

NORTHWESTERN Banker Newsletter

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December 10, 1984

After Letter from Nebraska Gov. Kerrey—

FDIC Eases on Farm Loan Collections

IN RESPONSE to a letter from Nebraska Gov. Robert Kerrey to FDIC Chairman William H. Isaac about a critical ag credit situation that has developed in Nebraska as a result of five bank failures and two closings of PCA offices, top FDIC officials met with two Nebraska Congressmen and then announced FDIC would exercise forbearance in the liquidation of farmers and ranchers loans in all states.

The FDIC officials met with Rep. Doug Bereuter, Utica, and Virginia Smith, Chappell, both Nebraska members of the U.S. House of Representatives. After discussing the seriousness of the plight of farmers and ranchers who have been unable yet to renegotiate their loans with other banks in the area where the failed banks are located, FDIC said it will ease off of its policy under which it had been seizing all the proceeds of those customers farm sales in order to apply the collected funds toward the customers loans outstanding at the failed banks. FDIC said it would release up to 40% of commodity sales to farm and ranch loan customers so they would have money for maintaining their farming operations, including the daily home needs.

Commenting on that meeting, Mrs. Smith said "they assured us

they would be more sensitive to the situation."

In his letter to Mr. Isaac, Gov. Kerrey cited the closing of banks in David City, Verdigre, Cody and Kilgore, as well as the Bank of Niobrara in late 1983. He said "These closings have had a severe impact on the farmers and ranchers in and around" those communities "and we are all facing a crisis of significant magnitude."

Gov. Kerrey said the closing of PCA offices in Valentine, where the Cody and Kilgore banks were located (Newsletter of Nov. 5), and O'Neill, near the recently closed Bank of Verdigre (November NORTHWESTERN BANKER) have exacerbated the problems. Those three failed banks were taken over from FDIC by other banks in the area. They assumed as many loans from FDIC as they could.

Apparently, the remaining loans that FDIC was trying to liquidate created the crisis addressed in Gov. Kerrey's letter to Mr. Isaac. In his letter, Gov. Kerrey said, "I implore you to work with us as we attempt to address this potentially explosive issue in our state. While I understand full well that FDIC is not a lending institution, there must be some reasonable middle ground upon which rational discussion can

proceed in an attempt to work through the *immediate* problems which resulted from the closing of the four banks.

"Many of the families directly affected by the closings need some operating cash to survive the winter and to enable them to make an effort to regenerate their business. In most cases, a cooperative strategy designed to minimize the hardship to the individuals and minimize the ultimate loss to the FDIC is surely achievable if we communicate effectively and work together."

In closing, Gov. Kerrey added, "I am asking for your immediate and direct assistance to work together with us as we try to deal with the consequences of this economic disaster."

That letter was dated November 21 and the final arrangements announced at the meetings with Reps. Bereuter and Smith were announced in Washington, D.C., December 4. FDIC said its action would affect the treatment of similar circumstances in all states.

The Nebraska Bankers Association had expressed concern about how the farm and ranch families were going to be served adequately following the failure of banks in ag areas. When informed of the decision arrived at by FDIC in consultation with Reps. Bereuter and Smith, NBA President A.C. "Skip" Hove, Jr., chairman of Minden Exchange Bank said, "We are pleased

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that FDIC has responded favorably to Gov. Kerrey's request for a greater understanding and forbearance in this crucial issue. We must get through this difficult period and retain the integrity of our small towns and banks." □

IBAA Lists Points for Deposit Insurance Reform

Jack King, president of the Independent Bankers Association of America and president of Valley Bank, Kalispell, Mont., has sent to Treasury Secretary Donald Regan the recommendations made by IBAA's special committee on deposit insurance reform. Mr. Regan also is chairman of the President's



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Cabinet Council which is studying possible FDIC reform.

Mr. King said the IBAA special committee opposed 100% deposit insurance coverage, for fiscal as well as philosophical reasons. He listed these specific recommendations of the special committee:

- Retention of \$100,000 deposit coverage;
- Risk-related premiums based on CAMEL ratings, with a significant differential between risk categories and a separate assessment to account for the systemic risk posed to the FDIC and Treasury Department;
- Assessments on foreign deposits at an equivalent level to those on domestic deposits;
- The removal of insurance on deposits of federal government agencies and all brokered state and local deposits. The retention of insurance on state and local government deposits and deposits placed directly by financial institutions;
- Capital requirements equivalent to those met by commercial banks for thrifts which are empowered to take demand deposits and make commercial loans; parity which should be phased in over six years.

Iowa News

A new telephone system has been installed for Iowa Independent Bankers in headquarters offices at 1000 Carriers Bldg. The new number is (515) 245-3886.

* * *

December 15 is the deadline for submitting entries to the Iowa Bankers Association Best of Iowa Bank Marketing competition.

Any marketing program initiated and completed by your bank between September 1, 1983 and August 31, 1984 can be entered in one of six categories. Winners will be announced at the IBA Marketing Con-

ference early next year.

For more information contact: Alda Post at IBA headquarters in Des Moines.

GRUNDY CENTER: Grundy National Bank recently announced the appointment of Kevin Swalley, CPA, to the staff as assistant vice president. A UNI graduate, Mr. Swalley served with several area firms prior to his joining the bank's staff. Most recently he was a business consultant for United Suppliers in Eldora.

HILLS: Thomas L. Kriz has joined the staff of Hills Bank and Trust Company as a general bank officer, according to John Hughes, president.

SIOUX CITY: First National Bank in Sioux City has announced the promotion of Jacquelyn J. Kott to real estate loan officer. Ms. Kott joined the bank in 1978 and most recently served as mortgage loan supervisor.

VINTON: The State Bank of Vinton recently announced the appointment of Brian J. Brown as loan officer. Prior to moving to Vinton, Mr. Brown was assistant agricultural loan officer at the Northwestern State Bank of Orange City.

Nebraska News

LINCOLN: Donald R. Stading was recently elected vice president of National Bank of Commerce. Mr. Stading joined NBC last summer as staff legal counsel to work with the lending divisions. Prior to that time he served as associate legal counsel for Banker's Life.

Minnesota News

The American Institute of Banking Minneapolis has announced several upcoming seminars.

December 12 — AIB Management and Supervisory Skills Seminar, AIB Education Center, Minneapolis;

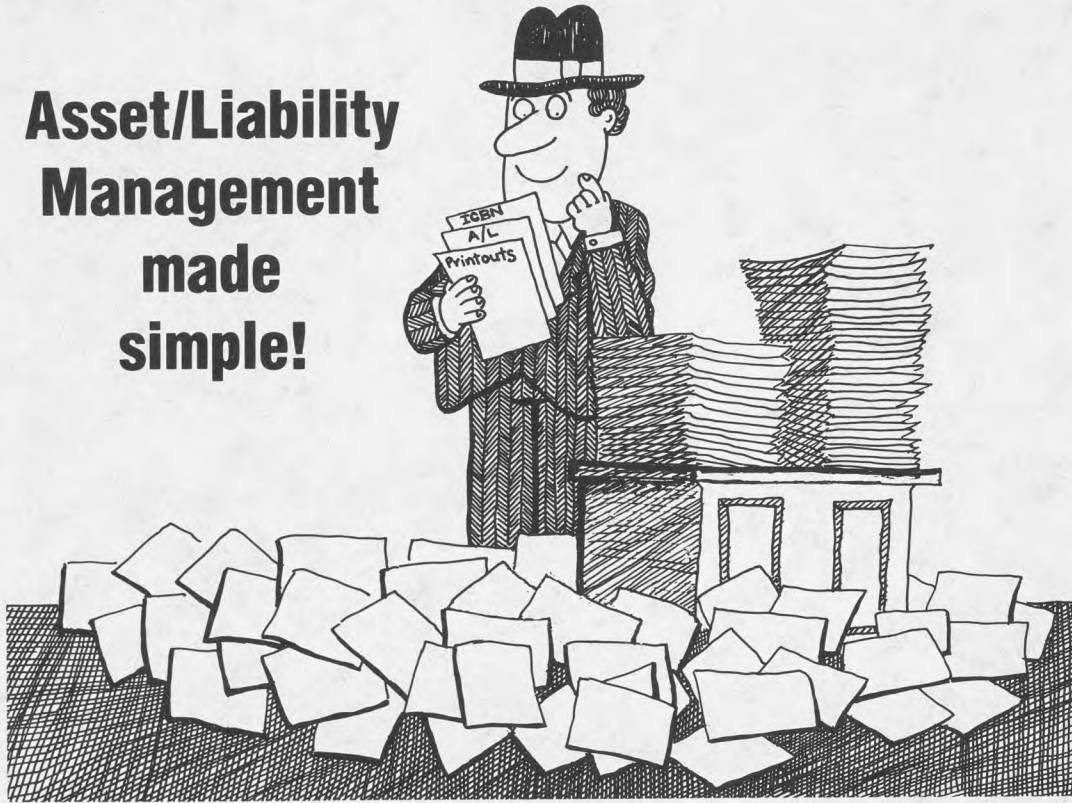
December 13 — AIB Customer Relations/Telephone Transactions Seminar, ABI Education Center, Minneapolis;

January 17 — AIB One-Minute Manager Seminar, AIB Education Center, Minneapolis.

ST. PAUL: Bremer Financial Services, Inc., has announced the addition of Cindy R. Davidson to its

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staff as senior auditor. Ms. Davidson previously was with First Bank System.

ROCKFORD: Shirley L. Huston has purchased controlling interest in the Rockford State Bank and will serve as chairman, vice president and cashier. In addition, Steven J. Weisz was elected president and a director. Ms. Huston has been with Rockford State Bank since 1980, most recently in operations and personnel. She has also served as a director since 1981. Mr. Weisz has been with the bank as CEO since January, 1983. Prior to that he was president and a director of First National Bank of Buhl.

STILLWATER: Steven E. Zinnel has been named president of Norwest Bank Stillwater. He succeeds James C. Graham, who will now assume the position of chairman and chief executive officer. Mr. Zinnel joins the bank from his previous position as vice president and manager of the commercial banking division's metro business unit at Norwest Bank MetroWest, N.A., Hopkins. Mr. Graham has been president of the Stillwater bank since 1974.

Illinois News

CHICAGO: Weston R. Christopherson, 59, has been elected chairman and CEO of Northern Trust Company. He succeeds Philip W.K. Sweet, Jr., 56, who announced last April he planned to take early retirement. Mr. Christopherson formerly was chairman and CEO of Jewel Companies, a large midwest grocery and drug store chain that was purchased last July by American Stores Co. He has resigned as a director of Continental Bank of Chicago to take the Northern chairmanship. Charles H. Barrow continues as president and David W. Fox and Robert F. Reusche as vice chairman.

ELMHURST: Robert G. Girolamo, Sr. has joined the staff of Elmhurst National Bank as vice president in the corporate banking division. Mr. Girolamo has been in banking 28 years, most recently as vice president and senior loan officer with Elmhurst National, which he joined in 1975.

GALESBURG: First Illini Bancorp, Inc., the holding company formed in 1983 by First Galesburg National Bank and Trust Company, has completed the acquisition of Abingdon

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Bank and Trust Company. Arthur Spires has been appointed president and Mark E. Horn will serve as vice president and loan officer. Mr. Spires will replace Rae C. Heiple, who is retiring from banking to return to law practice in Peoria. Mr. Spires joined First Galesburg National Bank in 1970. Mr. Horn joined First Galesburg National in 1980.

North Dakota News

FARGO: Lew Wilson has been appointed vice president and commercial loan manager of Fargo National Bank and Trust Co. He previously was with Bank of North Dakota in Bismarck as vice president in the commercial loan division.

Colorado News

DENVER: First Interstate Bank of Denver has announced the promotion of John F. Steineger to senior vice president. Mr. Steineger, who is officer in charge of the funds management group in the bank's treasury division, was named vice president in 1980.

DENVER: Gary J. Roberts has been elected president and chief executive officer of United Bank of Monaco. These duties are in addition to his existing responsibilities as president of United Bank of Arapahoe. Mr. Roberts replaces Robert W. Tschappat, Jr., who is pursuing other career opportunities. Mr. Roberts joined United Banks in 1972.

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PRESIDENT, small bank, growth area, excellent location . . . OPEN

#2 MAN, \$35mm bank, small town \$40,000 - \$45,000

HEAD OF COMMERCIAL LENDING, \$45mm bank Metro Suburb . . . \$40,000 - \$45,000

HEAD OF OPERATIONS, \$300mm Metro bank . . . OPEN

PRESIDENT, \$25mm bank, Agriculture oriented . . . \$40,000 - \$45,000

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AG LENDER—Position available for individual with ag lending background in \$65 million bank in Grafton, ND. Applicant should have minimum of three to five years ag lending experience and strong business development skills. Send resume to: **President, Norwest Bank Grafton, N.A., P.O. Box 580, Grafton, ND 58237.** (PA)

AG LENDING POSITION—Eastern Nebraska. Opportunity to work with experienced ag lenders in servicing large portfolio. Ag degree required. Experience helpful, but not required. Reply to file: **WCK, c/o Northwestern Banker.** (PA)

SENIOR LOAN OFFICER AND ADMINISTRATOR—This individual will manage entire loan portfolio. Extensive commercial and supervisory experience required. Extremely competitive salary and benefits. \$125 million bank. Contact: **J.P. Mansfield III, Pres./CEO, United Central Bank & Trust, P.O. Box U, Ft. Dodge, IA, 50501.** (PA)

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AG LOAN OFFICER—with three to four years banking experience. Must be familiar with microcomputers, cash flow, and documentation. Please send resume and salary requirements to: **Eugene Schulke, Cashier, Corn Belt State Bank, Box N, Correctionville, IA 51016.** (PA)

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