



Harvesting safety

Agriculture continues to be the most deadly industry in the United States based on number of deaths per 100,000 workers. By following a few simple tips, this harvesting season can be safe.

- 1) Keep children away from tractors and other farm machinery. Tractors are designed for only one person, the driver.
- 2) Avoid extended periods of time in the fields. Exhaustion can lead to simple mistakes that can become fatal. Get plenty of rest, take breaks as needed, and eat balanced meals.
- 3) Check all equipment before heading into the fields. Make sure machinery is functioning properly including lights for night driving and make sure all driving equipment is prominently displaying the slow moving vehicle signage.

Are you Really Covered?

▶ *John Hlas, VP / Multi-Line Insurance Agent & Manager, LSB Financial*

When was the last time you reviewed your homeowners insurance policy? If it hasn't been within the last year, you could be risking one of your most valuable investments. Many homeowners find out they are underinsured after it's too late.

A survey from the **National Association of Insurance Commissioners (NAIC)** revealed that **33% of U.S. homeowners mistakenly believed their standard homeowners insurance covered flood damage.** There are a few important items that every homeowner should consider:

- S** *Review your homeowners insurance policy.* It's important to review your insurance policy with your agent yearly - especially if you have added a new room or completed a major remodeling project that has added value to your home.
- S** *Replacement Cost vs. Actual Cash Value.* Many customers misunderstand the difference between the two. **Actual Cash Value** simply means the amount it would take to repair or replace damage to your home and its contents *after* depreciation. **Replacement Cost** is the amount it would take to replace, rebuild, or repair damages to a home with materials of a similar quality *without deducting for depreciation.* **Homeowners need to understand these differences to avoid the disappointment of a payout that could potentially be thousands of dollars lower than the cost to repair any damage.**
- S** *Perils excluded from your policy.* All insurance policies list a number of things that are not covered by a standard insurance policy. Some of the typical items not covered on a standard homeowners policy include: animals, automobiles, business property, flood damage, earthquakes, sewer backups, termites, and mold.
- S** *Personal Property Coverage.* Personal property coverage includes household items and other personal belongings of the homeowner and their family. However, this coverage may not cover all items. It's important to keep an updated list of belongings and approximate value of items in a safe location. I also advise clients to consider adding coverage for specific items, such as jewelry and fine arts.

As I mentioned earlier, these are just a few items homeowners should consider when reviewing their policies. At **LSB Financial**, our Personal Lines Agents will help you review your policies and make sure you are properly covered. If you are not an **LSB Financial** insurance customer, I strongly encourage you to get a quote. ***You might be surprised at the type of coverage we can provide!***

A Gift You Do Not Want to Give.. Who Should You Name as Executor?

▶ *Erik Skovgard, LSB Financial President*

Here is the scene. It is the family Holiday celebration and everyone is anxiously watching your every move as you tear the paper from your gift. You excitedly peer at the exposed gift only to discover a **giant loaf of fruit-cake!** The disappointment overwhelms your entire being as you fight to produce a smile and fake joyful surprise so as not to offend Aunt Jane.

A lighthearted example with which I hope you can all relate. Aunt Jane had the best of intentions. She just missed the target. Like Aunt Jane, many well meaning individuals miss the target when they choose to name close friends and family to serve as executors of their estates. Closing an estate and working through the probate process is a detailed and lengthy task. **Unfortunately, close friends and family are thrown into a cold, black and white legal process during a time when they are mourning your loss.** They are challenged to work with attorneys to dot all the *I's* and cross all the *T's* that was your life. **Is that the last gift you want to give?**

Recently my grandparents determined that they do not want to place that burden on their loved ones. As a result, they decided to work with **Jim Thielen**, a Trust Officer for **LSB Financial**, to complete an Estate Plan Review. Jim facilitated estate planning discussions, which will result in the development of a clear plan for managing my grandparents' financial affairs now and after they pass away.

One of the items Jim helped my grandparents uncover was that my mother and her sisters preferred to have professional help in managing my grandparents' estate. Jim made my grandparents aware that **LSB Financial** can help in a few ways related to their situation. My grandparents can choose to name **LSB Financial** to serve as Executor or Co-Executor of their estate, or **LSB** could serve as an Agent for the Executor to handle the investment, recordkeeping and reporting requirements associated with administering an estate. Jim worked with my grandparents to determine which option best fits their estate plan.

LSB Financial can help you make your last gift your best gift. ***Please contact any LSB office to begin the Estate planning process.***

Trust Solutions for Everyone

LSB Financial's Trust professionals will help assist you with all your specialized needs which could include:

- S** *Managing personal finances*
- S** *Supporting an elderly relative*
- S** *Making charitable donations*
- S** *Helping a loved one manage inherited assets after you are gone*
- S** *Financing your children's (or grandchildren's) education*

For more information regarding Trust and Fiduciary services available at LSB go to www.mylsb.com/personal_trust.htm.

Steve Tscherter receives 2007 Founders Award

Lincoln Savings Bank President and CEO, **Steve Tscherter**, was recognized at the **Iowa Independent Bankers 36th Annual Convention** as the **2007 recipient of the Robert D. Dixon Founders Award.** Selected by past presidents and directors of the **Iowa Independent Bankers**, this award is given to bankers who have shown life-long dedication to the banking industry, fellow bankers and the communities their banks serve. It is named in honor of the founder of **Iowa Independent Bankers**, **Robert D. Dixon** of Sheldon, IA.

Steve's career in banking began as an examiner for the **FDIC** in 1968. He spent seven years as an examiner before joining a bank in West Bend as Vice President. In 1979, he joined **Lincoln Savings Bank** in Reinbeck as CEO, and was named President in 1993. Under his leadership, the bank has grown from two locations and less than \$30 million in assets to 12 locations with over \$400 million in assets.

Steve served as a Board member for the **Iowa Independent Bankers** from 1994 to 1997, and was president of **Iowa Independent Bankers** in 1996. He has also served on the Board of the **Iowa Bankers Association** and the **Iowa Bankers Mortgage Corporation**. Locally, Steve serves as a Board member for the **Grundy County Chemical Dependency Service Center**, the **Reinbeck Community Development Association** and the **Gladbrook-Reinbeck Dollars for Scholars** chapter. Steve is active in the **Reinbeck Lions Club** and the **Queen of Heaven Catholic Church** in Reinbeck. He has 4 children and seven grandchildren with **Carol**, his wife of more than 40 years.



As your community bank, we're here to serve you! If you have any questions regarding your banking or financial service needs please stop into any of our locations or call toll-free 800-588-7551.



Send Us Your News

Has your business grown? Have you recently been able to reach a financial milestone? We want to know and share your story on how LSB helped you reach financial success. Just email your success story to Crystal Buzza at CrystalB@MyLSB.com. Or drop your story in the mail to her attention at **Lincoln Savings Bank, 242 Tower Park Drive, Waterloo, IA 50701.**

Save MONEY and TIME by consolidating your insurance policies!

There are many benefits of having all your insurance with LSB:

- Save Money 2 Ways:
 1. Discounts for multiple policies with one insurance company.
 2. As an independent agency, we will shop on your behalf for the best insurance value.
- Convenience.
- Comprehensive Reviews: One agent with access to your complete insurance portfolio can provide a higher level of service and meet your needs more effectively.

Receive up to 25% discount for insuring your auto and home with the LSB!

LSB Financial operates a full service, independent insurance agency.

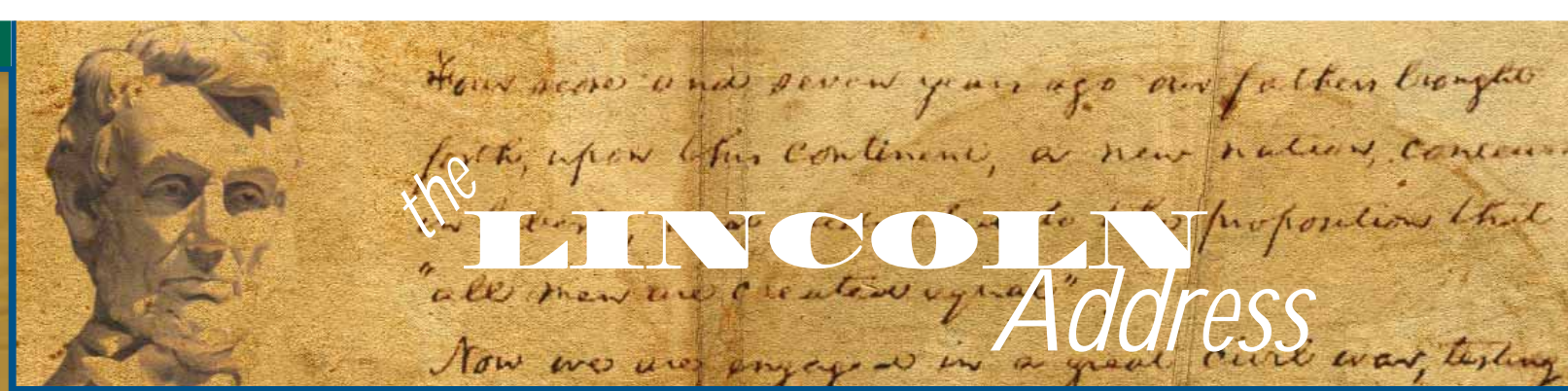
Location	City
402 N. Main St.	Allison
932 Parriott St.	Aplington
301 Washington St.	Cedar Falls
225 W. Viking Rd.	Cedar Falls
230 Main St.	Garwin
111 E. Traer	Greene
141 Eldora Rd.	Hudson
105 Main St.	Lincoln
121 Cedar St.	Nashua
508 Main St.	Reinbeck
214 W. 4th St.	Tama
242 Tower Park Dr.	Waterloo
CENTURY 21 LSB Real Estate	
116 W. Bremer Ave.	Waverly
111 Plaza Circle	Waterloo

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Fall 2007

Hot Topic: The Mortgage Industry Crisis



From Steve's Desk...

...**Foreclosure rates rose 9% in July over the previous month, and were up 93% from July 2006.**

Two years ago, you may not have been familiar with the phrases *subprime* or *housing bubble*. Today, it is nearly impossible to open a newspaper or watch a news report without being alerted to the mortgage industry crisis and how these phrases relate. According to the July 2007 *U.S. Foreclosure Market Report* released by RealtyTrac®, *foreclosure rates rose 9% in July over the previous month, and were up 93% from July 2006.*

There are a number of factors contributing to the mortgage industry problem:

Variable Rate Loans - A rise in interest rates has affected adjustable rate mortgages, resulting in higher payments for those holding these popular loans. Additionally, some types of specialty loans offered lower introductory rates at the time they were originated. With the introductory rate period expiring, the payments have increased, and in some cases doubled or tripled! Even though variable rate loans are receiving a lot of bad press right now, it is important to understand that when used properly as part of an overall financial strategy, they can be an excellent solution.

Subprime Borrowers - A few years back, there was a substantial increase in lending to subprime borrowers, or borrowers who may not have previously qualified for a loan. As credit conditions have tightened, these borrowers have felt the crunch. They were likely placed in variable rate loans with little money down. Hoping to refinance so they don't lose their homes, they are not able to secure conforming loans with fixed rates that often require a higher down payment.

Depressed Housing Market - The downturn in the housing market began in 2005, and continues to this day with significant declines for sales of new and existing homes. The decrease in demand has caused an oversupply of housing, resulting in falling house prices.

Some refer to this period leading up to the downturn as the *housing bubble*, when home sales and values were historically high, and refer to the period of downturn as the *bursting* of this bubble.

Predatory Lenders - It is an unfortunate reality that the lending industry has seen its share of predatory lenders - doing whatever it takes to make the sale, without putting the needs and means of the customer first. These lenders failed to explain the implications of the products they were selling, and often were deceitful in order to close the deal.

It is difficult to predict how the mortgage crisis will unfold over the next few months and years, but many speculate that it will get worse before it gets better. However, the federal government has taken notice of the problem and started taking action to help consumers. **President Bush** recently announced that the **Housing and Urban Development's (HUD) Federal Housing Administration (FHA)** will help hundreds of thousands of families avoid foreclosure with an enhanced refinancing program. The FHA will allow families with strong credit histories who had been making timely mortgage payments before their loans reset-but are now in default-to qualify for refinancing.

At **Lincoln Savings Bank (LSB)** we have long adhered to honesty, integrity, and quality as fundamental standards by which we conduct business. We have been a valuable resource for clients during times of turmoil and have made very deliberate efforts to maintain a high standard of lending, ensuring that our **Relationship Managers/Lenders** are very knowledgeable, while following strict guidelines for fair lending practices. If you have any questions or concerns about your current mortgage or other loan, even if it is not with LSB, please feel free to contact an **LSB Relationship Manager** at your local LSB office. We will be happy to talk with you.