

2 Senate Bills Expand Rural Lending

Two bills that would give the Farm Credit Administration authority to make nonfarm rural loans have been introduced in the United States Senate Agriculture Committee. Both would considerably expand the Farm Credit System's rural financing role.

S. 2223 has been introduced by Sen. Herman Talmadge (D., Ga.), chairman of the Senate Agriculture Committee, and others, under the title of the Consolidated Farm and Rural Development Act. Patterned closely after the Farm Credit System, it would be subject to the supervision of the FCA. Securities of the new rural development bank would be marketed by the selling agency which sells the securities of the Farm Credit System. The bill does not eliminate existing rural development programs, and has two major provisions:

1. It would expand authority of the USDA to provide credit for private and public borrowers, unable to obtain credit from commercial sources at reasonable rates and terms, to undertake projects to carry out a rural development purpose.

It would reorganize the structure of the direct and insured loan programs of the USDA so the Department could more effectively deal with the credit needs of both farmers and nonfarm rural borrowers. It would not, however, change the operation of the Rural Electrification Administration.

2. It would establish a nonfarm



rural credit system which would be governed by a rural development credit board. This system would consist of: First, a federal rural development credit agency which would oversee the operations of 10 regional rural development credit banks, and second, a rural development investment administration which would provide subsidies to go with the hard loans made under the rural development credit agency. This subsidized credit would be available for the borrower who is considered a poor risk and who would not qualify for a loan from the rural development bank.

The bill would give private banks and other financial institutions in rural areas, and county, municipal, borough, or township governments the option of becoming a participant or a cooperator. To do this, the bank or agency would have to buy stock in the amount of one per cent of the loans that they have outstanding. They would then be voting members of the rural development credit system.

If the local bank becomes a member it could obtain the status of a cooperating institution by selling obligation paper to, obtaining a loan from, or submitting loans to be insured or guaranteed, or discounted or rediscounted, to the financial agency of the local multicounty planning and development district, which is the local operating arm of the rural development credit system.

Revision of the lending authorities in the USDA would provide soft credit to those borrowers who could not qualify for a bank loan and would completely separate rural development type loans from farm loans.

The government's initial subscription would be \$2 billion, in 10 annual payments averaging \$200 million. This would enable the system to issue about \$2 to \$3 billion a year in debentures and bonds in its early years, increasing to a potential of \$10 to \$20 billion a year after full operation.

Most of this capital would come from private sources, sponsors say, to provide a combination of federal and private capital similar to the principle of the Federal Land Bank system.

The 10 regional banks, each located in cities under 35,000 population, would make money available to some 500 rural district agencies.

S. 1483 is proposed by a Senate Agriculture subcommittee to finance nonfarm rural housing, restricted to one-family, moderate income homes

Rural Lending...

(Continued on back page)



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IOWA NEWS

AMES: G. Roger Alley, chairman of the board of the First National Bank, will be honored by a reception commemorating his 50th anniversary with the bank on Wednesday, July 21. The reception will be held in the bank lobby from 4:00 to 6:00 P.M.

LIBERTYVILLE: Robert B. Stump was named executive vice president and cashier of the Libertyville Savings Bank at a recent stockholders meeting held recently. All other officers remained the same.

MT. JOY: The Annual Scott County Banker's Association "Vigilante Shoot" was held recently at the Davenport Police Pistol Range. Both peace officers and bankers participated in trap shooting for prizes. A smorgasbord luncheon was served during the event.

NEBRASKA NEWS

TRENTON: After 54 years of banking

in Trenton, and almost 64 years in the banking business, Adolph Thuman recently retired as president of the State Bank of Trenton. He organized the State Bank of Trenton in 1917. It was also announced that B. G. (Bert) Shillington, vice president of the bank has retired also. Mr. Shillington came to the bank in 1925 and has been associated with the bank since that time. Roger Thuman, the newly elected president of the bank, has announced the election of D. D. Whaley as executive vice president and director and Earl Danner as vice president and cashier.

MINNESOTA NEWS

MINNEAPOLIS: Northwest Bancorporation has filed a registration statement seeking registration of 27,615 shares of stock of Farmers and Merchants State Bank of Stillwater and all the assets of Krong Agency, Inc., a general insurance agency), at the rate of 5.2 shares for each Bank share and 1.8 shares for each Krong share. Effectiveness of the exchange offer is contingent upon accept-

ance by holders of at least 90% of the outstanding Bank shares.

MORRIS: The fifth session of the Midwest Banking Institute will be held on the Morris Campus of the University of Minnesota from July 18 through July 23. The Midwest Banking Institute is sponsored by the Bankers Associations of Minnesota, North Dakota, South Dakota and Wisconsin to fill a need for a course of study designed for management level bankers from rural areas and others concerned about the future of the rural community in transition.

NORTH DAKOTA NEWS

BISMARCK: The Securities and Exchange Commission has asked that the First American Bank and Trust Company be placed in receivership and that the institutions officers be restrained from selling certain securities. A complaint was filed by the SEC recently in the U.S. District Court in Bismarck. The complaint names as defendants Robert M. Hart, Robert N. Campbell and Larry Sanders, all officers of First American. In its civil action, the SEC alleged that First American placed ads in general circulation newspapers in South Dakota, Minnesota, Montana and Iowa and that some of the statements in those ads are contended to be untrue.

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Robert Hart, bank president, feels the SEC's complaint is nothing more than "a warmed over copy of the allegations presently before the Cass County District Court in Fargo, N. D." Mr. Hart claimed that the bank is solvent. "The capital is in excess of that of the majority of other state-chartered banks and, in fact, is 252 percent in excess of that required by law," he said.

GRAFTON: Marvin Mielke, who has been cashier, has been elected a vice president and cashier of the Walsh County Bank according to Dan Lessard, president of the bank. He is presently in charge of the audit and internal operations of the bank.

SOUTH DAKOTA NEWS

PIERRE: Roger D. McKellips, executive vice president, State Bank of Alcester, Alcester, has been named as a member of the South Dakota Banking Commission for a full three year term by Governor Richard F. Kneip. He replaces Ray Plowman, president, First State Bank, Armour, who has been a member of the Commission for the past six years.

MONTANA NEWS

GREAT FALLS: Bancorporation of Montana has filed a registration with the Securities and Exchange Commission seeking registration of 182,000 shares of common stock, of which 95,200 are to be offered by public sale by the company and 86,800 being outstanding shares by the holders thereof. The offer is to be made at \$17 per share maximum through Dain, Kalman & Quail, Inc., of Minneapolis. The com-

pany owns and provides management services to 11 commercial banks in Montana. Of the net proceeds of its stock sale, \$930,000 will be used to retire short-term indebtedness to a non-related bank and the balance for working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 283,109 common shares, of which Richard D. Rubie, board chairman, and Charles W. Rubie, president, own 30.75% each. Each proposes to sell 43,400 shares.

COLORADO NEWS

ARVADA: The FDIC has approved an application to establish a detached facility to the Arvada State Bank according to a recent announcement.

BOULDER: The First National Bank in Boulder has announced the appointment of Kent O. Bolin as executive vice president, effective August 1. Mr. Olin was formerly vice president of United Bank of Denver in charge of correspondent banks, agriculture and natural resource lending and international activities.

DENVER: Roger D. Knight, Jr., president, United Banks of Colorado, Inc., has announced that United Banks of Colorado will purchase for cash controlling interest in the Colorado Commercial Bank. A similar offer will be made to the remainder of the bank's stockholders. Colorado Commercial Bank is the fifth largest bank in Colorado Springs with assets of \$19 million. United Banks of Colorado reported first quarter assets of \$762 million and is the state's largest bank holding company. Approval of the Federal Reserve

Board is required to complete the acquisition.

WYOMING NEWS

DUBOIS: Harry F. Hays, president of the Dubois National Bank, has recently resigned. He will continue as chairman of the board of the bank, which he helped to organize in 1963. George M. Blevins, vice president and cashier was named to succeed Mr. Hays. Mr. Blevins was a deputy bank examiner for Wyoming and Montana for six years before joining the Dubois National in 1963. He is also mayor of Dubois.

ILLINOIS NEWS

BLUE ISLAND: Joseph M. Devins has been appointed personal banking officer at County Bank and Trust Company according to a recent announcement.

CHICAGO: Eugene Shapiro, assistant vice president of the Devon Bank, has added the duties of chief trust officer to his responsibilities succeeding Leonard McGee.

CHICAGO: Joseph J. Kriese Jr., has been appointed operations officer of the Illinois State Bank.

CHICAGO: John A. Muchoney has been appointed assistant cashier at the

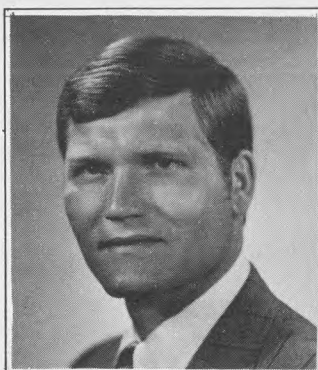
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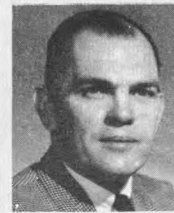
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O'Hare International Bank. Edward D. Egelston has been named pro cashier and Joseph T. Puleo has been named assistant cashier and coordinator of computer operations.

CHICAGO: William G. Abernathy, Sr., has recently been elected to the board of the Seaway National Bank according to a recent announcement.

CRETE: The Crete Trust and Savings Bank has recently received FDIC insurance approval according to a recent announcement. Total capital accounts at the bank are \$750,000. Ronald R. Grubbs is president.

MONTGOMERY: FDIC has approved app for insurance for the new Bank of Montgomery. Total capital accounts are \$600,000.

OAK BROOK: Carroll R. Layman has been named a v.p. by the Oak Brook Bank. He was formerly vice pres. business development and marketing for a downtown bank.

PEKIN: First Nat'l. Bk. and Tr. Co. has advanced Gordon M. Snow from auditor to asst. v.p., adm. dept.

PEORIA: George M. Wasem has been appointed to the newly created post of senior vice president in charge of corporate development at the Commercial National Bank. Robert T. Stevenson,

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Jr., assistant vice president, has been named to succeed Mr. Wasem as head marketing officer.

WISCONSIN NEWS

ELK HORN: The First Holding Company, Inc., Waukesha, has received approval to acquire 80 percent or more of the voting shares of The First National Bank of Elk Horn.

FRANCIS CREEK: The State Bank of Francis Creek, a state member bank, has been absorbed by the First National Bank in Manitowoc, Manitowoc. A branch was established in the former location of the State Bank of Francis Creek.

Rural Lending...

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and would include people with incomes over \$8,000.

The bill has not found favor so far with some members of the House, who oppose the bill in the Senate, nor has it found favor with bankers and other financial institutions. The bill rests presently in the subcommittee.

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