

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

March 24, 1980

Concern Over Farm Amendments

THE proposed package of amendments to the Farm Credit Act of 1971 currently being considered by Congress (H.R. 4782/S. 1465) has the potential for harm to the maintenance of a competitive credit environment that serves the best interests of farmers and the U.S. consumer, representatives of the American Bankers Association told Congress.

In testimony before the U.S. House Subcommittee on Conservation and Credit of the Committee on Agriculture, the ABA offered amendments to proposals "that would otherwise emerge as legislation that would have profound bearing on whether the farmer of the future, like the farmer of today, will have two or more types of strong financial institutions bidding vigorously for his credit business."

"While we support amendments which modernize the Cooperative Farm Credit System methods and procedures enabling it to serve the needs of a changing agriculture, we oppose the new authorities this legislation would grant that provide new directions while special treatment under the present law remains," said Marlin D. Jackson, chairman of the ABA Agricultural Bankers Division and president of the Security Bank, Paragould, Ark.

Encroachment

"The proposed legislation would

give the CFCS further authority to provide financial resources outside the farm sector and would be an additional encroachment on the private sector including the commercial banking system," Mr. Jackson told Subcommittee members. "It would also expand the inequities already existing between the operations of private lenders and the CFCS, thereby reducing the competition between CFCS and other lenders."

"If it is the intent of Congress to maintain a credit delivery system that is inherently competitive among its major lenders then the proposed legislation should be

amended to permit commercial banks and the Farm Credit System to operate under basically the same rules," asserted Walter W. Minger, former chairman of the ABA Agricultural Bankers Division and senior vice president of the Bank of America, San Francisco.

New Powers

"The passage of this legislation without amendments would result in the CFCS being transformed into a nationwide financial entity with powers and special privileges unparalleled in this country," Mr. Minger said.

The amendments recommended

FARM AMENDMENTS . . .
(Turn to page 3, please)

Can the Federal Budget Really Be Balanced?

Wall Street Journal quotes a Congressional Budget Office report that says new direct loans by off-budget entities such as the Federal Financing Bank grew 70% between 1976 and 1979—twice the rate of growth in federal spending—and loan guarantees increased by 108%. It says in 1981 the federal government will make new credit commitments of \$162 billion, plus \$97 billion in lending by government sponsored enterprises with direct access to private credit markets (FNMA, SLMA and FHLMC and Farm

Credit Administration), totaling \$259 billion in federal credit activity.

After loan repayments, this is expected to net out at new credit demand of \$46.9 billion in federal loans and guarantees and \$13.8 billion in government sponsored enterprises—\$60.7 billion of new credit activity, competing with the whipsawed private markets. There will be \$40 billion of corporate tax liabilities due in the next two to three months, and corporate cash flow is not expected to cover this amount.

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Citibank May Move Credit Card Offices to South Dakota

Citibank (New York State), N.A., Huntington, Long Island, may move its national credit card headquarters from New York State to Sioux Falls, S.D., according to Eugene Cassidy, vice president, consumer affairs group at Citibank.

Citibank officials conferred with South Dakota Governor William Janklow and state legislative leaders about the prospective move that could create as much as a 2,500 job work force in Sioux Falls. The Governor then conferred with leaders of the South Dakota Bankers Association to determine the effect on banking in the state and any potential adverse effects. The SDBA executive council concurred with limitations prescribed by state legislative leaders and the state banking commissioner, which would prohibit any deposit gathering or retail bank operations. The legislature then immediately passed an amendment to the state's bank holding company act which enables a non-domiciled b.h.c. to operate such a function as that proposed by Citibank. The Governor signed the legislation March 12.

Citibank officials, Mr. Cassidy stated, then filed an application for a national bank charter with the Comptroller of the Currency and the Federal Reserve Board. New York's Governor and state legislative leaders were consulted by Citibank

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officials and although apparently sympathetic to Citibank's stated need for revision of usury limits, appear at this time reluctant to take action in an election year. Mr. Cassidy said if such action has not been taken by adjournment time for the legislature, Citibank will move immediately to transfer its credit card headquarters to Sioux Falls. In any event, some Citicorp offices, with a minimum work force of 300 persons, will be located in Sioux Falls, he stated.

New York allows interest charges of 18% on the first \$500 of credit card loans and 12% on the remaining balance. South Dakota usury limits provide a ceiling of 24% on the first \$500 of credit card loans and 18% on the balance. □

Chase Ups Prime to 19%

Chase Manhattan Bank of New York raised its prime lending rate to 19% on March 18. This continues the rapid progression that has seen the prime move six points in a few weeks time.

Public Securities Seminar Scheduled

The Public Securities Association, New York, has scheduled a seminar on "What You Need to Know About the Analysis of General Obligation and Revenue Bonds" for April 10 at the Sheraton Atlanta Hotel in Atlanta, Ga.

It is designed to offer a broad, basic background for interested bankers and public service employees to help them evaluate GOs and Revenues. Edward Kerman, vice president of Moody Investors, will discuss General Obligations.

Arthur Schloss will look at Revenue Bonds. Atlanta Mayor Maynard Jackson will be the luncheon speaker.

For information contact Marcia Evans, 1 World Trade Center, Suite

5271, New York 10048. (212) 466-1900.

Iowa News

IOWA CITY: Hawkeye Bancorporation has received consent from the Federal Reserve Bank of Chicago to acquire the Hawkeye State Bank here. The bank has assets of \$23 million. The holding company had assets of \$929 million at year-end 1979 and 22 subsidiary banks. Application is pending for the acquisition of the First National Bank, Sibley.

MANSON: Dennis R. Dean has joined the Manson State Bank as an assistant cashier. He was formerly employed by the First State Bank, Ida Grove.

WEST UNION: Farmers Savings Bank here has received consent from the FDIC to exercise limited trust powers.

Nebraska News

CRETE: William R. Fulton has been promoted from vice president to senior vice president at Citibank & Trust Company. Robert Retzlaff has joined the bank as vice president. Both men handle agricultural loans.

LINCOLN: The Nebraska Legislature on March 18 passed a bill increasing the state's general usury rate to 16% and Governor Thone signed the bill within two hours of its enactment. An aggregate indebtedness of \$25,000 is the ceiling to which the 16% rate applies; above \$25,000 there is no usury rate in effect. The instalment loan rate has been set at 19%, but this rate does not apply to credit cards.

LINCOLN: Jack A. Lhotak has joined the newly-chartered Lincoln State Bank, 5501 South 56th St., as vice president and cashier, according to Ross Hecht, president. He has been vice president at Richardson County Bank & Trust Co. in

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NEW ISSUE

MOODY'S: Aa

\$7,000,000
EAU CLAIRE COUNTY, WISCONSIN

General Obligation Corporate Purpose Bonds of 1980

Dated: April 1, 1980

Denomination: \$5,000

Both principal and semiannual interest (April 1 and October 1, first coupon due April 1, 1981) payable at a bank to be designated.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

MATURITIES

	<u>9.00%</u>			<u>8.20%</u>	
\$145,000	October 1, 1982	7.75	\$290,000	October 1, 1993*	8.20
590,000	October 1, 1983	7.75		<u>8.25%</u>	
625,000	October 1, 1984	7.80	310,000	October 1, 1994*	8.25
670,000	October 1, 1985	7.85		<u>8.30%</u>	
	<u>8.85%</u>		330,000	October 1, 1995*	8.30
715,000	October 1, 1986	7.90		<u>8.35%</u>	
	<u>8.00%</u>		355,000	October 1, 1996*	8.35
565,000	October 1, 1987	7.95		<u>8.40%</u>	
210,000	October 1, 1988	8.00	375,000	October 1, 1997*	8.40
225,000	October 1, 1989	8.00		<u>8.50%</u>	
240,000	October 1, 1990*	8.00	400,000	October 1, 1998*	8.50
255,000	October 1, 1991*	8.00	430,000	October 1, 1999*	8.50
270,000	October 1, 1992*	8.10			

*Optional in inverse order in whole or in part by lot beginning October 1, 1989 at 100%.

LEGALITY TO BE APPROVED BY QUARLES & BRADY, ATTORNEYS, MILWAUKEE, WISCONSIN

The County of Eau Claire is located in west central Wisconsin on Interstate 94 approximately 90 miles east of Minneapolis/Saint Paul and 250 miles northwest of Milwaukee. The County contains an area of 414,720 acres and has a current estimated population of 75,800. The County represents a blend of urban and rural environments. The City of Eau Claire is a metropolitan city with an estimated population of over 50,000 and as the largest city in west central Wisconsin, is a major manufacturing, retail service and government center. A large portion of the County's agriculture is concentrated in dairying. The majority of manufacturing companies in the County are located in the City of Eau Claire. The City's industrial base is not concentrated in a single type of industry, but is highly diversified and includes companies in agri-business, electronics, rubber, paper, machinery and metal fabricating. There are six banks located in the County with deposits as of December 31, 1978 in excess of \$320,785,000.

These bonds are being issued pursuant to Wisconsin Statutes, Chapter 67 for the purpose of constructing a new County Health Care Center and for improvements to the County Airport. In the opinion of counsel, these bonds are legal and binding general obligations of Eau Claire County, Wisconsin, 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

Equalized valuation, taxable property, 1979	\$1,247,217,370
Net direct debt, including this issue	8,236,000
Total direct and overlapping debt	45,678,116
Population, 1980 estimate: 75,800	Net direct debt per capita: \$108.65
	Total debt per capita: 602.61

Tax collections have approximated 96.68% of taxes levied for the past three years.

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

The information contained herein is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.



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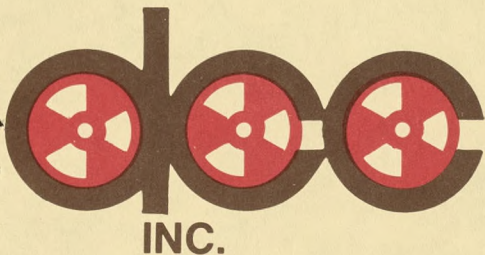
Some Facts On NOW's

1. NOW accounts (an extension of AFT) are a reality December 31, 1980.
2. NOW accounts probably will not work for the average customer—high minimums and service charges will eat up interest earned.
3. Will NOW accounts attract new money? Doubtful as most extra is going into high interest certificates.
4. NOW's will only apply to personal accounts. What will you offer to your business accounts?
5. NOW accounts aren't mandatory. You may decide not offer to them.
6. Will you have an alternative or a complement to NOW's ready and working by December 31, 1980?

Some Facts On

24-Hour Telephone Banking

1. You don't have to wait until December 31, 1980. You can have 24-hour telephone banking **NOW!**
2. 24-hour telephone banking allows customers to transfer funds from savings to checking or vice versa anytime.
3. 24-hour telephone banking is an alternative or complement to NOW's and all types of accounts can use it.
4. 24-hour telephone banking allows customers to earn a higher rate of interest than a NOW account.
5. 24-hour telephone banking is inexpensive to offer, particularly compared to what a NOW program will cost.
6. DCC, Inc. has more facts on NOW accounts and 24-hour telephone banking. We want to talk to you **NOW!!!!!!**



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Falls City. Mr. Hecht also announced the appointment of Lois Schoch as operations manager. She has been assistant cashier at Penders State Bank. The new bank's phone number will be (402) 475-9269. It is expected to open in mid to late April in temporary quarters at the new address.

OGALLALA: Keith County Bank & Trust Co. has received consent from the FDIC to establish a detached teller facility at 712 W. First St. here.

PAPILLION: An application by the Bank of the Midlands here for federal deposit insurance has been approved by the FDIC. The bank's total capital accounts are \$900,000.

TECUMSEH: Joe V. Johnson, 87, chairman of Johnson County Bank here, died March 11 after a long illness. Mr. Johnson had a distinguished career in banking and was widely known in political and government circles. Survivors include

his wife; sons Joe V. Johnson Jr., president, and Steve A. Johnson, vice president, both with Johnson County Bank; daughters Mrs. Don (Ginny) Ostrand and Mrs. Bill (Margaret) March, both of Omaha, and Mrs. Dean (Nancy) Marney, Kansas City, Mo.

Illinois News

BARTLETT: The Bartlett State Bank has received consent from the FDIC to exercise limited trust powers.

MONMOUTH: Merton H. Bowden has retired as president, chief executive officer and a director of the Monmouth Trust and Savings Bank after 40 years of service. Named president and trust officer was Mark D. Pingrey, who was most recently executive vice president and trust officer at the Iowa State Savings Bank, Clinton, Iowa.

ROCKFORD: The Alpine State Bank has received consent from the FDIC to open an office at the corner of Spring Creek and Mulford Roads here.

Minnesota News

FARIBAULT: Richard W. Peavey, president of First Northwestern National Bank here since 1956, has been elected chairman. James A. Loehr, currently vice president in the banking business group at Northwest Bancorporation's corporate office, has been named president and chief executive officer. Both changes are effective June 1. Mr. Loehr becomes the first president outside the Peavey family, which founded the bank in 1894.

MINNEAPOLIS: Larry M. Lange has joined Marquette National

Bank as a correspondent credit officer. He was formerly credit director of International Multifood's restaurant division.

South Dakota News

CANOVA: Allan L. Kostboth of Madison has been elected president of Security State Bank here. He was also elected a director of the Canova bank and named to the board of the Miner County Bank, Howard.

Colorado News

DENVER: Andrea Garner Personett has been named vice president in charge of marketing for three metropolitan banks: Chatfield Bank in Littleton, Fidelity Bank and Trust in Aurora and Mid-States Bank in Denver.

Wyoming News

CHEYENNE: John R. Conry Jr. has joined Wyoming Bancorporation as president and chief executive officer of First Wyoming Bank, N.A.-Cheyenne. Most recently he was chief executive officer of the Huntington Lagonda National Bank in Springfield, Ohio. He was also executive vice president of the Huntington bank concentrating on commercial loans.

FARM AMENDMENTS . . .

(Continued from front page) by the banking community are:
• An amendment to retain the word "rural" to identify the geographical areas in which FLB's can make long-term real estate mortgage loans.
• To apply usury law exemption equally to banks, agricultural credit corporations and agencies of the Co-operative Farm Credit System.
• To establish equality on loan to



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appraisal values used by Federal Land Banks and national banks.

- To remove the tax exemption status of FLBs, FLBAs and FICBs.
- To place Banks for Cooperatives export financing activities under the same regulatory requirements as imposed by the federal government upon the commercial banks.

- To maintain the present 80% level of farmer-membership requirement (70% for rural electric cooperatives) for a cooperative eligible for Bank for Cooperatives financing.

- To exempt all agricultural credit transactions from all Truth-in-Lending disclosure requirement for all lenders.

- To prohibit federal charting of service organizations by the Cooperative Farm Credit System.

- To restrict lending authority of FLBs and PCAs to processing and marketing activities directly related to the on-farm operations of eligible borrowers.

- To establish equality in FICB discounting and other services to PCAs and OFIs.

"We believe that full competition, so long as it is fair and equitable, is the best way to assure that farmers will continue to receive quality financial services and that consumers will receive good products at the lowest prices," the ABA testimony concluded.

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BANKING POSITION WANTED—Experience as loan officer for finance company and insurance sales. Business and economics degree. Will relocate. Write file JBV, c/o Northwestern Banker. (PW)

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Banks For Sale—Southern and southwest Minnesota; \$4 million in footings each. Good management; insurance agencies; good communities, and good earnings. Write file JBV, c/o Northwestern Banker. (FS)

Savings & Loan For Sale—Northern Kansas. State charter. Home office, one branch, three service offices and real estate development; \$36 million in footings. Write file JBX, c/o Northwestern Banker. (FS)

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AG CREDIT REP. . . Memphis \$18-\$22,000
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COMMERCIAL—Large Iowa bank wants a commercial loan officer. \$35,000

AG LENDER—Handle ag lending for multi-unit bank system. \$23,000

TRUST OFFICER—Will set up new department for expanding bank. JD a must. \$26,000

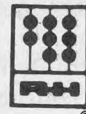
TRUST—South Dakota bank wants solid person that can handle a trust department completely. \$21,000

E.V.P.—Great opportunity in small bank. Work in commercial. Some ag experience a plus. Equity potential. \$28,000

#1—Must be able to handle \$20+ million bank. Will have total responsibility. \$30,000

AG OFFICER—West Iowa bank has good opportunity. Livestock experience needed. \$20,000

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Loan Officer—Central North Dakota bank has opening for a loan officer with agricultural degree or ag background. Write file JBY, c/o Northwestern Banker. (PA)

Agricultural Officers with lending experience needed by Iowa, Illinois and Nebraska banks. Contact Malcolm Freeland, c/o Northwestern Banker, in Des Moines. (515)244-8163. (PA)

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BANK CARD—Supervise collection effort for major Colorado bank. Administration and knowledge of federal regulations essential. \$25,000

CEO—Overall management ability with emphasis on lending skills required. \$75MM suburban bank. \$60,000

PRESIDENT—\$25MM retail oriented bank in southern Kansas desires strong administrator who has both operations and lending background. \$40,000

INSTALMENT LOAN—One to two years lending and collection experience will qualify. Growing Rocky Mountain area bank. \$16,000

RETAIL BANKER—Major Colorado bank offers excellent opportunity for three to four years experience in retail banking . . . \$18,000

AG LOAN—Addition to staff of expanding bank in central Missouri area. Could be #2 position. \$20,000

REAL ESTATE—Junior officer with one to two years in real estate lending desired for suburban bank in major midwestern metro area. \$15,000

Forward resume and salary history in confidence to:

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