

NORTHWESTERN Banker Newsletter

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Mark Olson Forms Two Task Forces

When Mark W. Olson, newly-elected president of the American Bankers Association, addressed the ABA National Agricultural Bankers Conference in Nashville, Tenn., on November 18, he laid out the game plan he plans to pursue during his year as head of ABA. Mr. Olson is president of Security State Bank of Fergus Falls, Minn. Details of his comments at Nashville follow:

* * *

TWO YEARS ago at this meeting, the ABA Agricultural Bankers Division recognized that major farm-finance issues were surfacing in Washington. You made it clear that our Association needed to reaffirm its strong commitment to agricultural banking and form an action plan to deal with the issues.



M.W. OLSON

ABA beefed up its Washington staff by hiring Floyd Stoner and Rusty Jessor, and we also brought in Jeff Rodman at about that time to staff the Agricultural Bankers Division. Simultaneously, our Board of Directors commissioned the massive study of the future of agriculture that is driving our programs today — “Transition in Agriculture.”

A year ago we got our first peek at what that study was beginning to forecast for agri-finance. One of the key early messages out of that study was that agricultural banks must diversify to survive. At the same time, we began to sense the pressure from the farm states and the need for specific relief from their pressing short-term problems. Based on that, we formed our Joint Task Force with the Independent Bankers Association of America. And from that Task Force came recommendations for capital forbearance by the regulators, as well as other programs. Almost instant action by the regulators, as well as an initial quick response by the Senate, showed all of us the huge potential that we have to get things done if we speak with one voice.

In the work of that Joint Task Force, we were not divided on the substance of the issues, we were forceful in expressing what needed to be done — and we produced results.

Today, in that spirit, and on the 75th anniversary of ABA's active involvement with agriculture, I am announcing that we will once again convene representatives from the farm states — bankers who can speak for their communities — to help develop support for action in 1987 and throughout the 100th Congress to allow banks to provide for

the needs of their agricultural customers, including new products and services.

For the longer term, we must remain focused on assuring that, in fact, our industry and our Association are headed in the right directions. I will shortly appoint a special Presidential Task Force under the leadership of our treasurer, Tom Rideout, to take a long, thoughtful look at the factors that will be affecting our industry in the coming years and what we should be doing about them — not only in government relations, but also in education, training and development, information flows, etc.

But the immediate imperative is to secure legislation allowing us to offer new products and services. That's what the “Transition in Agriculture” study tells us, and that's what we know in our guts we must do.

In the recent past we've been stymied by divisiveness — specifically, disagreements on the interstate-banking issue. In fact, that has been the most divisive banking issue of this century for our industry. But, because of action by the individual states, that question is largely behind us. And now we can focus, as we must, on the future. And the future lies in new products and services. There used to be a perception that this was mostly a big-bank issue, but I think we all recognize today — especially with the “Transi-

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Jay Nichols

tion in Agriculture" study in hand — that this is an issue for all banks.

I think we were all surprised at how quickly momentum built up to resolve the interstate-banking issue, and today there is just no doubt at all that the same kind of momentum is building in favor of new products and services for banking.

We have a game plan ready to go. I have met, or will shortly meet, with the heads of every other national-level banking group, and with many of the state association leaders as well, and I think we are united. As you probably saw in today's *Wall Street Journal*, all these groups joined in sending the Treasury Department a letter asking for the Administration's support and leader-

ship on this legislation. There is nothing in our legislative plan to divide us, and the plan takes nothing away from anyone — it's totally pro-competitive.

Between now and the first of the year, we will be aggressively seeking co-sponsors for our legislation in both the House and the Senate. And soon I'll be asking each of you for your help. The heart of our game plan is to get the senior executives of our industry — that's you — to go to Capitol Hill, make the pitch and close the sale. This has been the secret of success for the industries that oppose us, and we must now put that same strength to work for us. □

Chip Backlund Elected Director of Chicago Fed

B.F. (Chip) Backlund, president of Bartonville Bank in Bartonville, Illinois, has been elected to the board of directors of the Federal Reserve Bank of Chicago.

Mr. Backlund, whose term will begin January 1 and run through 1989, was elected by banks that are located in the Chicago Fed's District and are members of the Federal Reserve System. As one of three Class A or banker directors on the board, Mr. Backlund will represent member banks in the smallest size group, those with capital and surplus of \$3 million or less.

This represents the first time in 60 years, perhaps longer, that this Class A seat has not been held by an Iowa banker.

Mr. Backlund is a past president of both the Illinois Bankers Association and the Independent Bankers Association of America. He was also named as a presidential delegate and commissioner to the White House Conference on Small Business. Mr. Backlund also serves as chairman of the State Street Bank and Trust Company in Quincy, Ill. He holds a 1946 BA degree in economics and accounting from Wash-

burn University at Topeka, Kan., and a 1949 law degree from the University of Colorado Law School.

He will take the spot vacated by O. Jay Tomson, chairman and CEO, Citizens National Bank, Charles City, Ia., who has completed the maximum term of six years on the board.

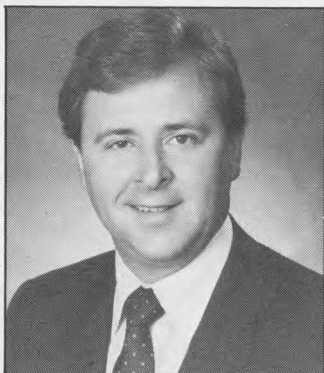
Iowa News

The Iowa Bankers Association filed two lawsuits in Polk County District Court November 26. The first seeks to prevent the State of Iowa from moving the department of banking from the downtown business area to a statehouse office building. The second asks the court to determine whether state or federal law prevails in complying with the federally revised farm lien law.

In the first lawsuit, IBA President Russell S. Howard, chairman of Mahaska Investment Co., Oska-loosa, said the move of the banking department would be the first step in a gradual deterioration of the high quality department for which Iowa has become nationally noted. Such a decline, he said, has been noted in other states that have consolidated their banking department with other state offices. Proponents argue that state-ordered reorganization and the need to reduce costs made the move necessary. Mr. Howard, however, pointed out that the banking department generates all its own funds from bank examination assessments and, therefore, does *not* access the state budget. In addition, the department for some years had contributed voluntarily \$50,000 to the state general budget. This past year, that amount was increased to \$100,000 and was money coming from banks that would otherwise have been used to reduce their assessments in the future. Mr. Howard also noted that retaining present department offices would *save* \$200,000 in 10 years as opposed to moving them to statehouse offices.

IBA Executive Vice President Neil Milner pointed to the privacy and discreet conduct of business afforded by present offices. General Services also did not follow Iowa law, it was stated, which requires the state to publish rules governing its action and to allow outside parties to voice their opinion.

The second suit asks the Court to determine whether state or federal law prevails when a bank tries to comply with the federal law effective



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December 24 that governs how lenders comply with the revised UCC Farm Lien Law. Federal law states that lenders shall notify all potential buyers of farm products within the state when they have liens on borrowers who may sell equipment or products. Iowa law, enacted last spring, says lenders must confine such pre-notification to only those potential buyers on the list supplied by the borrower. If the borrower sells off-list, the bank's security agreement is no good and the borrower is supposed to be fined. The IBA points out that by complying with Iowa law, as opposed to the federal law, Iowa banks would possibly be told by regulators they are not protected and have such loans classified. The IBA continues to push for utilizing the state computerized central filing system that has been in place since 1980. This suit was filed on behalf of First National Bank, Dubuque; Mahaska State Bank, Oskaloosa, and Farmers State Bank, Marion.

* * *

The IBA is sponsoring an Individual Retirement Account and Simplified Employee Pension Seminar at several locations in Iowa during January. The seminar will provide a general review of IRAs and SEPs. In addition, a discussion of the 1986 Tax Reform Act and Revenue Rulings from the IRS which will impact IRAs will be presented. A special feature of the seminar will be a discussion of 401-K SEPs, which is a new type of pension plan now available as a result of the Tax Reform Act. The seminar will be held Jan. 7 in Sioux City, Jan. 8 in Cedar Rapids, and Jan. 9 in Des Moines. Registration for the seminar is \$100 for IBA members subscribing to IBA's retirement program, and \$150 for members not subscribing. For non-IBA members who subscribe to the retirement program,

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Nebraska News

During the recent special session of the Nebraska legislature, concluded on November 20, two farm bills were enacted. LB 1, reviewed in last week's *Newsletter*, activates the state's computerized central filing system as the adopted method for lenders to file their security liens, instead of using the costly and cumbersome pre-notification system.

The other bill, LB 3 provides that a waiver may be included in lending instruments to negate the effect of LB 999 passed last spring that permits a farmer in foreclosure proceedings to redeem the homestead 160 acres. After LB 999 was passed, life insurance companies refused long-term mortgage lending to Nebraska farmers, including two state senators.

GRANT: Farmers National Bank of Grant has appointed Terry O. Jensen as president and director of the bank. He formerly held management positions at Nebraska State Bank, Broken Bow and First State Bank, Gothenburg. Mr. Jensen replaces Philip E. Jossi who has been appointed to a management position with an affiliated holding company, First United Bancshares, Inc., Ord. His new responsibilities will include management consulting.

Minnesota News

RED WING: Norwest Bank Red Wing has named Burl A. Leo as its president, succeeding Norman J. Sampson, who has been elected chairman. Both appointments are effective Jan. 1, 1987. Mr. Leo is senior vice president at Norwest Bank Rochester. Mr. Sampson has served as president of the Red Wing bank since 1974.

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Colorado News

DENVER: United Bank of Colorado, Inc. has agreed to sell two affiliates, United Bank of Steamboat Springs and United Bank of Montrose, for undisclosed amounts as part of securing Federal Reserve Board approval of its application to acquire IntraWest Financial Corporation. United Bank of Steamboat Springs will be sold to investors associated with The Western Industrial Bank in Steamboat Springs. This purchase is contingent upon certain governmental approvals, but not the closing of the IntraWest acquisition. The purchase of United Bank of Montrose is contingent upon certain governmental approvals and the closing of the IntraWest acquisition.

ENGLEWOOD: Don M. Clary has joined First Interstate Bank of Englewood as vice president and manager of the commercial loan department. He has over 11 years banking experience and most recently was vice president in the energy banking group at First Interstate Bank of Denver.

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