

## FCS Rescue, Secondary Market Proceed

**B**ARRING an unforeseen obstacle, the Farm Credit System rescue bill should proceed favorably through the Senate in the near future and then go into a conference committee with the House, which earlier passed its bill as H.R. 3030. The Senate ag committee approved S.1165 unanimously last week (18-0) and sent the bill to the Senate floor. Like the House version, S.1165 contains the provision to establish a Federal Agricultural Mortgage Corporation to provide a secondary market for long-term farm real estate loans. This secondary market, operated through FCS channels, would be equally available to commercial banks and life insurance companies, as well as the FCS.

Senate leaders said last week they would schedule a floor vote on S.1165 as soon as possible. It was hoped it would clear the Senate floor favorably in the two weeks left before Thanksgiving so the conference committee could iron out any differences. Senate leaders were reported last week to be looking already at dates that could be arranged for a conference committee.

The "Black Monday" Wall Street scare and subsequent turbulent days in the market apparently gave added impetus to the bill. The unsettling news from Wall Street emphasized the need for more settling news in the markets, and Senate

leaders apparently felt this bill would do just that. Any opposition disappeared and the unanimous vote, with advance favorable comments from many Senators, indicated it would meet with Senate approval. Since H.R. 3030 passed by the overwhelming majority of 365-49 early in October, a similar overwhelming vote in the Senate would almost assure the conference committee bill being signed by the President. Senate Ag Chairman Patrick Leahy (D., Vt.) said the FCS rescue bill was considered "must legislation" by the Senate.

S.1165 would authorize the FCS to offer up to \$4 billion in 15-year, federally guaranteed bonds through 1991, with up to \$3 billion of the interest paid by the U.S. Treasury. FCS already has lost \$4.8 billion since 1985 and has stated it could lose another \$6 billion in the next half dozen years. New figures were due to be released by FCS last week after press time for this issue.

The Senate measure would let the Farm Credit System banks determine how to restructure themselves. The House-passed bill would reorganize the 37 regional bank units into seven so-called service centers. A high official said he was doubtful about whether the Omaha Federal Land Bank could survive, and wasn't certain whether the St. Paul bank could pull through, although

progress had been made with the latter. The Senate's S.1165 requires that any mergers be approved by a majority of the stockholders and by the Farm Credit Administration.

Also included in the Senate bill is language considered by some to be vague in trying to outline new and strengthened rights for FmHA borrowers.

As described earlier, the new secondary market organization, being referred to already as Farmer Mac, would provide 90% of the guarantee on the secondary market securities, represented by a \$1.5 billion line of credit from the Treasury. However, the poolers of those securities, representing farm mortgages purchased from lenders, would be putting up 10% of the capital and that 10% in all cases would have to be used up before any access is ever made against the Treasury backing.

The Senate bill provides that during the first year, upon enactment of the bill, the secondary market agency could issue up to 2% of Farm Credit System mortgages outstanding, pegged at \$80 billion. This would authorize a \$1.6 billion market the first year. The second year that would move to 4%, or \$3.2 billion, and the third year to 8%, or \$6.4 billion. If the Federal Agricultural Mortgage Corporation takes a year to get organized, it would then start right off with the 4% level, since the bill stipulates the limits date from enactment of the bill. □

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**Iowa News**

The Iowa Bankers Association will present "Compliance in the Financial Industry: The Most Dangerous Violations" at three locations in December. Instructor will be consultant Gary Throckmorton. Registration is at 8:30 a.m. and the seminar runs from 9:00 until 4:00 with a noon lunch. Advance fee is \$145 for members, \$180 for subscribers and \$220 for non-members, with \$20 additional required for registration at the door. The fee includes lunch. Dates and locations are: 8th—Ironmen Inn, Coralville, 9th—Marriott Hotel, Des Moines, 10th—Siebens Forum, Storm Lake. Contact the IBA office to register.



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**CEDAR RAPIDS:** Thomas R. Cover has been named senior vice president/retail division at Merchants National Bank. He previously served as vice president and regional operations administrator for southern Minnesota for First Bank Systems. Prior to that he was employed by Security Banks of Montana, Billings, and First National Bank, Omaha.

**DES MOINES:** Tim Rhoades has been named office manager for Brenton National Bank of Des Moines, northwest office. He previously held a supervisory position for United Federal Savings Bank in Ames.

**GILMAN:** John Viggers has joined the Citizens Savings Bank of Gilman as a management trainee.

**SIOUX CITY:** At Security National Corporation, R.E. (Gene) Hagen was elected chairman of the board, to replace E.C. Thompson, who is stepping down from this position but will continue as a director.

**WATERLOO:** John Rathjen has joined Peoples Bank and Trust Co. of Waterloo as vice president, commercial loans. He previously served as a commercial lender at Adams Bank and Trust in Ogallala, Neb.

**South Dakota News**

**SIOUX FALLS:** Truman D. Phelan has been promoted to executive vice president for Norwest Bank South Dakota. He has been with the bank since joining Norwest in 1966, most

recently as Region VI senior credit officer.

**STATEMENT OF OWNERSHIP  
MANAGEMENT AND CIRCULATION**  
(Required by 39 U.S.C. 3685)  
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B. Paid Circulation		
1. Sales through dealers and carriers, street vendors and counter sales	NONE	NONE
2. Mail Subscriptions	3,014	2,972
C. Total paid circulation	3,014	2,972
D. Free distribution by mail, carrier or other means—sample, complimentary, and other free copies	262	267
E. Total distribution (Sum of C and D)	3,276	3,239
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1. Office use, leftover, unaccounted, spoiled after printing	224	161
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G. Total (Sum of E, F1 and 2—should equal net press run shown in A)	3,500	3,400

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Editor and Publisher

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Ben Haller, Jr., Editor and Publisher



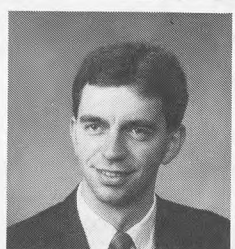
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### Nebraska News

**BRADSHAW:** Mark V. Utter has been named vice president and branch manager of The First National Bank of York—Bradshaw branch. He had been a loan officer with the Farm Credit System in Scottsbluff as well as FCS in Gillette, Wyo.

**NORFOLK:** Bernard M. DeLay, chairman of the DeLay First National Bank & Trust Co. of Norfolk, died October 20 following surgery. He was 76.

### Colorado News

**FOUNTAIN:** The FDIC has approved the assumption of the deposits and fully secured liabilities of Pioneer Bank of Fountain by Green Mountain Bank, Lakewood. The \$11 million asset Pioneer Bank was closed on October 21 and its sole office reopened the next day as a branch of Green Mountain Bank. The latter bank will assume about \$10.4 million in deposits and will purchase \$10.6 million of the failed bank's assets at a discount of \$1,065,000.

### Minnesota News

**BRAINERD:** The board of directors of First Bank Brainerd has elected Lee R. Mielke chairman of the board and Darold L. Owens president and chief executive officer. Mr. Mielke joined First Bank System in 1961, and had been president and CEO since 1982. Mr. Owens served as the bank's vice president since 1975, and joined FBS in 1966.

**MINNEAPOLIS:** The board of directors of Norwest Corporation has

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elected John T. Thornton executive vice president, chief financial officer and controller. He was senior vice president and controller. Before joining Norwest, Mr. Thornton was vice president and controller of Texasgulf, Inc., based in Stamford, Conn.

**MINNEAPOLIS:** First Bank System, Inc. has announced four promotions to vice president in its metropolitan division: Richard A. Hoban, special loans, loan portfolio management; Bruce A. Lilly, upper Midwest division, corporate banking; Thomas A. Patterson, communications industries, special industries group,

and R. Bradley Pike, high tech leasing, special industries group.

### North Dakota News

**BISMARCK:** George Neigum has been promoted to senior vice president in charge of loans at Bismarck State Bank. He joined the bank in 1984 as a consultant and was promoted to vice president and loan officer in 1985. Judy Greff has been promoted to vice president and manager of the downtown office. She joined the bank in 1980 and most recently was assistant vice president and manager of that office.

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