user has

a variety of evaluation tools at one's finger tips. The tools the user has to choose from include an earned net worth worksheet, collateral margin worksheet, liquidation analysis worksheet, and credit scoring worksheet. This is not the end of the evaluative tools of the agMGR package; from here the user may proceed to the credit arrangement.

**3. Credit Arrangement.** The credit arrangement form used in the agMGR package was designed with the bank director in mind. With today's depressed ag economy and the trend of bank directors towards taking a more active role in lending decisions, this one form gives directors all the items necessary to make sound lending decisions and to help reduce lender liability. Evaluative tools of the credit arrangement include a collateral margin worksheet that differs from the one in the trend analysis, a debt repayment analysis worksheet, and the same credit scoring system used in the trend analysis. It also includes a section to record the terms of the loan, repayment sources, security taken, lien search information, borrowing history, and other balance relationships. The credit arrangement also includes an area to record im-

## AUTOMATING AG LOANS. . .

(Turn to page 12, please)

**ABOUT THE AUTHOR:** Marc Currie is a graduate of Dakota Wesleyan University where he received a Business major, with minors in ag management and computer science. As a programmer he designed agMGR, an ag/financial statement software program offered by MGR Software, Inc., Burwell, Nebr., of which he is a stockholder. The company markets agMGR in Nebraska and it is marketed in other states by Founders Financial Services, Inc., Lincoln, which was formed recently to provide marketing services for a number of single-product software firms. Organizers of FFS are Roger Beverage, a Lincoln and Omaha attorney who is also a former Nebraska superintendent of banking, and Tom Shambo, a former member of the Nebraska department of banking. Among the products marketed by FFS is BancAnalysis, designed and owned by Mr. Beverage and Mr. Shambo, and featured in previous issues of Northwestern Banker.





**FARM** Customers at First Nat'l Bk., Keister, Minn. are taking advantage of REC-CHEK, a simplified record-keeping system. Above, left to right, **Dawn Braund**, mgr., REC-CHEK processing department, talks with **Clair Hagen**, area farmer and bank REC-CHEK customer, and **Donald Nickel**, v.p. and ag loan off. Also pictured is **Ken Bird**, bank pres.

## Computer generates ag accrual income statement figures

*Editor's Note:* Just over 20 years ago we had the privilege of writing the first feature article that related to our banker readers the potential advantages of a new bank service called REC-CHEK, a simplified record-keeping system for farm customers. REC-CHEK was developed by Nevada National Bank, and Sam McHose was president of the \$8 million deposit bank at that time. He had just hired Tom Johnston in March, 1965, to manage the small bank's operations department. With Mr. McHose, he developed the coding system that is key to REC-CHEK. The nine-month pilot program had 55 participating farm customers. Mr. McHose later sold his interest in Nevada National, but continues to serve as chairman.

*Farm Journal* magazine became interested in the new venture in mid-1966, purchased a half-interest, then later bought out the company. In the late 1960s, *Farm Journal* sold the company to its present owner and president, Dave Anderson, who was with Nevada National Bank at that time and with the REC-CHEK system almost from its founding. He has continued to build it into the pre-eminent farm record-keeping system in use, and has given it state-of-the-art management with the latest, most sophisticated computer applications.

Now, 20 years after that first feature article in these pages, the following article recounts how well REC-CHEK continues to serve community banks and their ag customers with a solid system that has grown in use over the past two decades.

\* \* \*

Written especially for  
THE NORTHWESTERN BANKER

By **KENNETH R. BIRD**, Executive Vice President  
First National Bank, Kiester, Minn.

**I**N OUR bank we are moving from ag lending based on analyzing the tax return and a cash flow to a more complete analysis of the farm operation's Net Farm Income based on an accrual income statement. That has required additional training on our part, as well as a concerned effort to train our farm customers on how to gather that information.

For a period of time, many ag industry experts were

saying that to gather that kind of information we would need a double entry accounting system from our farm operators, but few of our customers had the time or the understanding to handle a system of that kind. REC-CHEK has recently come out with a system called STAR that takes the information from the REC-CHEK program that we run in our bank and makes the necessary adjustments to complete a 5-year Balance Sheet Spread and an Accrual Income Statement. We are now able to use our in-bank microcomputer to prepare these statements.

REC-CHEK's training program combines lender/computer operator training with on-site customer education meetings, so that our borrowers now can see what is necessary to complete the forms that we need here in the bank.

I think all ag lenders now are realizing that a simple tax return and a cash flow, although adequate for lending in times of appreciating land and equipment values, are just not enough to determine the real profitability of a farming operation. To get the net income figure from an accrual income statement, and then to determine the capacity to repay capital debt, requires customer training and a recordkeeping system that show an accurate Family Living Expense figure.

In the last several years we have moved from a period of farming where poor records were adequate to one of good records being a requirement. But, we must consider our customers! Without the opportunity to obtain formal accounting training, which most will not have, we are asking them to perform an impossible job. One alternative would be to ask them to get a certified statement from a CPA, but we have found that to be very expensive, if not impossible. Several years from now, we may require that on large lines, but in the meantime we need to provide a system that is as easy to operate as possible, and then use a system like REC-CHEK's STAR to make the adjustments we need to have an accrual income statement.

In the last several years we have seen software companies that sell ag packages to banks come and go. Our bank purchased one of those packages, and having a package with no support and training is worse than having no package at all. The REC-CHEK company has been around for 20 years, and I believe it has a large enough base of banks and revenue to continue the



JOHN Q. CUSTOMER

RR1

ANYWHERE USA

12345

NATIONAL STATE BANK

REC-CHEK

SYSTEM OF RECORD KEEPING

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## SUMMARY STATEMENT

ACCOUNT NUMBER	BANK NUMBER	MONTH AND YEAR	TYPE ACCOUNT
1234		10 86	AGRICULTURE

CODE NUMBER	DESCRIPTION	CURRENT EXPENSE	CURRENT INCOME	YR TO DATE EXPENSE	YR TO DATE INCOME
100	FARM INCOME			T	
105	CORN		5645.34		17645.34
110	SOYBEAN		45672.34		75372.34
115	MARKET HOGS				45321.00
120	SOWS				3455.00
125	CCC LOANS				
130	GOVERNMENT PROGRAMS		56789.34		56789.34
135	OTHER FARM INCOME				
199	TOTAL FARM INCOME		108107.02	2	198883.02
200	OPERATING EXPENSES			T	
205	AUTO			234.60	
210	BREEDING			349.00	
215	FEED	567.34		1845.79	
220	FEEDER LIVESTOCK	56786.12		64651.46	
225	FEEDER LIVESTOCK				
230	FERTILIZER			7832.00	
235	FUEL	2300.50		7932.50	
240	INSURANCE				
242	INTEREST OPERATING NOTE	1234.35		4690.69	
243	INTEREST MACHINERY NOTE			789.50	
244	INTEREST RE			678.23	
245	LABOR			908.45	
250	MACHINE HIRE	12000.00		12000.00	
255	MISC.			678.43	
260	OTHER				
265	RENT			2300.00	
270	REPAIRS			567.12	
275	SEED			356.23	
280	STORAGE				
285	SUPPLIES			89.34	
290	TAXES				
295	TRUCKING			878.30	
300	UTILITIES			2109.50	
305	VET AND MEDICAL	456.34		912.38	
399	TOTAL FARM EXPENSES	73344.65		2 109801.82	
400	TOTAL FARM INC. / EXP.	73344.65	108107.02	3 109801.82	198883.02
500	CAPITAL SALES, INV, LOANS			T	
505	BREEDING LIVESTOCK			5678.23	
510	MACHINERY				
515	RE IMPROVEMENTS				
520	OPERATING NOTE	30000.00		75000.00	90000.00
525	MACHINERY DEBT			10000.00	25000.00
530	RE MORTGAGE			34000.00	125000.00
599	TOTAL	30000.00		3 124678.23	280000.00
600	PERSONAL AND FAMILY			T	
605	FAMILY LIVING EXPENSE	925.02		15925.02	2456.34
610	HEALTH AND LIFE INSURANCE			678.34	
615	INCOME AND S.S. TAXES			567.34	
699	TOTAL PERSONAL	925.02		3 17775.70	2456.34



REC-CHEK	AMOUNT	JAMES C. MORRISON	155
305	456.34	1765 SHERIDAN DRIVE	Nov. 2 1986
		YOUR CITY, IA 03086	00-5678/1234
Pay to the order of		JOHN SMITH, D.V.M.	\$ 456.34
Four Hundred Fifty Six and 34/100			
DELUXE CHECK PRINTERS, INC.		NOT NEGOTIABLE SAMPLE - VOID DO NOT CASH!	
YOUR CITY, STATE 12345		James C. Morrison	
Oct. 12 - new feeders			
⑆000067894⑆ 12345678⑈			

training and support we will need as our requirements for information and our computer equipment change. REC-CHEK charges for these services, but we in our bank are now realizing that we cannot afford the expertise necessary to maintain the programming effort to support a system on our own. In effect, we are contracting for this specific job, and I suggest that unless your bank is large enough to have a programming staff for your microcomputer department, your bank would be dollars ahead to do the same.

There is also the issue of liability. Our industry has been successfully challenged in the last several years by borrowers in bankruptcy proceedings who claimed that the figures on the financial statements were not those of the borrower, but those of the lender. In other words, the lender filled out the financial statements. We are quickly coming to the time where we will not be able to buy enough liability insurance, if, in fact, we can buy it at all, to cover that situation. We need to conduct borrower training seminars to instruct our customers to fill out our financial statements. Again, that is an excellent application of contract services, and one that the staff of REC-CHEK provides for us.

REC-CHEK's STAR program produces a Cash Flow, a Five-Year Balance Sheet Spread with a Risk Rating System, an Accrual Income Statement, and an all-important Comparison of Actual versus Projected that can be run anytime during the year. That last report would be excellent for FmHa Guaranteed Loans. In our bank we like the STAR package because of the ease

of operation, the training that is being done by REC-CHEK, and the fact that it is an Ag analysis package written for banks and not farm operators. Those other packages are fine for the farmers that are capable of running them, but they don't produce the Risk Rating and the many ratios we get from STAR.

Whatever program your bank selects, make sure it will produce an accrual income statement, is easy for your people to operate, and that the company offering it will support it with continuing training, for both lender and farm operator. □

## STAR

### Microcomputer Ag Credit Analysis

**Five Year Balance Sheet**—Enter three year's history, make the fourth year the current year's data, and the program will interact with the cash flow to make a projection for the end of the next operating year. After calculating Net Worth on a Market Value Basis, the program calculates liquidation margins, and such ratios as the Current Ratio, Debt/Worth Ratio, and Liquidation Margin/Debt Ratio. A credit scoring is also produced by assigning points to the ratios, and printing a Performance Rating for each customer.

**Accrual Income Statement**—Previous year's tax returns are required to produce an accrual income statement. The program matches expenses for a given year with income for that year, with adjustments for beginning and ending inventories from the Five Year Balance Sheet and tax depreciation. Cost basis for major assets are used.

**Farm Budgets**—A projected budget for crop and live-stock income and expense is produced. This information automatically flows to the Cash Flow, which saves much time when completing each customer's Cash Flow.

**Cash Flow**—A projected plan for the up-coming year that requires additional income and expense information not brought forward from the Farm Budgets.

**Cash Flow Monitoring**—One of the most valuable parts of the system, this program interacts with the REC-CHEK program to produce a report that compares the projected with the actual income and expense for both the month and year-to-date, with a variance for each category. This is an excellent report for FmHa Guaranteed Loans, or any credit that your bank is monitoring. □

## AUTOMATING AG LOANS...

(Continued from page 9)

portant credit factors that affect the loan.

**4. Cash Flow.** The one final intricate part of the package is the cash flow section. Within this section the user can compile a projected and an actual quarterly cash flow on the customer. One unique feature of the cash flow is its ability to establish an accrual-based income statement on the customer. Another feature the cash flow offers is the ability to run a monitor report in which the computer compares the actual data to the projected data looking for any variances in the figures. The monitor report may be run for any specific quarter, with a year-to-date comparison at the same time.

**5. Other Features.** Other features of the agMGR software package include:

- A time saving feature that allows the user to build a set of data for the new year off the previous year's data.
- An option package that includes the SIDEKICK desk top manager from Borland International, which consists of a full function note pad, calculator,

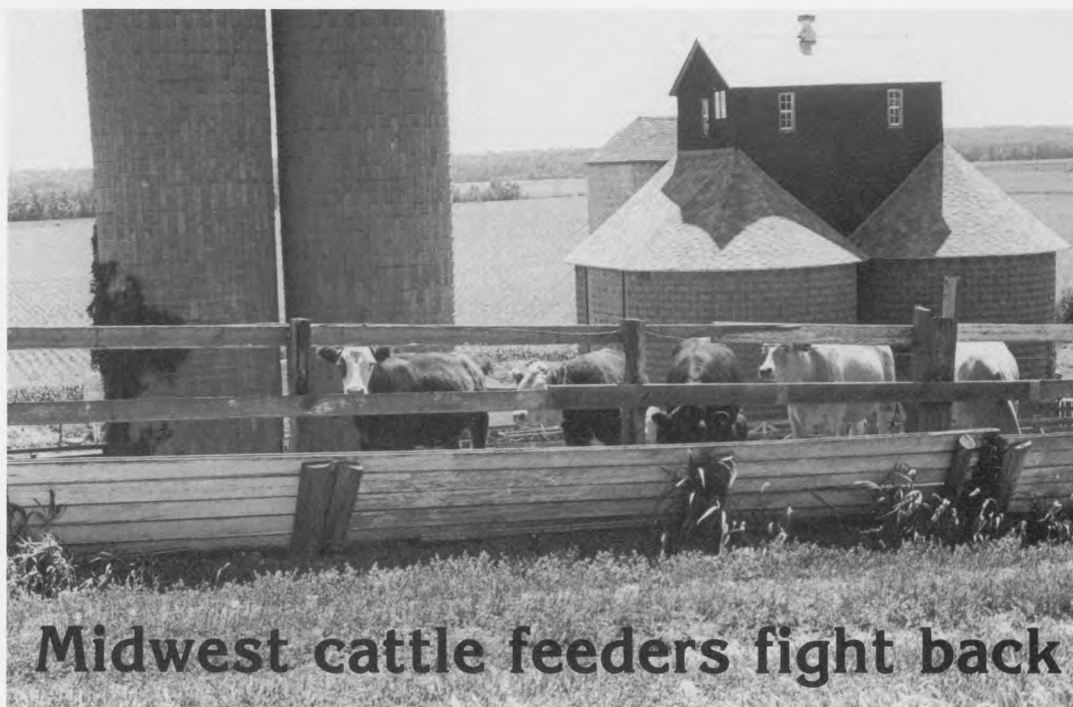
calendar, modem dialer, and an ASCII table. It should be noted that the SIDEKICK package is fully active at all times when using the agMGR package. By using the SIDEKICK package, the user has the ability to record all pertinent documentation while working in the agMGR package via the note pad.

- A complete set of data collection forms that coincide with the software package inputs. These forms are to be completed by the customer for two purposes:

- 1) To aid the banker in completing the required computer inputs.
- 2) To allow the lending institution to protect itself from the borrower when taking control of the operation by having the borrower sign the forms to indicate he understands them.

- One final feature that further enhances the package is its ability to run "what if" situations in all of the sections of the agMGR package.

The agMGR package operates on IBM and IBM compatible computers. A minimum of 256K memory is necessary with 3.1 or higher DOS (disk operating system). Two floppy disk drives or one floppy and one hard disk drive also are required. □



## Midwest cattle feeders fight back

A NORTHWESTERN BANKER interview with  
**MARK WILLIAMS**, Fieldman

Iowa Cattlemen's Association, Ames, Ia.  
and

**OLIN J. COX**, Nutritionist

Cox Nutrition & Technical Services, Paton, Ia.

ONE CASUALTY of the Midwest ag crisis has been the cattle feeding industry, a mainstay of the farm economy in most upper midwest states. An assault on the dietary value of red meat, coupled with traditionally low returns for producers while retail counter prices soared in the 1970s, converged for a showdown at the same time the economic recession that greeted the 1980s brought sweeping changes to the livestock industry.

Along with a re-structuring shakeout that has been occurring in all areas of agriculture, trade associations representing the livestock interests are fighting back with new programs on behalf of their members. One is the Commercial Feeding and Grazing program offered by the Iowa Cattlemen's Association, based on the "Retained Ownership" concept. The Nebraska Livestock Feeders Association, Lincoln, and the Nebraska Stock Growers Association, Alliance, have hired a staff person whose principal duty is to promote the cattle feeding industry for the state and provide a communications link for this vital area of the livestock industry. The Kansas Livestock Association, Topeka, has a program very similar to that in Iowa.

Mark Williams, ICA fieldman, says his association's Commercial Feeding and Grazing program, which went into effect early in 1986, offers a listing service of qualified livestock feeders and grazers in the state. "Qualified is the key word," he emphasizes. "That means those individuals have met standards set by a core group of feeders and grazers in conjunction with the ICA. Our organization did the approval work last

year when the program was started. The sign-up period is open once a year and that 1987 sign-up was during the month of January for 1987. This year the approval of those who meet our standards is given by ICA along with the member core group."

Mr. Williams coordinates the promotional work to market this concept. This includes a videotape for ICA or member use that shows ideal conditions for feedlots and grazing and explains visually the various steps that should be followed by a qualified operator in pursuit of good feeding and grazing practices. In addition, ICA will go alone or accompany members on visits to prospective cattle customers in other states, and also conducts tours of qualified Iowa facilities for ag visitors.

Mr. Williams says the association's Commercial Feeding and Grazing program offers these features:

- Grazing for cows-calves and yearlings.
- Retained ownership calves a specialty—background or finish.
- Consulting nutritionists and veterinarians.
- Computerized feedlot monitoring and record-keeping.
- Contracting and hedging services.

In its contacts with prospects, the ICA points to the state's abundant feed at low costs, proximity of several major commodity delivery points, no property tax on cattle, personal attention with professional care, proximity to high quality feeder cattle of southern Iowa, and surplus slaughter capacity.

The core committee of ICA consists of 12 members, with Evan Vermeer of Sioux Center as chairman and Steve Taylor of Mt. Ayr as vice chairman. One of the committee members is Olin J. Cox, owner of Cox Nutrition and Technical Services, Paton, Ia. He received his Bachelor of Science degree in animal science with a production background from Kansas State in 1969, then earned an M.S. degree in ruminant nutrition in 1973 at Kansas State. He has commercial cattle



COX NUTRITION & TECHNICAL SERVICES  
COX NUTRITION & TECH SER.

JAN 10 1987

## CATTLE SPECIFICATIONS

PEN NUMBER:	0	STEER
STARTED:	JAN 10	
FINISHED:	JUL 6	
FEEDER COST (\$/100 LBS.)	72.00	
SALE PRICE (\$/100 LBS.)	60.00	
% SHRINK	4.00	
% DEATH LOSS	1.50	
MISC. COST (\$)	12.50	
INTAKE FACTOR	5.90	
EFFICIENCY FACTOR	5.75	
WEATHER EFFECT (% REDUCTION)		
% INTEREST	11.00	
YARDAGE (\$/DAY)	.10	

## PERFORMANCE PROJECTION

DAYS ON FEED	177
STARTING WEIGHT	600.00
FINISHED WEIGHT	1101.18
AVERAGE DAILY GAIN	2.78

FEED/POUND GAIN	
AS FED BASIS	10.25
DRY MATTER BASIS	7.16

FEED/HEAD/DAY	
AS FED BASIS	28.49
DRY MATTER BASIS	19.90

BREAKEVEN PURCHASE PRICE \$/100	75.71
BREAKEVEN SALE PRICE \$/100	57.84
COST/DAY (\$)	1.12
PROFIT/LOSS PER HEAD (\$)	23.74

COST OF GAIN	\$/100LBS.	TOTAL\$
FEED	28.44	139.94
YARDAGE	3.62	17.83
MISC. COST	2.58	12.69
CATTLE INTEREST	4.75	23.39
FEED INTEREST	.76	3.73
MISC. INTEREST	.16	.81
TOTAL	40.31	198.39

## INGREDIENT USAGE

INGREDIENT	AMOUNT
101 CORN	2711
306 HAY MIX	515
901 BAL STR	74
375 CORN SILAGE	1520
202 LACTO-WHEY	150
524 RUM VTM/SE	
401 SALT	
275 MEAT & BONE MEAL	
244 SOYBEAN MEAL 44	
409 UREA	
400 LIMESTONE	
402 DICAL	
413 DYNAMATE	
430 MAG OXIDE	
426 ELEMEN.SULFUR	
521 CALF STARTER CON	67
520 CATTLE STRESS /D	6
411 POTASSIUM CLORIDE	
600 BOVITEC 68	
TOTAL	5043

## FEEDING PROGRAM

RATION NAME	STARTING DATE	DAYS
1 STARTER	JAN 10	21
2 GROWER #1	JAN 31	30
4 FEEDLOT #1	MAR 2	7
5 FEEDLOT #2	MAR 9	5
6 FEEDLOT #3	MAR 14	5
7 FINISHER #1	MAR 19	5
8 FINAL FINISHER	MAR 24	104

\*\*\*\*\*  
 \* FIGURES ARE ESTIMATES AND ARE BASED ON THE BEST INFORMATION AVAILABLE. \*  
 \* ANIMAL PERFORMANCE WILL BE AFFECTED BY WEATHER, GENETICS, ENVIRONMENT, AND \*  
 \* OTHER PARAMETERS. NO GUARANTEE OF PROFIT OR PERFORMANCE CAN BE MADE. \*  
 \* COX NUTRITION & TECHNICAL SERVICES RR1 BOX 63 PATON, IA. 50217 \*  
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## • "Each feedlot operator or grazer must meet nine criteria before being placed on the listing service."

feeding and technical services credentials that go back to 1968, including commercial cattle feeding on his own, feed company field nutritionist and technical advisor, with the past two and one-half years as field nutritionist for Eldon Juhl at Dana, Ia., for cattle being fed, plus developing that company's computer management and monitoring programs. Mr. Cox developed his computer skills while he was a field nutritionist with ADM working with ranchers, feedlot operators and large capacity swine producers in Nebraska and Kansas.

Mr. Cox points out that the Commercial Feeding and Grazing program encompasses these two main points:

### 1. Revitalization of the Beef Industry

- utilize facilities currently idle
- re-employ people to do what they know best; i.e., feeding and raising cattle
- recognize and understand the economic ramifications of a healthy livestock industry on our local community level
- the creation of wealth by utilizing resources that for the most part are renewable, but have little or no economic value unless fed to a ruminant (forages, grazing, by-products, corn and soybean growers)

### 2. Restructuring of the Cattle Feeding Industry

- utilization and incorporation of computers and applicable software to our industry
- utilization of specialists and professionals in the area of health, nutrition, finance, tax and accounting
- predetermining profit potential, return on investment, price protection, and risk management
- cattle health and performance monitoring
- shared risk of cattle ownership: a. retained ownership. b. cattle partnerships. c. cost of grain feeding. d. feed and yardage with predetermined ceiling and floors on feed cost.

Each feedlot operator or grazer must meet nine criteria before being placed on the listing service. Five of these criteria are the same for feeders or grazers:

- Access to a certified livestock scale
- Projection capabilities
- Defined close-outs
- Reasonable animal health program
- Member Iowa Cattlemen's Association

Additional criteria that must be met for each group are:

#### For Feeding

- On-farm feed scales
- Nutritionally balanced rations
- Knowledge of water, air and waste management regulations
- Semi-monthly feedlot monitoring program

#### For Grazing

- Accurate method of charging feed costs to owner
- Water source
- Adequate fences
- Working facilities

In addition, feedlots and pastures are classified by types to help the potential client decide which participating member fits his cattle feeding need. Also, each feedlot operator is expected to furnish, upon request by a client, reference as to character, management and credit. It is also recommended that insurance, liabilities and the use of a written contract be discussed with every client.

Implementing this type of program to renew the cattle feeding industry within Iowa costs money, and the ICA and its members have put up their funds.

ICA has committed \$5,000 seed money and the services of staff member Mark Williams as coordinator. Each participating ICA member pays an annual service fee of \$150, plus 10 cents per head based on a one-time capacity in the feedlots or pasture. The Department of Economic Development contributed \$6,000 for development of the 15-minute videotape entitled, "A Profit to Be Made."

Working with ICA, the core committee began its advertising campaign last June in cattle publications in Kentucky, Missouri, South Dakota, Virginia, Tennessee, Arkansas, Alabama, Mississippi and Georgia. Those ads resulted immediately in 45 requests for further information.

Further, the core committee made personal contact with four states—Kentucky, Virginia, North Dakota and South Dakota. As a result, 30 cattlemen from Kentucky have toured Iowa feedlots and pastures, and the first bunches of their cattle has gone through the feedlot program here. A small group made the tour from Virginia and has expressed high interest in the arrangement to ship feeders to Iowa, some with retained ownership, others to sell as replacements. Approximately 80 cow/calf producers from South and North Dakota visited Iowa and several loads have been placed in Iowa feedlots and pastures from North Dakota.

Additionally, ICA has worked closely with cow/calf operators in southern Iowa to place their calves in the feedlot and grazing program; again, some with retained ownership and some as outright sales of calves.

The 46 initially approved feedlot and grazing operators have one-half concentrated in the northwest quarter of the state, which in former years was a premier feeding area of the nation. The balance of the 46 initial qualified members on the list show 12 in the southwest quadrant of the state, nine in the central counties in the eastern half of the state, and one in extreme northeastern Iowa and one in southeastern Iowa.

Rich McKee of the Kansas Livestock Association, Topeka, describes his association's effort to promote feeding as being closely parallel to the effort Iowa initiated last year. "We are putting together a video," he said, "to aid members to explain to cattlemen, primarily in other states, how the feeding industry in Kansas works, and to explain the advantages of Kansas to them. This is aimed primarily at those who have traditionally weaned calves, and now retain ownership. Our feedlot members can take this videotape with them outside the state and show it to any individual or to interested groups." □



# 21 reasons for farm appraisals



Written especially for THE NORTHWESTERN BANKER

By **HARRY S. HALVORSEN, AFLM**

Harry S. Halvorsen Real Estate

Forest City, Ia.

...with the assistance of Fred Greder, farm loan representative, Travelers Insurance Co., Mason City, Ia.

**A**GRICULTURE is in a crisis with new problems each day. Too many who have only been in farming for the last 20-25 years feel the present situation is different. We who remember the good old days of the '20s and '30s, and heard our fathers and grandfathers talk about the early 1900s and before, know that the history of farming is only repeating itself.

My Uncle Jap, who was born around 1890 on my grandfather's farm, attended country school and the local academy which served as high school and junior college of that day and went to work in a bank at Thompson, Ia. He married a farm girl and owned a team of horses, a buggy and a milk cow for his growing family. Like most rural bankers, he had no problem understanding a farmer's problems and correctly judging a farmer's needs and ability to pay back a loan most of the time, unless there was a weather problem or extra poor prices.

This was true for most rural bankers through the '40s and '50s and into the '60s when the new era dawned and cash flow was replaced with the equity formula and many bankers and farmers became paper millionaires. At the end of the '70s higher interest became *king* and many of the equity loans that had been made were in trouble.

The Government's new program to lower grain support prices put the final kiss of death on equity farm loans. Because of equity farm loans, bankers and farmers are going through severe emotional and financial stress.

The current loan problems have developed a need for an outside independent person to judge the current value of previous loans made and on any new loans to

be made. Bankers and farmers need a person who is schooled in such appraisal techniques.

The farm real estate and appraisal industry has responded to that need over the years with professional training and standards for members of the several trade associations serving these professionals. Much has been written concerning the need for accurate appraisals and how they should be conducted. For example, Robert C. Suter, PhD, listed the following "Reasons for Appraisals" in his 1974 book, *The Appraisal of Farm Real Estate* (published by THE INTER-STATE Printers & Publishers, Inc., Danville, Ill., for \$14.50 per copy in that year). Mr. Suter was then in the Department of Agricultural Economics at Purdue Uni-

□ **ABOUT THE AUTHOR**—Mr. Halvorsen is a self-employed farm and land broker and appraiser, plus having an active part in farming 320 acres with his wife and son. He has been a farmer 44 years and had 20 years experience in that time in the fertilizer and seed business. He has been a licensed broker in Iowa and Minnesota for 10 years, and in Missouri since 1982. Mr. Halvorsen's career includes appraisal work for attorneys on estates; banks and savings institutions for loan values, and IRS for challenges of estate value. He has a long string of credits for professional appraisal schools and seminars for continuing education, commencing in 1966. He is a member of the National and Iowa Associations of Realtors and National and Iowa Farm and Land Institute; Farm-land of America, and North Central Board of Realtors.

Currently, he is on the Iowa Farm and Land board of directors, serves as its regional vice president for northeastern Iowa, is chairman of its state legislative committee and has been appointed to the state legislative committee of the National Farm and Land Institute. He received his AFLM designation in 1983 from the National board of governors of the Farm and Land Institute, holding certificate #648 in the 40-year history of that recognition.

versity. His nine reasons for farm appraisals are still valid today:

1. To buy, to sell, to trade or to transfer ownership.
2. To establish the bases for depreciating various buildings and improvements in subsequent tax schedules.
3. To settle a claim resulting from fire, wind or other casualty.
4. To assess the subject property for real estate tax purposes.
5. To obtain the basis for federal estate or state inheritance taxes.
6. To extend credit to the owner, thus financing the purchase of the farm, using the farm as security.
7. To liquidate the property, using the asset's sale price to settle debts, liens, and other encumbrances.
8. To establish just compensation to the property owner in instances where a public agency is taking either all or part of the property for public use.
9. To appeal where compensation, assessment, or other values or amounts are thought to be in error.

In the light of continuing developments since the publication of that book, we would suggest the following additions to that list:

10. To understand the different soil types and to figure their productivity for the area.
  11. To establish the cash flow potential for a period of years.
  12. To judge the potential cash flow on the different farm buildings in hog-cattle or grain storage and drying facilities.
  13. To understand the effect of the new tax law and the new Chapter 12 which will write down loan debt to fair market value and draw interest at a negotiated rate and establish the point beyond which 0% interest accrues.
  14. To petition the court for a receiver to be appointed.
- It is easier to get a receiver if an unbiased appraisal establishes that the collateral won't cover the outstanding debt.
15. Outside appraisals may influence the decision of other lenders with whom a bank is negotiating; for instance, FmHA in a guarantee loan application or Land Bank in a cash settlement compromise.
16. To argue for or against "marshalling" defenses. This is where a junior mortgage lender asks the court to force the first mortgage holder to bid each part of

the collateral separately at a Sheriff's Sale.

17. To motion for the lift of the automatic stay in bankruptcy so the creditor can proceed with the collection. As in a receiver petition, it's usually necessary to have outside estimates showing the loan is already undersecured.

18. Some of the midwestern states have legislation that requires the lender to bid the homestead separately at a Sheriff's Sale at fair market value, which may be considerably less than the debt. An outside appraisal may protect the lender from being forced to bid the homestead too cheap. In Minnesota, for example, the homestead can include up to 160 contiguous acres.

19. Outside, independent, credible appraisals are one of the few defenses left to a creditor *after* a customer has filed Chapter 12 bankruptcy. Chapter 12 reorganization plans will usually call for the debt to be written down to fair market value. The creditor *cannot* veto the plan as in Chapter 11, but can make every effort to have the fair market value stay as high as possible.

20. The Chapter 12 era has already prompted more interest in programs whereby a portion of the debt is set aside to draw zero interest. The amount of debt within fair market value would continue to draw interest at a negotiated rate. Outside appraisals would be helpful to establish the point beyond which zero interest accrues. In Minnesota, The Rural Finance Administration is a state-sponsored debt set-aside and interest rate buydown program.

21. Independent appraisals serve as excellent documentation in loan files for the benefit of examiners. Appraisals support values to book acquired properties. Appraisals support the value of acquired properties already re-sold on contracts for deed.

A bank's best chance to establish the market value in today's world is to use an accredited farm appraiser with a record of several years' practice in its area. Readers may contact one of the following for information on accredited appraisers:

1. American Institute of Real Estate Appraisers, 430 N. Michigan Ave., Chicago, Illinois 60611.
2. Realtors Land Institute (Formerly the Farm and Land Institute), 430 N. Michigan Ave., Chicago, Illinois 60611.
3. American Society of Farm Managers and Rural Appraisers, 950 South Cherry St., Suite 106, Denver, Colorado 80222. Telephone 303-758-3513. ☐

## FINANCIAL RESPONSIBILITY...

(Continued from page 8)

eventually need to think in terms of a "continuing educational commitment" just like most other highly technical professions. It won't be easy to produce this kind of attitude turnaround, but it is necessary.

Our seminar is called "There Is An Answer.....and there is! It starts by asking the right questions.

Recognizing that ag producers can do little about problems like export market base, interest rates, currency strength, and embargoes, more emphasis is required in areas that can be controlled, such as cost containment, management by objective and prudently financed growth.

For example, knowing the exact cost of producing

one bushel of grain or 100 pounds of beef or pork is critical to the operator in order to determine the most efficient utilization of fixed facilities, inventory and cash.

Over the last few years, Agri Control has developed an inexpensive system of collating and analyzing data from *existing* producer records that generates this information quickly and easily. The seminar is where we deliver that system to the producer. First, by educating him or her to the need and application of financial management tools, then by providing the system for using that education. In short, we teach **financial responsibility** and provide the means to achieve it. We sincerely believe that achieving **financial responsi-**

## FINANCIAL RESPONSIBILITY...

(Turn to page 20, please)





# Local banks have a “secret weapon”...

...“the strength and quality of your  
relationships with customers”

Remarks by  
**BARRY F. SULLIVAN**, Chairman  
First Chicago Corporation  
Chicago, Ill.

...at First National Bank's 40th Conference of Bank Correspondents  
November 24, 1986

**W**ITH REGARD to the nature and scope of the changes we face, it is interesting to note that three years ago the Bank Administration Institute sponsored a study on the outlook for banking in this country. It involved surveying hundreds of industry experts to determine their views on what the years ahead would hold for financial services. Generally speaking, the results of that study were quite reasonable, and remain so today. But, some of its specific predictions bear out the underlying truth in the old rule that, when you are forecasting, give a *number* or give a *date* but never *both*!

In particular, the study concluded that the number of banks in the United States would decline by almost one-third, to 9,600, by the year 1990. For example, it projected that “small” banks, those with assets of up to 100 million dollars, would contract in number some 40 percent. Not surprisingly, perhaps, more than half of all banks in this country, the study predicted, would be involved in consolidations either as acquirers or as acquirees.

Today, three years later, it is apparent that the future is not unfolding quite in accordance with the conclusions in that report. For example, the total number of banks in the United States has held fairly steady at around 14,000 in spite of consolidations and closings. This is so because hundreds of *de nova* banks have opened in recent years. In 1985, the figure was 345. And a good number of them are community banks.

## The Record of Acquisitions

Acquisitions have been taking place — there were

236 last year — but not at a pace that would ultimately involve one-out-of-every-two banks. In fact, I think that we in the industry need to make certain that we do not allow thinking about acquisitions to become a preoccupation that interferes with other pressing matters.

Potential acquirers are finding that the prices of institutions that are truly desirable candidates have risen to stratospheric levels. For example, in 1984, First Chicago purchased American National and its subsidiaries for 1 and ½ times book value. Just recently, N.B.D. Bancorp of Detroit reportedly agreed to pay 3 and ⅓ times book for USAmeribancs — a holding company with six banks here in the Chicago area.

In some cases, there may well be a unique reason for “paying up” to acquire a position.

But acquisitions at hefty multiples are frequently explained by pointing to large anticipated synergies. The massive synergies needed to justify *some* of today's purchase prices can be realized only by intruding broadly and deeply into the operations of the acquired institution. And that kind of heavy involvement runs the risk of draining that bank of the very strength that made it a sound acquisition candidate in the first place.

Acquisitions can be an important part of a bank's plans. And they are here at First Chicago. But an acquisition strategy is not a panacea. We must also address the changes in our environment that threaten the very strengths we bankers want to preserve, acquire, or sell.

The challenges and opportunities resulting from these changes face local banks — just as they face their larger colleagues.

### **The Commercial Paper Story**

For example, 15 years ago, banks accounted for fully 90 percent of short-term corporate borrowing. This year, 50 percent of that market has been taken over by commercial paper. That phenomenon has been given the name "securitization," and this form of disintermediation is now creeping into the market for medium-term lending, as well.

There is little question that commercial paper has made bank lending to the "*Fortune* 1,000" a break-even business, at best. And some observers have gone on to wonder how long it will be before the "C & I." loan is a thing of the past. That concern is understandable.

After all, commercial paper has displaced loans not just to the "Double A" and "Triple A" credits. Commercial paper has also taken over a significant portion of short-term lending to the lesser investment grade credits.

### **Impact of Securitization**

Without exploring all of the various possibilities, let me say that it is my view that the "easy" disintermediation has already taken place. Any new ground gained by securitization in the future will be hard fought. In particular, I believe that securitization will not reach smaller borrowers in the middle market. This is so because, unlike with larger firms, it is not possible to use information that is more or less public and readily available to assess their creditworthiness. This means that the companies that borrow from local banks will not be in a position to disintermediate through securitization.

Nevertheless, securitization has serious implications for the balance sheets of local banks. This follows from the fact that its impact on larger banks has forced them to begin looking on smaller companies as potential customers. Clearly, this means pressure on the pricing structure. And, if larger institutions can somehow offer enough rates, lending business could move in their direction.

My own feeling is that new arrivals are going to find local banks to be pretty tough competitors. Among the advantages that local banks have are their strong franchises. And that is not a piece of banking mythology. The Atlanta "Fed" took a look at this issue and concluded that smaller firms definitely prefer to deal with smaller banks.

But securitization through the shift of many corporations to the use of commercial paper is not the only reason why money-center and regional banks are searching for new customers to lend to. The more general problem that adds impetus to this search is one that is shared by all of us in this industry. It is that obsolete legislation prevents us from offering a wider array of financial services to both our wholesale and retail customers.

### **Banks Need Fuller Powers**

With regard to local banks lending to business, this is relevant because that vestige of the "New Deal" — the Glass-Steagall Act — prohibits larger banks from fully entering the field of investment banking. Given the heavy pressure on margins, broader underwriting ability would diminish the need of larger banks to move deeply into the middle market. This is borne out by the fact that more than one major institution has

spoken publicly of the possibility of giving up its banking charter in order to gain full access to investment banking.

We banks are restricted from providing our customers with the full range of financial services that they want and need. But, as you well know, the same is not the case with the so-called "non-bank banks" and our other competitors — such as American Express. Here, the focus is primarily on the consumer part of the business, which is such a vital part of your franchises and, historically, a great source of the strength of local banks.

The threat, therefore, is a major one even though we will, I am confident, ultimately have expanded product powers. The problem is that, in the meantime, our competitors will gain footholds from which we will have a hard time dislodging them. And there has already been some serious erosion in consumer lending areas that have traditionally been part of the product mix of local banks.

### **Home Mortgages Now a Tool**

The home mortgage business is a perfect example.

I certainly realize that there have been difficulties with fixed-rate mortgage portfolios. Nevertheless, it can be argued that a home mortgage is an especially important product to sell to a consumer.

It is a major financial transaction for the homeowner. And it can be used to establish or strengthen a relationship that includes other products and services. That is why it is a source of some concern that fully 50 percent of all mortgages are funneling through to mortgage bankers without any involvement by commercial bankers.

How can this development be dealt with?

When a product plays such a key role in marketing strategy, it is a likely candidate for "loss leader" status. There is nothing inherently wrong with this approach to pricing. Nevertheless, it does entail incurring a loss on a product. If the marketing objective is to establish an overall relationship, as you know, that can be achieved without losing money.

This is because of something that began back in the early 1970s.

### **Pooled Mortgages Now Competitive**

That was when the Federal Government created a secondary market in pooled mortgages through agencies such as the Government National Mortgage Association — "Ginnie Mae." The idea caught on. Today, mortgages, once the most illiquid and most localized of financial instruments, have become an accepted part of the wider financial landscape. In fact, the spread between new mortgages and 10-year Treasury notes, for example, has dropped more than 200 basis points in the last dozen years or so. Furthermore, according to one report, by 1983, the volume of newly issued mortgage-backed securities was greater than the volume of newly issued stocks and bonds.

Because of the nature of local bank funding sources, you are in a position to be quite competitive with regard to pricing without actually going below your cost of funds. With a strong secondary market readily available, there is, therefore, an opportunity to price aggressively, and then to sell-off the instrument. In addition to the benefit of starting or strengthening a relationship with a consumer, your local bank can earn the



points and the origination fees.

My purpose in mentioning this is to emphasize that there may well be a greater threat than we have recognized associated with the incursions of our competitors into the home mortgage business. But both "Ginnie Mae" and now "Fannie Mae," as well, offer the opportunity to compete effectively.

#### **"Home Equity" Installment Loans**

And I want to continue on the subject of home-related lending. As you know, the recently enacted Tax Act has enhanced the attractiveness of the "Home Equity" loan for consumers.

It is not very likely that this vehicle will lead to an increase in consumer borrowing in the aggregate. Still, it may shift the mix of consumer debt, and this may be especially beneficial to a local bank that does not have a credit card product.

I say that because you may have been noticing some slippage in the installment loan category and not just because of the auto financing situation. It is a fact that there has been a tendency for the consumer to substitute borrowing on his credit card — or cards, in some cases — for personal installment debt. The tax-preferred nature of the home equity loan may prove strong enough to outweigh the convenience of credit card borrowing for some consumers. To the extent that it is, you may do some home equity lending that otherwise would have taken the form of credit card debt at some other bank.

#### **Auto Financing Is "Loss Leader"**

Because auto loans have played a role in cementing the local bank franchise with the consumer, let me say a few words about auto financing. If there ever was a "loss leader," it is the loans being offered by the finance subsidiaries of the automobile companies.

For marketing reasons, the domestic producers have chosen low financing interest rates as the mechanism, in effect, for lowering the prices of their cars. The trick to using an incentive like that is to avoid letting it become a fixture. It looks to me, unfortunately, as if concessionary interest rates have become practically permanent.

No wonder that the captive finance companies grew their market share from 31 percent of auto installment debt to 35 percent in just one year — 1985.

That was at the expense of commercial banks, and similar increases can be expected in the years ahead. Part of the reason for this is the recent securitization — that is to say, the pooling and sale — of automobile loans. These securitized loans are known as certificates of automobile receivables — "CARS," for short — and they will permit the captives to expand without being constrained by the growth rate of their capital.

Frankly, I think we need to recognize that this problem is going to get worse before it gets better. The domestic automobile industry will continue to face a very competitive environment for many years to come; and, because of its flexibility, concessionary financing will remain an attractive marketing tool. In my view, all of us in banking need to think about finding a substitute for the traditional auto loan.

#### **Non-Bank Bank Threat**

My comments have been directed at some examples on the asset-side of the balance sheet — to highlight the incursions into our product areas. Yet, there is a

threat on the liability-side, as well. It is that the "non-bank banks" pose a serious potential challenge to your base of core deposits.

In particular, it would be unwise for any of us to underestimate the situation created by some of the major retailers. It is reasonable to assume that, sooner or later, their stores in your local market will be competing aggressively with your for deposits. When that happens, it will certainly raise our level of frustration.

Obviously, banks need more even-handed laws and regulations relative to our "non-bank" competitors. That will help us all. But local banks have a "secret weapon," if you will, in this battle. It is actually a weapon that is really no secret at all.

#### **Local Banks Offer Value**

I am referring to the strength and the quality of your relationships with your customers. You are willing and able to give a degree of personal service that few competitors can match and all customers value. And I mean "value" in a very concrete sense.

In fact, I am convinced that, if local banks continue and even deepen the personal service that has gotten them where they are, they will have more than a fighting chance to fend off the coming assault on core deposits.

I have consciously focused my remarks on some issues that pose challenges to local banks, so, I want to be sure to underscore the fact that we at First Chicago believe very strongly that local banks in the Midwest have bright futures ahead of them. That confidence arises in large measure from the readily observable fact that local banks have strong and long "track records" of successfully and profitably adapting to and serving their markets. Consequently, the enviable franchises that local bankers can point to are not the result of "happenstance." Rather, they reflect an understanding of, and willingness to serve, the needs of customers.

#### **Correspondent Relationships**

That has always been a key to success in banking. It always will be, even as our industry continues to undergo profound change. I am convinced that the correspondent relationships that, hopefully, have served you well in the past will continue to be sources of mutual benefit in the years ahead. □

### **FINANCIAL RESPONSIBILITY. . .**

(Continued from page 17)

bility provides the only real, long term answer to the problems facing the ag producer and his lender.

Our seminar, among other things, teaches the producer to understand the language and appreciate the terminology of a banker. At Agri Control, it's our goal to understand the language and appreciate the terminology of a producer, a farmer. It's important to know the meaning and full economic impact of cattle on feed days, of conversion ratio and average daily gain. It's important to recognize fixed and variable expenses, and how each are affected by total acres cropped, bushels per acre, cattle on feed days, pigs per litter, or acres per cow/calf unit.

The challenge of the future for all of us within the agricultural and financial community is to attain the degree of confidence required to insure our ability to work as a profitable partnership. □

## DEAR EDITOR. . .

(Continued from page 4)

ter to Senator Grassley. I am enclosing a letter I wrote to him describing our first experience with Chapter 12. You have described the situation perfectly. There will be a lot of farmers who will not get credit because of Chapter 12, double jeopardy and a host of other discriminatory laws passed by our legislature and Congress. I hope your letter gets to the proper source and I'm sure it will."

Edward L. Tubbs, Chairman  
Maquoketa State Bank, Maquoketa, Ia.

\* \* \*

"I have just read your open letter to Senator Grassley and was overwhelmed with a desire to say 'thank you.' Your letter should be applauded by all bankers and I hope your past rapport with Chuck will help him realize the urgency of the matter.

A moratorium is one thing, but no bank can or should have to absorb the losses inflicted by Chapter 12. When the farmers asked to borrow money they threatened us with 'doing business down the street' if we didn't go along. Their loyalty was pretty thin in those days and we bankers believe we were servicing our good customers. Because of Chapter 12, even the good ones will now find financing non-existent.

"We have an attorney in Sioux Falls that has advertised to the farmers not to pay until they review with him the possibility of protection under Chapter 12.

"Senator Grassley has been less than appreciative of the bankers' original support to elect him, but I don't think he meant to ring the death knell on them and then like dominoes, the farmer, businessmen and ultimately the small town itself. I hope your letter gets positive results."

L.H. Olson, President  
Commercial Trust & Savings  
Bank, Mitchell, S.D.

\* \* \*

"May I express my thanks for sharing with our industry your excellent letter to Senator Grassley on Chapter 12 Bankruptcy.

"For some reason, we have difficulty in educating our legislators, along with others, that we are *going the extra mile* to help save the farmer and small business that show any sign of possible survival. We do not need ridiculous solutions like Chapter 12.

"As you so skillfully pointed out, they do not realize that we have a responsibility to our depositors, regulators and stockholders. If the local bank fails, the community problems are magnified many, many times.

"I have always appreciated your fine publications and news of banking. Please keep up the good work and maybe some of our farmers, businesses and bankers will survive for another day."

Darold Petersen, President  
Lakeside State Bank  
New Town, N.D.

\* \* \*

"Excellent job...The young farmers in our area will be the hardest ones hit. We will not be able to finance them and getting them into a new venture. I can see no way that we can take a chance, like someone who has the potential and the seed money to get started

farming. The growth of our banks and the community will be hurt severely by the new Chapter 12 Bankruptcy Law.

"I hope more than Senator Grassley will be able to read your letter. Very well written and brings the true story home."

James C. Stratton, President  
Osmond State Bank, Osmond, Nebr.

\* \* \*

"I just finished reading your letter to Senator Grassley. Congratulations and best wishes! You sure know how to 'give 'em hell' and all of us are behind you. I trust that all who agree with you on this situation will have some influence on the people we elect."

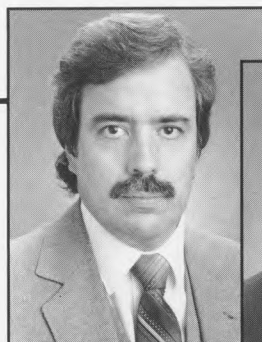
James R. Campbell, President  
Norwest Bank Minneapolis, N.A.  
Minneapolis, Minn.

## Jeff Rodman Leaves ABA To Join MASI Staff As V.P.

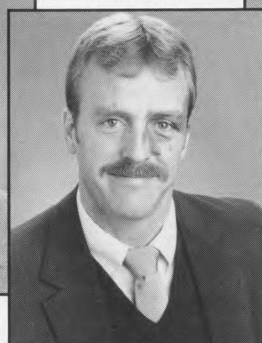
Jeffrey J. Rodman is joining the staff of MABSCO Agricultural Services, Inc. (MASI) as vice president-marketing, effective February 17. Mr. Rodman resigned his position as assistant director of the Agricultural Bankers Division at the



J.J. RODMAN



Bill Horton



Jeff Bryant



LuAnne Tczap



Jan Kahout



Kathy Antonich



Andrea Brost

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The Collateral Protection Insurance Specialists



American Bankers Association headquarters in Washington, D.C., to accept this new appointment in Des Moines, Ia., headquarters of MASI.

In his new position he will manage marketing and sales, formulate marketing strategy and product development, handle public relations, and supervise participant training. MASI serves member banks of 12 state banker associations, as well as participating banks in three additional states.

Mr. Rodman is a native of Springville, Ia., and is a 1977 graduate of

Iowa State University. Upon graduation, he began his financial career with the Federal Land Bank Association in Decorah, Ia., serving there as vice president/branch manager. In 1982 he joined the Farm Credit Administration headquarters in Washington, D.C., as a regional supervisory officer. In that position he was assigned to a two-man team with responsibilities for maintaining on-going contacts with the Farm Credit Banks of St. Paul, comprising \$11-\$12 billion in total assets. He was reassigned in 1984 to Farm Credit Banks of Spokane as part of

the FCA's reconstruction effort in that problem-plagued district.

He left the FCA in 1984 to join the American Bankers Association headquarters staff as assistant director for the Ag Bankers Division, where he has been responsible for all activities, services and products of the division.

After receiving his B.S. degree in Industrial Administration from Iowa State in 1977. Mr. Rodman also did post-graduate study at Luther College in Decorah, and at American University in the nation's capital. He has also taken advanced training in ABA's Commercial Lending School at the University of Oklahoma, and its course in Negotiating Skills, as well as several AIB courses.

## **Capital. Another reason for selecting Swords Associates.**



"We as the directors of a \$200 million national bank had to make some drastic decisions. Our ROA had dropped below .60% and our capital-to-assets ratio stood at 4.8%. We had dismissed most of the upper level management, and

had received a warning from the Comptroller's office. Swords Associates was called to help us organize our chaos.

After a meeting with management and an examination of the bank's operations, Swords Associ-

ates was back within a week with what they considered our most viable solution.

Swords Associates recommended that our bank offer to exchange variable rate preferred stock for our soon-to-be-due debentures. An austerity program was to be launched immediately to enhance our profitability. With Swords Associates assistance a prospectus was developed, a meeting held with the Comptroller and the exchange idea presented and approved by the debenture holders.

Today after carefully following Swords Associates suggestions and further consultations on other minor problems, our bank has fully recovered. Our ROA is presently running at a respectable 1.26%, capital-to-assets ratio is up to 6.8%. We have recently lifted our austerity program and are viably competing for business in the community."



**SWORDS ASSOCIATES, INC.**  
PROFESSIONAL BANKING CONSULTANTS

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**The Carpenters Pension Fund of Illinois**, covering the State of Illinois and the eastern half of Iowa, announced today a financing program of new and rehabilitation construction projects. The Pension Fund is interested in providing financing of construction and end loans at competitive rates. The servicing of these loans, ranging from \$250,000 to \$2,000,000, will be handled through local banks. The program is available for commercial and residential projects.

For further information, please contact: Frederick A. Westmark, Administrative Manager, Illinois Employee Benefits Corporation, 28 North First Street, Geneva, Illinois, 60134, 312/232-7166.

## **LaSalle National Corp. Acquires Lisle Bancorp.**

LaSalle National Corp., Chicago, has completed the acquisition of the Lisle Bancorporation, the holding company for the \$100 million Bank of Lisle.

The bank, renamed the LaSalle Bank of Lisle, now offers access to higher lending limits and proven international, trust and support services to Lisle and all of DuPage County.

LaSalle National Corp., the holding company for LaSalle National Bank, Chicago, had announced its plans to acquire the profitable Bank of Lisle in July, 1986. It has since received regulatory and shareholder approval for the merger, according to Homer J. Livingston, Jr., president and chief executive officer of LaSalle National Bank.

Leonard P. Ponte remains as president of the Lisle bank.

LaSalle National Corp. paid \$18 million to purchase and merge with the Bank of Lisle, located at 4733 Main St. in Lisle.

During 1985, the Bank of Lisle reported a 2.17 percent return on assets, ranking it in the top 4 percent of banks its size.

LaSalle National Bank is a subsidiary of Algemene Bank Nederland N.V. (ABN Bank) and a member of its ABN/LASALLE group which has offices in 13 North American cities. ABN is one of the world's largest financial institutions, with more than \$60 billion in assets and more than 900 offices in 43 countries worldwide.

## Illinois

C.E. Waterman, pres., South Holland  
W.J. Hocter, exec. v.p., Chicago



### IBA Conference Set For Feb. 25-26

The Illinois Bankers Association will hold a Consumer Credit Conference on February 25-26 at the Hyatt Regency Woodfield in Schaumburg. This year's conference theme is "Changing Ideas To Profits."

On February 25, Bill Grove of Atlantis, Fla. will speak on "Excellence is an Inside Job." Mike Moebs, G.M. Moebs & Associates, Lincolnwood, will present "Home Equity Ideas for Profits." Jerry Markbreit, NFL Referee, will be the luncheon speaker.

The afternoon workshop sessions include: "Implementation of Home Equity Loans: A 'user' tells all," "Building Dealer Volume: Auto/RV/Marine," "Student Loans—A Changed Environment," and "Pricing Techniques for Improved Profitability—Autos, Home Equity, etc."

On February 26, James W. Evans, attorney from Champaign, will speak at 7:30 a.m. on "Questions & Answers" and at 9 a.m. on "Loan Documentation for Consumer Lenders." Morning workshop sessions include: "When to Use Professional Collectors," "The Pluses of Mergers & Acquisitions," and "Compliance Issues for Installment/Consumer Lenders."

Registration is \$150 per person and \$125 for each additional registrant from the same bank/firm. The fee includes two continental breakfasts, a luncheon, three coffee breaks, two receptions and all conference materials.

### Three Promoted in Aurora

Mary K. Cinton has been promoted to assistant vice president in operations, and Barbara L. Turner and Martha J. Slimp to assistant cashiers of Aurora National Bank on Indian Trail.

Mrs. Cinton has been with the

bank for 13 years. She most recently served as assistant cashier.

Ms. Turner most recently served as personnel administrator. She will be assistant cashier in personnel. Ms. Slimp has been with the bank for six years. She most recently served as teller supervisor responsible for proof, cash vault and ATM operations. In addition to being promoted to cashier, she will also serve as manager.



Stephen S. Cole has been named president of MONEY STATION of Illinois, Inc., Chicago, the newly consolidated automated teller network of MONEY NETWORK and CASH STATION.

Mr. Cole, who began his career with First National Bank of Chicago in 1972, most recently served as vice president and head of the electronic banking division of First National Bank



S. COLE

of Chicago. He was also responsible for CASH STATION, First Chicago's proprietary ATM program as well as its credit card merchant program, home banking and self-service terminals. Previously, he managed ATM network marketing for CASH STATION, Bank-at-Work/ACH sales and consumer affairs, all at First Chicago.

\* \* \*

Lane Financial, Inc. has announced that it has completed its previously announced acquisition of the \$107 million asset Bank of Westmont in Westmont.

William N. Lane, III, chairman of Lane Financial, said the affiliation of the Bank of Westmont with Lane Financial will provide a strong presence in the western suburbs and boost the economy's assets to nearly \$1.6 billion.

Marcel Levesque will continue to serve as CEO of the Bank of Westmont.

Total assets of the Bank of Westmont were \$107 million as of September 30, 1986.

### Promoted in Monmouth

Chris J. Gavin has been promoted to assistant vice president of Monmouth Trust and Savings Bank. He joined the bank in 1983 and was appointed loan officer in 1984.

### FNBOS Officers Earn MBA Degrees

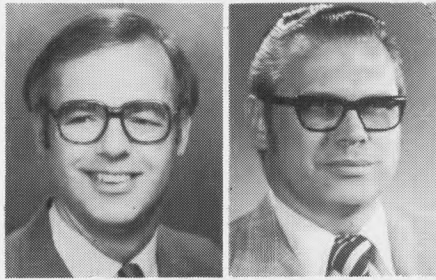


At a staff wine and cheese party, USAmérica First National Bank of Skokie Pres. James A. Carlson (left), congratulates April A. Locander, v.p. of support services (center), and Michael Henthorn, cust. serv. off. and mgr. of the Financial Services Center, (right), for completing the necessary courses to earn a masters degree in business administration from Loyola University. Diplomas were awarded in January. Ms. Locander and Mr. Henthorn joined the bank in 1979.



## Minnesota

R.W. Terwilliger, pres., Eden Prairie  
T.L. Jeffers, exec. v.p., Minneapolis



### MBA Seminar Scheduled

The Investing for Profits seminar, sponsored by the Minnesota Bankers Association Investments and Funds Management committee, will be held March 5 at the Hotel Sofitel, Bloomington. The seminar will provide an opportunity to discuss new investment products and services, tax reform impact on the investment portfolio and outlook for interest rates.

The registration fee is \$80 per registrant and includes all meeting materials, lunch and breaks. Only members and associate members of the MBA are eligible to attend. For more information, contact the MBA office.

### Named in Eden Prairie

Marquette Bank Eden Prairie has announced the appointment of Bill Breit to president. He had served as a vice president of Marquette Bank Minneapolis' corporate services group.



B. BREIT

Before joining Marquette Bank Minneapolis, he was a division sales manager for Westinghouse Credit Corporation in Chicago, Ill. He also served as a vice president and client executive for Norwest Bank in Marshall. In addition, he served as vice president and marketing manager for Norwest Business Credit and assistant vice president of lease marketing for Norwest Leasing.

### Named in Northfield

Elaine Bauernfeind has been named assistant vice president in charge of operations at First Bank Northfield.

She began her banking career in

1975 when she joined the bank's bookkeeping department, where she held various positions including supervisor. In 1979, she became an auditor for First Bank System working throughout South Dakota, Minnesota and Wisconsin. She rejoined First Bank Northfield in 1980 as operations and compliance officer. In 1984, she joined Bank of Minneapolis and Trust Company as assistant vice president in charge of operations.

### Changes Told in Adams

The Farmers State Bank of Adams has announced the retirement of Robert D. Hanson as president. He joined the bank in 1967, serving as president since 1981.

Gordon Klaudt has been elected president. He has been with the bank since 1963, serving as vice president-cashier and director since 1980.

Roland Hoffert has joined the

bank as vice president-cashier and director. He formerly served as president and director of American Bank, Danube, and most recently was a loan officer with Farm Credit Services in Elkhorn, Wis.

### MBA Expands Programs

The Minnesota Bankers Association, with direction from various committees and the MBA board of directors, has expanded its educational offerings 97 percent during the last two years, according to MBA Administrative Vice President Wayne Berthiaume.

Nearly 200 days of programs will be offered by MBA during July 1986-June 1987. Two hundred program days averages out to be almost one program for every working day.

### Named in Andover

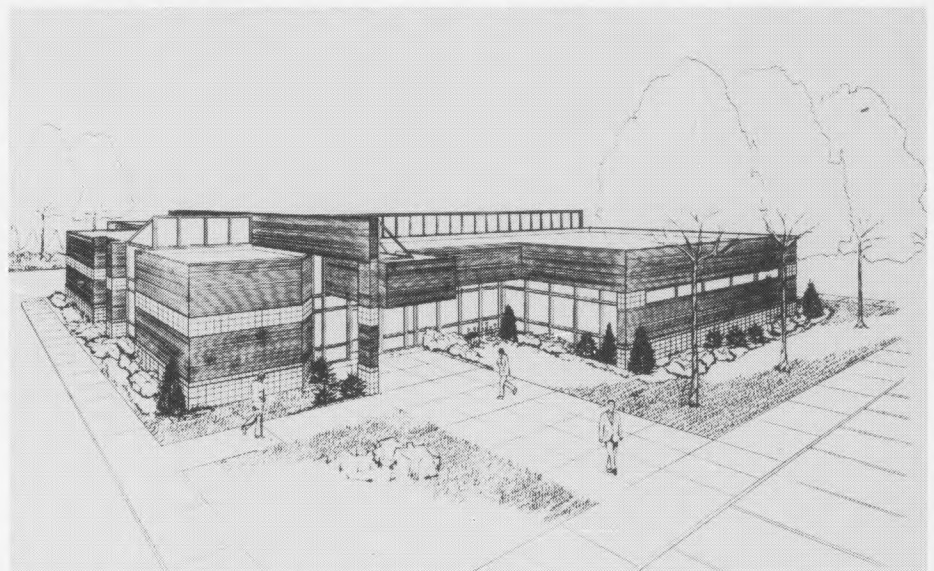
Kathy S. Cripe has been named an assistant vice president of St. Anthony National Bank, St. Anthony Village, and will manage the bank's new office in Andover.

Prior to joining the bank last year, she had been a branch manager with First Minnesota Savings Bank.



K.S. CRIFE

## St. Anthony Nat'l Bk. Opens in Andover



St. Anthony National Bank in St. Anthony Village has opened a temporary office in Andover at 13851 Round Lake Blvd. The office is the bank's first detached facility. Plans are underway for construction of permanent headquarters on Bunker Lake Blvd. The new 6,000 sq. ft. building is scheduled for completion late this year.



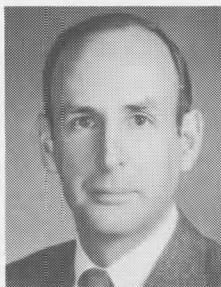
## Twin Cities

Several new officers have been named at National City Bank of Minneapolis.

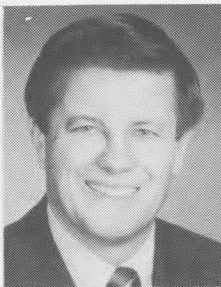
Three were named to senior vice president status. They are: **Thomas J. Freed**, chief financial officer and manager, control department; **David M. Nash**, manager, corporate development department, and **Floyd J. Stewart**, commercial banking division - A.



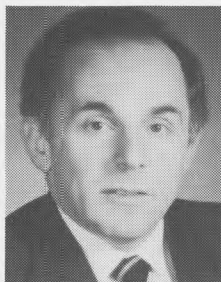
T.J. FREED



D.M. NASH



F.J. STEWART



D.E. FERRONI



B. MANAHAN

Mr. Freed has been with the bank since 1969. He is the secretary and controller of National City Bancorporation. Mr. Nash has been in the banking industry since 1971. Continuing as manager of the commercial banking division - A. Mr. Stewart has been in the banking industry for 27 years.

In addition, **Donald E. Ferroni** has been named controller of the

bank and manager of the accounting division. He has been with the bank since 1974.

Named vice president of the commercial banking division - B, **Bridget A. Manahan** has eight years of commercial banking experience.

\* \* \*

Marquette Bank Minneapolis has appointed **Carmen Gugin** as vice president and director of marketing. She will be responsible for the marketing function at Marquette Bank Minneapolis and its seven facilities in downtown Minneapolis, Eden Prairie, Burnsville, northeast Minneapolis, Edina and Brooklyn Center.

Before joining the bank, she was vice president for planning and marketing at St. Francis Regional Medical Center in Shakopee.

\* \* \*

**John (Jack) A. Hoffner** has joined Commercial State Bank, St. Paul as vice president, retail banking.

He joins the bank after 24 years with Minnesota Federal, formerly First Minnesota.



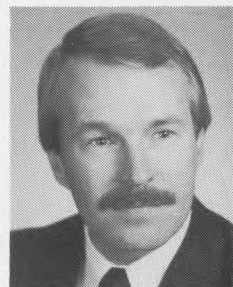
J.A. HOFFNER

\* \* \*

**Robert P. Platzer** has been promoted to assistant vice president—lending of Cherokee State Bank, St. Paul. He has been with the bank for six years.

**William L. Meyer** has joined Norwest Bank Minneapolis as assistant vice president in the community banking division.

Prior to joining Norwest, he was in the correspondent banking division at First Wisconsin National Bank of Milwaukee, calling on banks in northeastern Wisconsin.



W.L. MEYER

\* \* \*

Norwest Corporation has named **Kathleen L. Lock** director of investor relations for the corporation. She succeeds **Kerry Noyes**, who has transferred to Norwest Capital Resources as senior marketing representative for pension and employee benefit programs.



K.L. LOCK

## Sale of Four Minnesota Norwest Banks Completed

Sale of the assets and deposits of four Norwest banks in Minnesota to banks owned by Minnwest, Incorporated have been completed, according to an announcement by Norwest Corporation.

Norwest announced last January an agreement to sell assets and liabilities of its banks in Montevideo, Ortonville, Dawson and Luverne to Minnwest, a new bank holding com-

MINNESOTA NEWS. . .  
(Turn to page 26, please)



## Wisconsin

R.J. McClellan, pres., Janesville  
B.K. Koontz, exec. dir., Madison



### Pres. Named in Kenosha

Rudolph F. Scuglik has been named president and chairman of the First National Bank of Kenosha, succeeding Knox D. Corrigan who has retired.

Mr. Corrigan joined the bank as a vice president in 1966 and became president and chairman of the board in 1976. Bank assets have grown from \$120 million to \$290 million during his term as president.

Mr. Scuglik started at First National in 1953 as a teller, was promoted to cashier in 1968 and executive vice president and board member in 1976.



R.F. SCUGLIK

### First Interstate Acquires Mid-Continental

First Interstate Corporation of Wisconsin has announced that it has completed the acquisition of Mid-Continental Bancorporation, Inc. of Milwaukee. Mid-Continental Bancorporation is the parent of Continental Bank, which operates five offices in Milwaukee. As of September 30, 1986, Mid-Continental had assets of approximately \$166,000,000.

First Interstate currently has Milwaukee-area banking offices in Shorewood, West Allis, New Berlin, Racine and Caledonia. The five Continental Bank offices will initially continue to operate independently of the five existing First Interstate Bank offices in the Milwaukee area.

The change in name to First Interstate and coordination of customer services among all offices in the Milwaukee area will occur by mid 1987.

First Interstate Corporation of Wisconsin had assets of \$1.27 billion as of September 30, 1986. With the

addition of the five Continental Bank offices, it now operates 38 banking offices throughout Wisconsin and has assets aggregating \$1.44 billion.

### Two Named in Brown Deer

Brown Deer Bank has named Brian Casper and Catherine Drager assistant vice presidents.

Mr. Casper joined the bank one year ago as a lender in the commercial banking department. He previously held several lending positions with another major Milwaukee area bank.

Prior to her promotion, Ms. Drager served as assistant controller and operations officer for the bank. She joined the bank in 1976.

### ABA Accredits WBA School

The Wisconsin Consumer Credit School, sponsored by the Wisconsin Bankers Association at St. Norbert College in West De Pere, has been given accreditation by the American Bankers Association.

The accreditation was announced at the ABA Education Policy and Developmental Council's recent meeting.

The Iowa General Banking School, sponsored by the Iowa Bankers Association at the University of Iowa in Iowa City, also received accreditation.

### Acquisition Cancelled

William H. Rodd, chairman and CEO of Central Wisconsin Bankshares, Inc., and Lincoln V. Knutson, president of Westby-Coon Valley State Bank, has announced the cancellation of agreements providing for the acquisition of approximately 65 percent of the stock of the bank by Central Wisconsin Bankshares.

Edwin J. Zagzebski, president and COO of Central Wisconsin

Bankshares, said that "unresolved issues between the parties led to the mutual agreement between Central Wisconsin Bankshares, Inc. and the Knutson family to cancel the agreements for the acquisition effective immediately."

Plans for the purchase of the bank stock from the Knutson family had been announced in September 1986. The Federal Reserve Board had granted approval of the acquisition on November 4, 1986.

### MINNESOTA NEWS...

(Continued from page 25)

pany founded by M.D. McVay, retired president of Cargill, Inc. and a former director of Norwest Bank Minneapolis. Final approvals of the sale were received from regulatory agencies in December and the transfer of operations was completed January 19.

Following the closings, Mr. McVay said, "The banks are well-staffed, well-managed and located in strong communities with growth potential, particularly in the agricultural sector."

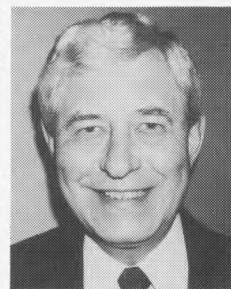
"Every community needs a sound banking institution dedicated to the economy of the community. We are pleased to become part of these communities."

### MBA Appoints Manager

Gordon L. Engfer has been appointed as manager of MBA Insurance Agency, a wholly-owned subsidiary of the Minnesota Bankers Association.

Mr. Engfer was formerly president of Drovers First American Insurance Agency in South St. Paul and is a graduate of the Hartford Insurance School. He was with the Drovers Agency for 33 years and spent six years with Drovers First American Bank.

MBA Insurance Agency is the Minnesota agency for BancInsure financial institution bonds, directors and officers liability insurance and other bank risks. The agency also offers other needed insurance products for Minnesota banks and bank agencies.



G.L. ENGFER

## South Dakota

B.M. Broderick, Jr., pres., Canton  
J.M. Schwartz, exec. v.p., Pierre



### Appointed in Aberdeen

Norwest Bank South Dakota, N.A., has announced the appointment of Kenneth D. Loken as senior vice president in the bank's Aberdeen branch.

He had served as president of the Norwest Bank operation at Groton. He assumed his new position as part of a move to consolidate the resources of the Aberdeen and Groton branches. Mr. Loken will report to Terry D. Baloun, president of the Aberdeen branch.

Mr. Loken began his banking career in 1978 as an agricultural lender at Norwest Bank Aberdeen. He moved to Groton in 1980 and became president of the Groton branch in 1986.

### Elected in Sioux Falls

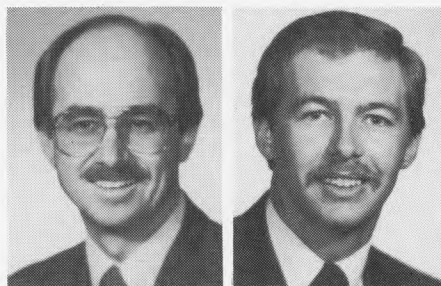
First Bank of South Dakota has elected Jacalyn M. Bunkers as personal trust officer, trust services division, Sioux Falls.

She joins the bank after working

with the accounting firm of Lyle B. Wrage & Company for the past six years.

### Sioux Falls Bank Names Two

David M. Eiesland has been elected commercial loan officer of Western Bank in Sioux Falls. An experienced commercial lender, he has over 12 years of banking experience.



D.M. EIESLAND

B.K. PERSON

Bryan K. Person has been elected managing officer of Western Bank - North in Sioux Falls. Formerly a personal banking officer, he has been with the bank since 1983.

### Two Named in Sioux Falls

Dan Callis has been named assistant vice president, mortgage lending of Norwest Bank South Dakota, N.A., Sioux Falls. He joined Norwest in 1978 in Rapid City and in 1985, transferred to Sioux Falls as a regional mortgage underwriter.

In addition, Pam Friedel has been named mortgage loan officer of the bank. She joined Norwest in Minneapolis in 1977 and transferred to Sioux Falls in 1978 as a real estate secretary. She most recently served as regional processing administrator.

### Retired in Tripp

Harrison O. Brosz, vice president and cashier, has announced his retirement from First State Bank of Tripp, formerly Dakota State Bank.

He has been associated with the bank for 35 years. He also served as a member of the bank's board fulfilling the duties of secretary.

### Joined in Sioux Falls

Dennis Hoffman has joined Norwest Capital Management and Trust in Sioux Falls as a trust investment officer.

Prior to joining Norwest, he was an investment officer and account executive with a local brokerage company. He replaces Tim Melin who has accepted the position of manager of the Rochester Norwest trust office.

Susan Welo has been promoted to administrative officer—investments. She joined the bank in 1979. Mina Ulven has also been promoted to administrative officer—tax. She has been employed with the bank since 1984.

Greg Sorum has been promoted to systems officer. He joined the bank's staff in 1979.

Promoted to personal banking officer, Nancy Schuelke joined the bank in 1981 and has worked in several areas of the bank.

Bonnie Krueger has been promoted to mortgage loan officer. She joined the staff of First National in 1985.

### Named in Grand Forks

David Ramage has been elected to the board of Community National Bank of Grand Forks. He is the owner of United Cable Management.

## North Dakota

H. Huber, pres., Hazen  
H.J. Argue, exec. dir., Bismarck



### Added in Richardton

The First American Bank of Richardton has announced that Richard Kingsley has joined the bank as vice president with the responsibility of senior loan officer and supervision of financial and regulatory reporting.

He was most recently associated with Bremer Financial Services for Region V in special credits. His banking career began as an exami-

ner for the FDIC. He was also a vice president at Liberty National Bank, Dickinson, where he was employed for seven years in operations, investments and lending.

### Promotions in Grand Forks

A number of officer promotions have been announced at the First National Bank in Grand Forks.



## Wyoming

N.P. Van Maren, pres., Casper  
G. Tea, exec. dir., Casper



### Changes Told in Kemmerer

Larry L. Hassler has resigned as president and CEO of the First Wyoming Bank—Kemmerer, to accept a position as president and CEO of the Anita State Bank in Anita, IA.

Thomas Chinnock, senior vice president, has been promoted to president and CEO.

### Retired in Lusk

Robert C. Templeton has announced his retirement from the

Lusk State Bank. He has been with the bank for 28 years and has served as its president since 1967. He and his wife, Jo, plan to stay in Lusk and will be available to the bank in an advisory capacity.

### Pres. Named in Rawlins

James R. Eddington has been named president and chief executive officer of the First Wyoming Bank—Rawlins. He will replace Robert W. Pappenheim, who has been named president of the First Wyoming

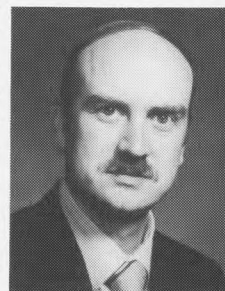
Bank—Sheridan. He has served as president of the Rawlins bank for the past seven years. He has also served as regional vice president over First Wyoming banks in Laramie, Saratoga, Hanna and Wheatland.

Mr. Eddington joined the bank in 1986. He has been in banking for 21 years.

### Named in Casper

First Interstate Bank of Casper has named Donald Jepsen as vice president in the bank's real estate department.

He served as the branch manager at Provident Federal Savings and Loan in Cody prior to accepting this position.



D. JEPSEN

## Montana

W.E. Schreiber, pres., Whitefish  
J.T. Cadby, exec. v.p., Helena



### Schedule Change For MBA Marketing Conference

The Montana Bankers Association's 1987 Marketing Conference will be held April 9-10, instead of April 2-3. The conference location in Big Sky remains the same.

The dates were changed to accommodate featured speakers John Pratt and Wes Seargant. Mr. Pratt, who will discuss sales and where they fit into the bank, will speak on April 9. Mr. Seargant will be speaking on "You as a Marketing Professional" on the morning of April 10.

### Hired in Helena

Montana Department of Commerce Director Keith L. Colbo has announced that Fred J. Flanders, Helena, has been hired as commissioner of financial institutions.

Mr. Flanders, who was employed

as a senior vice president, senior lending officer and second officer of Norwest Bank Helena, joined the department on January 19.

Prior to joining Norwest, he was an investment broker with D.A. Davidson & Co. in Great Falls, and CEO of the Bank of Montana in Helena, in addition to holding a number of bank management positions earlier in his career.

### Scott Potter to Speak

The MBA has booked Scott Potter, director of training for Financial Shares, Inc., to present "Underwriting the Self Employed Borrower" on Wednesday, March 25, at the Northern Hotel in Billings.

Mr. Potter has been an outstanding speaker at past MBA real estate conferences.

### Wayne Martin Retires From Denver Fed Bank

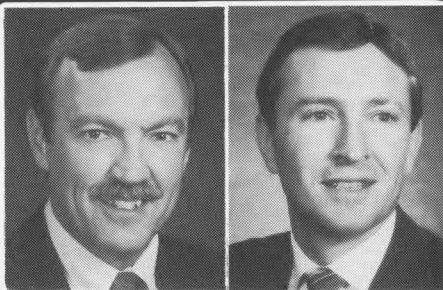
Wayne W. Martin retired December 31 as senior vice president and Denver branch manager for the Kansas City Federal Reserve Bank, a post he had held for the past 10 years. Under Mr. Martin's guidance, operations of the Denver branch grew rapidly and now is among the largest branches in the Fed system in terms of check clearing and other services provided to financial institutions.

His acknowledged leadership as head of the Denver branch is due in great measure to the high regard and personal respect he earned from 10th District bankers during his 33-year career with the Kansas City Fed. He joined the headquarters office in 1953, was promoted to assistant vice president in 1965, then in 1966 was transferred to the check collection department where he was named vice president in charge in 1970. His promotion to senior vice president came in 1976 when he was named Denver branch manager.

Succeeding Mr. Martin at the Denver branch is Enis Alldredge, Jr., who had been vice president and assistant branch manager. He joined the Kansas City office in 1967 and then the Denver branch in 1981.

## Colorado

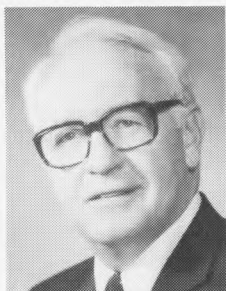
A.J. Anderson, pres., Kiowa  
D.A. Childears, exec. v.p., Denver



### Retired in Denver

R.J. (Jim) Nelson will retire as executive vice president and director of Central Bank of Denver effective February 1, 1987. He will be retained as a consultant to the bank.

In making the announcement Donald D. Hoffman, chairman of the board, stated, "Jim Nelson has made a significant contribution to the growth and progress of Central Bank over the period of 37 years and we wish him well in his retirement. We are fortunate to have the continuing benefit of his knowledge and experience through a consulting arrangement."



R.J. NELSON

### Two Elected in Pueblo

Kevin S. McCarthy has been elected a vice president of Colorado National Bank—Pueblo. He began his banking career in 1976 as a loan review administrator with Pueblo Bank and Trust Company. He joined Colorado National Bank in 1983 as a commercial loan officer.

Mark D. Dunsmoor has been elected a commercial loan officer of the bank. He recently transferred to the bank after completing an extensive training program in Denver. He began his banking career with Citizens State Bank in Wyoming in 1979. He later was associated with the First State Bank in Idaho Springs.

### Named in Denver

United Bank of Denver has named Sally J. Kelly and Conrad W. Steller to vice presidents. Ms. Kelly, who joined the bank in 1965, manages the consumer bank's seniors and professionals markets. Mr. Stel-

ler works in real estate banking. He joined the bank last year.

In addition, Thomas E. Kuhlman and Stanley M. Solodky have been promoted to assistant vice presidents. With the bank since 1983, Mr. Kuhlman works in the personal trust and investments services area of asset management services. Mr. Solodky has worked in the public finance department since joining the bank in 1984.

Also named was Leslieann Gallagher to asset management officer. She joined the bank last year.

### Denver Bank Elects Two

Colorado National Bank of Denver has elected Joe W. Stander as senior vice president, and Gary L. Klein as vice president.



J.W. STANDER

G.L. KLEIN

Mr. Stander, controller of the bank, joined Colorado National in 1984 and was promoted to vice president in 1985. He previously served as credit center manager for the seven state Great Lakes Region for Citicorp Retail Services, Inc. from 1983-84, and was vice president and controller at IntraWest Bank of Denver from 1979-1983.

Mr. Klein began his banking career in 1976 as a loan officer for Omaha Farm Credit Bank. He joined Colorado National Bank of Denver last year.

### Named in Colorado Springs

James M. Desmond, who until recently was an assistant vice president of the Colorado National Bank

of Denver, has transferred to Colorado National Bank—Exchange, Colorado Springs and has been elected an assistant vice president of that bank.

He began his career with Colorado National in 1981 and has held various investment positions.

### Businesses Indicate Worst May Be Over

There are signs of cautious optimism emerging among Colorado's business executives, according to United Banks' Colorado Business Confidence Survey for the fourth quarter of 1986.

In commenting on the survey's findings, Dr. Tucker Hart Adams, vice president-economics and planning for United Banks of Colorado, said, "In our fourth quarter survey, we found that while business confidence remains low, there are signs that this sentiment appears to be changing. Markedly fewer firms are planning to reduce their labor force over the next few months and the proportion of firms increasing their hiring plans has doubled from our second quarter survey. In addition to that, only a few companies now rate their financial position weak; this is down sharply from our findings six months ago. Another sign of improvement is that fewer business executives expect continued problems in Colorado's economy."

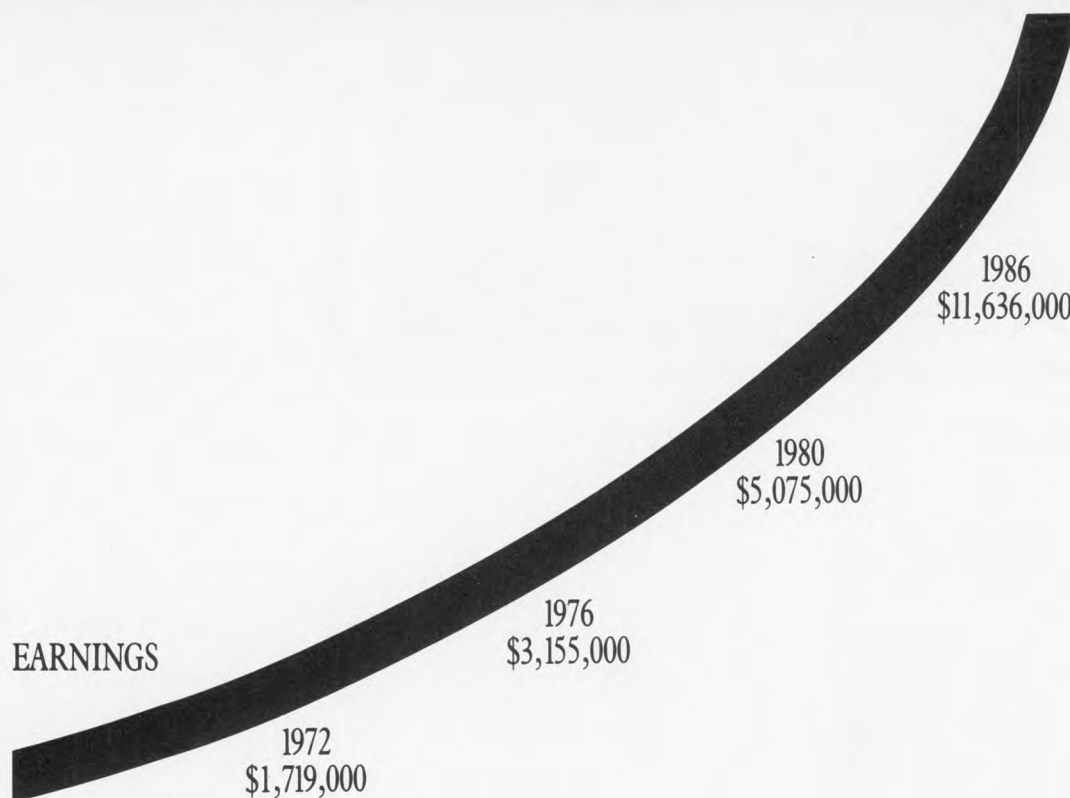
"There seems to be more hope as we enter 1987," continued Mr. Adams, "although business executives are still guarded in outlook. What seems certain, however, is that the pessimism prevailing throughout the state is contributing to the soft economy because it has caused businesses to curtail or delay investment and consumers to delay consumption."

United Banks' Colorado Business Confidence Survey queries the chief executives of more than 100 of the largest firms in Colorado. It incorporates a representative sample of the state's employment base and geographic distribution.

### Elected in Boulder

Annette Taylor has been elected a vice president of Colorado National Bank—Boulder. She began her career with the bank in 1973 and was later elected an operations officer of the bank.





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\* First National of Nebr., Inc.

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of omaha**

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## Nebraska

C.G. Holthus, pres., York  
S. Matzke, Jr., exec. v.p., Lincoln



### Changes Told in Alliance

James E. Abbott, controlling shareholder of the Abbott Banking Group, has been named chairman of The Guardian State Bank & Trust Company, Alliance, replacing Donald D. Stull, who has resigned as chairman to pursue other interests.

Mr. Abbott has been a vice president of the bank since 1981 and since 1982 has served as president of the holding companies that own the other Abbott Banks.



J.E. ABBOTT

F.L. TOLSTEDT

It was also announced that Frank L. Tolstedt has been named chief operating officer of the Abbott Banking Group. Mr. Tolstedt, who has been serving as president of the Guardian State Bank & Trust Company since 1986, will remain in that position as well as serving as president of the Gordon State Bank in Gordon and The Anchor Bank in Merriman. He has almost 30 years of banking experience.

The Abbott Banking Group is comprised of 10 banks located in northwestern Nebraska. This chain of banks was established by Mr. Abbott's parents and grandparents, making him the third generation of the Abbott family to be actively involved in the management of the banks.

### Advanced in Albion

The Albion National Bank has promoted several individuals.

Wayne Boilesen has been promoted from vice president to senior

vice president. Thomas J. Ehlers has been promoted from cashier to vice president. Promoted to operations officers were Jill Olson and Pamela Carlson.

### Promoted in Gordon

Tim Keller has been promoted to executive vice president of Gordon State Bank, Gordon. He has been with the bank for seven years.

### Retires in Fullerton

Dale J. Black, who had served as president for First National Bank and Trust, Fullerton since 1970, has resigned. He will continue to serve on the bank's board.

He joined the bank in 1965 as vice president. Prior to that, he was a partner with the late Frank G. Arnold in the Arnold-Black firm in Fullerton for 14 years. He began his business career in Fullerton in 1936 in the grocery business with his father, the late Henry Black, and brother, Donald Black.

Mr. Black served one term as mayor and is a part president of the Fullerton Chamber of Commerce.

### Celebrates 50 Years in Wauneta

An open house was held at the Wauneta Falls Bank on December 17, 1986 to honor J. Wiley Green, chairman, for 50 years of service to the banking industry.

Approximately 120 people attended the special occasion.

### Increase on D&O Coverage Limits Approved

Kansas Bankers Surety Co., the firm which writes blanket bonds and other bank insurance for many Nebraska banks through the Nebraska Bankers Association's insurance subsidiary, has received approval from the Nebraska Department of

Insurance to increase the limits of its "Directors and Officers Legal Defense and Limited Liability Policy" from \$100,000 to \$250,000.

For more information, contact Steve McKelvey at the NBA office at (402) 474-1555.

### Promoted in Minden

Jack Craig has been promoted to senior vice president of the First National Bank of Minden. With the bank for 35 years, he most recently served as vice president.

### Merged in Gresham

The Gresham State Bank merged as a branch office of York State Bank and Trust Company on January 1, 1987. Regulatory authorities had granted approval for the merger on April 18, 1986. At that time, Gresham State Bank reported assets of \$3.5 million.

### Two Banking Schools To Be Held in Nebraska

The Schools of Banking, Inc., sponsored by the Kansas and Nebraska Bankers Associations, will hold its 1987 School of Banking Fundamentals and its 1987 Professional Development Program Commercial Lending school.

The School of Banking Fundamentals will be held March 9-13 at the Holiday Inn in Kearney. The school offers a newly revised and expanded curriculum specifically designed for entry level bankers or those with very specialized experience.

The PDP Commercial Lending School will be held April 5-10 at the Holiday Inn in Kearney. This school offers an exciting new curriculum affiliated with the ABA's Professional Development Program. The course presents commercial lending as a complete process, emphasizing financial analysis.

Enrollments for each school are limited. Contact Jone Beer or Pam Bartak at the Schools of Banking at (402) 474-3313 for more information.

### Promoted in Stamford

Mark A. Mercer has been promoted to vice president of the Stamford Bank, Stamford. He previously served as cashier.





Omaha

Directors of The First National Bank of Omaha have elected **Bruce R. Lauritzen**, 43,

president to succeed **F. Phillips Giltner**, 61, who held that position the past 17 years. The promotion was recommended as part of the bank's continuing management



B.R. LAURITZEN

succession policy by Mr. Giltner, who was named vice chairman of the board and will continue as a member of the three-officer executive committee, along with Bruce Lauritzen and his father, **John R. Lauritzen**, chairman. Mr. Giltner also continues as president of First National

of Nebraska, Inc., the bank's holding company.

Bruce Lauritzen is the fourth generation of his family to serve as president of First National Bank, and the fifth generation to serve on its board of directors. Chartered in 1863, the year the National Banking Act was passed, First National is the oldest bank from Omaha west.

Mr. Lauritzen received his A.B. degree from Princeton University and an MBA degree from the University of Virginia, then joined First National in 1967. He has served the bank as a commercial loan officer, second vice president, vice president and since 1981 as executive vice president.

Mr. Lauritzen also is president of three family bank holding companies that own banks in Nebraska

and Iowa.

(A detailed interview with Bruce Lauritzen will be published in the next issue.)

\* \* \*

**Glenn R. Wilson, Jr.**, president of the Government National Mortgage Association (Ginny Mae), has been named president and chief executive officer of First-Tier Mortgage Co.



G.R. WILSON, JR.

Mr. Wilson has served the organization for 20 months. He joined First-Tier Mortgage on February 2.

**Keith Morphew**, retired president and chairman of the board of First-Tier Mortgage, served as acting president during the past two months.

\* \* \*

American National Bank of Omaha has elected **Lori A. Packer** as assistant cashier

of the bank. The supervisor of the customer service department and teller area, she joined the bank in 1982.



L.A. PACKER

**John J. Guthmann** has joined the bank and will be active in personal banking and in the trust and investment division. He was associated with a bank in Lexington, Ky. for seven years.

\* \* \*

An Omaha bank executive, **John R. Cochran**, chairman and CEO of Norwest Bank Nebraska, has been appointed a director of the Omaha Branch of the Federal Reserve Bank of Kansas City. He succeeds **Donald J. Murphy** of Omaha.

In related actions, **Janice D. Stoney**, executive vice president and COO, Northwestern Bell Telephone Co., was reappointed a director of the branch, and **Kenneth L. Morrison**, president, Morrison-Quirk Grain Corp., Hastings, was reappointed chairman of the branch board.

Other actions announced by the

**OMAHA NEWS...**

(Turn to page 33, please)

## NIBA Legislative Dinner Held



THE Nebraska Independent Bankers' Association hosted its 1987 Legislative Dinner at the Nebraska Club in Lincoln last month. Present at the meeting were, from left: Lt. Gov. **Bill Nichol**, Scottsbluff; NIBA Pres. **Roy Yaley**, pres., Nebraska State, S. Sioux City; Sen. **Bill Barrett**, Lexington and Sen. **R. Wiley Remmers**, Auburn.

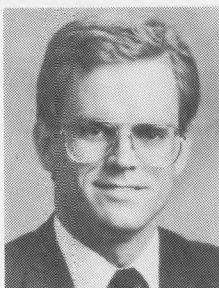


## Lincoln

A number of new officers have been elected at National Bank of Commerce.

Elected vice presidents were **Ann Carlson**, **Randy Gustafson** and **Julie Pokorny**. Ms. Carlson has held a position in the trust tax department since joining the bank in 1980. Mr. Gustafson joined the correspondent banking division in 1984 and served as a farm and ranch officer previously. Also elected a trust officer, Ms. Pokorny has worked in the trust division since joining the bank in 1976.

Elected assistant vice presidents were **H. Cameron Hinds**, **Don Hoelting**, **Vicki Ladegard**, **Catherine Morrissey** and **Dan Walsh**. Mr. Hinds and Mr. Hoelting both held positions in trust investments since joining the bank in 1984. Ms. Ladegard joined the trust marketing department of NBC in 1983. Joining the correspondent division in 1985 Ms. Morrissey previously worked for



D. HOELTING

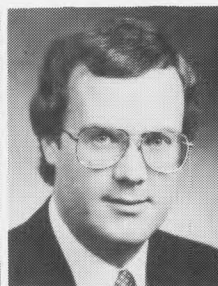


V. LADEGARD

Commerce Group as loan review and general audit officer. Dan Walsh joined the mortgage loan division in 1983.



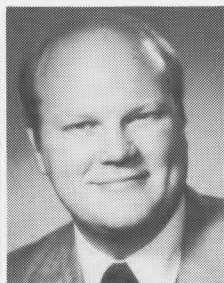
C. MORRISSEY



D. WALSH



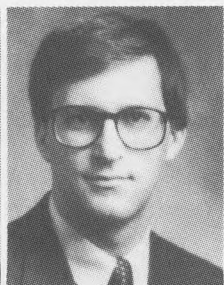
A. CARLSON



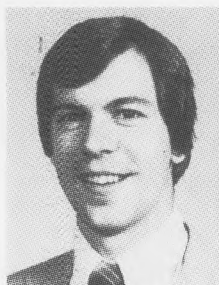
R. GUSTAFSON



J. POKORNY



H.C. HINDS



K. SUMMY



M. WANSE

**Kelly Summy** has been elected farm & ranch officer. He was associated with Hawkeye Farm and Ranch Management before joining NBC. **Mona Wanser** has been elected personnel officer. She has held a position in human resources since joining the bank in 1984.

FirsTier Bank Lincoln has announced a number of promotions.

**Jay D. Callahan** has been promoted to vice president, municipal & government bond division, and **Charles Greenway** has been promoted to vice president, agricultural & financial institutions division. Mr. Callahan joined the bank in 1978. Mr. Greenway joined the bank in 1974.

Promoted to assistant vice president status are: **Kathryn A. Barker**, agricultural & financial institutions; **Fern M. Spencer**, marketing, and **Marlene K. Wagner**, municipal and government bond. Ms. McCall joined the bank in 1983. In 1977, Ms. Spencer joined the bank's marketing division and was named marketing officer in 1980. Ms. Wagner has been associated with the bank since 1979.

\* \* \*

Several were promoted at National Bank of Commerce Computer Services Corporation.

**Rob Spackman** was promoted to vice president. He joined NBC/CSC in 1978 as a conversion representative.

Named assistant vice presidents were **Mike Sorensen** and **Paul Watson**. Mr. Sorensen joined the company in 1979 and Mr. Watson in 1981.

**Mary McCombs** has been promoted to customer services officer. She joined NBC/CSC in 1975.

## OMAHA NEWS...

(Continued from page 32)

Federal Reserve Bank in Kansas City include the reappointment of **F. Phillips Giltner**, president, First National Bank, as Tenth Federal Reserve District representative to the Federal Advisory Council. In addition, **Robert G. Lueder**, chairman, Lueder Construction Co., was designated as deputy chairman of the board of directors of the Federal Reserve Bank of Kansas City.

The Kansas City Fed's Omaha Branch has almost 200 employees.

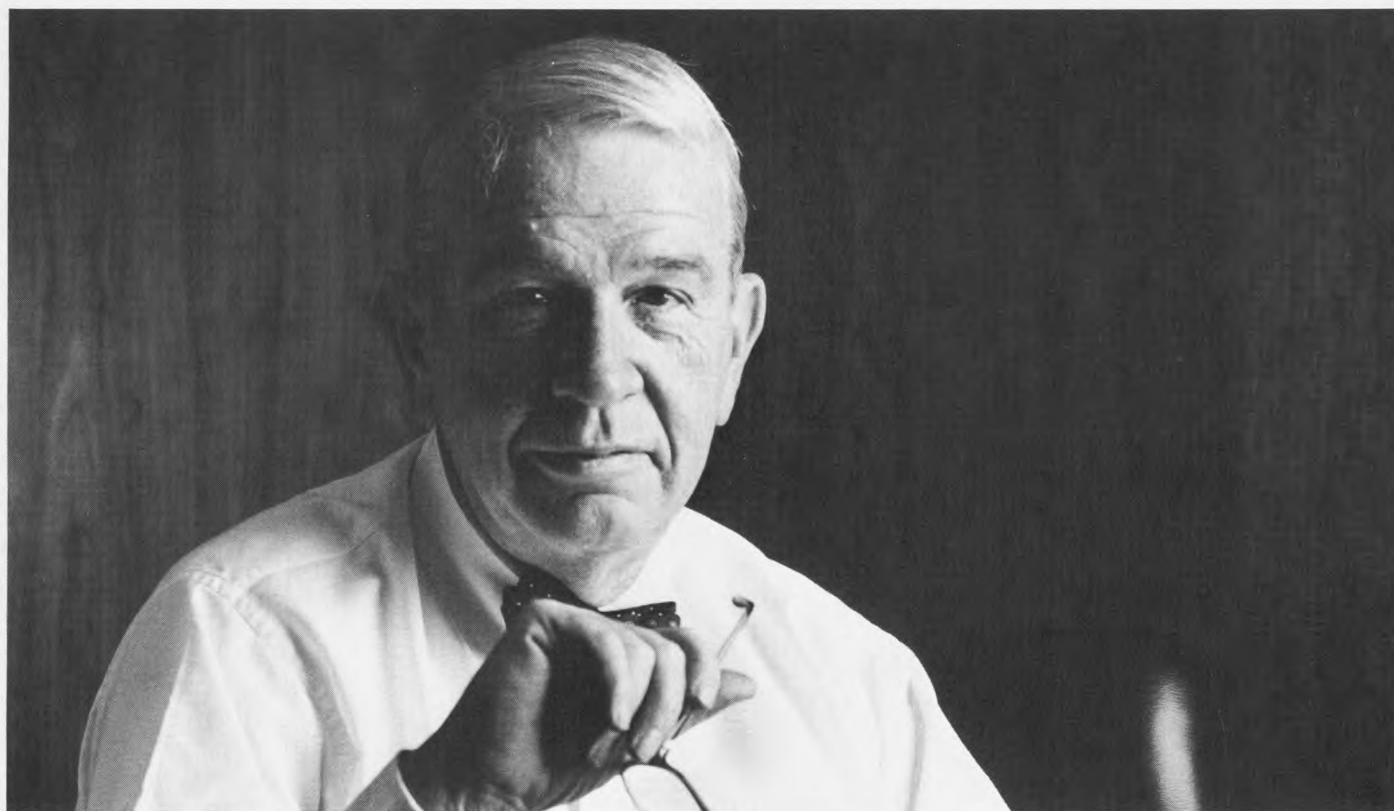
\* \* \*

**F. Donald Lewis**, vice president of Southeast Banking Corporation of Miami, has died of pneumonia at the age of 42.

He had a 20-year career in banking and had been a correspondent banker at the FirsTier Bank, (formerly the Omaha National Bank), from 1974-1980.



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John Chrystal, President, Bankers Trust

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R.S. Howard, chmn., Oskaloosa  
N. Milner, exec. v.p., Des Moines



## IBA Marketing Conference Meets Mar. 2-4

**T**HE 1987 Iowa Bankers Association Marketing Conference, "Marketing Performance = Profit," will be held March 2-4 at the Hotel Fort Des Moines in Des Moines.

An excellent lineup of marketing experts, new ideas and innovative products will be featured at the conference. The exhibit area will contain new products and services available to assist bankers.

Winners of the "Best of Iowa" competition will be announced at the dinner on Tuesday evening.

The program follows:

### Monday, March 2

#### P.M.

7:30 Reception, Hotel Fort Des Moines. Sponsored by John H. Harland Company, Des Moines.

### Tuesday, March 3

#### A.M.

8:00 Continental Breakfast.

8:00 Registration Desk.

9:00 Welcome and Opening Remarks—Michael Thompson, marketing committee chmn. and v.p., Citizens State Bank, Clarinda.

9:15 The Product Planning/Process—Gary Raddon, pres., Raddon Financial Group, Chicago.

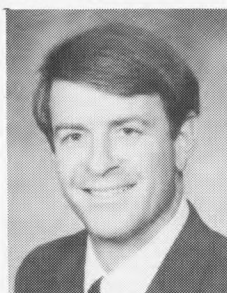
10:40 Energy Break.

11:00 Customer Service—Kateri Schmerler, asst. v.p., First Bank St. Paul.

#### P.M.

12:15 Lunch.

1:30 Concurrent Workshops  
Marketing Showcase I  
(three presenters)



M. THOMPSON

Marketing Showcase II  
(three presenters)

Pricing—Mike Moebs, pres., G.M. Moebs & Associates, Lincolnwood, Ill.

Annuities—Jeannette Ellington, asst. v.p., life, disability, and annuity division, Iowa Bankers Insurance and Services, Inc., Des Moines.

2:40 Concurrent Workshops  
Marketing Showcase I  
(three presenters)

Marketing Showcase II  
(three presenters)

Pricing—Mike Moebs.

Direct Mail—Don Uker, professional media consultant, Denison.

3:40 Energy Break.

4:00 "What We Want Out of Marketing"

CEO panel with moderator Russell S. Howard, IBA pres. and chmn., Mahaska Investment Co., Oskaloosa.

5:30 Cocktail Hour. Sponsored by Federated Investors, Inc., Pittsburgh, Penn.

6:30 Best of Iowa Awards Dinner and Presentation, Grand Ball Room, Hotel Fort Des Moines.

### Wednesday, March 4

#### A.M.

7:30 Continental Breakfast.

8:00 "A Company Called You"—Dr. Charlene Bell, a licensed psychologist, educator, and consultant for business and industry, Des Moines.

9:00 "McDonald's & Banking"—Peter Vergis, pres., Sales Earnings Group, Inc., Greenlawn, New York.

10:10 Energy Break.

10:30 Exhibit Area Closes.

10:30 Creating A Sales Culture—George Morvis, pres., Financial Shares Corporation, Chicago. □

### Mid-Winter Mgmt. Conf. Planned For Feb. 25-27

"Bringing New Ideas Together," is this year's theme for the Mid-Winter Management Conference, planned for February 25-27 at the Sheraton Steamboat Resort and Conference Center, Steamboat Springs, Colo.

The purpose of the event is to provide time for bankers to share common ideas, concerns and solutions to problems facing Iowa's banking industry today.

Representatives from the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have been invited to speak on regulatory issues. Presenting the Thursday evening program will be representatives from ABA's executive management staff.

In addition to the beneficial items on the conference agenda, participants will be able to enjoy one of North America's premier ski destinations.

For more information, call Barb Lowe, IBA conference coordinator at (515) 286-4346 or (800) 532-1423.

## 1987 Iowa Group Meetings

Group	Date	Location
11	February 22-23	Burlington
8	May 4	Clinton
4	May 5	Cedar Rapids
7	May 6	Ames
6	May 7	Des Moines
5	May 18	Council Bluffs
2	May 19	Fort Dodge
12	May 20	Okoboji
3	May 21	Clear Lake



## Group 11 To Meet at The Holiday In Burlington February 22 and 23

A THREE-HOUR seminar on "Bank Directors' Responsibilities and Liabilities, Capital Adequacy, and Short-Term and Long-Term Strategic Planning," will be presented during the Iowa Bankers Association Group 11 meeting at The Holiday, Junction of Highways 34 and 61 in Burlington, February 22 and 23. Edward K. Johnstone, II, president of Keokuk Savings Bank & Trust Co., will preside at the meeting as Group 11 chairman, the post he was elected to at last year's meeting after then Chairman William R. Bernau, president of Peoples Savings Bank in Crawfordville, re-

signed to become the Iowa superintendent of banking.

Named Group 11 secretary at last year's meeting was Daniel H. Doyle, president, Wellman Savings Bank, who succeeded Mr. Johnstone in that post. Group 11 and other odd-numbered IBA groups normally elect new officers in odd-numbered years, while even-numbered groups elect in even-numbered years.

Conducting the three-hour seminar from 9:30 a.m. to 12:30 p.m. on Monday, February 23, will be well-known banking consultant Dr. Douglas Austin, president of Douglas Austin & Associates, Inc. His

firm is headquartered in Toledo and has offices in Chicago and Lansing. Doug Austin holds a Ph.D. in both economics and business, is a Chartered Financial Analyst, attorney and a widely-known speaker on financial institution structure, management and operations. Dr. Austin draws on his 17 years of consulting experience and his years of research and study as a professor of finance at the University of Toledo. Dr. Austin will incorporate all three topics of bank directors, capital adequacy and strategic planning into this three-hour presentation. It will be a condensed version of the day-long seminar he and an associate presented for the IBA last year at a seminar at Iowa State University.

The Group 11 meeting will start on Sunday with registration at The Holiday at 4:00 p.m. The social hour and buffet dinner will be followed by an address from IBA President Russell S. Howard, chairman of Mahaska Investment Co., Oskaloosa. Dancing will then continue to midnight, as usual.

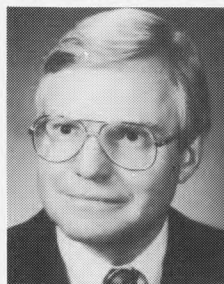
The Monday morning business session will commence at 8:30 a.m., featuring a report from Mr. John-



E.K. JOHNSTONE



D. AUSTIN



R.S. HOWARD



N. MILNER

### SEE YOU IN BURLINGTON, FEBRUARY 22-23 FOR THE 1987 GROUP 11 MEETING

The Holiday (Jct. of Hwy. 34 & 61)

**\$30 Special! ...for senior management and all bank directors**

*Featuring Douglas A. Austin, PhD.*



Dr. Austin, president of his bank consulting firm in Toledo, Ohio, will conduct a three hour seminar. He will be addressing these important topics:

- Directors Responsibilities and Liabilities
- How to Run your board, not vice-versa.
- Short Term and Long Term Strategic Planning

#### Sunday - 22nd

4:00 Registration - The Holiday  
5:30 Social Hour and Dinner  
8:15 IBA Pres./Elect's Address  
8:45 Dancing

#### Monday - 23rd

8:30 Business Meeting  
9:30 Douglas A. Austin Seminar  
12:45 Luncheon

Hawkeye Bank & Trust  
Farmers & Merchants Bk. & Tr.  
First National Bank



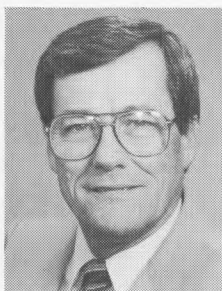


## Staff Changes in Indianola

Peoples Trust & Savings Bank, Indianola, announced that Everett P. Brown and R. Milton Hennick joined the staff of the bank January 2. Both men had previously been with The National Bank of Waterloo in Waterloo.



E.P. BROWN



R.M. HENNICK

Mr. Brown has been named president and director of the bank. He had previously been vice president of correspondent banking at The National Bank of Waterloo and has over 20 years banking experience.

Mr. Brown succeeds James Davies, who has served as president and chief executive officer of Peoples Trust & Savings Bank since July, 1984. Mr. Davies, who expects to retire in the spring after 35 years of service, will continue with the bank on a part-time schedule as a consultant in several areas.

From 1964 to 1968, Mr. Brown worked as an agricultural loan officer and farm manager for Boone State Bank and Trust Company, Boone. He then joined the Norwest Bank in Omaha in its correspondent banking department, serving rural banks in a five state area. Prior to joining The National Bank of Waterloo in 1984, Mr. Brown was executive vice president, trust officer and a director of Peoples State Bank in Missouri Valley.

Mr. Hennick has been named senior vice president of Peoples Trust & Savings Bank in the operations and data processing area.

Mr. Hennick had worked for The National Bank of Waterloo since 1961 in several positions including auditor, cashier, and most recently, senior vice president of data processing where he was responsible for marketing new services to correspondent banks. Prior to his work at The National Bank of Waterloo, he worked for nine years at Norwest Bank Des Moines as auditor.

Among his duties with Peoples Trust & Savings Bank, Mr. Hennick will be developing and marketing

correspondent services to community banks throughout central and southwestern Iowa. The National Bank of Waterloo provides data processing and other correspondent bank services to 106 banks in Northeast Iowa.

On December 31, 1986, Peoples Trust & Savings Bank was acquired by Iowa National Bankshares Corp., a bank holding company in Waterloo which also owns The National Bank of Waterloo and Midway Bank & Trust in Cedar Falls.

## Named in Waterloo

Kelly Isherwood has been named a trust officer of Peoples Bank and Trust Company in Waterloo.

He brings 16 years of trust-related experience with heavy experience in investment research and portfolio management. As a trust officer for other financial institutions, he has a number of skills.



K. ISHERWOOD

## Advanced in Ames

Nancy Linden has been advanced to assistant cashier at First National Bank, Ames. She joined the bank in 1979 in the bookkeeping department and most recently served as head bookkeeper.

## First National, Clarion, Buys Failed Latimer Bank

The Latimer Bank & Trust was declared insolvent and closed on January 15 by state Superintendent of Banking William R. Bernau. The FDIC, acting as receiver, sold the bank to The First National Bank of Clarion for a premium of \$121,200. The Latimer bank, founded in 1855, and its offices at Alexander and Coulter were re-opened January 16 under the name of The First National Bank of Clarion.

O. Jay Tomson, chairman of the First National of Clarion, said his bank assumed approximately \$22 million in deposits, as well as \$4.5 million in portfolio loans, all the investments, cash and due, and certain other assets. The FDIC retained about \$10 million of the failed

bank's loans, with First National having an option to return any undesired loans within 90 days, and to purchase any FDIC retained loans at a 10% discount. FDIC injected \$7,178,000 into the assuming bank, which took this in the form of a 6.25% interest-bearing note. First National of Clarion was the only bidder.

Mr. Bernau said the Latimer Bank was subjected to "excessive loan losses, both agricultural and commercial. Contributing to this was poor loan selection and mismanagement of the loan portfolio." Mr. Bernau told reporters at a Des Moines press conference that the Koch family that had owned the bank for some time was "a fine family" that had worked hard to remedy the bank's problems, saying "they had done everything they could to save the bank after it was identified (about 18 months ago) as having near-terminal problems."

First National Bank of Clarion, founded in 1887, has deposits of \$50 million, with capital, surplus and undivided profits and reserves exceeding \$6 million. The president and CEO of The First National Bank is Robert B. Bartholomaeus.

Mr. Tomson also is chairman and CEO of the \$60 million asset Citizens National Bank of Charles City, which announced an agreement recently to assume by merger the Commercial Trust & Savings Bank in Charles City, which has about \$45 million in assets.

## Retired in Missouri Valley

After a 27-year banking career, Robert E. Brown has announced he will retire as president and CEO of the First National Bank in Missouri Valley, effective March 1.

Mr. Brown began working at the bank March 1, 1960, and has held many offices over the years, including service as a director. He was promoted to president and CEO in 1983, succeeding Richard Day, who became chairman.

He will remain at the bank as a director and perform duties in bank marketing, advertising and consulting work.



R.E. BROWN



# Statement of Condition

December 31, 1986

## ASSETS

Cash and Due From Banks	\$ 42,066,499.62
Federal Reserve Funds Sold	107,400,000.00
U.S. Government and its Agency Securities	757,231,136.21
Municipal Securities	219,030,343.33
Other Marketable Corporate Obligations	7,675,775.10
Federal Reserve Bank Stock	1,122,000.00
Loans	230,369,470.82
Bank Premises and Equipment	11,605,340.38
Interest Accruals	30,365,801.35
Other Assets	10,255,819.80
	<u>\$1,417,122,186.61</u>

## LIABILITIES

Capital Stock	\$ 2,400,000.00
Surplus	35,000,000.00
Undivided Profits	85,283,397.34
Total Capital Funds	<u>\$ 122,683,397.34</u>
Federal Reserve Funds Purchased and Securities Sold Under Agreement to Repurchase	\$ 397,850,000.00
Reserves for Interest, Taxes, and Other Liabilities	22,526,422.37
Deposits	874,062,366.90
	<u>\$1,417,122,186.61</u>

## BOARD OF DIRECTORS

V.O. Figge  
Chairman of the Board

Edward L. Carmody  
Senior Vice President

James Kahl Figge  
Office of the President

John Kahl Figge  
Financial Consultant

Thomas Kahl Figge  
Office of the President

Mel Foster, Jr.  
Pres., Mel Foster Co., Inc.

Thomas A. Gildehaus  
Executive Vice Pres., Deere & Company

Richard R. Horst  
Senior Vice President and Cashier

Richard E. Kautz  
Senior Vice President

Joseph S. Kimmel, Jr.  
Pres., Republic Electric Co.

Robert G. Lenertz  
Senior Vice President

Lloyd G. Schermer  
Pres., Lee Enterprises

Charles R. Von Maur  
Petersen-Harned-Von Maur

Robert V.P. Waterman  
Lane and Waterman

Henry C. Wurzer  
Kahl Properties

# Davenport Bank and Trust Company

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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Resources Exceed One Billion Dollars



# IBA Merges Retirement Plan Program

In order to offer an expanded retirement plan program, the Iowa Bankers Association has merged its retirement plan program with Collin W. Fritz & Associates, Brainerd, Minn.

The IBA said the following are just a few of the benefits now available to members as a result of the merger:

- Retirement plans and services offered by the IBA through CWF will be made available to current IBA retirement plan program subscribers as well as new subscribers at an attractive, introductory cost.

- Payment of the initial fee and subsequent annual renewal fee will entitle the subscriber to the use of the prototype for the plan to which they have subscribed, utilization of a toll-free consulting service and receipt of a monthly pension newsletter.

- Individual Retirement Account (IRA), Standardized Master Plan (SMP) and Simplified Employee

Pension (SEP) plans offered are simple and easy to administer.

- The toll-free consulting service, (800) 346-3961, offered by CWF is staffed by five individuals, including the attorney who developed the plans. Direct contact by subscribers with these pension consultants will result in a quick response time to questions. The number should be utilized immediately by all current IBA retirement plan program subscribers for all pension and IRA questions.

The IBA sponsored IRA/SEP seminars, which were recently held at three locations across Iowa, were conducted by CWF and received great reviews. More IRA seminars are scheduled for February and March, and SMP/SEP Seminars will be held in late April or early May.

Those already subscribing to the IBA retirement plan program may continue to use forms already contained in their bank's inventory. The IBA will notify subscribers of any necessary changes regarding the

forms once the Internal Revenue Service issues final regulations as a result of the Tax Reform Act of 1986.

## Two Join Hampton Firm

First Midwestern Financial Corporation, Hampton, has announced these two appointments:

James W. Davids to credit administration director and Paula J. Rother to bank operations auditor/administrative assistant.

Mr. Davids was manager of the Mason City office for First Bank System Ag Credit Corporation since 1983. Prior to that he was employed by the Farm Credit System. At First Midwestern, a bank management/consulting firm, his duties will include audit and review of lending departments, and overline functions of banks under management contract.

Ms. Rother was internal auditor for two years with Security Savings Bank, Eagle Grove, then worked in the audit and controller's department for Brenton Banks, Inc., Des Moines. Her duties will deal with bank operations and recordkeeping.



## FIRST NATIONAL BANK OF DUBUQUE

Seventh at Town Clock Plaza  
Kennedy at Wacker  
Jackson and White at 22nd  
Asbury at Hales Mill Road  
Member FDIC

## STATEMENT OF CONDITION DECEMBER 31, 1986

ASSETS	
Cash and Due from Banks.....	\$ 12,257,000
Time Deposits with	
Financial Institutions .....	3,000,000
Federal Funds Sold .....	3,200,000
Investment Securities	
U.S. Treasuries and Agencies .....	58,175,000
State and Political Subdivisions .....	20,033,000
Other Investment Securities .....	1,318,000
Loans, Net of Unearned Income	
(\$317,000) .....	106,157,000
Reserve for Possible Loan Losses .....	(1,050,000)
Net Loans .....	\$105,107,000
Bank Premises and Equipment .....	3,597,000
Other Assets .....	3,665,000
<b>TOTAL ASSETS .....</b>	<b>\$210,352,000</b>

LIABILITIES AND STOCKHOLDERS EQUITY	
Deposits .....	\$182,029,000
Federal Funds Purchased and Securities Sold under Agreements to Repurchase .....	8,520,000
Other Liabilities .....	3,725,000
Total Liabilities .....	\$194,274,000
Common Stock .....	\$ 4,800,000
Surplus .....	4,800,000
Undivided Profits .....	6,478,000
Total Stockholders Equity .....	16,078,000
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....</b>	<b>\$210,352,000</b>

## OFFICERS and DIRECTORS

**William G. Kruse**  
Chairman of the Board and Chief Executive Officer  
**J. Bruce Meriwether**  
President  
**Paul J. Gisch**  
Senior Vice President - Special Lending  
**Thomas J. Stecher**  
Senior Vice President - Operations  
**Richard A. Bean**  
Senior Vice President - Finance  
**Daniel E. Welu**  
Vice President - Investments and Cashier  
**Thomas W. Buelow**  
Vice President - Loan Administration  
**Leo M. Maille**  
Vice President - Agricultural Lending  
**Dale P. Repass**  
Vice President - Commercial Lending  
**David W. Spahn**  
Vice President and Controller  
**C. Michael Reilly**  
Vice President - Marketing and Business Development, Non-Bank Services

**Beverly J. Anderson**  
Vice President - Personnel and Manager Personal Banking  
**Linda L. Budde**  
Vice President - Manager Real Estate Department  
**Francis A. "Chip" Murray, Jr.**  
Vice President - Manager West Dubuque Office  
**John J. Savary**  
Assistant Vice President - Manager North Dubuque Office  
**Gladys A. Hueneke**  
Assistant Vice President  
**Paul A. Pfohl**  
Assistant Vice President - Consumer Lending Manager  
**Mary A. Piersch**  
Personal Banking Officer  
**Alan L. Schuster**  
Personal Banking Officer  
**Mark E. Small**  
Auditor  
**John S. Nigg**  
Data Services Officer  
**Scott A. Tibben**  
Agricultural Loan Officer  
**Mary K. Santler**  
Assistant Controller

**Trust Department**  
**Mark J. Willing**  
Vice President - Trust Officer and Trust Department Manager  
**John M. Hansen**  
Vice President - Trust Investments  
**Shirley A. Christensen**  
Trust Operations Officer  
**James A. Kerkhove**  
Trust Officer

**Directors**  
**Edward A. Babka**  
President, Babka Publishing Co.  
**Paul L. Britz**  
President, Dubuque Stamping & Mfg. Inc.  
**Paul J. Gisch**  
Senior Vice President - Special Lending  
**Philip T. Kelly**  
President, Communications Properties, Inc.  
**William G. Kruse**  
Chairman of the Board and Chief Executive Officer  
**John W. Law**  
John W. Law Co., Retired

**J. Bruce Meriwether**  
President  
**Wayne A. Norman**  
Planning and Development Officer, University of Dubuque  
**Roger J. Rhomborg**  
President, Rhomborg Fur Co.  
**James E. Walsh**  
President, Bird Chevrolet Co.  
**James D. White**  
Director of Manufacturing - John Deere Dubuque Works  
**N. J. Yiannias**  
President, Dubuque Theatre Corp.  
President, Key City Investment Co.  
**Honorary Directors**  
**Frank A. Fluckiger**  
**Charles J. Spahn**  
**Catherine Winall**

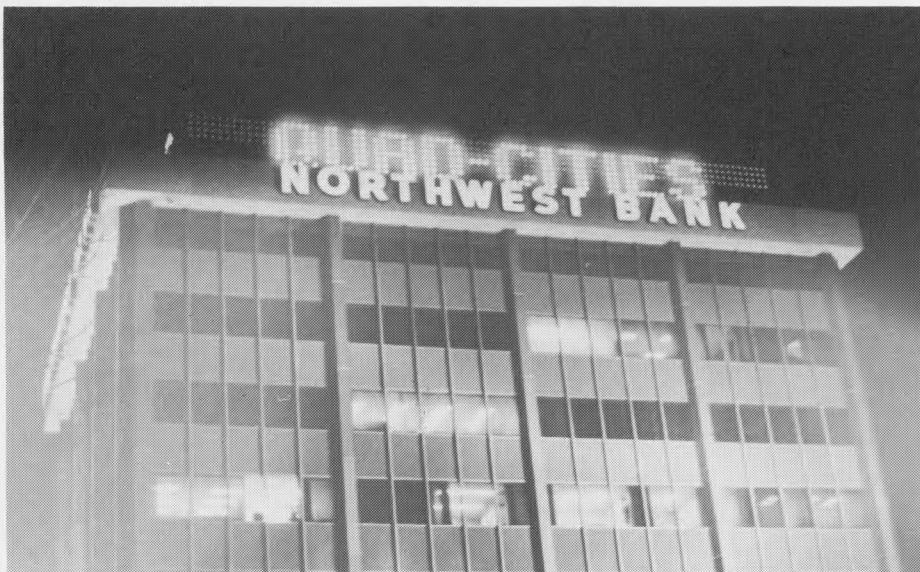


FIRST NATIONAL BANK — DUBUQUE, IOWA 52001









**THE** enormous sign of Northwest Bank & Trust of Davenport wasn't intended to break records; the bank's needs and the building parameters corresponded to surpass the Times Square sign by two feet in height.

## Iowa Bank Shows Up Times Square

**T**HE largest electronic message center in the United States, North America and the Western Hemisphere is no longer the famous Times Square sign housed in New York City. The title now belongs to Northwest Bank & Trust of Davenport.

The electronic display, positioned atop the North Park Tower Building at Northpark in Davenport, virtually adds another floor to the nine-story structure. The electronic message center provides up-to-the-minute information on products and services, as well as the time and temperature in seven foot characters.

Designed and manufactured by Daktronics, Inc. of Brookings, S.D., the installation is four-sided. With a zipper effect, the four sides of the sign can work together to display messages, wrapping words around the building. Each side can also operate independently of the others by flashing words or by moving characters from the top or bottom of the display area. Four separate messages can be shown at any one time, if desired.

The display is actually a solid matrix of computer-controlled floodlights, seven lamps high by 320 lamps wide. The lamps are selectively lit to form words, graphics and even moving animation. The sign has full animation capabilities.

Messages are illuminated with 2,300 spotlights, 55 watts each. The Venus (TM) 5000 computer-controller, a product of Daktronics, creates and controls the messages, which can be read from one mile away in any direction of the building. Light and motion are visible from distances up to three miles.

The sign runs the length of each side of the building; 72 feet on two sides and 88 feet on the other sides. Covering an area of 2,600 square feet, the sign itself is made of 16,000 pounds of aluminum and steel. The mounting structure contains 28,000 pounds of steel. All contracting and installation was done by Iowa firms and contractors.

A dedication ceremony for the new sign was held December 2, 1986 at the bank. At the ceremony, the first message to light up the sign was "Northwest Bank and the Quad Cities—TOGETHER—we can make it HAPPEN!" This winning message came from Debbi Nelson, of the bank's discount brokerage department, during an employee contest held at the bank.

The sign was purchased through Jerry Fisher, a partner with Midwest Sign & Animated Displays Company of Davenport, and Jim Thomas, owner of Midwest Sign, who markets for Daktronics in Iowa. □

## IRS Says '86 USDA Payments Taxable on '86 Income

The Internal Revenue Service says that all payments from the U.S. Department of Agriculture actually received or made available in 1986 must be included in the taxpayer's gross income for 1986.

Neil E. Harl, professor of economics and authority on farm income tax, said the IRS clarified income tax treatment of government farm program benefits in an announcement made late last month.

The popular generic commodity certificates used last year are to be reported as income at face value, Mr. Harl says. The certificates had been issued in recent months in lieu of cash for diversion payments, deficiency payments, and conversation payments.

"If commodity certificates were disposed of in 1986, any gain also should be reported in 1986," Mr. Harl added.

The IRS announcement said payments actually received or made available in 1986 are taxable even if the taxpayer returns the payments to USDA for repayment in 1987. The IRS says the same treatment applies if the taxpayer does not cash, deposit or redeem 1986 checks or commodity certificates until 1987.

The IRS also reminded taxpayers that the USDA would be reporting 1986 payments to IRS on Form 1099G.

## ABA Accredits IBA School

The Iowa Bankers Association's Iowa School of Banking I and II, held each year at the University of Iowa, Iowa City, was given accreditation by the American Bankers Association.

The announcement was made at the ABA Education Policy and Development Council's recent meeting. The school is one of eight accredited banking schools in the nation. The Wisconsin Consumer Credit School, sponsored by the Wisconsin Bankers Association at St. Norbert College in West De Pere, was also given accreditation.

Now that it is accredited, the Iowa School of Banking I and II will be recognized and accepted as a five credit course by colleges and universities.

Plans are underway for the 1987 session of the Iowa School of Banking.



## Our inconspicuous monitoring system helps lenders identify their competition.

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The Loan Bulletin is a twice-monthly report of *all* the loan activity in your county, and every county

important to you. Each report contains all liens filed with the Secretary of State; the secured party (your competitor); the name of debtor; file number; and the date and hour of filing.

And the price is right, too — as low as \$12.50 per county, per month.

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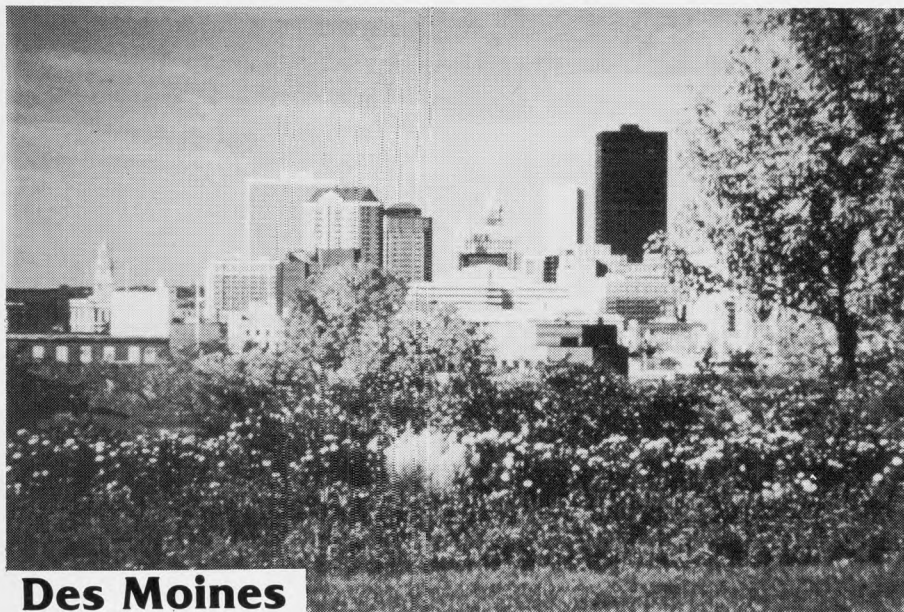
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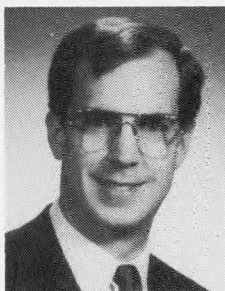




## Des Moines

**Jeffrey B. Weeden** has been promoted to vice president, corporate tax, of Banks of Iowa, Inc.

He joined the corporate office of Banks of Iowa, Inc. in 1984 as assistant vice president. He is a certified public accountant.



**J. WEEDEN**

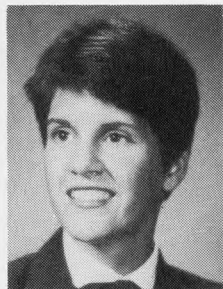
\* \* \*

First Interstate Bank of Des Moines, N.A., has appointed **Brian J. Beverly** to assistant vice president of investments. He joins the bank from the Federal Home Loan Bank of Des Moines where he was assistant vice president and portfolio manager.

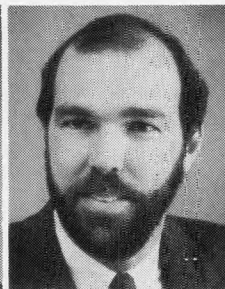


**B.J. BEVERLY**

**Barbara D. Strank** has been



**B.D. STRANK**



**A.E. GROSS**

named commercial loan officer of the bank. She previously held the position of commercial loan officer at Manufacturers Bank of Lansing, Mich.

**Alan E. Gross** has been appointed as manager of retail credit services. He was the manager of the Morris Plan, Des Moines, before joining First Interstate.

\* \* \*

Norwest Bank Des Moines has elected five new members to its board. The new members are: **Mary Andringa**, vice president of Vermeer Manufacturing Company, Pella; **S.J. Brownlee**, president and owner of S.J. Brownlee Farms, Inc. and Brownlee Management, Inc., Emmetsburg; **Gary G. DeKoter**, CPA, president and CEO of Harker's Inc., Le Mars; **Charles C. Edwards, Jr.**, president and publisher of *The Des Moines Register*, and **James H. Kent**, president of Kent Feeds, Inc., Muscatine.

\* \* \*

**Jack Krantz**, president and owner of Adventurelands of America, Inc., has been elected to Brenton National Bank of Des Moines' board of directors. He has been president of Adventureland Park since 1971.

\* \* \*

**Richard O. Jacobson** has been elected a member of Valley National Bank's board of directors. He is president of Jacobson Warehouse Company, Jacobson Larson Investment Company and Jacobson Enterprises, Inc. He is also a director of

United Bank and Trust in Ames and Banks of Iowa, Inc., which owns 14 banks in Iowa, including Valley National Bank.

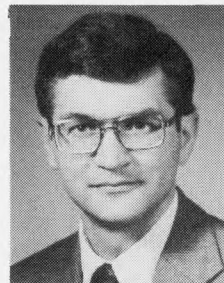
### Three Vice Presidents Named in Council Bluffs

Janet L. Bohnet, Charles N. Gross and Christine L. Wendlandt have been promoted to vice presidents of First National Bank of Council Bluffs.

Ms. Bohnet has been with the bank for 17 years and is currently administrative assistant to the president, secretary to the board and manager of the loss prevention function.



**J.L. BOHNET**



**C.N. GROSS**



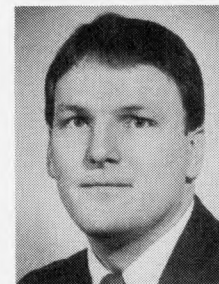
**C.L. WENDLANDT**

Mr. Gross was also promoted to commercial loan officer. He has 13 years banking experience.

Ms. Wendlandt is currently responsible for managing the consumer banking area. She has eight years banking experience.

### Promoted in Dubuque

Dubuque Bank and Trust Company has announced the promotions of John K. Schmidt to vice president, finance, and Jacquie M. Manternach to auditor.



**J.K. SCHMIDT**



**J.M. MANTERNACH**

Mr. Schmidt joined the bank in 1984 as auditor. Ms. Manternach has been with the bank since 1978.

## ● Ed Spetman Dies

Ed H. Spetman, chairman and chief executive officer of Council Bluffs Savings Bank, died January 18, after a short illness, at the age of 63.

● He was named chairman and CEO in 1982. In 1963, he became the bank's president. He had served the bank for over 40 years and under his leadership, Council Bluffs Savings Bank became the largest in Southwest Iowa, growing to an asset size of over \$200 million. He served the bank as executive vice president, vice president and cashier, auditor and assistant cashier.

● Mr. Spetman was also a director of Banks of Iowa, Inc., the state's largest bank holding company. He also served on its executive board.

● Affiliated with many banking associations, he served on the state banking board from 1970-78 and was president of the Iowa Bankers Association from 1965-66. He also served on the American Bankers Association's national agricultural committee.



E.H. SPETMAN

## ● Two Named in Sioux City

● Kent Handel and Michael H. Zimmerman have been elected vice presidents of The Security National Bank of Sioux City.



K. HANDEL

M. ZIMMERMAN

● Mr. Handel joined the bank in 1982. He later served as manager of the personal trust area of the bank's trust division and was named trust officer in 1984. He will be working in the trust services division of the bank.

● Mr. Zimmerman joined the bank in 1984 and was later named senior mortgage loan officer. He will be working in the bank's real estate mortgage department.



## There Is a Difference in Banks

Trust, confidence, loyalty ... words our customers use to describe how they feel toward Valley National Bank.

Valley Bank is experiencing substantial growth  
... in deposits,  
... loans, and  
... in earnings.

That's because we maintain a highly skilled staff, offer top service, and perform well financially.

We welcome your inquiry ...

Remember, there is a difference in banks.

## Valley National Bank

Main Office-Sixth and Walnut

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A "BANKS OF IOWA" BANK

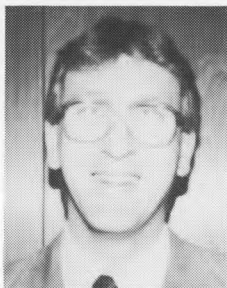
For Professional Correspondent Service  
call 1-800-622-7262



## Hired in Denmark

The Farmers Savings Bank, Wever, has hired Michael D. Miltenberger as a loan officer for its Denmark office.

Mr. Miltenberger has worked for the past 10 years as a controller for Farmer's Cooperatives in Iowa and Missouri.



M.D. MILTENBERGER

tial increase in numbers of donors and amount pledged but for the fact that in the 1985-86 year the number of Iowa banks contributing to ICF dropped to 234, compared to 350 contributing banks in 1983, thus reflecting the crisis situation in Iowa agriculture.

Mr. Hughes stated in his semi-annual report, however, that he predicts "1987 will be a major year in the history of ICF."

## Iowa College Foundation Gives Mid-Year Report

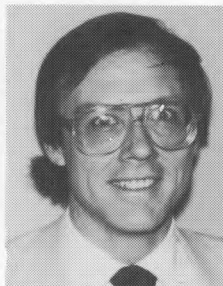
Roger A. Hughes, executive director of the Iowa College Foundation, headquartered in Des Moines, stated in his semi-annual report last month that total giving for ICF's first six months of the 1986-87 fiscal year totaled \$484,154, an increase of 4.6%, or \$21,186 over the same period a year earlier. However, the number of donors was down from 421 to 417.

There would have been a substan-

## Elected in Mason City

William L. Cody has been elected as cashier of First Interstate Bank, Mason City.

He joins the bank from the First Interstate Bank of Maren-go where he was controller and trust officer. Prior to that, he was a staff auditor with McGladrey, Hendrickson & Pullen in Mason City.

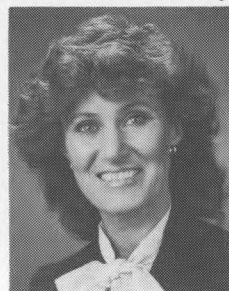


W.L. CODY

## Elected in Sioux City

First National Bank in Sioux City has elected Pat Kuchel as marketing officer.

A graduate of Morningside College, Ms. Kuchel joined the bank last year as marketing director.



P. KUCHEL

## Deluxe Check Completes Data Systems Acquisition

Deluxe Check Printers, Incorporated, St. Paul, Minn. has completed the acquisition of A.O. Smith Data Systems, Inc. for \$71.5 million in cash. A definitive agreement on the purchase had been reached with A.O. Smith Corporation, the parent company of DSI, on November 26. DSI was expected to have sales of about \$34 million in 1986.

"This acquisition ties in directly with Deluxe's strategy to expand its market and product lines," said Harold V. Haverty, president and chief executive officer of Deluxe. "DSI will provide Deluxe with an important additional service to offer its financial institution customers. It will also give Deluxe an opportunity to participate in the growth of services related to all aspects of the payments system — automated teller machines and point-of-sale systems, as well as checks."

DSI, based in Milwaukee, is a leading supplier of electronic funds transfer software and processing services, particularly software and services for automated teller machines and point-of-sale equipment.

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