

# NORTHWESTERN Banker Newsletter

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November 23, 1981

Officials Tell ABA Ag Lenders:

## Banks Need to Handle More Ag Lending

By **BEN HALLER, JR.**  
Editor

ONE POINT was stressed repeatedly at each of the three general sessions and several of the workshops during the ABA's 30th Annual National Agricultural Bankers Conference in Washington, D.C., November 9-11 — commercial banks need to accept a greater role in financing agriculture.

This message came through loud and clear from Democrat and Republican Congressmen, as well as Administration officials from the United States Department of Agriculture and the Farm Credit Administration. Here is a sampling of their comments.

Speaking at the first general session during the Farm Policy Panel:

**The Hon. Walter D. Huddleston** (D., Ky.), ranking minority member of the Senate Ag Committee— "The fact that many farmers are trying to work out production loans of two years ago and the last year, while facing more production loans this year, makes the credit situation pretty muddy. We will have to look more and more to the private banking system and less to government lending."

**The Hon. William C. Wampler** (R., Va.), ranking minority member of the House Committee on Agriculture (when asked if the Farm Bill then in conference committee would get government out of agriculture as USDA Secretary John R. Block says it will)— "Yes. Our greatest era of national prosperity has been when farm prosperity prevails. Our goal is to restore that farm prosperity. When it happens, we'll see farmers out buying things again and stimulating manufacturing and sales . . . We'll see more emphasis on borrowers having to first go elsewhere for bor-

rowing (instead of to government lenders). These came into being because there was a loan need to which the private sector was not responding."

**The Hon. Robert Dole** (R., Kan.), Senate majority leader, speaking at the noon luncheon—"The good old days" of halfway compromise are gone (on conference committee action) and although the final version of the Farm Bill will provide "some protection" for farmers, "no longer can we afford to farm the federal treasury . . . We're not out to do in the farm programs that help farmers. The best hope for the American farmers is a quick economic recovery." Sen. Dole said critics of President Reagan's economic



PARTICIPANTS in one ag panel were, from left: **Hon. Ed Jones** (D., Tenn.), chmn., House ag committee; **James R. Eatherly**, chmn. ABA Ag Division and chmn. & pres., 1st Natl., Tonkawa, Okla., and **Hon. James Jeffords** (R., Vt.), ranking minority member House ag committee.

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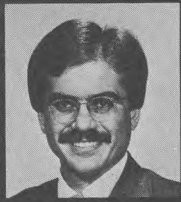


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recovery plan should wait until at least May or June when "the positive effects of these measures will be seen."

**The Hon. John R. Block**, Secretary of Agriculture, who addressed a standing room only crowd at the second general session—"Each of you is aware of the extent of federal money in the capital markets—right now it's about 44%—and if this isn't reversed soon the government will wind up being the principal lender. Our goal with the Farmers Home Administration is to return to a statutory reason for its existence, which is to aid only those who cannot qualify for private credit until they are in shape to return to private sector financing.

"We have taken a number of



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steps to correct the Farmers Home Administration problem. For example, in January, 1981, its delinquent debt was in excess of \$2.6 billion. By June 1, it was reduced to \$1.8 billion and we anticipate it will be \$1.7 billion by year-end. We want to salvage both the loans and the farmers. We're just trying to supervise the loans properly and closely to assist the farmers to become financially more sound and productive.

"We have a pilot project to assist beginning farmers and ranchers in 88 counties in 10 states that involve the FmHA, ASC, SCS, extension advisors, perhaps local bankers, perhaps PCAs. The objective is to graduate this young farmer within 10 years into private sector financing. Our assumption is that a combination of government and private industry is in the overall best interest of the individuals and their communities."

Two Congressmen were on a panel addressing the ABA Ag Leadership luncheon the second day. They were **The Hon. Ed Jones** (D., Tenn.) and **The Hon. James Jeffords** (R., Vt.), chairman and ranking minority member respectively of the House Ag Committee's subcommittee on conversation, credit and rural development. Congressman Jeffords addressed the need for banks to have access to the FICB discount window for the benefit of ag lending, and the need for aiding beginning young farmers.

Congressman Jones said, "This could be the worst year for farm income since 1971. I see little letup, even with reduced interest rates, because new loans will still be at a higher rate than the loans farmers are paying off. American banks won't turn their backs on farmers. You haven't in the past and I don't expect you will in the future."

A further report with pictures from the ABA National Ag Bankers Conference will appear in the

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December NORTHWESTERN BANKER.

### ABA Group Supports No Ceiling on IRAs, Keoghs

More than 200 bankers attending the ABA Leadership Conference in Washington last week reaffirmed their support for deregulation of IRA and Keogh accounts, which are to be made available on a broadened basis to all workers effective January 1. However, tremendous pressure was being exerted last week on the Depository Institutions Deregulatory Committee (DIDC) by the thrift industry to get DIDC members to reverse their previous order that removes the ceiling from these accounts so banks and thrifts may compete with Money Market Funds and others for these IRA accounts.

Putting a cap on the rate that can be paid by banks and thrifts will severely handicap those institutions in competing for the funds with non-financial institutions and lose these long-term accounts, says the ABA. FHLBB Chairman Richard Pratt and thrift leaders lobbied heavily last week with the House Banking subcommittee on oversight of DIDC asking for support of Pratt's position for a reduced rate indexed to the 1½-year Treasury rate, with perhaps 50 points extra. Thrift leaders really didn't even like that and want the differential against banks kept in place on the IRAs.

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#### MATURITIES

	10.60%			10.40%	
\$500,000	July 1, 1984	8.00	\$500,000	July 1, 1996	10.40
500,000	July 1, 1985	8.20			
500,000	July 1, 1986	8.40			
500,000	July 1, 1987	8.60			
500,000	July 1, 1988	8.80	\$500,000	July 1, 1997	10.60
500,000	July 1, 1989	9.00			
500,000	July 1, 1990	9.20			
	10%			10 3/4 %	
\$500,000	July 1, 1991	9.40	\$500,000	July 1, 1998	10.75
500,000	July 1, 1992	9.60	500,000	July 1, 1999	10.90
500,000	July 1, 1993	9.80			
500,000	July 1, 1994	10.00			
500,000	July 1, 1995	10.20			
				9 1/2 %	
			\$535,000	July 1, 2000	11.00
			500,000	July 1, 2001	11.00

The State University of Iowa is located in Iowa City in the east central part of the State. It is the oldest institution of higher learning in the State of Iowa. The University consists of ten colleges: Liberal Arts, Law, Medicine, Dentistry, Pharmacy, Business Administration, Engineering, Nursing, Education and the Graduate College. The University of Iowa is a major university not because of its size—it is the second smallest of the Big Ten Universities—but because it excels as a center for learning. It has experienced steady increases in enrollment over the past decade. Enrollment is currently over 25,100.

These bonds are being issued to provide for planning for new space; energy management, handicapped accessibility, and fire safety programs, and various utility projects on the West Campus, including an addition to the Chilled Water Plant.

These bonds are being issued under the provisions of Chapter 262, Code of Iowa, 1981, as amended, which authorizes the Board of Regents to carry out certain designated projects, including building construction, equipment and furnishings, at the institutions of higher learning under its jurisdiction and authorizing the Board of Regents to issue its revenue bonds. They are payable solely from gross student fees and charges collected and institutional income received by the State University of Iowa and are not obligations of the State of Iowa nor payable in any way by taxation.

#### Available Student Fees and Institutional Income

Academic Year	Tuition Fees			Earmarked	Available	General Institutional Income
	Resident	Non-Resident	Total			
1977-1978	750	1,710	\$20,305,709	\$ 916,976	\$19,388,733	\$6,539,391
1978-1979	750	1,710	20,749,395	923,771	19,825,624	6,886,642
1979-1980	830	1,890	23,295,495	1,041,579	22,253,916	8,118,755
1980-1981	830	1,890	25,201,491	1,119,380	24,082,111	9,459,935
1981-1982	950	2,350	N.A.	N.A.	N.A.	N.A.

Average annual debt service \$1,540,388

Maximum annual debt service \$2,521,438 (1984)

Available student fees for fiscal year ending June 30, 1981 \$24,082,111

Coverage: Average Debt Service 15.63x

Maximum Debt Service 9.55x

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 are based. Bonds of particular maturity may or may not still be available or may now be available at a price or yield different from that indicated above.





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It appeared late last week that DIDC would make a decision by Thursday, November 19 and that it was weakening from its previous position and would succumb to thrift pressure to institute a ceiling of some kind. The regular DIDC meeting is scheduled for December 16.

### Iowa News

**MAYNARD:** Controlling interest in Maynard Savings Bank has been purchased by Don W. Buenneke and Volney Palmer from Paul Harrison, Robert Buenneke, Paul Buenneke and Mary and John Schubert. Don Buenneke has been elected president and will continue living in Hazleton where he has been senior vice president and manager of that office. Mr. Palmer has been elected chairman and CEO. He lives in Hawkeye.

**MORNING SUN:** Steven L. Jacobson has been elected executive vice president of the Iowa State Bank, succeeding Alan Eich as managing officer. Mr. Eich resigned to pursue other interests.

### Nebraska News

**YORK:** Bruce Fagot has been named vice president in charge of credit administration at First National Bank and has been succeeded as auditor by Kile Olson, who was assistant auditor. Randy Sheldon has been named assistant vice president in charge of marketing and public relations. Alice Walker has been named manager of the two detached facilities.

### Montana News

**STEVENSVILLE:** Charles Ferris has been elected president of the First State Bank. He has been presi-

dent the past two years of First Security Bank of Malta and earlier was a senior officer with banks in Circle and Roundup. He is a graduate of Montana State University and the Colorado School of Banking.

### Minnesota News

**REDWOOD FALLS:** The State Commerce Commission has granted approval to the Farmers State Bank of Morton to relocate to Redwood Falls, where the bank will be known as the Farmers State Bank of Redwood Falls. Approval was concurrently given for the retention of a full service detached facility in Morton. Farmers State Bank's chief executive officer will continue to be Carl L. Lokker.

**ST. JOSEPH:** Mr. and Mrs. William Meinz have sold their interest in First State Bank to Don St. Angelo, vice president, Dain Bosworth, Inc., Minneapolis; Robert Hanson, vice president, Rosemount, Inc., Eden Prairie, and Donald Sirek, president, State Bank of New Prague. Walter Bruns, formerly vice president, First National Bank of Waseca the past three and one-half years, has been elected president of First State Bank.

**SILVER BAY:** Richard J. Binette has been named president and CEO of First Northwestern State Bank, effective December 1. He succeeds Robert L. Draeger, who has resigned to pursue personal interests. Mr. Binette has been with Banco since 1958 and most recently has been vice president of First Northwestern National Bank of Hoyt Lakes.

**STEWARTVILLE:** Don Podein has

been named president of the Stewartville First National Bank, succeeding E.A. Jans, who recently retired. Mr. Podein joined the bank in 1959, and was named vice president in 1974.

### Illinois News

**CHICAGO:** Phillip H. Boersma has been elected president and chief executive officer of O'Hare International Bank N.A. and its parent holding company, O'Hare Banc Corp. Mr. Boersma was formerly a vice president-commercial banking at The Northern Trust Company, where he headed the midwest division.

**CHICAGO:** George W. Vander Venet has joined Sears Bank and Trust Company as executive vice president and trust officer and head of the trust division. He was previously vice president and division head of personal trust account administration at First National Bank, Chicago.

### Wisconsin News

**HUDSON:** Kenneth A. Heiser has been advanced to president of the First National Bank. He had been executive vice president since 1979. John Huss continues as chairman. Before moving to Hudson, Mr. Heiser worked 10 years for First National Bank of Saint Paul, Minn., where he was well-known in the correspondent bank division.

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