

NORTHWESTERN Banker Newsletter

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December 21, 1987

Conference OKs Secondary Ag Market

AFTER a week or more of discussions and horse-trading, members of the House-Senate conference committee studying their two bills for a Farm Credit System bailout, completed their work on December 16. Their compromise bill was returned to the two bodies for final approval, which was expected by last weekend, before it goes to the White House where Presidential signature is believed to be assured.

In addition to providing up to \$4 billion in funds to FCS to alleviate its severe financial problems brought on by the past several years of reverses in the agricultural business, the committee ordered FCS to reorganize, as well as providing for various borrowers rights and protection in restructuring of loans.

Of importance to commercial banks is approval of the two bills' provision for creation of a secondary market for long-term farm real estate loans. The final version is much like the earlier announced bills. There is a \$1.5 billion backup line of credit with the Treasury. The secondary market will be operated by FCS but with equal access guaranteed for banks and life insurance companies. The board of directors for the new corporation will be composed of representatives from the FCS, banks, life companies, the general public and the Administration.

The conference committee agreed

with Rep. Fernand St Germain (D., R.I.) that the secondary market is to be used only for borrowers who are actively engaged in or will remain in farming.

Rep. John Dingle (D., Mich.), chairman of the Energy and Commerce Committees, demanded the securities be subject, through the Securities Exchange Commission, to the same federal regulations as corporate securities, rather than be sold as government agency securities. In its comment on that portion of the conference agreement, the American Bankers Association said in a brief statement, "ABA hopes that the cost of that requirement is not so great that farmers and ranchers must pay higher interest rates." Anticipating that possibility, conference members pledged to re-study that clause if SEC regulations place added costs on the secondary market.

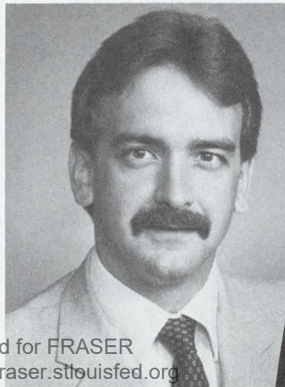
The final bill also adopted the loan caps outlined earlier for the first three years of the secondary market. Those caps impose a 2% lid the first year, based on outstanding farm debt, which would mean a lending limit of about \$1.6 billion; 4% or \$3.2 billion the second year, and 8% or \$6.4 billion the third year. After that time period, there would not be a cap on annual loan volume.

In its brief statement, the ABA said, "The ABA is extremely

pleased that there is a secondary market for agricultural real estate loans in the FCS assistance legislation approved by the House-Senate conference committee. The structure of the secondary market contained in the legislation is very workable and desirable for agricultural lenders and their customers. ABA has worked hard for the creation of a secondary market since 1981 when bankers identified the need for a source of long-term, fixed-rate financing for the nation's farmers and ranchers."

The IBAA's statement was equally positive. It said: "The Farmer Mac secondary market should prove workable and highly beneficial to agricultural banks and their farm customers. Smaller banks will originate and sell farm mortgages without recourse, and may retain the servicing on those loans. Using this market, ag banks will be able to expand their lending capacity to farmers to include both operating credit and real estate financing for farm land. We are especially pleased that this new market is restricted to real estate mortgages only and does not include farm production or intermediate loans."

Passage of this legislation creating a secondary market culminates six years of hard work by the ABA leadership. They were joined by the Independent Bankers Association of America in a joint Task Force Study of Agriculture, which body confirmed the need for the secondary



Jeff Sims
Correspondent Services

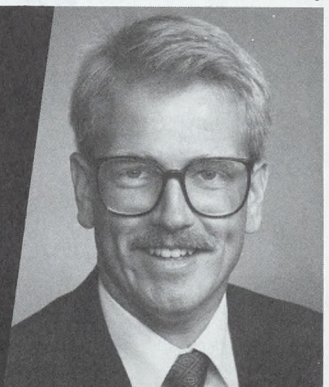


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Richard Pederson

market. The two banker associations then were joined by life insurance companies to work together for Title III in the House Bill and Title VII in the Senate bill that created the secondary market. It will probably take a year of organizing before the first loan can be processed through the new corporation. □

Midwest Assns. Study Economic Development

Leaders from several upper midwest state banker associations met at the Red Lion in Omaha last Thursday to exchange ideas on how they can promote economic development in their states. Several states—Minnesota, Wisconsin and Nebras-

ka, for example—have active programs in which their associations promote directly or cooperate with state government in economic development.

Taking part in last week's meeting hosted by Stan Matzke, executive vice president of the Nebraska Bankers Association, were these state leaders:

Nebraska—NBA Pres. Don Blaha, Pres.-Elect Harley Bergmeyer, Past Pres. Kelly Holthus and Mr. Matzke.

Iowa—IBA Exec. Vice Pres. Neil Milner.

Minnesota—MBA 1st V.P. William Sands, Exec. V.P. Truman Jeffers and Ron Johnson.

Colorado—CBA Exec. V.P. Don Childears.

Kansas—KBA's Jim Maag.

Indiana—Bill King.

Michigan—Richard Buss.

Iowa News

The Iowa Department of Banking has appealed to the Iowa Supreme Court the recent Wapello County District Court ruling that gave First Interstate Bank of Des Moines possession of more than \$3 million in property acquired by the bank from Exchange Bank of Bloomfield, which failed in September, 1983. The private bank was not subject to state regulation until its owners, the Burchette family of Bloomfield and Des Moines, asked for department help. By that time the bank was in-

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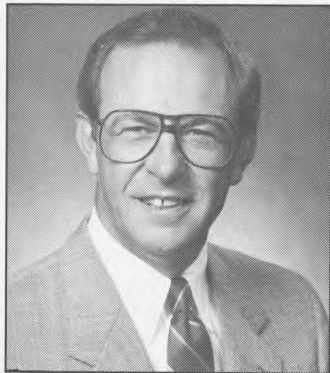
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solvent. First Interstate had earlier improved its security on previous loans made to the Burchette family by collateralizing about \$4 million in farm land the family owned. The department maintains the previous owners conspired with First Interstate in the transfer of assets to the detriment of borrowers. District Court Judge Phillip R. Collett ruled in Ottumwa that First Interstate's position was "more consistent with generally recognized business methods than fraudulent transfers." The property in question declined in value since the bank failure to its present \$3 million level.

CLIMBING HILL: Attorneys for Toy National Bank in Sioux City have filed suit in Woodbury County District Court in Sioux City against shareholders of Climbing Hill Bancshares, Inc., who signed a \$490,000 promissory note with Toy to acquire the Climbing Hill Savings Bank. Toy National attorneys stated that the loan was in default four months ago. Climbing Hill Savings Bank, as reported last week, was closed December 3 by Iowa Superintendent of Banking Edward L. Tubbs when examiners declared the bank insolvent. Four other banks in Nebraska in which there was common ownership by Nebraska investors were closed the same day. The lawsuit, filed September 21, is set for a summary judgment December 21.

Defendants in the suit are listed as Robert E. Myers, Bradley Mer-



Terry Martin

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Partial list of available Banking candidates.

AG LENDER. Community bank lender has seen all sides of rural banks. Seeks small town bank that can use an exceptional ag professional with three + years behind them. Currently overseeing lending in \$20m institution, truly looking for opportunity not money or title. \$24K

RETAIL LENDER. Tired of working with average employees? Take a look at an exceptional individual, two + years lending in top performing city bank handling consumer, commercial and real estate loans. Not run of the mill lender, this individual can make things happen! Works well with affluent customers and man on the street. \$22K

CEO. Small town banker, big time producer! Proven professional seeks 2K or smaller community that has progressive ownership for new challenge. Has wealth of knowledge in all areas of banking including investments gained through last 2 years running 18M bank. \$38K

OPERATIONS/AG. Hardworking, dedicated operations person who has both ag skills and operations experience of 10 years plus in \$25M bank. Looking for new direction into senior management or larger bank. Country smarts, city image. \$33K

SR LOAN OFFICER. Tireless performer has overseen all lending in prosperous \$42M bank looking to move ahead. Seasoned manager currently has \$16M portfolio that covers all aspects of community banking. Degreed, several banking schools. \$43K

CASHIER. Efficiency expert! Has worked all over the bank to lower costs and increase profit. Dead-end in current position due to lack of opportunity, ready to move ahead. \$27K

CREDIT ANALYST. Outstanding credentials. Broad range financial background that includes 2 + years in loan review and analysis. Trained in holding co. environment and currently working with the latest software available. \$22K

REAL ESTATE LENDER. Creative thinker who has 7 + years of lending in fast paced metro market. Portfolio grew 40% over last 2 years. Excellent business developer, strong technical skills and super personality. \$32K

BR MGR. Astute, goal-oriented professional can bring an average branch into high profit. Strong class-selling skills, good motivator has 10 years of experience in lending area. Very aggressive and professional. \$43K

CONSUMER LOAN OFFICER. Turns ideas into action! Three + years of consumer and compliance work in community bank. Degreed, cash flow lender, top performer in very competitive environment. \$25K

AG V.P. Hold co. trained in all areas of ag lending and superb solving skills. This aggressive individual has absorbed as much as possible while cleaning up \$10M portfolio cutting charge offs in half. Enjoys challenge and ready to move ahead. \$35K

CONTROLLER. CPA/CIA with 5 + years banking holding co experience desires to move into bank management. Strong S/Auditor with excellent experience in Bank Regulations. Personable individual who works well with all departments. \$36K

PROGRAMMER ANALYST. Six years progressive experience in Banking service bureau using Burroughs/Unisys med. systems. Very comfortable with a wide range of loan systems including mortgage, commercial and installment. \$20K

AG LENDER. Are you looking for a well trained ag lender who can do it all? Hire an up and coming performer with 6 + years of ag lending, 4 year degree and experience plus with FmHA loans. Won't be looking long. \$27K

CONSUMER LENDER. Proven lender skilled in working with consumer, real estate and small comm'l loans desires new opportunity. Self disciplined self starter has worked with all types of borrowers over the past 5 years. \$24K

PARTIAL LISTING OF AVAILABLE BANKING CANDIDATES

COMMERCIAL LENDER. Are you tired of hearing about people who want commercial lending exp? Talk to someone who has it! Currently handling a commercial portfolio of \$12m in a large metro bank, this well-trained banker has the image and drive you're looking for. \$40K

CEO. Is your quality rural bank looking for someone who understands borrowers' needs yet accomplishes bank's goals? 10+ year banker with strong operations and lending background developed in \$10-30m bank environment. Looking for committed community bank to grow with and prosper. \$30K

INVESTMENT OFFICER. Holding company training, diverse experience in trust, lending etc. Set up Asset/liability management committee for portfolio of \$200m + . Fantastic image, strong analytical skills, graduate school of banking. \$50K

SENIOR PROGRAMMER. MBA from Drake. Six + years industry background in both insurance and banking environments. Very familiar with MSA software packages. Very detail oriented. \$34K

PRESIDENT. Looking for someone who can increase profit and maximize employee potential? Here is a no nonsense ag manager who can run with the ball. Over 15 years of community bank service, very active in both social and professional circles. \$43K

TRUST OFFICER. CPA. Self starter has spent last-4 years in \$30m + bank handling all varieties of trust. Well experienced in personal trust, estate planning and personal trust work. Very polished, exceptional tax skills as well. Spent first two years in public accounting and last two in bank. \$30K

EXECUTIVE VP. Can your bank be performing better? This hard charging lender is the one who can do it for you. Tremendous worker, currently #2 in a bank returning 1 + on assets. One person *can make a difference*. \$42K

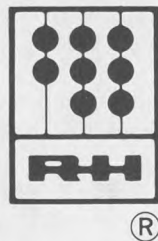
OPERATIONS. Dedicated operations person who has spent 7 + years working in strong financial institution. Supervised teller lines, oversaw controllership duties and sat on loan review committee. Team player who works best in a support role, strong computer skills. \$38K

VP or AG. Top notch lender who makes things happen available for new opportunity. Four + years in holding co. bank handling farm visits, problem credit, cash flows and guaranteed loans. Looking for \$35m + bank that seeks self starter. \$35K

PRESIDENT. One of the best managers and commercial lenders in the 200m + Midwest can become a part of your team. Innovative leader who has taken a mediocre bank and moved it into high profit. One + years in Metro banking who can deal with even the most sophisticated credits. \$65K

COMMERCIAL LENDER. Would your commercial dept. like to increase its loan portfolio at the lowest cost? Aggressive, well trained commercial lender seeks fresh challenges after three years of beating the streets. RMA Omega training and both small and large credit work makes this individual ready to hit the pavement running. \$29K

FOR FURTHER INFORMATION ON THESE CANDIDATES CONTACT KURT ROSENCRANTS



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chant, Milton Peterson III, Stephan G. Sheppard, Paul N. Fechner, Timothy M. Brennan, all of Omaha, and Paul C. Merchant of Norfolk.

The bank was purchased by Climbing Hill Bancshares, Inc. in 1982 when Timothy M. Brennan headed the holding company. At a stockholders meeting in September, according to the Iowa department of banking, Mr. Brennan no longer was listed as a stockholder at Climbing Hill. However, Nebraska officials identified Mr. Brennan with others as stockholders in the four Nebraska banks that were closed December 3.

DES MOINES: Norwest Corporation has announced that Richard J. Brinkman has been named chairman and CEO of its consumer finance unit, Norwest Financial, Inc., and David C. Wood will succeed him as president. Mr. Wood, also named COO, currently is senior vice president and secretary of Norwest Financial. Both promotions are effective January 1, when Richard S. Levitt retires as vice chairman and COO of the specialized financial group of Norwest Corporation and as chairman of Norwest Financial. Mr. Levitt will continue to serve on the board of directors of Norwest Corporation.

Nebraska News

The Nebraska Bankers Association Executive Council has voted 20-2 to adopt a neutral stand on sponsorship of an interstate banking bill. Council members felt that in view of the recent 51 (no) to 49 (yes) membership vote on the subject that they couldn't continue an official position of opposition as in previous years.

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LB 375 is the interstate banking bill from the 1987 session that is on select file and bracketed until January 15, 1988, for floor debate. The NBA Executive Council said it will still try to take part in the drafting of amendments to this regional reciprocal bill, since it has sections of concern to the banking industry. That bill has Missouri and Minnesota included for reciprocity; however, neither of those states has Nebraska included in their current list of reciprocal states.

Minnesota News

MINNEAPOLIS: Norwest Corporation has named John A. Sikkink senior vice president and manager of a project developing an automated data, transaction and information system for large financial institutions. Mr. Sikkink is manager of Norwest Technical Services Sales & Marketing. He succeeds Jerry Hayes, who has left Norwest. The development project, called "System for the 90s," is a joint venture of Bank One, Columbus, Oh., and Electronic Data Systems, Inc., a subsidiary of General Motors Corp., Dallas.

South Dakota News

The South Dakota Bankers Association and the American Bankers Association will co-sponsor the fourth annual "Bank Compliance Symposium" on February 4. This video teleconference will be held at the Ramkota Inn, Sioux Falls. Key-note speaker will be Senator Christopher J. Dodd (D-CT.), chairman of the Subcommittee on Consumer Affairs. Registration will be at 9:30 a.m., program from 10:00 to noon, and lunch from 1:00 to 3:30. Cost is \$125. Contact the SDBA to register.

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COMMERCIAL LOAN OFFICER—\$300MM bank. Iowa. Requires 2-5 years commercial lending experience & formal training in same. \$25-\$32,000. Contact File No. WLK c/o Northwestern Banker. (PA)

President N.E. Iowa bank of \$18MM needs experienced **CEO**. Must be able to work independently. Salary open. Send resume to File No. WLM c/o Northwestern Banker. (PA)

MARKETING & LENDING. 3-5 years experience. Salary negotiable. Send resume to ELC, Box 1276, Columbus, NE 68601. (PA)

AG LOAN OFFICER. \$17MM Illinois bank seeks ag lending officer. Requires 2-5 yrs. experience in all phases of ag lending, including documentation, cash flows & workouts. Salary commensurate with experience. Contact File No. WLN c/o Northwestern Banker. (PA)

ASSISTANT CONTROLLER. Growing profitable organization has a newly created position. A bachelor's degree in accounting is required. Must be a CPA or working toward CPA status. Ideal candidate would have 1-2 yrs. auditing experience with a public accounting firm with exposure to income taxes & Lotus 123. Banking experience helpful but not necessary. Send resume with salary requirements to: National Bank of Waterloo, 100 E. Park Avenue, Waterloo, IA 50704, Attn.: Personnel Dept. EOE/M-F. (PA)

SENIOR LOAN OFFICER with experience in commercial real estate and SBA loans. College community. Send resume to File No. WLT c/o Northwestern Banker. (PA)

Progressive, \$50MM, ag-oriented bank in Northwest Missouri has immediate opening for a self motivated **LOAN OFFICER** with good knowledge of banking. Opportunity for advancement. Our problems are behind us and bank is very profitable. Excellent benefits. Salary commensurate with experience. All replies strictly confidential. Send resume and salary requirement to File No. WLS c/o Northwestern Banker. (PA)

AG/COMM. LOAN OFFICER. 3-5 yrs. experience in ag lending and general banking. Western Neb. bank. Send resume to File No. WLU c/o Northwestern Banker. (PA)

POSITION WANTED

CEO/MANAGEMENT position by experienced CEO, mid-size bank. Strong in bank administration, loan function & marketing. Graduate of advanced banking schools. Contact File No. WLC c/o Northwestern Banker. (PW)

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SENIOR LENDER - AG BANK

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LOAN REVIEW - large bank experienced required. Both junior and senior level positions available. \$28-\$40K

COMMERCIAL LENDING - V.P. positions in urban and large suburban banks. Personal portfolios from \$20MM to \$50MM. \$40K

BRANCH MANAGER - handle small business and consumer credits. Med-size community affiliate of multibank holding company. \$24K

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