

# NORTHWESTERN Banker Newsletter

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December 22, 1980

## Farm Credit Act Amendments Passed

**J**UST before it finally adjourned, the "lame duck" Congress finally passed the Farm Credit Act Amendments bill (H.R. 7548) at 5:00 p.m. December 13. After some political maneuvering to adopt a funding measure to keep federal agencies operating until the new Congress convenes, legislators adjourned December 15.

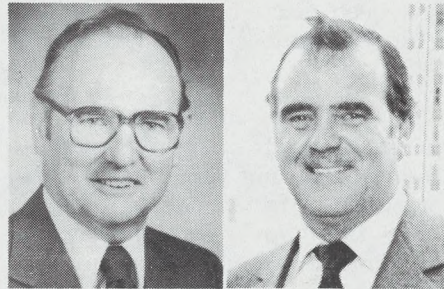
The Senate adopted only minor amendments to the House passed bill that had been supported by the Independent Bankers Association of America and strongly opposed by the American Bankers Association. ABA maintained that the bill would establish a government commercial type bank exempt from all controls to which chartered banks are subject, and would make deep inroads into farm lending now done by private banks. IBAA disagreed with this assessment, and looked to the provision for ag banks to discount loan paper at the discount window of the Federal Intermediate Credit Bank. ABA termed this provision "Bait" for support of the bill.

ABA President Lee E. Gunderson, president of the Bank of Osceola (Wis.), said, after passage of the bill: "The outcome might have been different had it not been for the confused message sent to Congress, exemplified by the IBAA's support of a single

provision that would benefit less than 20% of the nation's total 14,500 commercial banks."

Mr. Gunderson stated further, "An army of ABA commercial and ag bankers can be proud of their efforts to identify the dangers that this bill poses for all regulated lenders. Working up to the final hour, they were almost able to have the legislation deferred."

On the same day the ABA statement was released. IBAA sent a letter to its 7,400 member banks, signed by President Thomas F.



T.F. BOLGER

L.E. GUNDERSON

Bolger, president, McHenry State Bank, McHenry, Ill., explaining the IBAA's position on the bill. That letter stated.

"It's fair to say this legislation would never have passed the lame duck session if it did not have the full support not only of the incoming administration but also of every major farm group. Many of the provisions to expand the Farm

Credit System had won broad and early Congressional support, putting them out of the reach of further amendments.

"As it is now well known, the ABA asked IBAA to join with them in negotiating outstanding differences on this legislation with the FCS June 2 and 3, and members of the Senate Agricultural Committee and others were anxious to see these differences resolved. The negotiations, which were conducted in the ABA board room, were apparently successful and led to the introduction of H.R. 7548. Then, responding to the protests of some money center banks upset with the negotiated product, ABA policy bodies backed away from the agreement. After careful evaluation, IBAA sustained the position of its negotiators.

"We recognize our effect on the Washington scene, but we're amazed by the suggestion that IBAA is responsible for passage of this legislation and by unsupported allegations that it will create a new financial octopus. We believe this legislation will complement the efforts of banks financing agriculture, thousands of which make up our IBAA constituency. The bill as passed carries the clear Congressional direction to the Farm Credit System to give assured access to the Federal Intermediate Credit Bank discount window to thousands of small and medium sized banks serving American agriculture.

"The ABA position essentially

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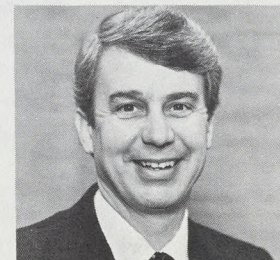
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looked toward maintaining the status quo, while promoting the illusion that equal access for all banks indeed was possible and desirable. And, to prove that point, not even the House sponsor of the ABA-supported access amendment agreed with this assessment.

"The battle of the Farm Credit Amendments has not been without political cost, both in terms of banking's relationships with the farm lobby and the respective agricultural committees of the Congress. We bankers have many important battles ahead, and these battles would be even more difficult if an alienated farm community and their elected representatives worked against us.

"It is clear that the door to the Farm Credit Administration and to the ag committees will be open to the IBAA as regulations on the law and FICB access policy are written. Links that have been forged with farm groups (by IBAA) will be useful to us when the all important inter-state structure issue is joined in the near future in Washington."

As interpreted by IBAA legislative counsel, the bill lists four criteria which banks must meet to be eligible to use the discount window:

1. Signed commitment to agriculture, amounting to probably at least 15% of the loan portfolio being devoted to agriculture. This would include instalment and commercial loans on the call report going to farm people and agriculture.

2. A bank must demonstrate a continuing need for funds. The main criterion here would be a peak loan/deposit ratio of at least 60%.

3. A bank must not utilize the window to expand its assets for an artificial growth situation.

4. A bank must demonstrate it does not have access to regional or national capital markets. For administrative purposes, IBAA says it hopes FCA will pick some size that would automatically include all smaller banks, perhaps those under \$100 million or \$500 million. The law allows for a case by case review, with built-in appeal procedures. □

## Iowa News

**EAGLE GROVE:** Ronald C. Milbach has been named vice president and senior ag loan officer at the Brenton State Bank. For the past year and a half he has been a loan officer for the Northeast Iowa Production Credit Association of Elkader. He graduated from Upper Iowa University in Fayette.

**ELDORA:** Donald Poppen, president of Hawkeye Bank and Trust, has been elected president of the Eldora Chamber of Commerce for 1981.

**JEFFERSON:** Mary Rhodes has joined the staff of the Home State Bank, according to Gerald Clause, president. Ms. Rhodes graduated from the University of Iowa in accounting and marketing, and will be cashier at Home State.

**LYTTON:** Dwight Conover, vice president for Fidelity Brenton Bank and Trust Co. of Marshalltown, has been named chief executive officer of the Lytton Savings Bank. Mr. Conover is a graduate of Iowa State University with a degree in agricultural business. He received a masters in business from Drake University.

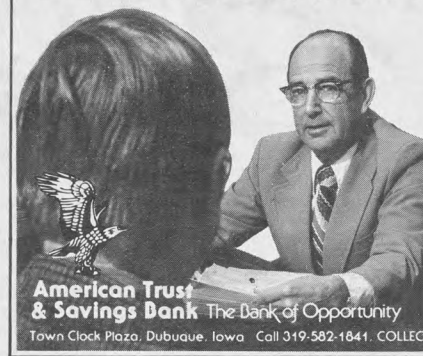
**SIOUX CITY:** John Dunleavy has been appointed manager of Toy National Bank's trust division. Mr. Dunleavy, an attorney, has been in charge of the probate section of the department since 1978.

**SIOUX CITY:** Registration forms will be sent out for the Gr. I meeting in mid-January. The meeting will be at the Hilton Marina, South Sioux City, February 13-14.

**WAVERLY:** The board of the State Bank of Waverly has appointed Fred W. Hagemann president and

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chief executive officer. Mr. Hagemann, formerly executive vice president, has been with the State Bank since 1972. Prior to this, he spent four years at the Federal Reserve Bank of Chicago.

## South Dakota

**ESTELLINE:** The Farmers State Bank has announced plans for the observance of its 60th anniversary. The event will feature an open house of the banking facilities and a pork and beef supper. The bank was chartered in 1920 as the Farmers National Bank of South Shore.

## Minnesota News

**DODGE CENTER:** Northwestern State Bank has announced two recent promotions to the staff. Barbara Cook has been promoted to marketing and personal banking officer, and James Watzek has been promoted to instalment loan officer and farm plan manager. Ms. Cook joined the staff in 1978 and Mr. Watzek joined in 1979.

**ST. PAUL:** The board of directors of First Bank Saint Paul has elected

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Gerald P. Nichols a senior vice president and member of the bank's management committee. He will also be responsible for the bank's operations group. Announcement was made by Charles E. Arner, chairman of the board. Mr. Nichols has a degree in accounting from the College of St. Thomas. He joined the bank in 1958, was elected vice president in 1968.

**STILLWATER:** Charles R. Berg has been elected controller by the board of directors of Northwestern State Bank, according to James C. Graham, president. He started his banking career with Northwestern of Stillwater in 1955. Lorraine C. Weber has been promoted to manager of the Stillwater downtown facility. Mrs. Weber started her career with Northwestern of Stillwater in 1952.

### North Dakota News

The NDBA Legislative Committee will meet on Thursday, January 8, at 10:30 a.m. in the Cologne Room of the Kirkwood Motor Inn, Bismarck, to study pending bank legislation and recommend postures for Executive Council consideration. The Executive Council will then meet to make decisions on these proposals and other business on Friday, January 9, at 10 a.m. in the same location.

During last month's NDBA Agricultural Conference in Minot, it was announced that farmers who had suffered drought disasters starting on or before July 2, 1980, could apply for loan assistance from the Small Business Administration and that the deadline for such applications was January 5, 1981. Farmers with drought-related disasters beginning after July 2 are to apply for loan assistance through the Farmers Home Administration and their deadline is May 23, 1981.

**STRASBURG:** Allyn A. Wald,

cashier and insurance agent at the Strasburg State Bank, has been named president and chief executive of that firm. Ownership of the bank changed hands, being transferred from one holding company to another. The bank's board of directors now consists of Lester Van Beek of Hague, R.D. Gaukler of Linton, Donald Chewakin of Pollock, John M. Shonsey of Winner, president, and Allyn Wald.

### Wyoming News

Dwight Bonham, state examiner, announced that the resources of Wyoming banks as of Sept. 30 reached a total of \$3.2 billion, an increase of \$366 million and another all-time high volume.

**MILLS:** The State Bank of Mills broke ground recently to begin a \$1.5 million construction project. Currently located in a remodeled house on Wyoming Blvd., the bank will continue operations while undergoing construction until the planned completion date of August 1981.

### Nebraska News

The Nebraska Bankers Association annual convention is scheduled for Thursday, Friday and Saturday, May 7, 8 and 9 in Lincoln. All sessions will be held at Pershing Memorial Auditorium, where convention displays again will have special space. A golf tourney will start at 1:00 p.m. Thursday. The executive council and NETS board will meet Friday morning, followed by a general business session that afternoon and a banquet and entertainment Friday evening. The second business session will be held Saturday. The annual banquet Saturday evening will feature the Tex Beneke Orchestra for entertainment and dancing, complemented with another musical group that will play during intermissions. The NBA will send convention and motel information to all member banks at a later date.

**DAVID CITY:** Terry Novak, vice president and cashier of the David City Bank, has been elected 1981 president of the David City Chamber of Commerce.

**OMAHA:** The U.S. National Bank has promoted three people to second vice president and three to new officer positions. Sylvia B. Myers is a second vice president and assistant manager of the bank's Regency office. Jim Persinger, manager of the security department, and John Rourke, manager of accounting, also are second vice presidents. New officers are Donna J. Eltiste, loan accounting officer; Curtis L. Koehlmoos, operations officer, and Ruby P. Tiller, investment officer.

**OMAHA:** Anna T. Olsson, 96, who retired as assistant cashier of the Omaha National Bank in 1955, died recently. In 1913 she joined the Packers National Bank. She moved to the Live Stock National Bank in 1918 and became its first woman officer, a position she continued to hold after the bank merged with the Omaha National Bank.



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**TRUST ADMINISTRATOR** for growing \$45 million central Iowa trust department. Will report to department head. Excellent career opportunity. Salary commensurate with education and experience. Send resume to: File LBR c/o Northwestern Banker. (PA)

**LOAN OFFICER** with consumer and ag lending experience wanted for position leading to manager of community bank office in prime Iowa farm area. Excellent opportunity for growth oriented person. Salary commensurate with banking experience and education. Send resume to: File LBS c/o Northwestern Banker (PA)

**AG LOAN OFFICER**—Experienced college graduate preferred. Excellent benefits. Send resume and salary requirement to file LBT, c/o Northwestern Banker(PA)

**LOAN OFFICER** - Northwestern Illinois \$40 million community bank needs an officer with a minimum of 5 years general banking experience. Excellent opportunity in a good rural community. Call Andy Rogers, First National Bank of Galena (815) 777-0344. (PA)

## POSITIONS AVAILABLE

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**LENDING**—Rural Iowa bank seeking individual with heavy experience in Agricultural loans. Needs someone that does not need training. \$26,000.

**ASST VP**—5 years experience in commercial lending with large bank. Keen business judgment is the key. \$28,000.

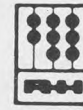
**LENDER**—At least 2 years of experience in handling installment loans, student loans, mastercharge, direct & indirect loans. \$17,000.

**TRUST OFFICER**—Some experience in trust dept. or legal firm. Will eventually take on full responsibility of the trust dept. Excellent opportunities for advancement. \$20,000

**VICE-PRES**—Iowa bank seeking #2 person with heavy experience in operations and lending. Position open due to promotion. \$35,000.

**LENDING**—Rural bank seeks individual with 2 years of ag lending experience.

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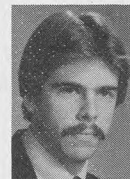
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