

NORTHWESTERN Banker Newsletter

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Senate Ready to Clobber Banks Again

COMMERCIAL banks are facing the second swing of a deadly one-two punch that the United States Senate, especially the Senate Banking Committee, is deliberately throwing at them in the space of two weeks.

First, was the "Tax Equity and Fiscal Responsibility Act of 1982," passed by both Houses August 19 and awaiting the President's signature at this writing. That Act arbitrarily assigns banks and selected other corporations the responsibility of Internal Revenue Service to collect its taxes due on interest and dividend earnings, through a mandatory 10% withholding, without reimbursement to the banks or others for doing the IRS' job. That portion of the Act becomes effective July 1, 1983, so banks and others affected by it have that much lead time to try to have that portion repealed or altered.

The second blow was launched at the solar plexus of commercial banking when the Senate Banking Committee rushed through and approved the so-called Heinz Bill (Sen. John Heinz, R.-Pa.) that replaced Committee Chairman Jake Garn's S. 1720. This bill was awaiting floor action late last week, where it was to get a new number. The bill gives away the commercial banking store to thrifts at the request of FHLBB Chairman Richard Pratt, who so far has been

able to wring everything he has desired from both the Congress and DIDC for the ailing savings and loan industry, always at the expense of banks. Although most Congressional members have publicly stated there will be no more "Chrysler bail-outs," all efforts are being concentrated in Washington to save an industry that is unable to function well in today's changing economy.

To accomplish this, the Senate Banking Committee's Heinz Bill gives thrifts greatly expanded commercial banking powers, without the same regulations as banks, while denying *any* expanded powers to banks; in fact, the committee struck from the bill the right for banks to underwrite revenue bonds and offer mutual funds. It made a weak attempt to provide some competitive clout for banks by directing the DIDC to create a new deposit account no later than 60 days after enactment of the bill. The new account is supposed to have a competitive interest rate, minimum amount and not subject to transaction reserves.

The American Bankers Association says that it and other banking organizations oppose this bill in its present form. ABA apparently has been contacted by key members of the Senate Banking Committee seeking suggestions for ways the bill can be made acceptable to

banks. The ABA stated, "Based on all decisions made in the last year by the Government Relations Council, the Leadership Conference, and the ABA board of directors, this (bill) is a bad deal. We are joined in this view by other banking groups. Organized banking appears to be united in opposition to this legislation."

ABA also stated, "It is our judgment that because this legislation does nothing, in substance, to enhance the competitive ability of banking to compete, it is preferable to defeat this legislation in 1982 and honor the promises made by the Senate Banking Committee that they will address banks' legislative priorities in 1983."

Robert L. McCormick, Jr., president of the Independent Bankers Association of America, and president of Stillwater National Bank and Trust Company in Stillwater, Okla., was even more emphatic when he said, in part: "The Garn bill (Heinz version) would make S&Ls into full service banks giving them new commercial lending powers, increased consumer lending powers and the right to offer demand deposit accounts...In other words, the Garn bill gives away commercial banking's store to the thrifts while doing almost nothing for banks."

Mr. McCormick urges each IBAA member to contact his or her Senators and tell them "this is bad legislation which destroys the

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thrifts as the primary source of housing finance and which will lead to massive financial concentration." In his second point he called attention to his report that the Chairman of the House Banking Committee, Rep. St. Germain, D-R.I., "will not give the Committee or the House an opportunity to vote on these controversial issues—rather, House Banking conferees could go directly to conference with their Senate Banking Committee counterparts."

In his third point to members, Mr. McCormick says, "Please find out what ABA is doing. After helping get the bill through Senate Banking Committee, they have now indicated they are opposing the legislation. If we stand any chance of success the ABA must join with us in a grass

roots lobby effort in opposition to the Garn Bill."

It is reported that the legislation will be considered by the full Senate shortly after members return from their Labor Day recess on September 8. Both ABA and IBAA state that it is imperative for all members to contact their two Senators and their Representative to express their concerns about the bill. □

Iowa News

DES MOINES: Donald E. Allison has been named vice president, metropolitan banking, at Iowa-Des Moines National Bank. He joined the bank in 1978 and most recently served as vice president, national and regional banking.

MUSCATINE: The board of directors of Community National Bank has announced the appointment of D. Scott Ingstad as president and chief executive officer. Mr. Ingstad has been with the bank since its opening in August, 1980, as vice president and cashier. Prior to joining the bank he was employed at the Iowa-Des Moines National Bank in Des Moines from 1975-1980.

SPENCER: Larry Owens has joined United Central Bank as senior vice president, loan administration. Prior to joining the bank he was secretary/treasurer and chief financial officer for Al-Jon, Inc., an Ottumwa based manufacturer. He has also been affiliated with the Brenton Banks of



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Iowa and last served them as senior vice president at the First National Bank of Perry.

Nebraska News

VERTON: Robert Creighton, Jr., president of Bank of Overton, has announced the election of Ken Hurner as president. Mr. Hurner has over 30 years of banking experience, the last 15 with a bank in Skidmore, Mo. Mr. Creighton and his family will be moving to Texas where he has accepted a position with a Houston bank. Mr. Creighton plans to return to Overton on a regular basis and remain active in the affairs of the bank. Robert Creighton, Sr., chairman, will remain on the board and also remain active in the insurance business.

Minnesota News

BRAINERD: Warren Williams has been elected president and chief operating officer of Citizens State Bank, effective September 1. Marvin Campbell, president, will continue in the capacity of chairman and chief executive officer. Mr. Williams previously served as senior vice president of the First American National Bank of St. Cloud.

REDWOOD FALLS: The stockholders of State Bank of Redwood Falls have voted to change the name of the bank to First American Bank of Redwood Falls, effective August 20.

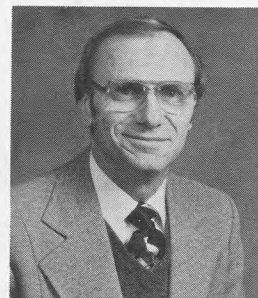
WACONIA: Larry S. Raisbeck has joined the First National Bank of Waconia as vice president in charge of commercial and agricultural lending. He previously was employed with the Farmers Savings Bank of Mineral Point, Wis.

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NEW ISSUE

MOODY'S: A

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

\$2,145,000 TIPTON, IOWA

Electric Revenue Bonds, Series 1982

DATED: September 1, 1982

DENOMINATION: \$5,000

Both principal and semiannual interest (March 1 and September 1; first coupon due March 1, 1983) payable at the office of the City Treasurer, Tipton, Iowa.

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

MATURITIES

	<u>10.00%</u>			<u>9.20%</u>	
\$30,000	September 1, 1983	7.50	\$ 65,000	September 1, 1990	9.20
35,000	September 1, 1984	7.90		<u>9.40%</u>	
40,000	September 1, 1985	8.20	\$ 75,000	September 1, 1991	9.40
45,000	September 1, 1986	8.40		<u>9.60%</u>	
50,000	September 1, 1987	8.60	\$ 85,000	September 1, 1992	9.60
55,000	September 1, 1988	8.80		<u>9.00%</u>	
	<u>9.60%</u>		\$1,605,000	September 1, 2002	9.00*/**
\$60,000	September 1, 1989	9.00			

* Callable on September 1, 1992 at 100%

** Par payment at bondholders option (term bonds): September 1, 1985 at 100%

LEGALITY TO BE APPROVED BY BELIN, HARRIS, HELMICK & HEARTNEY, ATTORNEYS DES MOINES, IOWA

The City of Tipton, the county seat of Cedar County, is located in eastern Iowa, approximately 30 miles east of Cedar Rapids and 130 miles east of Des Moines. Although Tipton has been known as a commercial and trading center, industrial development in recent years has included: Conservative Publishing Co. (newspaper & commercial printing); Farmers Feed and Supply Co. (livestock feed); Jameson Corporation of Iowa (hydraulic parts); Manatts Concrete Co. (silos and concrete products) and Wabash Transformer Corp. (electromagnetic transformers). The City is served by U.S. Interstate 80, Iowa primary roads and several hard surface county roads. Air transportation is available at the Quad Cities Airport in Moline, Illinois 40 miles west. There are two commercial banks serving the financial needs of the community with deposits exceeding \$52,470,000 and a branch of a Des Moines based savings and loan association with deposits exceeding \$4,900,000. The 1980 population was estimated at 3,055.

The Series 1982 Bonds are being issued to refund Electric Revenue Pledge Orders, Series 1981, heretofore issued to defray the cost of necessary improvements and extensions to the Municipal Electric Light and Power Plant and System of the City.

STATEMENT OF INCOME

Pro Forma & Consulting Engineer's Projection

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Total Gross Revenue	\$1,160,800	\$1,218,000	\$1,272,500	\$1,395,600	\$1,451,000
Total Operating Expenses	<u>765,000</u>	<u>800,600</u>	<u>740,930</u>	<u>790,660</u>	<u>829,400</u>
Net Revenue	\$ 395,800	\$ 417,400	\$ 531,570	\$ 604,940	\$ 622,000
Other Income	\$ 41,600	\$ 41,600	\$ 47,340	\$ 53,870	\$ 59,400
Net Revenue Available for Debt Service	\$ 437,400	\$ 459,000	\$ 578,910	\$ 658,810	\$ 681,400
Debt Service Coverage	1.85x	1.97x	1.56x	1.68x	1.76x

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 a 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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[Faint, illegible text body of the document]

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Variable Rate Consumer Note (CNB 3005) 8½ x 11, 3 part carbonless	\$15	\$54	\$88	_____
Security Agreement (CNB 3007) 8½ x 11, 2 sides, 2 part carbonless	\$12	\$38	\$68	_____
Truth-In-Lending Disclosure Statement (CNB 3008) 8½ x 14, 3 part carbonless	\$18	\$62	\$98	_____
Itemization of Amount Financed (CNB 3011) 8½ x 11, 2 part carbonless	\$12	\$38	\$68	_____
Notice of Right to Cancel (CNB 601) 8½ x 11, 5 part carbonless	\$32	\$98	\$176	_____

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Illinois News

CAIRO: First Bank and Trust Co. paid FDIC a premium of \$295,000 to take over \$11 million in deposits, securities and other assets of the Security Bank & Trust here, which was declared to be insolvent. The FDIC retained assets of \$8.4 million. First Bank & Trust is one of a group of banks whose principal is Frank Farrar, whose banking interests cross several midwestern states.

ROSELLE: Harris Bankcorp of Chicago has received permission from the Federal Reserve Board to acquire Roselle State Bank & Trust Co., which is ranked as the 102nd largest bank in Illinois, with \$112 million deposits. Harris is third largest bank holding company in Illinois and owns Harris Bank, as well as the \$42 million deposit Argo State Bank, acquired in June.

STERLING: Ronald G. Lenhart has been promoted from assistant vice president to vice president of The Central National Bank. His responsibilities will continue in the areas of agriculture and commercial loans.

North Dakota News

On August 18 officials of MABSCO Agricultural Services, Inc., announced they had signed a three-year agreement with Rabobank Nederland, which will provide for Rabobank Nederland to purchase agricultural loan participations from MASI-affiliated banks in the 13-state MABSCO region, including North Dakota. This program is designed to help banks meet the competition, better serve their customers and improve profits.

Jim C. Potter, executive vice president of MASI, stated that a pilot program should begin sometime this month. A marketing program is now being developed for presentation to MABSCO-area banks, with a goal of

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having eligible banks active in the program late this year. Descriptive presentations about how MASI will work are to be made during the NDBA group meetings this month.

Rabobank is a cooperative banking organization in Holland, which is the second largest importer of agricultural commodities from the United States. The banking organization is made up of 978 local banks with more than 3,000 offices and a central bank called Rabobank Nederland.

Montana News

The Glacier Chapter of Bank Administration Institute will hold its fall meeting on Saturday, September 11, at the Ramada Inn in Bozeman.

Officers, directors and committee chairpersons will gather on Friday evening to conduct routine business.

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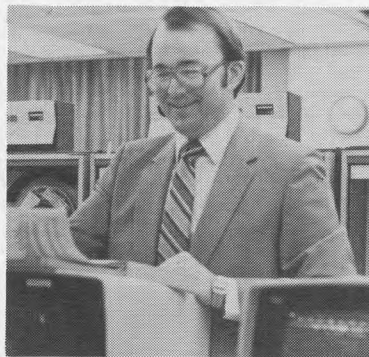
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The general session on Saturday will begin at 8:00 a.m. and conclude with an evening symposium and dinner.

GREAT FALLS: James D. Hopkins has been named president of Central Bank of Montana. He joins Central Bank from the United National Bank, Sioux Falls, S.D., where he was vice president and regional manager for the bank's Rapid City area branches. A native of Warren, Penn., Mr. Hopkins began his banking career in 1964.



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State agency opening in the Guaranteed Student Loan Division for individual to service lender and college personnel. Degree and lending experience preferred. Requires considerable travel, vehicle provided. State Merit classification, Program Planner II in salary range of \$19,094 to \$23,712. Send resume to: **Executive Director, Iowa College Aid Commission, 201 Jewett Building, Des Moines, Iowa 50309.** (PA)

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Executive in \$15 million bank with 20 years exp. and college degree. Licensed for all lines Salary open

President of smaller Illinois community bank seeks new situation in southern Iowa, Missouri or central Illinois Salary \$32,000

Operations V.P., currently in \$30 million bank in Illinois Salary \$30,000

Strong Second Man in smaller Iowa community bank Salary \$32,000

Commercial Lender in larger community bank. Has been examiner. Salary \$33,000

Computer Specialist and data processing marketing expert Salary \$40,000

Top Administrative Officer, age 36, MBA degree and heavy experience Salary \$50,000

Loan and Investment Officer with major Iowa bank seeks change Salary \$40,000

Installment Officer with 12 years experience Salary \$25,000

CEO of community bank, age 32, excellent background in ag loans and investments. Seeking future growth situation. Salary \$35,000

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Ag Rep for major bank in excellent South Dakota community. Requires four or more years ag lending background Salary to \$25,000

Auditor/CPA for major western Iowa bank Salary open

Strong Second Man for western Iowa community bank. Must be ag-oriented Salary \$32,000

Ag Rep for larger bank located in Iowa college community. Must have current experience with bank or govt. agency Salary \$22,000

Number Two Person for major bank in outstate Nebraska. Requires solid experience in administration and lending Salary \$40,000

Ag Rep for larger northern Iowa bank. Requires 5 or more years of heavy ag lending and college degree Salary to \$30,000

Number Two person for smaller eastern Nebraska community bank Salary to \$25,000

Cashier for larger eastern Iowa bank. Requires 5 or more years of solid operations experience and data processing knowledge Salary to \$28,000

Ag Rep for southern Iowa bank. Requires two or more years of ag lending with bank or govt. agency Salary to \$24,000

Commercial Lender for major Iowa bank. 3-5 years experience Salary Open

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AGRI LOAN—middle management position with advancement opportunities. Prefer Ag degree and 2-3 yrs. bank experience. \$23,000

CASHIER—#3 position in \$30MM rural bank. Supervise operations and assist with Ag loans. \$25,000

AGRI LOAN—responsibility for all Ag credits in \$25MM rural bank. Should be civic minded and business development oriented. \$26,000

TRUST OFFICER—head small but growing department in rural bank. Prefer Law degree and some bank experience. \$24,000

SENIOR LENDER—supervise Commercial and Ag portfolio in \$100MM community bank. Some administrative experience required. \$38,000

Inquiries held in confidence. Resume' and salary requirements requested.

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