

NORTHWESTERN Banker Newsletter

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November 8, 1976

To Revise Holder-In-Due-Course Rule

The Federal Reserve Board staff is working on revisions in a proposed holder-in-due-course rule applying to creditors which would prohibit banks from making or receiving consumer credit contracts unless all consumer claims and defenses are preserved.

The Fed first issued its proposed rule for comment in February. It is identical to a Federal Trade Commission proposal, announced in November 1975, to amend the FTC's controversial holder-in-due-course rule which applies to sellers.

The FTC holder-in-due-course rule, which went into effect May 14, requires sellers to provide notice of protection of consumer claims and defenses in installment sales contracts used to finance retail purchases. The FTC's proposed creditor rule would extend that notice requirement to creditors other than banks, and the Fed's action would extend the requirement to creditors other than banks, action would extend the requirement to banks.

H. Edwin Schmelzer, acting chief of the Fed's fair credit practices section, said that the staff work on the proposed revisions should be completed in about 10 days. He could not predict when the revised proposal actually would be published for comment, but indicated

that the Board is anxious to expedite the matter in order to provide some guidelines for banks which are concerned about their liability under the existing FTC rule.

Overreaction

"It might eliminate some overreaction," he said, referring to the recent withdrawal by some banks from the consumer lending business altogether because of the uncertainty about their liabilities under credit contracts.

The FTC held hearings on its proposed creditor rule in April but, according to an FTC staff member, has run into several delays in analyzing the information. The staff member said the analysis of the hearings wouldn't have any final rule "before well into 1977."

Under the law, whenever the FTC issues a rule prohibiting unfair or deceptive practices, the Fed must promulgate a substantially similar rule for banks within 60 days unless it determines that such a rule is unnecessary.

Mr. Schmelzer said the Fed would not finalize a proposed rule until after the FTC takes similar action on its own proposal. "The point in putting it (the Fed creditor rule proposal) out now is that the seller rule is already impacting on creditors," he said.

To Simplify Law On Truth in Lending

Senator William Proxmire (D-Wis), chairman of the Senate Banking Committee, said the Committee next year will try to unravel the complicated regulations implementing a key consumer law—the Truth in Lending Act.

Mr. Proxmire said the basic idea of the law is as valid today as it was eight years ago, but he charged that government bureaucrats have made it "complex, technical, and complicated." He added, "Our original intention is being frustrated by the bureaucrats with too much detail and complexity in the regulation. I doubt that many consumers take the time to wade through all the information provided. The essential items—the amount of finance charges and the rate of interest—are lost amid dozens of other numbers, computations, and notices."

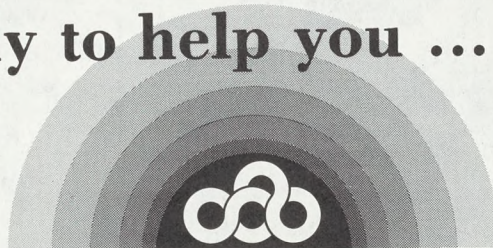
For example, Mr. Proxmire, said that creditors recently told the Federal Reserve Board that one new chapter of the Act could require a disclosure form three feet long. Other forms, he added, are almost unreadable because they are so cluttered with words and numbers. "This is hardly meaningful disclosure the original Act contemplated."

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Iowa News

AUDUBON: The State Bank of Audubon has changed its name to Audubon State Bank. The bank also announced the election of Marilyn Miller as assistant cashier. Mrs. Miller, a 13-year employee, will be the bank's operations officer.

DES MOINES: The Iowa Bankers Association filed a petition with District Court Judge Gibson Holliday November 1 to become a party to the suit filed previously against the Iowa Superintendent of Banking by the Iowa Credit Union League. The suit revolves around Superintendent Tom Huston's denial of share draft usage by credit unions in the state. Judge Holliday will issue a decision soon on IBA's petition to join in the suit on the side of the superintendent. The



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judge and attorneys for both sides also agreed that the issue itself will be heard starting December 7 at 9 a.m. in District Court.

DES MOINES: The appeal of an adverse District Court ruling against the Iowa superintendent of banking for its denial of a bank charter in Grimes will probably not be heard by the Iowa Supreme Court until February or later in 1977. The Iowa superintendent had denied a state charter in Grimes, a short distance northwest of Des Moines, to Roy Meadows and his associates. The District Court ruled in favor of the charter applicants.

DUBUQUE: William F. McDermott has been promoted to assistant cashier and branch manager of the Epworth office of Key City Bank and Trust Co. He most recently was loan officer.

GRAETTINGER: Martin Mushrush has joined the Graettinger State Bank as public relations specialist and junior lending officer.

IDA GROVE: Peter Nielsen has been named senior vice president and secretary to the board of Ida County State Bank. He previously was vice president and cashier.

IOWA CITY: The Southeast Iowa Group of the National Association of Bank Women will meet Thursday, November 18, at the University Athletic Club here. The business meeting is scheduled for the morning with the afternoon session to include talks on "Personal Budgeting" and "A Broad Look at Investing."

TIPTON: Curtis Terhark, 43, has joined the Tipton State Bank as agricultural representative. He has 16 years of experience in farm lending with the Production Credit Association, including the last three years at Broken Bow, Nebr., and eight years at Tipton, serving the Cedar County area.

Nebraska News

HARRISON: Sioux National Company has received approval to become a bank holding company through acquisition of The Sioux National Bank here.

LISCO: The Federal Reserve has announced its approval of the application of Lisco State Company here to become a bank holding company through acquisition of Lisco State Bank.

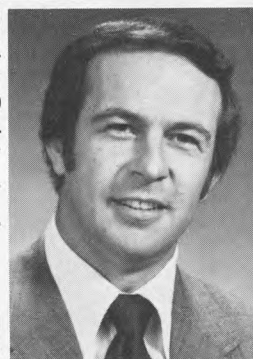
SPALDING: The Spalding Corporation has received approval to become a bank holding company through acquisition of 80% or more of the voting shares of Spalding City Bank.

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NEW ISSUE

MOODY'S: "Aaa"

\$3,700,000 DUBUQUE, IOWA

General Obligation Civic Center Bonds

Dated: November 1, 1976

Denomination: \$5,000

Both principal and semiannual interest (May 1 and November 1, first coupon due May 1, 1977) payable at the office of the City Treasurer, Dubuque, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

<u>4.50%</u>		<u>4.50%</u>	
\$ 50,000	May 1, 1978	3.20	
150,000	May 1, 1979	3.50	
175,000	May 1, 1980	3.70	
200,000	May 1, 1981	3.85	
200,000	May 1, 1982	4.00	
225,000	May 1, 1983	4.15	
250,000	May 1, 1984	4.30	
250,000	May 1, 1985	4.40	
			<u>4.50%</u>
		\$275,000	May 1, 1986
		4.50	
			<u>4.80%</u>
		275,000	May 1, 1987
		4.60	
		300,000	May 1, 1988
		4.70	
		325,000	May 1, 1989
		4.80	
			<u>5.00%</u>
		325,000	May 1, 1990
		4.90	
		350,000	May 1, 1991
		5.00	
		350,000	May 1, 1992
		5.10	

LEGALITY TO BE APPROVED BY CHAPMAN & CUTLER, ATTORNEYS, CHICAGO, ILLINOIS.

Dubuque is located about midway between Chicago and Des Moines on the Mississippi River across from the Illinois-Wisconsin border. It is Iowa's oldest City and the broad economic base and growth during the community's long life have resulted in its high reputation in the financial field. The current estimated population is 62,309, the same as the 1970 Census. Improvements to the existing sewerage system are planned to serve 81,500 people in 1996. An excellent network of highway, air and river transportation serves the City. There are four banks in Dubuque with combined deposits in excess of \$364,000,000. Two bridges connect to Illinois and Wisconsin. The retail trade area of Dubuque covers all or part of fifteen counties in Iowa, Illinois and Wisconsin which have a combined population of 418,292. Two shopping centers plus a downtown mall contribute to the regional drawing power. Total retail establishments in the City exceed 800 and retail sales in the year ending June 30, 1974, were reported by the Iowa Tax Commission at \$438,216,271, up 43% from five years before. Dubuque has a broad industrial and commercial base. The two major employers are John Deere and Dubuque Packing Company with employment of approximately 6,587 and 2,900, respectively.

The proceeds of this issue will be used to acquire a site and construct and equip a civic center. In the opinion of counsel, these bonds are legal and binding general obligations of Dubuque, Iowa, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Actual and assessed value of taxable property, 1975-76	\$550,023,500
Direct debt, including this issue	9,450,000
Total direct and overlapping debt	15,119,295
Population, 1976 estimate: 62,309	
	Direct debt per capita: \$151.66
	Total debt per capita: 242.65

Tax collections have approximated 99.3% of taxes levied for the last four years.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.



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WINTER

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TABLE ROCK: Paul Smith has joined the State Bank of Table Rock in the operations and insurance department. He recently retired as a lieutenant colonel after 24 years in the Air Force.

Illinois News

CHICAGO: William O. Kurtz, president of the Metropolitan Bank of Chicago, has announced his retirement after 41 years in banking. A former president of the Illinois Bankers Association, Mr. Kurtz began his career with American National Bank & Trust Company in 1935. He took early retirement from American National in 1971 to join Metropolitan as president.

Minnesota News

ALEXANDRIA: Dennis H. White has joined the Alexandria Bank & Trust Company as instalment loan officer. He formerly was with the First National Bank of Wahpeton, N.D.

AUSTIN: Monty L. Monson has joined the Sterling State Bank as a loan officer. He formerly was with the Austin and Mankato offices of Thorp Credit and Thrift and the Northwestern State Bank of Mankato.

LAKEVILLE: The First National Bank of Lakeville has converted to

a state banking institution and is now operating under the name of First Lakeville State Bank.

PARK RAPIDS: Chuck Glessing has joined the State Bank of Park Rapids as an assistant cashier. He formerly was a bank examiner living in Detroit Lakes.

SLAYTON: Northwestern State Bank has announced the election of A. Howard (Mike) Engebretson to chairman and the appointment of Palmer (Duffy) Hoffland to president and executive officer. Mr. Hoffland has been president of the First Northwestern State Bank of Silver Bay.

WELLS: Peoples State Bank has increased its capital stock from \$70,000 to \$350,000 by stock dividend.

PIERZ: David W. Gedde has joined the Farmers and Merchants State Bank as assistant cashier. He previously was a bank examiner for the State of Minnesota Commerce Department since 1969.

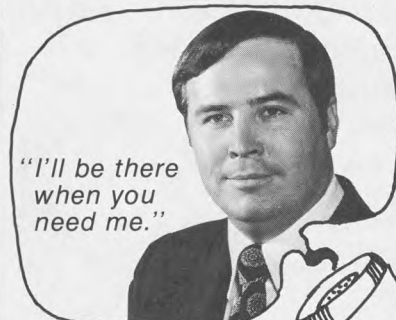
North Dakota News

DICKINSON: Frank N. Emch has been named vice president in charge of the agriculture loan department of the American State Bank. He has 13 years of banking experience and also farm and ranch experience.

MINOT: Jack Lundeen has been promoted to assistant vice president of First Western State Bank. He joined the bank in 1971 and was promoted to assistant cashier in 1972.

NEW TOWN: Lakeside State Bank has increased its capital stock from \$100,000 to \$200,000 by stock dividend.

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R.E. LOAN—2 places in metro areas, both represent good future\$18,000
CONTROLLER—\$30MM Ks. bank in sml. town near a metro area. Accounting deg. and 5 years bank accrual accounting needed. An exec. off. position\$22,000
COM'L LN & BIZ DEV.—Jr. position with future. Must have 2 yrs. formal analysis work in a bank\$14,000

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