

New Farm Program Offers Hope for Debt Management

By **BEN HALLER, JR.**
Publisher

PRESIDENT Reagan announced a farm assistance program on Tuesday, September 18 that is designed to restructure debt of failing farmers through partial interest forgiveness and partial writedown of their debt. These are the four essential elements of the program:

1. FmHA will agree to "put on the shelf" 25% of the farm operator's FmHA direct loan for a period of up to five years at no interest. That interest will be forgiven and will not be recoverable at any future date by FmHA. Estimated cost in lost interest to FmHA—\$800 million.

2. A loan guaranty pool by FmHA of up to \$650 million for banks and other private lenders—*provided* the lender agrees to write-off 10% or more of the debt owed the institution. Estimated cost to banks unknown.

3. Formation of county committees to assist lenders and farmers in debt restructuring plans for affected farmers, with the aim of returning the operators to profitability.

4. FmHA would be authorized to contract with lenders to handle and process necessary paperwork, utilizing its Approved Lender Program.

Details of the President's emergency plan were outlined to a select list of bankers and ag industry

leaders at a 12:30 p.m. announcement ceremony in the White House Tuesday noon, September 18.

Bankers present for the meeting were ABA President C. Robert Brenton, president of Brenton Banks, Inc., Des Moines, whose 16 banks are primarily ag-oriented; Alan R. Tubbs, vice-chairman ABA Ag Bankers Division and president, First Central State Bank, DeWitt, Ia.; IBAA President A.J. "Jack" King, president, Valley Bank, Kalispell, Mont., and Thomas H. Olson, president, Lisco State Bank, Lisco, Nebr. Mr. Tubbs and Mr. Olson are members of the banker advisory committee to Secretary of Agriculture John Block.

Earlier, Vice President George Bush met at 10:30 a.m. that morning with eight bankers from Iowa, Nebraska, Missouri and Kansas and one Congressman from each state. Mr. Olson and A.C. "Skip" Hove, Jr., president of Nebraska Bankers Association and chairman, Minden Exchange Bank, Minden, represented Nebraska banks. Edward L. Tubbs, chairman of Maquoketa State Bank and chairman of the executive committee at First Central State Bank, DeWitt, and Thomas H. Huston, Iowa superintendent of banking and president of Columbus Junction State Bank, represented Iowa banks. (Mr. Tubbs is the father of Alan Tubbs.) Vice President

George Bush discussed in some detail the agricultural situation as viewed by these 12 midwesterners prior to the President's conference.

Later in the afternoon after the President's White House announcement, Secretary Block and Deputy Secretary Frank Naylor gave a special briefing of the new program to Iowa bankers by way of a specially-arranged video teleconference via satellite to the ballroom of the Marriott Hotel in Des Moines as the closing session at 4:00 p.m. for the Iowa Bankers Association's 98th annual convention.

Secretary Block outlined the program announced by the President, and Mr. Naylor reviewed details for the packed ballroom of bankers, many of whom have an extensive ag loan portfolio.

Mr. Naylor and other FmHA officials said there is no allocation of the \$650 million among the states but stated the definite aim of the program is to target areas of immediate need—central midwestern states. Although the Coordinated Financial Statement (26-page form) was a concern of some bankers, one FmHA official said that form would not necessarily have to be used but that a prudent lender could use as many of present bank forms as possible. Loans

NEW FARM PROGRAM . . .
(Turn to page 4, please)

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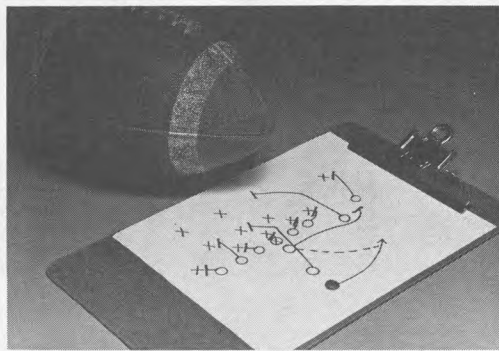
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Variable Rate Lending Teleconf. Set for Oct. 4

The American Bankers Association together with the Minnesota, Iowa, Colorado and Illinois bankers associations will present a live video teleconference on Variable Rate Lending October 4 at selected sites in each state. The teleconference will begin at 10:00 a.m. and conclude by 3:00 p.m.

Robert P. Chamness, director, McGlinchey, Stafford, Mintz, Cellini and Lang, Washington D.C., and co-author of ABA's new book *Variable Rate Lending: A Comprehensive Sourcebook for Design, Implementa-*

tion, and Marketing, will serve as moderator for panel discussion. Panelists are: Jonathon Lee Fiechter, Office of the Comptroller of the Currency, Washington D.C.; Robert L. Lowe, The Crocker Bank, San Francisco; James P. Madigan, Merchants National Bank and Trust Co. of Indianapolis; Kenneth W. Patton, Mercer Capital Management, Inc., Memphis, and D. Edwin Schmelzer, McGlinchey, Stafford, Mintz, Cellini, and Lang, Washington D.C.

Locations for the teleconference include: Holiday Inn Downtown, Minneapolis, Minn.; Des Moines Area Community College, Ankeny, Iowa; The Regency, Denver, Colo., and Marriott Hotel O'Hare, Chicago, Mount Vernon Ramada Inn and Springfield Hilton, Ill. For more information and registration, contact the respective state associations.



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Iowa News

William Logan, president, The State Central Bank, Keokuk, was advanced to the presidency of the Iowa Bankers Association during the 98th annual convention at the Marriott Hotel in Des Moines last week. He succeeds Al Maser, president, First National Bank of LeMars, who served in that post the past year and presided at the convention sessions. Installed as president-elect was J. Bruce Meriwether, president of the First National Bank of Dubuque, in the post Mr. Logan held previously. Richard Randall, president, Dunlap Savings Bank, Dunlap, who was elected to a two-year term as treasurer at last year's convention, continues in that position. Complete details and pictures from the Iowa convention will be in the October NORTHWESTERN BANKER.

* * *

A joint lenders teleconference entitled, "Ag Loan Workout Alterna-

tives" has been prepared by commercial banks, PCAs, FmHA and Federal Land Banks and will be held Wednesday, October 3 at 14 sites throughout Iowa.

Dr. Bob Jolly, professor, department of economics, Iowa State University, Ames, has prepared a case study for participants to discuss during the afternoon with alternatives being presented by each assigned table to facilitate further discussion.

Fee for the teleconference is \$20 and includes lunch. Registration will begin at 7:30 with the teleconference getting underway at 8:30 and finishing up around 4:30 p.m. For more information contact Lee Schenck, Iowa Bankers Association.

The Iowa Bankers Association has extended an invitation to all bankers to attend a special presentation at Iowa State University, Ames, on October 10 to hear Larry Biehl and discuss "Delivery of Financial Planning Services: It's Future in a Competitive Market."

The hour-long presentation will be followed by dinner and a public session. For more information contact Judi Carber at the IBA office in Des Moines.

KNOXVILLE: Ronald D. Larson has been elected president and trust officer of the Community National Bank & Trust Company. He succeeds Dean Hicks, whose future plans have not yet been announced. Mr. Larson previously was senior vice president and a director of the Brenton National Bank of Perry, where he has been for six years.

Nebraska News

The Nebraska Bankers Association is pleased to announce an exciting all-new skills enhancement workshop aimed at improving the expertise and effectiveness of personnel: "Career Challenge '84 — Teller/Staff Conference."

This workshop, which will begin with registration at 8:30 a.m. and run through to 4:00 p.m., is worth .5 CEUs to seminar participants. Topics for this one-day seminar include: Bank swindles, selling, managing challenging customers and check kiting.

Dates and locations of the workshop are as follows:
Oct. 16 — Holiday Inn, North Platte,
Oct. 17 — Ramada Inn, Kearney,
Oct. 18 — The Cornhusker Hotel & Convention Center, Lincoln, and
Oct. 20 — Villa Inn, Norfolk.

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ENDERS: Mike Renken has been named president of First State Bank here. He succeeds Bill Pribbeno, who has served as the bank's president and chairman for the last six years and continues as chairman. Mr. Renken began his banking career with First National Bank and Trust of Lincoln in 1973 and most recently was assistant vice president of commercial lending.

VERDIGRE: The Bank of Verdigre & Trust Co. was declared insolvent by Director of Banking Roger Beverage September 19 and was turned over to the FDIC for liquidation. The FDIC immediately announced that The National Bank of Neligh (33 miles south) had agreed to purchase selected assets and assume all the approximately \$13 million in deposits so that all depositors were fully protected. It will be operated as The National Bank of Neligh Verdigre Branch. Kirk C. Cisler, vice president of Neligh, has been named manager of the new branch.

Minnesota News

The Minnesota Bankers Association is presenting seven Business Development Workshops throughout the state between October 2 and November 8. Don Jones, president of Financial Education and Development, a training firm for the financial industry, is instructor for the workshops that will begin with registration at 1:00 p.m. and the workshop itself will begin at 1:30.

Topics to be covered in these workshops include team, sales planning, presentations, and pursuing new customers and services.

The MBA Business Development Workshops will be held at the following locations:

- Oct. 2 - Holiday Inn, Bemidji
- Oct. 10 - Holiday Inn Downtown, Mankato
- Oct. 18 - Holiday Inn, Alexandria
- Oct. 24 - Best Western, Marshall
- Oct. 30 - Hilton Inn, Minneapolis
- Nov. 6 - Radisson Plaza Hotel,

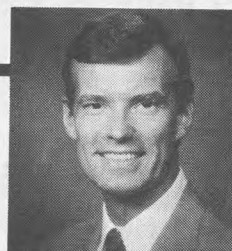
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MINNEAPOLIS: F&M Marquette National Bank has announced the hiring of Donald G. Pederson as vice president, private banking. Mr. Pederson previously was senior vice president, financial institutions department, for Norwest Bank of Minneapolis.

South Dakota News

ARMOUR: Morris Winter, chairman of First State Bank of Armour and its branch office in Delmont, has announced the sale of the bank to Lauren Lewis of Sioux Falls and his two sons, Allen Lewis of Yankton and Paul Lewis of Palm Desert, Calif. Approval of the transaction is expected from State Banking Commission and the FDIC by November 1. No changes in staff or operation is expected. LeRoy Hofer, COO, will continue in that capacity and Gerry Wenzel, assistant vice president, will serve as managing officer at Delmont. Mr. Winter, along with R. Wayne Hamilton, president, and Norbert Wenzel, director, plan to retire January 1, 1985.

HURON: Larry Mattke has been promoted to vice president of Farmers & Merchants Bank, according to Bruce L. Odson, president. Mr. Mattke joined Farmers & Merchants in 1967 and had been serving as assis-

tant manager of the farm department.

Wyoming News

THERMOPOLIS: Robert D. Morrison has been elected president, chief executive officer and a director of the First National Bank, according to Dennis Jones, chairman, and Paul Howes, vice chairman. Prior to joining the Thermopolis bank, Mr. Morrison held the same position at the First State Bank of Lyman.

Montana News

The Montana Bankers Association/AIB Education Committee is sponsoring a one-day program entitled, "Dealing with Bankruptcy: A Banker's Guide 1984," to be held on two different dates in October.

This comprehensive program will provide you with an opportunity to examine recent developments in areas such as exempt property, discharge, preferences, stays, and business reorganization. David G. Epstein, Esq. and professor of law at the University of Texas School of Law, will analyze the effect of these changes on common banking transactions. The seminar focuses on avoiding as well as resolving problems.

The seminar will begin with registration at 8:30 a.m. and run from 9:00-4:30 on Wednesday, October 10 at Heritage Inn, Great Falls, and Thursday, October 11 at Ramada Inn, Billings.

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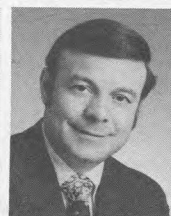
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NEW FARM PROGRAM . . .

(Continued from page 1)

eligible for the program need not be classified as such by a regulator but can be ones that fail to meet the usual test for credit used by the lending institution.

Numerous questions were still unanswered late last week, awaiting issuance of regulations by FmHA and USDA.

Interest forgiven by FmHA and the 10% or more of the loan written down by the bank are not recoverable.

Mr. Olson and Mr. Tubbs said banks would have to weigh other alternatives of loan recovery against the new program in an effort to help customers and their own banks work out of the difficulty being experienced with an unusually high volume of non-performing ag loans at this time. □

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