

# NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

March 31, 1986

## Senate Backs Regulators

The Senate Banking Committee on March 26 unanimously approved a measure that supports proposals made recently by the three federal bank regulators for easing capital standards and allowing hard-hit ag and energy loan banks to use FASB 15 to amortize bad loans over a five-year period.

The Senate bill also contained a "sleeper" by imposing a 90-day moratorium on chartering of non-bank banks by federal authorities. Also, by imposing the same moratorium on the FDIC and FSLIC for insuring such institutions, the Senate effectively closed the door for 90 days on those who would alternatively seek a state charter.

## Fed Vice Chairman Resigns

Federal Reserve Vice Chairman Preston Martin has announced he will resign at the end of April, or once a successor is appointed. He plans to return to the private sector in San Francisco. His term expires the end of March. According to Mr. Martin, he cannot "commit to serve another four years as vice chairman." At the press conference he also minimized a reported split on the Fed board over the recent decrease in the discount rate to 7%.

## Iowa News

Rules governing Iowa's new 3%

interest rate buy-down provision for qualifying farm borrowers were given to ag lenders last week. A \$5 million pool of funds was enacted by the state legislature and the bill signed into law by Gov. Terry Branstad recently. The fund is handled through the Iowa Agricultural Loan Assistance Program, known previously as the Iowa Family Farm Development Authority, and William Greiner continues as its executive director. The Iowa program has two levels.

At Level One, the state will add up to 3% interest rate buydown to the new FmHA program, which calls for up to 2% write-down by both FmHA and the lender. If the proposed loan won't cash flow at the 4% write-down, but will do so with the additional funds from the state, then the loan can be written down on interest for a maximum of 7%. At Level Two, if FmHA does not participate for whatever reason, the Iowa program will match the lender's write-down of interest up to 3% each, a total of 6%. The loan does not have to cash flow, but does have some minimum requirements.

Additionally, the borrower must agree to a financial analysis by Iowa State or a comparable source to determine a financial plan. This may include the selling of some assets to remain viable. This analysis is not required before the Iowa-lender write-down is put in place. All Iowa

banks have been given the rules for the new program.

\* \* \*

An amendment was being considered in the Iowa legislature late last week to H.F. 2446, known as the Financial Institutions Omnibus Package. That bill, passed by the House would allow emergency acquisition of a failed Iowa bank by an out-of-state bidder if no bidders were found from within the state. The amendment would add a failed multi-bank holding company that is in Chapter XI, provided that the entire holding company is sold. Buyers could come from contiguous states, as well as Ohio, Michigan, Indiana and Kentucky. Both the IBA and IIB appeared willing to accept the amendment.

AMES: Richard Fischer has been named executive vice president of United Bank and Trust of Ames. He will supervise all lending. Gene Loverink was appointed senior vice president and cashier and will head up the bank's operations division.

MASON CITY: Among recent staff changes at Norwest Bank Mason City was the naming of Dennis Fryar as vice president and manager of the commercial department, replacing Grant Barton who has resigned. Mr. Fryar's successor as manager of the agricultural depart-



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ment is James Morrow, vice president.

**SIOUX CITY:** Security National Bank will hold its ninth annual Security Financial Seminar, "It's Your Money," on April 13 at the Marina Inn in South Sioux City, Nebraska. At 6:00 p.m. Security financial counselors will be available for consultation. At 7:00 Judith Briles will present "Money Phases," and at 8:00 Paul Strassels will speak on "Tax Savers." A reception will follow at 9:30. Tickets are \$15 in advance and \$17.50 at the door. Contact Security National Bank, P.O. Box 147, Sioux City, IA 51101 or (712) 277-6500.

**WAUKON:** Because of the death of Arthur H. Jacobson, president and

chairman of Farmers & Merchants Savings Bank of Waukon, the bank has named Ed Lauerman, Jr. as president and Isabel C. Jacobson as chairperson. Mr. Lauerman has spent the last 12 years as executive vice president and managing officer of the bank. Mrs. Jacobson is the late president's widow and has been on the board since 1966.

**WILLIAMS:** Iowa Falls State Bank in Iowa Falls purchased certain assets and assumed deposits of the Williams Savings Bank after the latter bank was declared insolvent March 20 by Iowa Superintendent of Banking William R. Bernau. As receiver, FDIC accepted the Iowa Falls State Bank bid of \$51,000. Iowa Falls State Bank assumed all of the Williams Savings Bank deposits of \$11.7 million, as well as taking over selected loans. FDIC retained the balance of the loan portfolio. Iowa Falls State Bank opened the failed bank the following day, March 21, as an office of Iowa Falls State Bank.

### Nebraska News

Donald E. Blaha, president of the First National Bank in Ord, has been nominated for the position of president-elect of the Nebraska Bankers Association for 1986-87. The NBA Executive Council verified his selection at its recent meeting in Kearney, also approving the

following slate of nominees for the new three-year term on the Executive Council:

Gp. 2—Glenn Adair, president, Springfield State Bank.

Gp. 4—Sam Baird, president, Farmers State Bank & Trust, Superior.

Gp. 6—Lew Mehling, president, American National Bank, Sidney.

Gp. 7—Gene Zaloudek, president, Omaha State Bank.

**OMAHA:** FirsTier, Inc. Chairman John D. Woods and President William C. Smith announced March 20 that Omaha National Bank and First National Bank & Trust Co. of Lincoln, both of which are part of FirsTier, Inc., will change their names on April 22. Omaha National will become FirsTier Bank, N.A., Omaha, and First of Lincoln will become FirsTier Bank, N.A., Lincoln. In addition, the holding company's other bank offices in Grand Island, Kearney and Blair will adopt the same name, with the city identification of each after the name. The David City office assumed the new name when First National of David City was purchased in January by First National Lincoln.

**STRATTON:** At the Commercial Bank, Bill D. Zahl has been appointed president and CEO, replacing Robert N. Kehr, who retired as of January 1. Mr. Zahl is succeeded as vice president by Richard C. Bernt, who joins the bank from his former position as a branch manager with the Production Credit Association.

### North Dakota News

**BISMARCK:** Steven D. McLaen has joined Norwest Bank Bismarck as vice president—manager agricultural loan department. He previously served for six years as a senior loan officer/appraiser for the Farm Credit Services of Bismarck/Mandan.



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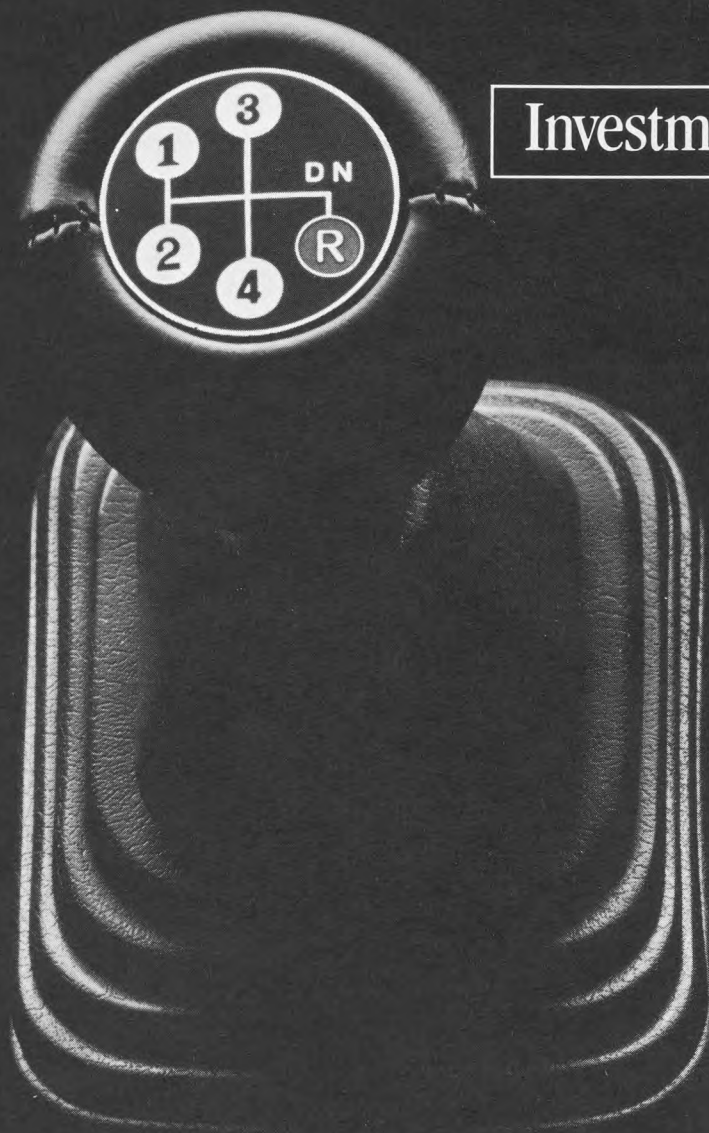
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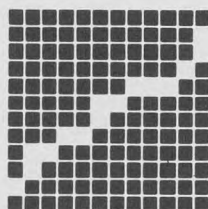
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### Minnesota News

In its rush to complete an assistance bill before adjournment date, the Minnesota legislature enacted a bill, signed immediately by Gov. Rudy Perpich, that Minnesota bankers term a "disaster." While bankers were supporting interest rate buy-down and debt restructuring provisions of the bill, and were willing to accept a limited time mediation process of 44 days, the final language in the bill was changed the last night. In doing so, the bill now says the application process can take up to 44 days, another 60 days is added for mediation, and then a lender cannot make any move for another 90 days, a total of 194 days. Bankers say this was a mistake in language. It was to have stated the 90-day period commences with *initiation* of the mediation application process; however, the bill reads at the *conclusion* of mediation.

Additionally, if any one of the creditors acts in bad faith, that will be cause for court action and delay the whole process further. One evidence of bad faith would be if a lender refuses to provide credit for living expenses during the mediation period.

The bill reportedly was aimed at the FCS but wound up including all banks in its language. The Minnesota Bankers Association says it will demand repeal of Article I of the bill, the portion covering mediation. The legislature will hold a special session sometime this week, or possibly next, to deal with the state budget and it is hoped to have repeal considered at that session.

**ALBERT LEA:** Daniel L. Brady has been elected president of First Bank Albert Lea. He succeeds Waldon A. Jensen, who has taken a credit management position with First Bank System in Bismarck, N. Dak. Mr. Brady most recently served in a credit management position for First Bank System in Rochester.

**LAMBERTON:** After Farmers and Merchants State Bank of Lambertton was closed March 14 by Michael Hatch, Minnesota Commissioner of Commerce, the FDIC ap-

proved the transfer of the failed bank's \$15.2 million deposits in 3,500 deposit accounts to American Bank of Mankato. The failed bank's one office reopened Monday, March 17 as a branch of American Bank of Mankato. All deposits are within the FDIC insured limits of \$100,000. American Bank paid a premium of \$61,986 and will purchase other assets of the failed bank for \$9.5 million.

**MINNEAPOLIS:** Norwest Bank Minneapolis has named Edgar M. Morsman, Jr. to the new position of senior vice president and chief lending officer for corporate banking activities in the Twin Cities area. He had been president of Norwest Bank Rochester since 1982, and in 1984 was elected to the additional position of chairman and CEO of Norwest Bank Dodge Center.

**ROCHESTER:** John C. Mulder has been elected president of First Bank Rochester, succeeding Randolph S. Koppa, who has taken a position as a vice president in First Bank St. Paul's corporate banking group. Mr. Mulder joined First Bank System in 1985 as vice president of regional credit for the company's southeastern Minnesota affiliates.

**ST. PAUL:** Norwest Bank East St. Paul has elected Thomas W. Longlet as president. He has been with Norwest banks since 1973, most recently in commercial lending and commercial services at Norwest Bank St. Paul.

### Illinois News

**ARLINGTON HEIGHTS:** Craig J. Fahrner has joined The Bank &

Trust Company of Arlington Heights as vice president/cashier and security officer. He comes from Illinois Marine Bank, Clarendon Hills.

**LOMBARD:** Bruce W. Taylor has been named executive vice president of the Bank of Yorktown. He was formerly senior vice president of the bank. He will continue to head the commercial and real estate lending departments and will assume additional responsibilities to be announced later. He joined the bank in 1983.

**ROCKFORD:** Colonial Bank of Rockford has changed its name to AMCORE Bank Colonial. It will remain a separate entity from AMCORE Bank N.A. of Rockford. William N. Steinhagen has been elected chairman. He has been on the board since 1984 and is president of Rockford Automation, Inc.

### South Dakota News

The Sunrise Group of the South Dakota National Association of Bank Women has announced its 1985-86 officers. They are: president—Jan Skyberg, Norwest Bank, Sioux Falls; vice president—Linda Shane, Citibank, Sioux Falls; membership chair—Joanne Ross, Dakota State Bank, Big Stone City; scholarship and awards chair—Maxine Brown, Dakota State Bank, Colman; public affairs chair, Paula Jons, Norwest Bank, Sioux Falls, and education and training chair—Suzan Gass, First Dakota National Bank, Yankton.



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**CEO** with 10 years experience. Graduate of Iowa State. Oriented to ag lending and community bank ..... Asking \$40,000.

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**CONTROLLER** of major midwest bank. MBA in finance. 5 years with present employer ..... Asking \$50,000.

**CONTROLLER** in \$200 million bank. CPA degree. Ten years experience ..... Asking \$40,000.

**EXAMINER/AUDITOR** with college degree, now serving as EVP of community bank. Excellent background ..... Asking \$43,000.

**COMMERCIAL LENDER** with 16 years experience in larger banks. SUI grad in economics. Will travel as correspondent ..... Asking \$40,000.

**SENIOR LENDER** in \$100 million bank. Examiner/auditor background ..... Asking \$40,000.

**AG LENDER** with 10 years experience and Iowa State Degree. Farm background ..... Asking \$30,000.

**CPA** now auditing banks for established firm. Will relocate and travel ..... Asking \$25,000.

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