

Further Action on FCS Loan Pricing

COMMERCIAL bankers' charges that Farm Credit System lenders are cutting their interest to levels below the cost of funds continued last week. A number of readers responded with positive support for the article that appeared in the last *Weekly Newsletter* condemning the FCS action. The American Bankers Association and the Independent Bankers Association of America both took steps to request the FCS to cease and desist.

J.R. Nunn, president of the IBAA, wrote a joint letter to Secretary of the Treasury James A. Baker and Secretary of Agriculture Richard Lyng asking them, as members of the Farm Credit Assistance Board, "to take action against below-cost pricing by Farm Credit institutions, whether practiced by production or real estate lending units of the System, since below-cost pricing erodes overall capital levels and may necessitate larger amounts of federal financial assistance."

Mr. Nunn said in his letter, "Predatory pricing, which appears to be a widespread practice by Farm Credit banks, involves instances in which local Farm Credit banks ascertain rates at which commercial lenders are extending credit to farm customers and then offer credit to such borrowers at rates substantially

below that prevailing market rate and often below the Farm Credit institution's own cost of funds." Lending below the cost of funds is expressly forbidden by the recent FCS bailout bill.

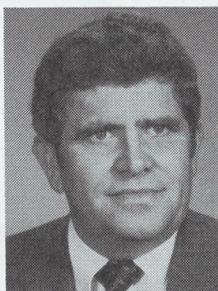
That letter to Secretaries Baker and Lyng from Mr. Nunn was written March 23. He received a reply on April 14 from Eric P. Thor, president and CEO of the Farm Credit Assistance Board, which said the Assistance Board "has strong concerns regarding reports that we have received from your organization and others that System institutions are in certain instances engaging in predatory pricing; that is, pricing credit below reasonable competitive market rates . . . The Assis-

tance Board was not created to permit System institutions to incur losses through loan pricing and to have those losses covered through Federal assistance. The Assistance Board will look very closely at any request for financial assistance to determine whether the institution has been engaging in predatory pricing. Where financial assistance is provided, the Assistance Board will insure that the institution does not engage in new lending activity in a manner that increases the amount of assistance that may have to be provided to the institution.

"Recent FCA statements indicate that the FCA is committed to addressing this issue in the broader context of the System generally."

C.G. "Kelly" Holthus, a member of the ABA Government Relations Council and ABA Community Bank-

Congratulations, Kelly Holthus!



C.G. HOLTHUS

C.G. (Kelly) Holthus, president and CEO of The First National Bank in York, Nebr., has been selected officially by the ABA nominating committee as its choice for the position of president-elect of the American Bankers Association. The election is to take place during the ABA convention in Honolulu next October. Mr. Holthus would succeed Thomas P. Rideout, current ABA president-elect and vice chairman, First Union National Bank of North Carolina, Charlotte. Details will appear in the May NORTHWESTERN BANKER.

FirstTierSM

Correspondent Services

More of what it takes
to serve you well.



FirstTierSM Banks

Lincoln • Omaha



Norwest Bank Des Moines, N.A.
Call (515) 245-3131 or toll-free (800) 362-2514
Member FDIC



John Rigler

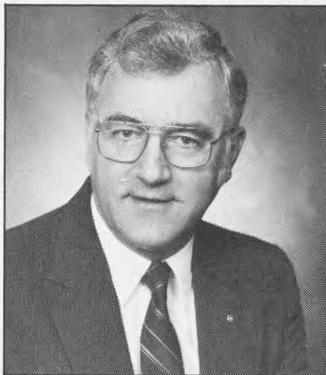
*Teamwork:
one of the reasons
we're first in Iowa.*



Richard Pederson

ers Council, stated, "We are not opposed to farmers getting the lowest interest rates possible, but at the same time we want a safe and sound Farm Credit System, and that cannot be accomplished if money is loaned out at a loss to the lender." Mr. Holthus is president and CEO of the First National Bank of York, Nebr., and has just been designated as the ABA nominating committee's choice to be the next president-elect of ABA (see story below). Mr. Holthus added, "To me, the below market interest rates are unfair, predatory pricing when they offer 1.5 percent to 1.75 percent reduction in interest rates to non-customers to win over new business."

At a hearing last week before the House subcommittee on ag credit,



Dick Retz

MNB Correspondent Banker

**Together We Can
Accomplish
Great Things**

Call 319-368-4806
or toll free 1-800-332-5991

The
Strength of
Eastern
Iowa

Merchants National Bank
Member FDIC A BANKS OF IOWA BANK

chaired by Rep. Ed Jones (D., Tenn.), Brent Beesley, CEO of the Farm Credit Corporation of America, Denver, stated, "I think it's very hard to support the idea that predatory pricing is going on. Bankers fail to take into account the effect of the cost of the stock."

Chairman Jones then read to Mr. Beesley from a letter sent April 13 to CEOs of all FCS institutions by David C. Baer, director of the office of examination for FCS: "Preliminary analysis indicates that the loan pricing programs of certain institutions may be resulting in interest rates below market rates. In some of these cases, our preliminary analysis also suggests that some of those institutions are operating with negative net interest margins or negative net earnings. Such loan pricing can have the effect of minimizing or eliminating an institution's earnings and dissipating its capital to the detriment of its continued operations and ability to serve its borrowers and stockholders.

"The FCA shares the concern for the importance of providing competitive rates to all borrowers. However, interest rates to selected borrowers that are significantly below market rates and rates that do not take into account operating and other expenses will be subject to close review by this agency... Please be advised that all institutions will be expected to survey local rates being offered as frequently as

necessary and to retain documentation of the survey for review during examinations."

Mr. Beesley's reaction was, "You can't raise rates to cover losses unless you are a monopoly. I've seen no indication that we are charging below cost."

Rep. Dave Nagle (D., Ia.) replied, "I suggest you get in touch with David Baer and see what *he* has found that *you* have not found!" □

Iowa News

DES MOINES: Capital Personnel Service has moved to new quarters at 815 Office Park Rd., Suite 6, West Des Moines 50265, according to Art N. Berven, who has managed the firm for many years. The new phone number is (515) 226-0510. CPS had been located in the First Interstate Bank Building in downtown Des Moines.

DIKE: Larry C. Lenhart has been promoted to senior vice president of Iowa Savings Bank in Dike. His primary responsibilities will include loan supervision and compliance. Mr. Lenhart joined the bank as cashier in 1985.

MAPLETON: Ronnie F. Petersen has been named vice president of the First State Bank of Mapleton. He joined the bank in 1978 as a loan officer.

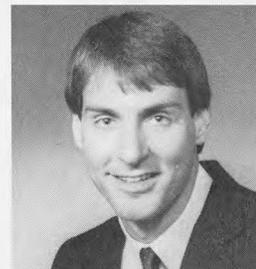
OXFORD: Ross W. Stuedemann recently joined First Trust and Savings Bank as chief executive officer. He joins the bank from Hawkeye Bank and Trust, Lake Mills, and prior to serving there was affiliated with First National Bank, Clinton.

North Dakota News

VALLEY CITY: Deborah Koepplin has been named vice president and ag loan manager at First National Bank of Valley City. She joined the bank in 1977 as an ag loan officer, and in 1981 was named assistant vice president and marketing officer.

It's easier to talk Iowa banking
with people who live it — people
like Steve Brewer and the corre-
spondent staff at Bankers Trust.
Call 1-800-362-1688 or 515/245-2424.

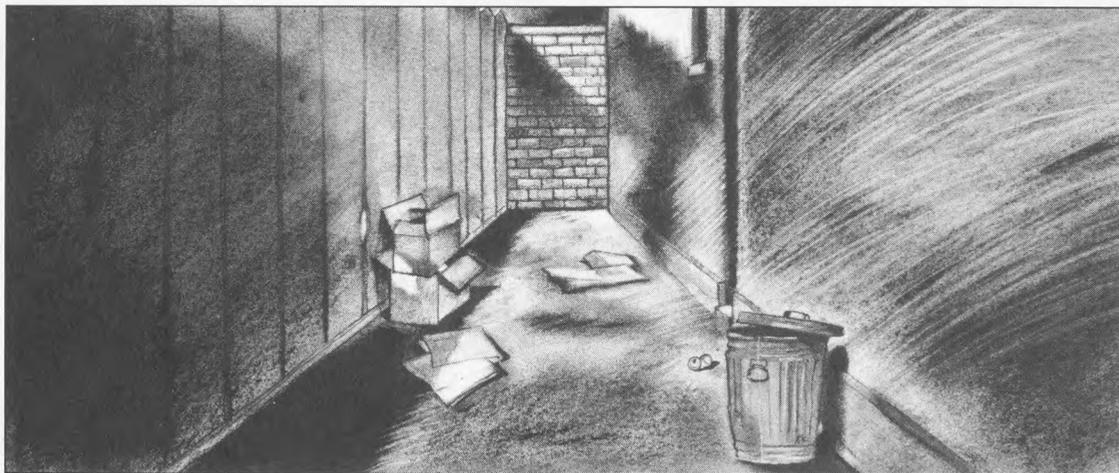
*We Believe in You*SM
Bankers Trust
Des Moines, IA



Steve Brewer
Assistant Vice President

Member FDIC

INVESTMENT SHORTCUTS CAN LEAD YOUR BANK TO A DEAD END.



Over the years, United Missouri Bank has seen a lot of banks come and go. Many of the failures and close calls have been in the Midwest, with some banks turning to unproven, high yielding investments to boost earnings quickly. It's a tempting shortcut that hasn't worked out. Because the market has moved in unexpected fashion, many of these volatile or unproven investments have brought

disastrous results to the banks that reached for the extra margin.

Since 1928, United Missouri Bank has researched, analyzed and offered only top quality securities and investment strategies. We've helped financial institutions build profitable investment portfolios. Contact our Investment Banking Division at 556-7200. We'll help you move in the right direction.



Member FDIC

Investment Banking Division
UNITED MISSOURI BANK
of Kansas City, n.a.



*Some special candidates from
Robert Half's Banking Division*

SR. LENDER, B.A.

This no nonsense lender is ready to get your lending staff motivated! Has 6+ years commercial lending experience and is currently Senior Lending Officer of a \$120mm bank. A proven record with resolving problem loans and a keen knowledge of loan compliance. Excellent written and oral communication skills! Ready to make things happen for you!

BB48801

Asks: Low \$50's

PRESIDENT, B.A.

This well-rounded banker is ready to hold the reins and run your bank! Currently Executive Vice President of a \$15mm bank managing all operations and the entire lending function. Has 10+ years banking experience. Will take nothing for granted!

BB48802

Asks: Low \$40's

JR. COMMERCIAL LENDER

This self-motivated professional will perform well under pressure! Currently a credit analyst with a respected Twin Cities group performing on-site audits and writing examination reports. Offers a perfect combination of analytical skills and strong communication ability. Would make a great Jr. Commercial Lender!

BB48803

Asks: Low \$20's

REAL ESTATE LOAN OFFICER

Do you need a Mortgage Lender who's not afraid of soliciting clients? This live wire has 12+ years mortgage banking experience in a \$175mm bank. Currently directs the residential real estate division including secondary market sales. An ambitious professional who is ready to hit the street running!

BB48804

Asks: \$30,000

CONSUMER LOAN OFFICER, B.A.

Do you need a personable Consumer Lender to effectively communicate with your customers? This self-starter has 4+ years installment lending experience with an emphasis in both direct and indirect lending! A banker who's full of vitality and ready to join your lending staff!

BB48805

Asks: Mid \$20's

LOAN REVIEW ANALYST, A.A.

Have you been searching for a Loan Review Analyst who wants to get involved? This conscientious technician has 7+ years loan review experience with a major Twin Cities bank group. Has an aptitude for successfully conducting trend analysis and documentation reviews. Excellent time management skills!

BB48806

Asks: Low \$20's

ACCOUNTING MANAGER, C.P.A.

Quality like this is hard to find! With over 3 years experience with a major midwest bank, this sharp C.P.A. has maintained G/L, prepared financial statements and regulatory reports and has been very involved with system conversions. Excellent PC skills and willing to relocate.

BB48807

Asks: High \$20's

COMMERCIAL LENDER, B.S.

This bright professional thrives on responsibility! Has 6+ years commercial lending experience and currently administers a \$40mm mid-market commercial lending portfolio! Formal credit training includes successful completion of the RMA Omega programs and several negotiating seminars. A proven producer who will hit the street running!

BB48808

Asks: Low \$30's

SR. AG LOAN OFFICER, B.S.

Are you looking for a talented Ag Lender who has the unique blend of workout experience and business development ability? This enthusiastic ag lender has 12+ years banking experience. Currently administering a \$19mm loan portfolio and a staff of 5. A sharp banker who is ready to work for you!

BB48809

Asks: Mid \$30's

CASHIER, B.A.

Have you been looking for a cashier with proven leadership abilities? This efficient problem solver has 15+ years operations experience. Currently managing 50 people in the accounting, operations, proof and teller departments in a medium sized Twin Cities Metro bank. An excellent hiring choice!

B48810

Asks: Low \$30's

PRIVATE BANKER, A.A.

This high image professional has what it takes to interface with your upscale clientele. Has 15+ years experience with a major bank, with emphasis in private banking. Currently administers a portfolio of \$11mm. Ready for a positive change!

BB48811

Asks: Mid \$40's

AG LOAN OFFICER, B.A.

This Ag Lender will burn the midnight oil to get the job done! A stable professional who has been with the same bank for 12 years. Currently administers a \$4mm loan portfolio in rural bank. A super candidate who is ready for advancement.

BB48812

Asks: Low \$30's

PRESIDENT, B.A.

This administrator has excellent management skills! Background includes 10+ years experience in the areas of branch management, commercial lending and business development. Currently President of a \$17mm bank managing a staff of 14. This people motivator is ready for a new challenge! Prefers Minneapolis.

BB48813

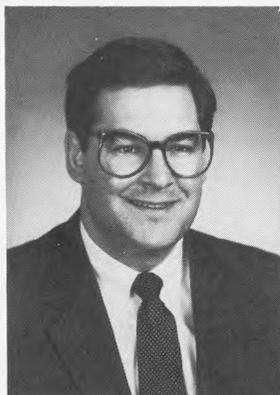
Asks: Low \$50's

MID-MARKET COMMERCIAL LENDER, B.A.

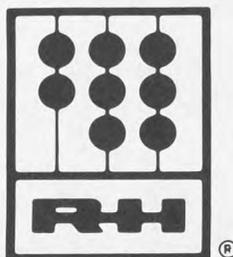
Do you need a driven professional who believes in hard work? This enthusiastic lender has the unique combination of analytical skills and business development ability. Currently administers a \$20mm portfolio in a medium sized bank. Don't let this one get away!

BB48814

Earns: Low \$40's



Paul Gentzkow
Placement Manager



**ROBERT
HALF**

The Banking Division
Robert Half of Minnesota, Inc.
3636 IDS Center
Minneapolis, MN 55402

(612) 339-9001

The Right Results, Time After TimeSM



Susan Keithahn
Banking Specialist

OVER 60%

**OF ALL BANKS IN OUR MARKET AREA ARE NOW INSURED
BY THE KANSAS BANKERS SURETY COMPANY**



**That's Right... In the nine states we serve we have solved the bonding needs for
6 of every 10 banks.**

That's over 16.4% of all banks in the United States

THE REASONS...

**SUPERIOR SERVICE
MOST COMPETITIVE PREMIUMS
REALISTIC UNDERWRITING
PROMPT CLAIMS SERVICE**

**IF YOU'RE NOT GETTING THE SAME FROM YOUR BONDING COMPANY...
GIVE US A CALL - YOU'LL BE GLAD YOU DID.**



DONALD M. TOWLE
President

THE KANSAS BANKERS SURETY COMPANY



DAVID E. ABENDROTH
Senior Vice President

**611 Kansas Avenue P.O. Box 1654
Topeka, Kansas 66601
Phone 1-913-234-2631**

**FINANCIAL INSTITUTION BONDS, SAFE DEPOSITORY LIABILITY, CHECKS KITING FRAUD INDEMNIFICATION,
DIRECTORS AND OFFICERS LEGAL DEFENSE AND LIMITED INDEMNITY POLICIES**

Serving the Heartland of America since 1909

OVER 60%

OF ALL BANKS IN OUR MARKET AREA ARE NOW INSURED BY THE KANSAS BANKERS SURETY COMPANY



That's Right... In the nine states we serve we have solved the bonding needs for 6 of every 10 banks.

That's over 16.4% of all banks in the United States

THE REASONS...

**SUPERIOR SERVICE
MOST COMPETITIVE PREMIUMS
REALISTIC UNDERWRITING
PROMPT CLAIMS SERVICE**

**IF YOU'RE NOT GETTING THE SAME FROM YOUR BONDING COMPANY...
GIVE US A CALL - YOU'LL BE GLAD YOU DID.**



DONALD M. TOWLE
President

THE KANSAS BANKERS SURETY COMPANY



DAVID E. ABENDROTH
Senior Vice President

**611 Kansas Avenue P.O. Box 1654
Topeka, Kansas 66601
Phone 1-913-234-2631**

**FINANCIAL INSTITUTION BONDS, SAFE DEPOSITORY LIABILITY, CHECKS KITING FRAUD INDEMNIFICATION,
DIRECTORS AND OFFICERS LEGAL DEFENSE AND LIMITED INDEMNITY POLICIES**

Serving the Heartland of America since 1909



PARTICIPATING in the 1988 Correspondent Day, sponsored by First Interstate Bank of Des Moines were, from left: **Gordon Wold**, pres., Poweshiek County Sav., Brooklyn; **Robert Millen**, pres., host bank; **George Daly**, dean, College of Bus. Adm., U. of Iowa, and **Randy Steig**, v.p. & mgr., corr. bkg., host bank.

Correspondent Day Held in Des Moines

By **ROBERT O. CRONIN**
Associate Publisher

FIRST Interstate Bank, Des Moines, recently held its first annual Correspondent Day at the University Park Holiday Inn. Randy Steig, vice president and manager, said he was very pleased with the turnout, and said "I anticipate next year's meeting to be even bigger." The afternoon meeting consisted of a luncheon followed by a guest speaker and mini-presentations by various officers from First Interstate.

Robert Millen, president of the host bank, welcomed the nearly 100 participants. He said, "We hope, in some small way, this meeting will

impart knowledge to you on the running of your business and the improvement of your bottom line."

Mr. Millen introduced the guest speaker, George Daly, Dean of the College of Business Administration, University of Iowa. Mr. Daly's comments focused on Iowa's economy. He said, "The message has been sent and is on its way that the Iowa economy is moving in directions more favorable to the state." Mr. Daly cautioned Iowans to think strategically because "the coming decade is within our control—we can be masters of our own fate." Mr. Daly concluded that Iowa is an attractive state to those looking for highly educated people, a growing mood of economic development, and the im-

portant shared values of community.

During the final portion of the 1988 Correspondent Day, guests had the opportunity to hear about various programs and services provided by First Interstate Bank. Included were brief reports on corporate trust, human resource practices, portfolio accounting systems, investments and loan analysis. □

Group 6 Annual Meeting Set for Des Moines

Group 6 will gather May 5 at the Des Moines Marriott Hotel for its meeting, which will be presided over by James Schipper, president of the American State Bank in Osceola.

Golf arrangements may be made for the morning by calling Randy Steig at (515) 245-7521 or Stuart Becker at (515) 245-7191. Golf fees, cart rental and lunch are \$45 per person. Golf tourney will be held at the Echo Valley Country Club.

The afternoon meeting will begin with the usual reports. Also offered will be updates on Iowa Bankers Insurance and Services, Inc., the Iowa Bankers Mortgage Corporation, ITS, Inc. and MABSCO Agricultural Services, Inc.

Neil Milner, Clair Lensing and Ed Tubbs will speak at the evening banquet, where special guest speaker



J. SCHIPPER

DON'T MISS THE GROUP 6 ANNUAL MEETING

Thursday, May 5, Marriott Hotel, Des Moines



Coach Walden

Featured Speaker will be **Jim Walden**, head football coach, Iowa State University, Ames.

4:30 Business Meeting
5:30 Reception
6:30 Banquet

Golf is available at Echo Valley Country Club.
For more information contact: **Randy Steig**
at **515-245-7521**.

will be Jim Walden, head football coach at Iowa State University.

P.M.

- 4:00 Registration opens.
- 4:30 Business meeting.
Reports from Jim Schipper, Oliver Hagen and Neil Milner.
Updates:
IBIS—Frank Gleeson.
IBMC—Sam Callahan.
ITS, Inc.—Dale Dooley.
MASI—Steve Stahly.
- 5:30 Reception.
- 6:30 Banquet.
Golf awards, door prize.
Neil Milner, Clair Lensing, Edward Tubbs.
Jim Walden, ISU Football Coach.

IBIS Creates Division to Market Software Services

Frank Gleeson, president of Iowa Bankers Insurance & Services, Inc., has announced the addition of Software Services as a new division within IBIS to market products such as ABA Laser Pro on behalf of the Iowa Bankers Association. Mr. Gleeson said Software Services

management also will be looking at other products that would prove beneficial to IBA member banks.

Gary Livesay, vice president, formerly responsible for the Creditor Protection Division, has been named to head up the Software Services Division. Elaine Phillips, currently Credit Life coordinator, will assume additional responsibilities within Software Services and eventually will become a full-time service representative for the new division.

Ron Meyer, vice president, will assume all responsibilities for the Creditor Protection Division.

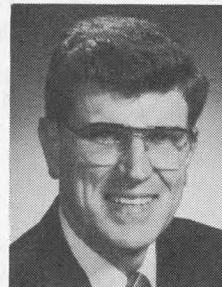
1988 Iowa Group Meetings

Group	Date	Location
4	May 2	Dubuque
8	May 3	Davenport
7	May 4	Marshalltown
6	May 5	Des Moines
5	May 16	Council Bluffs
2	May 17	Fort Dodge
12	May 18	Okoboji
3	May 19	Clear Lake

Group 7 Bankers to Gather in Marshalltown

Group 7 will hold its annual meeting this year on Wednesday,

May 4, at the Elmwood Country Club in Marshalltown. Presiding over the gathering will be Arnold Schultz, president and chairman, Grundy National Bank, Grundy Center.



A. SCHULTZ

Advance arrangements for golf in the morning may be made by calling either Elmwood Country Club, (515) 753-8111, or Michael Bloom at Security State Bank, Marshalltown, (515) 754-5537.

In addition to the usual reports by Mr. Schultz, Group 7 Secretary Jim Brown, and IBA Executive Vice President Neil Milner, attendees at the business meeting will hear Edward Tubbs, Iowa superintendent of banking.

IBA President Clair Lensing will speak following the evening banquet. Entertainment will be provided by the ISU Cardinal Keynotes, a vocal jazz ensemble with 12 vocalists and four instrumentalists.

P.M.

- 4:00 Business Meeting.
Call to order—Arnold Schultz.
Secretary's report—Jim Brown.
Reports by Neil Milner, Ed Tubbs, staff.
- 6:00 Social hour/cash bar.
- 7:00 Banquet.
- 8:00 Evening program.
Clair Lensing, IBA pres.
ISU Cardinal Keynotes.
Door prizes.

GROUP 7 Annual Meeting

**Wednesday, May 4
Elmwood Country Club
Marshalltown**

- 4:00 Business Meeting
- 6:00 Social Hour
- 7:00 Banquet/Program



"ISU Cardinal Keynotes"

You'll thoroughly enjoy Iowa State University's vocal jazz ensemble with twelve vocalists and four instrumentalists who specialize in many styles of popular music.

Now the largest regional processor in the Midwest shows you exactly what we provide.

If you're not getting this, you're not getting what you deserve.

- ✓ Full on-line capabilities for all applications with CIF, G/L and platform automation interface.
- ✓ Guaranteed same day disaster recovery service for your protection, compliance, and peace of mind.
- ✓ Cost effective pricing to meet your needs.
- ✓ Free initial and on-going training on all applications. (to name just a few).

For more information on how we can help you succeed in meeting your goals, eliminating the concerns inherent in data processing and all at a very cost effective price contact:

Dick Ormond
Sr. Vice President, Customer Group
1-800-332-5242 (In Iowa)
1-800-421-0059 (Out of Iowa)

THE BICS BANKING SYSTEM

4333 Edgewood Rd. N.E.
PO Box 1847
Cedar Rapids, Iowa 52406
319.395-6600

A Banks of Iowa subsidiary

Nebraska News

NEBRASKA CITY: Thomas M. Wigley has joined the Otoe County National Bank as vice president and trust officer. He previously was with an Illinois bank in a similar capacity, and served as a trust officer with an Iowa bank and as an attorney with the Physicians Mutual Insurance Company of Omaha for six years.

OMAHA: David A. Rismiller has been named president and CEO of FirstTier Bank Omaha and president and COO of FirstTier Financial, Inc., effective May 2. William C. Smith will remain CEO of FirstTier Financial, Inc., and CEO of FirstTier Bank Lincoln. Mr. Smith was chief executive officer of the Omaha bank prior to this announcement. Mr. Rismiller will also become a member of the board of the corporation and the Omaha bank, and a board member at the Lincoln bank. Mr. Rismiller joins FirstTier from Commerce Bank of Kansas City, where he has served as chairman and CEO since 1983. He joined Commerce Bank in 1974.

OMAHA: Charles T. Undlin, president of the Omaha downtown bank of Norwest Bank Nebraska, has announced his intention to retire, effective April 30. He has been with Norwest for 38 years and president of the Omaha bank since 1985. A successor will be named in the near future. Among recent promotions at



Wilma Weeks
Correspondent Services
Officer
712-277-6769

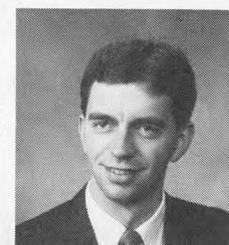
A Meeting Of The Minds.

At Security National Bank, our minds are on meeting all your Correspondent Banking and Investment needs.

We're Security for you!



SECURITY NATIONAL BANK
IN SIOUX CITY, IOWA. MEMBER F.D.I.C.



Richard Kunz
Investment
Representative
712-277-6522

Norwest Bank Nebraska were the advancements of Debra Kraft Lut-ton and Scott A. Schmidt to vice presidents/client executives in the corporate business banking area. Both officers previously served as assistant vice presidents. Ms. Lut-ton joined the bank in 1979, and Mr. Schmidt came on the staff in 1983.

Minnesota News

BRAINERD: Robert Musielewicz was recently named vice president and account executive of First Bank Brainerd. He joined the bank in 1978 and most recently served as assistant vice president in the commercial loan department.

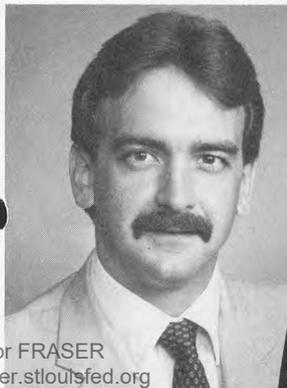
EAGLE BEND: The FDIC has approved the assumption of the deposits and fully secured liabilities of Citizens State Bank of Eagle Bend by Lake Country State Bank, Long Prairie. The failed bank was closed on April 8 and reopened April 11 as a branch of Lake Country State

Bank. That bank will assume about \$9.3 million in deposits and will purchase \$9.2 million of the failed bank's assets at a discount of \$1,481,000.

MINNEAPOLIS: Donald E. Molinari has joined National City Bank of Minneapolis as vice president and manager of the financial services division. For the past 22 years he has been employed at several insurance and securities firms.

Wyoming News

CASPER: All eight banks owned by Affiliated Bank Corporation of Wyoming have now officially changed their names to Wyoming National Banks. During the week of April 11-15, the banks celebrated the name changes with open houses. The banks are located in West Casper, East Casper, downtown Casper, downtown Cheyenne, East Cheyenne, Wheatland, Gillette and Kemmerer.



Jeff Sims
Correspondent Services



First Interstate Bank

We're setting the pace.

1-800-362-1615



Stuart Becker
Correspondent Services

