

# NORTHWESTERN Banker

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## Training the Young Loan Officer

*Remarks by Douglas S. Clarke, senior vice president, First National Bank, Canton, Ohio, in a panel discussion on "Development and Training of Commercial Loan Officers" presented at the annual meeting of Robert Morris Associates.*

The young loan officer is presumed to be well trained in the mechanical arts of statement analysis he learned in two or three years in the credit department. Presumably, he is so well trained that these skills are second nature to him.

Hopefully, he can discuss a customer's balance sheet and profit and loss intelligently, and he can quickly sketch a pro forma balance sheet in the customer's presence to show the effects of the loan request.

Now, what does he need to get from the customer in order to make a proper loan? Suppose the customer is, in fact, a corporation, but is really a one-man business. You will want to get his personal signature on the loan—but in what form?

(a) Co-signature—personally as well as corporately?

(b) Will he endorse—or will he sign a continuing guarantee? What form of personal obligation should

be required? As you know, if he co-signs, then your rate of interest is limited to the usury law in your state. If he endorses, or



guarantees, then the individual customer is secondarily liable on the obligation, and the defense of usury is not available to him.

Such a conclusion, to get an endorsement or guarantee instead of a co-signature obligation is, of course, a matter of law. But how much law does a young loan officer have to know and where does he learn it? He won't learn it in the credit department and you can't expect him to be a lawyer. Where does he learn these things? He learns them from his associates, and he learns them piece by piece, day by day, by constant consultations with his associates—particularly a senior officer with years of experience.

The main transition of the young loan officer from the credit department to the loan platform is that—for the first time—he is signing the bank's name. Within the limits of his authority—and, hopefully, he is made well aware of those limits and they are adequately supervised—everything he says, or signs, is a real or implied commitment of the bank.

Therefore, we are right down to the time-tested method of training men, the master and apprentice system. The senior loan officer is our prototype, and he must be of such a character and disposition that, not only does he command proper respect, but he is the kind of a man who will patiently share his time and his knowledge and experience with the young officer.

The senior loan officer has a tremendous obligation to his young associates. He has to give them enough authority and responsibility so that they can develop in skills, competence and confidence, and yet he must be sure at all times that the young loan officer is not getting dangerously over his head. And, it can be dangerous both for the bank and for the young loan officer.

There is much repetition and considerable detail involved in

(Continued on Page 4)

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### **IOWA NEWS**

**ALGONA:** Lyle (Bud) Anderson, 48, owner and operator of the Colonial Motel, has been elected a director of Security State Bank.

**AMES:** Services were held here December 27 for Clay W. Stafford, 76, who died of cancer in a Phoenix, Ariz., hospital. Mr. Stafford was board chairman of First National Bank of Ames at the time of his death. He succeeded his father as president in 1942 and became chairman in 1961. He was Iowa superintendent of banking from 1961 to 1964. His son, Robert, is president of First National.

**ARMSTRONG:** Franklin Koons has joined the staff of First Trust and Savings Bank.

**BEDFORD:** Maurice Hanson of Di-

agonal has been elected a director of Bedford Savings Bank. He succeeds 90-year old Eugene Baxter of Clearfield, who is now an honorary director.

**BETTENDORF:** Ralph U. Heninger, president of Bettendorf Bank & Trust, has announced the following promotions: George C. Heninger, from vice president to executive vice president; T. R. Brimeyer, from assistant vice president to vice president; David A. Laing and John Pheiffer to assistant vice president, and Kermit Kossen to assistant cashier.

**DES MOINES:** Frank M. Thompson, 69, former vice president and cashier at Valley Bank and Trust Company, died of a heart attack December 22 at home. He was with Valley Bank 49 years before retiring in 1966.

**DUBUQUE:** C. A. Firzloff, president of First National Bank, announces the following promotions: L. Richard Winter and Paul J. Gisch, from vice president to senior vice president; Donald R. Runger, from vice president and trust officer to vice president and senior trust officer; Thomas K. Killion, trust officer, also named assistant vice president, and Kenneth E. Weitz, appointed trust operations officer.

**FAIRFIELD:** Plans for future building expansion were announced by Iowa State Bank & Trust Company when President Charles Eastburn reported acquisition of a building adjacent to the bank. This expansion will add nearly 2,000 square

feet of floor space to present quarters. Architectural work will be done by A. Moorman and Co., Minneapolis.

**KIMBALLTON:** Leonard C. Steen, vice president, has also been elected cashier of Landmands National Bank. In that post he succeeds Randal Hansen, who continues as vice president.

**MEDIAPOLIS:** Gordon Hinz begins his duties January 5 as cashier of Mediapolis Savings Bank. Most recently he has been employed in the farm mortgage division of Metropolitan Life Insurance Co.

**OELWEIN:** Robert Arthaud, cashier, First National Bank, has been elected president of the Fayette County Bankers Association. Francis D. Butikofer, assistant cashier, Elgin State Bank is vice president. Jerry Burrack, assistant cashier, Maynard Savings Bank, is secretary-treasurer.

**SIGOURNEY:** Keokuk County State Bank capital has been doubled from \$100,000 to \$200,000 by a 100% stock dividend.

### **NEBRASKA NEWS**

**GRAND ISLAND:** S. N. Wolbach, president of First National Bank, has been reappointed a director of the Omaha branch of the Federal Reserve Bank of Kansas City. He began his second two-year term January 1.

**OMAHA:** A series of open houses to show directors and the staff of The Omaha National Bank and the public the new headquarters building of the bank will commence Thursday, January 8 with a special press breakfast and preview. This will be followed by a special tour and dinner for directors Sunday evening, January 11 and the bank will then open officially for business the following day, Monday, January 12, in the new quarters. On January 13, at a public affairs luncheon, Dr. Charles E. Walker, former executive vice president of the American Bankers Association and now Under Secretary of the Treasury of the United States, will be featured speaker.



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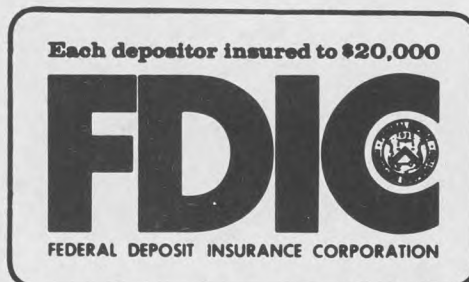
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MEMORANDUM FOR THE BOARD OF DIRECTORS

RE: [Illegible]

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Morris F. Miller, chairman of the bank, said other special guests will be Nebraska Governor Norbert T. Tiemann and Omaha Mayor Eugene Leahy. Other open house activities will continue throughout January.

**PALISADE:** Mrs. Elsie (Schipman) Keller, assistant cashier and director of the Frenchman Valley Bank, has retired following a banking career of more than 41 years. She has been with Frenchman Valley Bank since June, 1936.

## MINNESOTA NEWS

**DULUTH:** Franklin M. Anderson, 52, assistant vice president, Northern City National Bank, died recently.

**MINNEAPOLIS:** Robert W. Torvik, cashier of First Bloomington Lake National Bank, has been elected vice president and cashier. He is currently president of the Minneapolis chapter of AIB.

**MINNEAPOLIS:** First Bank Systems promotions include: Gene G. Kuehneman to vice president from assistant vice president; Alvin A. Rahn from assistant treasurer to treasurer; William R. Gamble from assistant secretary to assistant vice president, and Eugene R. Mason, from assistant secretary to assistant treasurer.

**NEW ULM:** Conrad Frey, president of Dr. Martin Luther College, was elected a director of Citizen's Bank at the December board meeting in the bank.

**ROCHESTER:** Lyle A. Johnson, 48, vice president in charge of the real estate loan department, Northwestern National Bank, died unexpectedly last month of a heart attack.

**ST. PAUL:** Donald H. Johnson, banks and bankers department, and Glen O.

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Olson, marketing department, have been promoted from assistant vice president to vice president at American National Bank and Trust Company.

**SHAKOPEE:** Donald M. Norris has resigned as vice president and cashier of Prior Lake State Bank. He will join Drovers National Bank of Chicago this month as vice president.

## ILLINOIS NEWS

**CHICAGO:** The newly-organized First State Bank of Chicago has been approved as a member of the FDIC. Total capital is \$1,750,000. President is C. Frederick Potter.

**CHICAGO:** One promotion and the election of four new officers has been announced at The Marine Bank. Mrs. Lois Hansen has been promoted from auditor to assistant vice president. New officers are: Edward Hayes, assistant auditor; Miss Sheila Marth, installment lending officer; Mrs. Jeanne Leenaerts and Terry Blummer, customer service officers.

**CHICAGO:** Frank C. Burckhardt and Clarence Evans has been elected assistant cashiers at Western National Bank.

**DES PLAINES:** Six officers have been promoted at First National Bank: Jack E. Lavold, from cashier to vice president and cashier; Bruce W. Phillips and Winn C. Davidson from

assistant vice president to vice president; Bruce I. McPhee, from assistant cashier to assistant vice president; Russell A. Johnson, from auditor to assistant cashier, and Donald W. Stanke, from assistant auditor to auditor. Also, Stanley L. Hedrick has been named assistant auditor, and Frederick F. Webster, vice president, has been appointed secretary to the board of directors.

## COLORADO NEWS

**DENVER:** Walter M. Schirra, former astronaut and president of Regency Investors, Inc., Denver, has been elected a director of First National Bank, Englewood.

**DENVER:** Colorado CNB Bankshares, Inc., has announced plans for two new banks. Approval has been received from the Comptroller of the Currency for a charter for Arapahoe Colorado National Bank, to be located at Arapahoe Road and University Blvd. near Southglenn Shopping Center. A state bank charter has been requested for a bank to be located in Boulder in the Table Mesa Shopping Center.

## NORTH DAKOTA NEWS

**TIOGA:** Walter Heinle is the cashier at Bank of Tioga. He was with Security State Bank at Hebron three years and was a state bank examiner two and one-half years.

## ED LEAHY—New Man on Security's Team



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### Training Loan Officer...

(Continued from Page 1)

completing most transactions. It is tedious but it is most important that all transactions be completed (a) efficiently, (b) economically, (c) profitably, (d) legally. How can management be sure this is done? Someone must be charged with the responsibility.

There must be no generation gap in this process of officer training because, as I illustrated, information also comes the other way. There are so many new techniques and ingenious devices. Take, for example, the problem of pricing the loan. We have the old floors and ceilings and commitment fees to which you can add "a piece of the action," "shadow warrants" and "profit participation financing" authorized by Comptroller's ruling 7312.

But, more particularly, does your young loan officer know the reasoning behind your stated changes in loan policy? Does he know your daily money position, the bond program, your daily and seasonal liquidity needs or your general thinking on allocation of funds for maximizing profits? Does he know that every loan we make these days - when most of us are buying federal funds - are made at a loss? What is our philosophy as a banking function in our community? He must get a real feel for these larger institutional policies. Then he will understand that

he is not simply on the "loan prevention" squad.

I would say that the master and apprentice system is best no matter what the size of the bank. We must have full and sympathetic communication at all times between our associates and between the senior and the junior officers.

### Nat Rogers Says New S&L Rate A Disadvantage for Bank Borrowers

President Nat S. Rogers of The American Bankers Association has urged that commercial banks be permitted to issue special certificates of deposit at the same rates and under similar terms authorized for savings and loan associations by the Federal Home Loan Bank Board last month.

The FHLBB action places savers at commercial banks "at an unconscionable disadvantage," Mr. Rogers stated in identical telegrams to Secretary of the Treasury David M. Kennedy, Federal Reserve Board Chairman William McChesney Martin, Comptroller of the Currency William Camp, and Federal Deposit Insurance Corporation Chairman K. A. Randall.

The FHLBB granted immediate authority for savings and loan associations to pay 6% annual interest on special certificates in amounts of \$10,000 and above, and with maturities of from two years to five years. The certificates may be made available to savers of record as of Decem-

ber 15, 1969. Authority for the special issues expires July 31, 1970.

### Transferred to Washington

Roy W. Terwilliger, secretary of the ABA State Association Section, has been transferred from New York to the Washington office, according to ABA Executive Vice President Willis W. Alexander. Mr. Terwilliger, 32, is also secretary of the ABA Economic Education Committee.

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