

**A SUPPLEMENTAL REPORT TO THE
NEBRASKA LEGISLATURE
CONCERNING THE THREE (3) FAILED FINANCIAL
INSTITUTIONS OF COMMONWEALTH SAVINGS COMPANY,
STATE SECURITY SAVINGS COMPANY,
AND
AMERICAN SAVINGS COMPANY**

**SUBMITTED BY: REUBEN WORSTER
DATED: MARCH 4, 1990**

INTRODUCTION

This report to the Nebraska Legislature is the first supplement to a previous report submitted by Reuben Worster concerning the three (3) failed financial institutions of Commonwealth Savings Company, State Security Savings Company, and American Savings Company, dated December 28, 1989.

This supplement is limited to the disposition of a certain parcel of Commonwealth property known as Coddington Mill.

DISCUSSION

Coddington Mill is comprised of approximately forty (40) acres of land which has been subdivided into approximately one hundred twenty-nine (129) single family lots. It is located on the North West corner of Coddington and West "A" Streets, Lincoln, Nebraska.

This subdivision was platted in approximately 1979 as a community unit plan for single family housing and featured a ten (10) acre lake known as Spring Lake and included lake rights for all lots.

Due to the recession in real estate which began in 1980, and with the surplus of single family lots in the Lincoln community, a decision was made by the owner of the property, Commonwealth Savings Company, to convert the development into a pre-manufactured housing subdivision or modular homes.

This conversion decision was based on the economic housing needs in the community during that period of time. The projected selling price for this type of housing, to include the lot, was on the average, Forty-Thousand (\$40,000.00).

In early 1983, S.E. Copple, president of Commonwealth Savings Company, contracted with Nebraska Drafting Service, Inc., Gary Butts, President, to assume responsibility for handling the procedures required by the city to replat the development. This

conversion was completed by the summer of 1983.

Consolidated Construction, Inc., another corporation owned by Gary Butts, was to be the leading contractor for the development of the property.

By November 1, 1983, in the height of the real estate recession, four (4) off shore lots were sold for Twelve Thousand (\$12,000.00) Dollars each. The fifth lot, an on shore lot was sold to Consolidated Construction, Inc. (Gary Butts) for Thirteen Thousand (\$13,500.00) Dollars by a verbal agreement. The basement and plumbing on this lot had been completed and placement of the modular home was ready to be installed. This home, when completed, was to be used as the show home for Consolidated Construction, Inc. for the marketing of the development.

On November 1, 1983, the Commonwealth Savings Company was taken into receivership by the State of Nebraska. All real estate sales involving the financial institution was temporarily halted.

On or about November 8, 1983, Barry Lake, legal counsel for the Nebraska Department of Banking and Finance, was appointed Special Deputy Receiver for the Commonwealth.

On December 21, 1983, Barry Lake, in his capacity as Deputy Receiver for the Commonwealth Savings, filed an Application for Order with the Lancaster County Court for authority to sell two additional lots in the Coddington Mill development. On December 23, 1983, the Court issued an Order approving the sale. The two off shore lots were sold for Twelve Thousand (\$12,000.00) Dollars.

On January 4, 1984, Lake applied once again to the court to sell all remaining lots in the Coddington Mill subdivision. In his Application for Order, Lake listed all lots and established the selling price at Twelve Thousand (\$12,000.00) Dollars for each lot. This price had been established by S.E. Copple just prior to the failure of the Commonwealth.

In addition to listing the price of the lots, Lake included in his request to the court, an affidavit from Bill Stevenson, an employee for the Department of Banking and Finance, stating that the price of the lots had been determined by a group of qualified

appraisers who prepared a consultation report estimating that the Twelve Thousand (\$12,000.00) Dollars would be the most probable amount for the Coddington Mills lots since that had been the current selling price.

On approximately January 7, 1984, Barry Lake was forced to resign his duties for the Receivership and was replaced by Neil West. West was to assume Lake's responsibilities connected with the Commonwealth Savings.

In February, 1984, Gary Butts of Consolidated Construction, Inc., approached Neil West to proceed with the purchase of the Coddington Mill lot he had developed as the show home for the Coddington Mill development.

Neil West instructed Gary Butts to contact Larry Monahan, an employee for the Receivership, to negotiate the price for the lot. On February 28, 1984, Gary Butts met with Larry Monahan and a verbal agreement was reached between the two men that Butts would purchase the lot for Fourteen Thousand Five Hundred (\$14,500.00) Dollars.

On February 29, 1984, Larry Monahan sent a letter to Butts quoting a new price of Eighteen Thousand (\$18,000.00) Dollars for the lot. In his letter Monahan stated, "We feel this is a fair price with the basement on the lot."

On approximately March 5, 1984, Gary Butts, unhappy with the increased price, sent a letter to Assistant Special Deputy Receiver, Perry Meyers explaining his previous agreement with S.E. Copple regarding the Coddington Mill development. Butts further explained that Larry Monahan had agreed to a purchase price of Fourteen Thousand Five Hundred (\$14,500.00) Dollars and requested that he (Butts) be allowed to continue the development of the property.

Shortly following the letter to Perry Meyers, Gary Butts went to the Commonwealth building for a second meeting with Meyers. During this meeting, and according to an affidavit signed by Gary Butts, Meyers stated, "Neil West and I have discussed the matter and if we see you out there we'll have you arrested...Stay the hell

away from Coddington Mill subdivision and do not bother me anymore about it."

Needless to say, Gary Butts did not pursue the purchase of any Coddington Mill lots. He was persuaded to refrain from submitting any offers to purchase any and all Commonwealth assets.

From January 9, 1984 to April, 1986, no lots at Coddington Mill were sold by the Receivership. Finally, on April 17, 1986 the Coddington Mill lot which Gary Butts had offered to purchase in March, 1984, was sold to Smith and Stephens Real Estate for One Thousand (\$1,000.00) Dollars. This lot was an on shore lot.

From mid-April, 1986 to September, 1989, the Receivership sold Coddington Mill lots as follows:

1. April 17, 1986 - On Shore Lot - One Thousand, (\$1,000.00) Dollars - Smith and Stephens Real Estate - Inst. 86-12585
2. April 25, 1986 - On Shore Lot - Eight Thousand, (\$8,000.00) Dollars - Bill Carroll Home Sales Inst. 86-13921
3. July 2, 1986 - Off Shore Lot - Eight Thousand, (\$8,000.00) Dollars - Bill Carroll Home Sales Inst. 86-20967
4. July 14, 1986 - Off Shore Lot - Seven Thousand, (\$7,000.00) Dollars - Bill Carroll Home Sales Inst. 86-22454
5. March 31, 1987 - Three (3) On Shore Lots - Four Thousand, (\$4,000.00) Dollars Each - Carroll Home Sales - Inst. 87-10104
6. April 1, 1987 - Off Shore Lot - Three Thousand, (\$3,000.00) Dollars - Michael Reis - Inst. 87-10390
7. November 16, 1987 - On Shore Lot - Six Thousand, (\$6,000.00) Dollars - Mr. Quatrocci - Inst. 87-22363
8. May 4, 1988 - On Shore Lot - Five Thousand, (\$5,000.00) Dollars - Jay Husky - Inst. 88-11672
9. July 20, 1988 - Three (3) Off Shore Lots - Four

- Thousand, (\$4,000.00) Dollars each - Carroll
Home Sales - Inst. 88-20640
10. August 24, 1988 - Two On Shore Lots - Four
Thousand, (\$4,000.00) Dollars each - Rodney Hornby
Inst. 88-25607
 11. September 27, 1988 - Two On Shore Lots - Six
Thousand, (\$6,000.00) Dollars each - Carroll Home
Sales - Inst. 88-29660
 12. November 1, 1988 - Two On Shore Lots - Four
Thousand, (\$4,000.00) Dollars each - Allyce Williams
Inst. 88-34519
 13. November 28, 1988 - Two Off Shore Lots - Four
Thousand, (\$4,000.00) Dollars each - Troy and Bonnie
Shore - Inst. 88-36293

In the year of 1989 eighty-five (85) Coddington Mill lots were sold to various individuals and entities. Sixty-five lots sold averaged a sale price of approximately Four-Thousand Five Hundred and Forty-Nine (\$4,549.00) Dollars per lot.

The last twenty (20) lots were sold on September 14, 1989, to Pinnacle Point Development, Inc.. These lots were included in a "bulk" sale of various Commonwealth properties. At this point it is impossible to determine the discounted price of these lots and how much in dollar amount this discounting further reduced the average lot sale.

In any case, if these lots sold, in 1983, for Twelve Thousand (\$12,000.00) Dollars, when real estate sales were at the lowest point of the recession, it would make sense to the most simple-minded, that sale prices should have increased as times got better. In this case, sale prices went down dramatically as the real estate market improved.

A conservative estimate of loss to the depositors in Coddington Mill lot sales, using the Twelve Thousand, (\$12,000.00) Dollar figure, is approximately One Million (\$1,000,000.00) Dollars.

In a Statement by S.E. Copple, dated July 9, 1984, Mr. Copple stated the following:

"I think there will come a time in the future, when people will wonder about the methods and motives of various persons who were appointed to act in this matter. It is clear that some of those persons have acted competently, and with the best of motives. Others appear to have done everything they could to defame the status of Commonwealth. This is an odd way to try to sell an institution or its assets...
"Time and money are being wasted on various people running around the Commonwealth records, asking questions that I could and would like to answer... Commonwealth still has substantial assets and I would know better than anyone how to sell them and how to bring money to the depositors. The value of those assets is considerably higher than any of the public officials have admitted publicly. One of the first official actions taken after November 1st was the appointment by Banking Director Paul Amen of a group of about 15 experienced people working the real estate and finance industries to come up with an appraised value of the Commonwealth assets. The results of that appraisal study have never been made public. But I am informed by former employees who remained and were involved in that appraisal that the professionals estimated those assets conservatively at about \$50 million- much higher than any state official ever has mentioned Publicly. Why hasn't the Banking Department or other state officials ever made this figure public? Why hasn't the press of Nebraska, which has been so eager to find out everything about me and my family, ever tried to dig out the result of that appraisal?"

In hindsight, after all the facts have settled...after having ferreted out the truths...the people of the State of Nebraska, are now aware that we innocently turned a deaf ear to the wise words of S.E. Copple on July 9, 1984. We can attribute this fatal error to our past naivete of government corruption on all levels.

Had we been more cognizant of the motives surrounding the various Kerrey appointments to high level positions...and his appointee's appointee's, etcetera, etcetera..., we would have questioned the motives of Neil West immediately.

On March 16, 1984, Neil West appeared before a Special

Commonwealth Committee to testify about the condition of the Commonwealth...which included the value of the assets.

In his statement before the Committee, Mr. West went to great lengths to undermine the value of assets in the institution as of the date he appeared. He stated:

"The assets of the company as reported by the company on November 1, totaled 77,506,000. After adjustments were made, and these adjustments were made in concert between Phil Meyers and myself, we determined that a more realistic asset picture would be 37,230,000. That's a swing of \$40,840,000. All of this comes out of the performing loan category. The company reflected 47,300,000 of performing loans. By best estimate, I think that number is 6.4 million. It's a swing of \$40,900,000..." "...so what we have between...what we've been able to cover thus far, we're finding having to devalue assets by 54%. These are realistic numbers today."

During his testimony before the Committee, Mr. West submitted a plan to organize a bank holding company for which he would be the Chief Executive Officer.

His plan was to make the Commonwealth a subsidiary of a new bank holding company...with the Commonwealth assets being liquidated over a ten year period of time.

To make this plan a reality, Mr. West's plan called for an infusion of Fifty-Seven Million (\$57,000,000.00) Dollars from the State of Nebraska. With the Fifty-Seven Million (\$57,000,000.00) Dollars, all of the depositors, up to the NDIGC insured amount, would be paid out, over a three year period in quarterly phase outs.

Mr. West stated that the organization necessary to implement this plan would be a bank holding company. Under the bank holding company there would be three subsidiary corporations. Number one was to be a state chartered FDIC insured bank. The bank was to be capitalized with Five Million (\$5,000,000.00) Dollars which was to be raised by private investors who wanted to buy stock.

The Commonwealth was to have fallen into the second

organization, and would be called a real estate holding company which was to be a liquidating company to liquidate the real estate over ten (10) years.

The third entity in the plan was to be a small business investment corporation which would provide venture capital to small businesses. It is our opinion that this third entity was one of the vital factors in making Mr. West's plan a reality.

During the Special Commonwealth Committee Meeting, it was discovered that in order for Mr. West's three-pronged plan to take place, LB1117, a small business investment corporation concept which was being promoted by, and was Governor Kerrey's bill. It was also learned that LB1117 was scheduled for consideration on General File the following week.

During further questioning of Mr. West, the question was asked as to whether or not it was the intention of the Receiver to allow different investors to bid on the proposed plan. Mr. West stated the following:

" Okay, that was not envisioned, Senator. It certainly has been discussed and I don't feel that I can divulge those discussions at this time..." "...you are asking me to relate some discussions that I have had in confidence with the Governor. I don't...I can't tell you the reasons why not. The only thing I could suggest, Senator, is to talk to Governor Kerrey."

Mr. West was appointed by a Kerrey appointee, John Miller, acting Banking Director, to replace Barry Lake on January 3, 1984. Within twelve days of assuming his duties in the Receivership, Mr. West allegedly and miraculously, put together a plan which seemingly required the approval of LB1117. This bill, according to Chris Beutler, was promoted by Governor Kerrey and, was in fact, Kerrey's Bill.

And, although Mr. West denied any knowledge of LB1117, that particular Bill was on General File and was to be considered on or about that same time Mr. West testified before the Committee. We found it most interesting, although too coincidental, that Mr. West

appeared out of nowhere, and like an all-knowing magician, fused together a plan which would "fix" the Commonwealth.

The reality of Mr. West's plan, although we believe it was to place millions of dollars in the pockets of a few, did nothing more than devalue the Commonwealth assets...as has been proven by the analysis of the Coddington Mill subdivision.

The plan Mr. West proposed to the Committee smacks of high-tech dealing, spin-offs, and greed similar to that displayed by those involved in the greedy depletion of assets in State Security Savings.

At the time the Commonwealth failed, it was impossible for the common citizen to understand the references to lending procedures by the officials appointed to protect our assets. Due to our lack of knowledge in these matters, we deferred to those in charge... those "trusted" officials...both elected and appointed to their duties. This trust extended to all levels of State and Federal Government.

Going back, re-examining the words, the promises...we clearly see how easily these trusted officials perpetrated their deception against us. They gave away our assets while our judges and legislators stood watch.

In a January 24, 1984 news article the headlines read:

"DEPOSITOR GROUP STILL WORKING ON PLAN"

"A Commonwealth depositor group asked lots of questions but found few answers Monday night as members tried to come up with a plan to see Commonwealth records and take part in sale negotiations of the insolvent industrial bank. ...State Banking Director Roger Beverage and Commonwealth Receiver, Neil West tried to assure the depositors to obtain Commonwealth records..." "...that everything possible was being done in their behalf." "Beverage told the group that he must get permission from Lancaster County Judge, William Blue before he lets them look at any of the Commonwealth records." "...Releasing any information regarding sale negotiations could harm the transactions, but a lack of information doesn't mean a lack of progress, according to West."

The reality of course, was that officials did not want the depositors to see anything inside the Commonwealth. The assets were too valuable and that the records and record keeping was not as they had presented to the public. The failed Commonwealth was to these bankers and politicians, a chance for money, power, position and fame.

Finally, after all is frittered away...and the money has been doled out over the years on too many employees, legal fees and ineptitudes...the remaining assets have been sold...in a bulk sale, along with all records, including but not limited to, all loan collateral, related records, all loan credit files, any and all deeds, mortgages, abstracts, surveys and all other instruments or records of title pertaining to all real estate or real estate mortgages, all of sellers computer reports, reconciliations and similar records, all contracts and all other records and documents pertaining to the ownership, management and use of the property, so as to permit buyer to continue the use of such assets in the same manner as conducted by seller. This agreement between the Commonwealth Receiver and Lincoln First Corporation (with all real estate later shifted to Pinnacle Point Development, Inc.) referred to properties, assets and records on attached schedules A,B, and C. However, no such schedules were included or made a part of the document in the application for court approval.

It is our belief that this sale was carefully orchestrated by those who would prevent the future discovery of facts and documentation of those facts, some known and unknown, to the depositors.

It is entirely unbelievable that a judge would approve a sale of this magnitude and with such serious implications, without knowing exactly what was being sold and why. To say the least, it is frightening to imagine that we have a sitting judge, who is either totally ignorant to such a transaction or intrinsically involved in the concealment of evidence of fraud.

This report consists of information on primarily two transactions. As each of you are aware, the Commonwealth had many

subdivisions and other properties included in it's assets. The disposition of those properties will be discussed in future supplements to this report.

Once again, we believe without doubt, that we are entitled to be paid our full loss, to include compounded interest at fair market rates. We further believe that interest should accrue from the date of the declaration of insolvency at each institution, to present.

It is our continued hope that the decision to unconditionally reimburse this money will be made during this Legislative Session.

Respectfully Submitted,



Reuben Worster

cc: Nebraska Legislature

STATEMENT PERTAINING TO ATTACHMENTS

Facts included in this report were taken from documents and news articles footnoted in the December 28, 1989 report previously submitted. The only exceptions are the attachments included in this report and the Instrument numbers which were referred to in connection with Coddington Mill lot sales.

Those instrument numbers need only be referred to when requesting review of the deeds which are filed with the Lancaster County Register of Deeds office.

Reuben Worster has been designated as Custodian of Documents and you may contact Mr. Worster at (402) 489-3106 to schedule review of the records.

TABLE OF DOCUMENTS CITED

1. Application for Court Approval of Sale for all Remaining Assets
2. S.E. Copple July 9, 1984 Statement
3. December 21, 1983, Application For Order
4. December 23, 1983, Order of Approval
5. January 4, 1984, Application For Order

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

IN THE MATTER OF
COMMONWEALTH SAVINGS
COMPANY, Insolvent

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CLERK OF DISTRICT COURT APPLICATION

Joseph H. Badami, Receiver for Commonwealth Savings Company, Insolvent, alleges:

1. The Receiver has authority to sell property of the insolvent corporation, subject to the approval of the District Court of Lancaster County, Nebraska, pursuant to Section 8-1,104 R.R.S. Nebr. 1943 (Reissue 1983).

2. The Receiver wishes to sell the interest of the insolvent corporation in the real estate described on Exhibit "A" attached to this Application to the persons and in the manner set forth following each description.

CLERK DISTRICT COURT
LANCASTER COUNTY

THEREFORE, the Receiver prays for an Order approving the sale of the property and authorizing the Receiver to execute such instruments as may be required to convey marketable title to the purchaser.

BADAMI & RADKE

Receiver for Commonwealth
Savings Company, Insolvent

BY: Joseph H. Badami
For the Firm

BY: John E. Queen
John E. Queen
Special Deputy Receiver

Dated: August 1, 1989

Dated: July 31, 1989

(SLPROP1)

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CEG

Exhibit "A"

<u>Description</u>	<u>Buyer</u>	<u>Purchase Price</u>
All Remaining Assets EXCEPT; Assets Aquired From Old Cheney Road Inc., Cash, Treasury Bills, Demand Deposit Account Balances, and Proceeds From Purchase Contracts Accepted but Not Closed as of 7/31/89.	First Nebraska Corporation.	\$ 475,000.00

The purchase price is consistent with the analysis of value by Valuation Consultants.

This sale takes place under the terms and conditions of the following program:

- I. _____ BUILDER'S PROGRAM
- II. _____ RESTRICTIVE COVENANTS PROGRAM
- III. _____ ESTATE PROGRAM

_____ This agreement includes seller financing.

X _____ This agreement does not include seller financing.

Request # 1270

THIRD Counter Offer

In response to the Offer to Purchase the real property commonly known as _____ Bulk Sale of Commonwealth Assets _____, made by First Nebraska Corporation

dated May 5th 1989

All of the terms and conditions of the Offer are accepted and shall remain the same with the exception of the following:

- 1. Purchase Price to be \$475,000.
- 2. Paragraph 2(a) is amended to read:
All financial assets of the seller as same existed on July 31, 1989 except: cash, banks accounts, investments in government securities and all assets acquired or to be acquired from Old Cheney Road, Inc. and proceeds there from.
- 3. Paragraph 2(b) is amended to read:
All tangible personal property of the seller as same existed on July 31, 1989
- 4. Paragraph 2(c) is amended to read:
All real property owned by seller as of July 31, 1989 except that seller shall be entitled to the proceeds of all Purchase Agreements accepted but not closed as of July 31, 1989.
- 5. Paragraph 4 is amended to substitute the date of July 31, 1989 in place of May 1, 1989.
- 6. Paragraph 6(c) is amended to delete the first sentence of said paragraph.

This Counter Offer shall expire August 1, 1989, at 5:00 p.m. (hour) and be automatically null and void unless, prior to the time of expiration, Buyer's written acceptance is delivered to the office of the listing broker or to the listing agent.

If this Counter Offer is so delivered, the Offer to Purchase as amended by this Counter Offer shall become a contract between the parties, subject to the approval of the Interstate Co. Dist. Court. Seller reserves the right to withdraw this Counter Offer prior to acceptance. Withdrawal shall be complete if verbal notification of withdrawal is made to the selling agent or broker of the selling agent before the delivery of Buyer's written acceptance.

Dated July 31, 1989 Joseph H. Badami, Receiver
Seller Trustee Joseph H. Badami, Receiver
Seller

The foregoing Counter Offer is accepted July 31, 1989, at 9:30 PM (hour).
First Nebraska Corporation
By: Brenton S. Morgan, Pres. Buyer

Receipt of a copy of the above accepted Counter Offer is hereby acknowledged.

Dated _____, 19____

Seller Seller

Instructions for Use: If this form is used, the following phrase should be added to #4 of the Offer: "The attached Counter Offer is made a part of this document." The Seller should sign the Acceptance on the back of the Offer at the time the Counter Offer is signed.

ASSET PURCHASE AGREEMENT

This Agreement, made this 5th day of May, 1989, by and between First Nebraska Corporation, herein called "Buyer" and John E. Queen, Trustee, and Joseph H. Badami, Receiver, Commonwealth Savings Co., Insolvent, herein collectively referred to as the "Seller".

WITNESSETH:

WHEREAS, Commonwealth Savings Co. was, for a number of years, engaged in business as an industrial loan and investment company; and

WHEREAS, Commonwealth Savings Co. is now insolvent, and Seller is in the process of disposing of all of the assets owned by Commonwealth Savings Co.; and

WHEREAS, Buyer now desires to enter into an agreement to purchase substantially all of the remaining assets of the Seller, and Seller desires to sell such assets, all in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Incorporation of Recitals. The foregoing recitals are specifically incorporated in this Agreement by this reference.

2. Assets Purchased. Subject to the terms and provisions of this Agreement, at the Closing Date, Buyer shall purchase from Seller and Seller shall sell, assign and deliver to Buyer, all right, title and interest of Seller in and to the following described assets:

a. All financial assets of the Seller as same existed on March 31, 1989, all of which financial assets are listed on Schedule A attached hereto, and incorporated herein by this reference, except cash, bank accounts and investments in government securities.

b. All tangible personal property of the Seller as same existed on March 31, 1989, all of which tangible personal property is listed on Schedule B attached hereto and by this reference made a part hereof.

c. All real property owned by the Seller as of April 6, 1989, Real Estate Price List and as of April 10, 1989, Commercial/Industrial Price List, all of which real property is listed on Schedule C attached hereto, and incorporated herein by this reference.

d. All other assets of any kind or nature including but not limited to claims or rights in litigation, redemption rights of any type, benefits of any special use permits, zoning actions and/or condemnation actions or similar governmental acts.

Seller agrees to deliver to Buyer on the Closing Date all records and collateral pertaining to the assets to be purchased by Buyer, including but not limited to all loan collateral, related records and all loan credit files, any and all deeds, mortgages, abstracts, surveys and all other instruments or records of title pertaining to all real estate or real estate mortgages, all of Seller's computer reports, reconciliations and similar records, all contracts and all other records and documents pertaining to the ownership, management and use of the property, so as to permit Buyer to continue the use of such assets in the same manner as conducted by Seller, except that Buyer shall not accept deposits.

3. Liabilities of Seller. Buyer shall not assume, agree to pay or otherwise become liable for any debts, liabilities or obligations of the Seller, except that Buyer and Seller agree that some or all of the parcels of real property to be conveyed by Seller to Buyer hereunder are subject to unpaid special assessments and real estate taxes, an exact listing of which is not available at the time of execution of this Agreement. Buyer agrees to accept such real property subject to the unpaid special assessments and real estate taxes, on condition that such unpaid special assessments and real estate taxes do not exceed, in the aggregate, \$2,000,000. As hereinafter provided, Seller is to deliver to Buyer title insurance binders with respect to all parcels of real property. In the event that such title insurance binders reveal that the aggregate unpaid special assessments and real estate taxes exceeds \$2,000,000, then Buyer shall have the right by notice to Seller to terminate this Agreement.

4. Purchase Price; Payment. The purchase price for the assets to be acquired pursuant to the terms of this Agreement shall be the amount of \$700,000, which shall be payable \$10,000 by Buyer's check at the time of execution of this Agreement, the receipt of which is hereby acknowledged, to be held until the time of Closing, and the balance to be paid in cash at the Closing. The purchase price shall be adjusted as provided in paragraph 6(c), and the purchase price shall also be reduced by the amount of any payments received by Seller with respect to any asset sold hereunder, such reduction to be in an amount equal to the payments received after May 1, 1989.

5. Employee Obligations. Seller will terminate any and all employment agreements or arrangements and Seller's participation in employee pension, profit sharing and other benefited plans or policies on or before the Closing Date, and at Seller's expense, satisfy any obligations connected therewith. Buyer, in its sole discretion, may offer employment to certain of Seller's personnel and Seller agrees not to interfere with Buyer's employment of such personnel, and Seller agrees to release such personnel from any confidentiality obligation they may have to Seller to the extent necessary to allow them to use their full knowledge of the business of Seller for Buyer's benefit. Buyer shall only be responsible for compensation of any employees hired by Buyer which is earned or accrued after the Closing Date.

6. Representations and Warranties of Seller. As an inducement to Buyer to enter into this Agreement, Seller represents and warrants to Buyer as follows:

a. The assets listed on Schedule A, Schedule B, and Schedule C attached hereto are all of the performing and nonperforming loans now owned by the Seller, all litigation claims of benefit to the Seller, all servicing contracts, all contracts rights of benefit to Seller, all tangible personal property, and all lots, property and real estate interests owned by Seller.

b. To the best of Seller's knowledge, information, and belief, all notes, evidences of indebtedness and other agreements for the payment of money and all related documents, instruments, papers and other security agreements of Seller applicable thereto are valid and correct in all respects, are genuine as to signatures of all makers, endorsers and guarantors, and were given for valid consideration and are enforceable in accordance with their respective terms. Further, to the best of Seller's knowledge, information and belief, all collateral securing such indebtedness existed at disbursement of the indebtedness.

c. Seller has not disposed of any assets since the respective dates of the schedules attached hereto. Seller covenants and agrees that Seller will not dispose of any such assets after the date of this agreement, without first obtaining the Buyer's prior written approval, which approval may be conditioned upon a reduction in the purchase price hereunder equal to the Selling price for such assets sold.

7. Title to Real Estate; Conveyance. Within 15 days of the date of execution of this Agreement, Seller shall provide to Buyer title insurance binders with respect to all of the parcels of real property listed on Exhibit C attached hereto. Buyer shall have a period of 30 days to examine such title insurance binders. Buyer recognizes that Seller may not have marketable title to all parcels of real property. Therefore, Buyer reserves the right to terminate this Agreement in the event that the Seller's title to such real property, and each parcel thereof, shall not be satisfactory to Buyer, in Buyer's sole discretion. In the event that Buyer finds any items in the title insurance binder unacceptable, Buyer shall furnish to Seller a copy of a written opinion from Buyer's attorney showing such defects. Seller shall have a reasonable time to correct such defects not to exceed 30 days. Seller agrees to convey to Buyer or Buyer's Nominee by receiver's deed free and clear of all liens, encumbrances, special assessments levied or assessed or special assessment districts that have been created and ordered constructed, as of the date of this Agreement, without exceptions, but subject to all easements and restrictions now of record against the property; provided, however, that Buyer agrees to accept such real property subject to unpaid special assessments and unpaid real estate taxes in an amount not exceeding \$2,000,000 in the aggregate.

8. Closing Date. The parties agree to close this transaction at a mutually agreeable date which shall be at least 30 days after the date of execution of this Agreement, and at least 30 days after approval of this transaction by the District Court of Lancaster County, Nebraska.

9. Other Documents of Conveyance and Transfer. At the Closing Seller shall deliver to Buyer all instruments and documents which may be required to vest in Buyer all right, title and interest in and to the assets purchased hereunder, free and clear of all special assessments, liens, mortgages, security interests, charges and encumbrances of any kind, except unpaid special assessments and unpaid real estate taxes in an aggregate amount not exceeding \$2,000,000, including but not limited to a receiver's deed, a bill of sale for all tangible personal property, assignments of all notes and other evidences of indebtedness and agreements for the payment of money and collateral thereon, and such other documents of transfer as shall be satisfactory to Buyer. At the closing, Seller shall deliver to Buyer title insurance policies as to all of the real estate interests conveyed.

10. Indemnification of Buyer. Seller agrees to indemnify, defend and hold the Buyer harmless from and against any and all claims, damages, losses, liabilities and expenses, including reasonable attorney's fees, relating to or arising out of: the inaccuracy of any statement, representation or warranty of Seller in this Agreement, or in any Exhibit; the failure of Seller to perform any covenant, agreement or obligation imposed upon the Seller pursuant to this agreement; any claim against any of the assets purchased hereunder, other than liabilities expressly assumed by the Buyer pursuant to this Agreement; any transaction, occurrence, action or omission in connection with the operation of Seller's business prior to the Closing Date, other than liabilities expressly assumed by the Buyer pursuant to this Agreement; any claim contained in pending litigation against or involving Seller; and claims, demands, orders or requirements of the Army Corps of Engineers, or similar agency having jurisdiction, regarding property located at Capitol Beach Subdivision, Lincoln, Lancaster County, Nebraska.

11. Liquidated Damages. If Buyer fails to consummate the purchase, Seller shall retain the earnest money paid by Buyer as liquidated damages. However, in the event Buyer terminates this Agreement as provided in paragraph 3 or 7, or due to any breach by Seller, then Buyer shall be entitled to the return of the \$10,000 earnest money deposit.

12. District Court Approval. Seller's acceptance of this Agreement is conditional upon District Court approval. Both parties shall use their best efforts to obtain such approval.

IN WITNESS WHEREOF, the parties hereto ..
day and year first above written.

FIRST NEBRASKA CORPORATION, Buyer

By: *Brent M. ...*
President

John E. Queen, Trustee

Joseph H. Badami, Receiver,
Commonwealth Savings Co.

STATEMENT BY S. E. COPPLE

July 9, 1984

During the eight months since Commonwealth has been closed, I have wanted to speak publicly about what happened. I have desperately wanted to take this means of talking with the depositors and I have wanted to get involved in finding a solution to the Commonwealth dilemma.

I have not been able to do so because of the charges which have been brought against me. I have maintained silence on the advice of counsel. While I respect that advice, I have been persuaded by personal friends to discuss publicly those subjects which will not bear directly on the lawsuits. I want to make some statements, through the media, to the depositors and the public in an attempt to clear up some of the misconceptions surrounding the Commonwealth affair and to answer questions about my tenure as president.

It is my desire to provide the depositors with information which will enable them to better understand Commonwealth, the way we did business, why Commonwealth is now in receivership and how I believe the depositors can best be helped. In addition to avoiding mentioning anything that will directly reflect on the current charges, I also want to avoid assessing any blame against any person or persons. I think that there will come a time in the future, when people will wonder about the methods and motives of various persons who were appointed to act in this matter. It is clear that some of those persons have acted competently, and with the best of motives. Others appear to have done everything they could to defame the status of Commonwealth. This an odd way to try to sell an institution or its assets.

Some have spent their time and energy directing the public's anger against me personally, and this has in turn had the effect of directing that same public attention away from the job that was being done by those appointees, and the results they were or were not achieving. Too much time and effort has been spent in assessing blame and stirring up public emotions. I will not join in that activity, because I do not believe it to be in the best interest of Commonwealth and its depositors that I do so. I do, however, believe that a few years from now, when the dust has cleared, there will be questions that will be asked, about some of the posturing that has been done by people in authority, during these past few months.

Time and money are being wasted on various people running around the Commonwealth records, asking questions that I could and would like to answer. The Lincoln Journal reported on May 30th that the costs of litigating Commonwealth may run in excess of one million dollars. We all must wonder what the results would have been had the million dollars been made available to continue the operation of Commonwealth and to have found a more attractive alternative than to have had it so abruptly closed.

Commonwealth still has substantial assets and I would know better than anyone how to sell them and how to bring money to the depositors. The value of those assets is considerably higher than any of the public officials have admitted publicly. One of the first official actions taken after November 1st was the appointment by Banking Director Paul Amen of a group of about 15 experienced professional people working the real estate and finance industries to come up with an appraised value of the Commonwealth assets. The results of that appraisal study have never been made public. But I am informed by former

employees who remained and were involved in that appraisal that the professionals estimated those assets conservatively at about \$50 million--much higher than any state official ever has mentioned publicly.

Why hasn't the Banking Department or other state officials ever made this figure public? Why hasn't the press of Nebraska, which has been so eager to find out everything about me and my family, ever tried to dig out the result of that appraisal?

Public officials complain about not understanding the various accounting or record-keeping systems of Commonwealth, but nobody has ever asked me anything about it. At the outset of this statement, I have taken the position that I am not going to attack those people who have been attacking me. But there are some clear misstatements that have been made. Without belaboring the point of who has made these statements, and their motives in making them, there are a few points I would like to make, that should clear up some misunderstandings. I would like to believe that the misunderstandings created have been unintentional. Here are the actual facts, free from misrepresentation:

1. Commonwealth's accounts were examined for more than 20 years by one of the largest and most reputable accounting firms in the country.

2. Commonwealth was watched intensely by state banking examiners for several years before the closing.

3. Kent Johnson, our comptroller for the past five years, must have been pretty good at his job because the State Banking Department is still using him today.

4. Commonwealth was one of the first Industrial Loan Companies in Nebraska to go on a computer system.

5. Four years ago we spent thousands of dollars on a whole new filing system so that we could easily identify accounts and separate them for more efficient access and reference.

The above five points are the truth, and statements to the contrary are a disservice to the depositors and a travesty on the loyal, competent employees of Commonwealth, many of whom still remain at the institution to assist the receiver.

I lost more in the Commonwealth closing than anyone. Many of my close friends and employees had deposits there.

Still some public officials have planted the myth that certain "insiders" were tipped off that Commonwealth was going to be closed and were able to get their money out. That is pure nonsense.

Also I lost the value of my stock in Commonwealth, which was from \$6 million to \$9 million. In addition, I personally injected about \$8 million of my personal assets into Commonwealth during the last six months before it was closed. And during the last two years I injected hundreds of thousands of dollars of cash in an effort to save the institution.

I put nearly all the money and assets I had into Commonwealth to try to survive the crunch we were in. I already had given most of a lifetime of hard work, personally looking after its best interest six to seven days per week, out of my own choice.

In an attempt to mislead the depositors, some officials have tried to create the myth that I have taken off to all parts of the world with a large bundle of depositors' money. This is untrue. On November 1st, the day after Commonwealth closed, my wife and I left Lincoln, out of the concern of my family, and went to Tucson to visit our grandchildren and great grandchildren. We stayed there for several weeks. Before I left I asked Paul Amen if it would be alright to leave for several weeks, and he thought I should do that.

Contrary to what many people probably assumed, we did not spend the winter loafing in the Arizona sun. We moved back to the upper Mid-west and endured the cold winter along with everyone in this region. We wanted to be in this part of the country and to be close to Lincoln so I could keep in touch with events as they happened and be able to help quickly if anyone wanted my assistance.

We are renting a 4-room apartment in an old, but clean apartment building. We are renting furniture for \$68 a month. My major source of income is Social Security, which I had never collected at all until I was 72 and had to start taking it. I live very frugally, which doesn't bother me, as that is pretty much the way I've lived all my life.

Ever since my parents were murdered when I was 10 years old, I have been living frugally. Although, I was able to put together and accumulate some valuable assets during my life, nearly all of them have been either injected into Commonwealth or mortgaged to Lincoln area banks. Although it looks like my life will end with a tragedy, as it began, I am not asking for sympathy. I would simply like to assist in finding a solution to the Commonwealth dilemma in any way that I can.

* * * * *

Many people have asked me to give my version of what caused the problems at Commonwealth.

We must consider that what has happened to the national economy, and particularly to the homebuilding industry, in the late 1970's was unlike anything we'd ever seen before in this country. I don't think there was anyone who really predicted what was going to happen and how it would affect the lending institutions.

I have spent most of my 87 years in the real estate business in some form. When I was 16 years old I let a real estate dealer talk me into buying three lots in Rosalie, Nebraska at \$80 each. It took all the money I had saved to go to college in Fremont. I borrowed \$10 from an uncle and went on to school anyway, working my way at various odd jobs. Those lots in Rosalie finally made me a little money and I guess I was hooked on real estate.

Anyway, I have been in the business since the '20's. There always have been ups and downs, good times and bad; you made a little money and you lost some. But I always have been an optimist. I guess you have to be in real estate that long.

Along the way, we bought Commonwealth Savings Co., in 1942. In the past 20 years much of our loan business was with home builders and developers. We'd put up the interim financing for a builder to buy a lot and build a house; then when he'd sell the house he'd pay off the loan--with interest, of course. And we'd all make a little money.

In that way, we built Commonwealth from nothing up to more than \$71 million in assets by 1982, even though we went through some bad times with the good. We were one of the biggest developers in real estate and real estate financing in Lincoln, Nebraska.

In the late 1970's, and especially in 1979, the nation's best economists were predicting unprecedented growth for the '80's. The Kiplinger Washington Letter said the housing industry would have to build 20 million new homes in the '80's, two million per year. The inflation rate was running about 4% or more above the interest rate at that time.

Whoever could have expected us to do anything but to keep on lending more money to more builders to build more houses?

But nobody knew that the federal government was going to make drastic changes in economic policy and start manipulating interest rates to control the money supply. Nothing like this had ever happened before and not many people even knew it was happening then--until it was too late.

So by the fall of 1979, the interest rate went up to 15%. They said it wouldn't go any higher but by April, 1980, it was at 20%. With the inflation, land prices were going up. The building boom was still going and we were financing several Lincoln Builders.

Then, with the high interest rates, people couldn't afford to buy the houses the builders were putting up. Instead of building about two million homes a year over the nation, as was being done in 1978 and 1979, the national building rate fell to just over a million by 1981. The national building rate in 1981-83 was only two-thirds of what it was in the five and ten-year periods before that.

In Lincoln, though, the slowdown in home building was much more severe even than the national picture. I don't believe many people realize that and the press and others haven't done much to inform them or to try to figure out why Lincoln was so much worse.

Building of single-family homes and duplexes in Lincoln went from 1,516 in 1978 down to 1,054 in 1979, 885 in 1980, 437 in 1981 and to an unbelievable 181 in 1982. In Lincoln the building rate in 1981-83 was only 25% of the five-year average, compared with 67% national. And in 1982, the Lincoln rate was down to 13% of the five-year average against 67% nationally.

This went on for about three years, totally draining the financial resources of many builders. It's no wonder that a lot of home builders and developers in the Lincoln area weren't selling their houses in those years. It's no wonder that many of them couldn't make the high interest payments and just went broke. At the same time this was happening, we had to pay a lot more in interest to depositors because of the higher rates. We paid \$4.3 million in 1982 and \$7.8 million in 1983.

It shouldn't be any wonder either that Commonwealth, one of the biggest lenders of the home builders, was hurt much worse than other lending institutions. The wonder is that very few people today can realize how that happened.

Can anyone imagine what would happen to the merchants in Gateway Shopping Center if nearly all the streets to the center were blocked for three years and their business was running only about 13% or 25% of normal and they were paying record high interest on their inventory. They'd go broke, of course, and everybody would understand it wasn't really their fault. That's what happened to most of Lincoln's home builders and to Commonwealth. But in this case, many people think we must have done something wrong to get into such a fix.

As I say, I've always been an optimist; and I've always been a fighter. I kept fighting and I kept thinking we could save Commonwealth. We did everything we could to save it. We cut expenses everywhere. I put all my personal fortune into it. We could have declared bankruptcy or drained out the assets or found some other way to take out as much as we could and walk away from the depositors. Many people would have. But we didn't do that. We kept fighting until time of the public panic, when everybody showed up at once, wanting their money out. I suppose years from now people will be attempting to assess the blame for the public panic. People will be examining who made what statements when, and why, and with what motive, and with what effect. It is certain that the public panic was not caused by us. The worst of it is that we were getting very close to a sale of the Commonwealth property that would have brought in additional capital and allowed it to continue to operate.

I imagine that there are many people who made many statements that precipitated the panic, who now wish they had not made those statements, or at least wish they had not made them in the manner in which they made them. I will always believe that the panic, and the collapse of Commonwealth, could have been avoided.

People must recognize that what happened to Commonwealth has happened to many, many financial institutions all over the country. In most of those cases, the efforts have been aimed at finding ways to keep them solvent until they can work through the crisis. But in Nebraska the effort seems to have been to try to find scapegoats.

The Wall Street Journal reported recently that about 440 savings and loan institutions failed across the country between 1981 and 1983. Neither the Federal Deposit Insurance Corp., which insures deposits up to \$100,000 in commercial and savings banks, or the Federal Savings and Loan Insurance Corp., which provides coverage for savings and loan accounts, has nearly enough money in their accounts to cover the losses being incurred.

In order to avoid the sort of thing we've gotten into in Nebraska, the federal government is stepping in to help these deposit insurance agencies cover the losses. Look at Continental Illinois. When it was about to go under, various sources pumped in \$7.5 billion of tax money to keep it going. There was no other way; the bank had \$40 billion in deposits and the whole FDIC had only \$16 billion to cover losses over the whole country.

This is not much different from the Nebraska Depository Institutions Guaranty Corporation that was set up to cover losses at industrial banks, such as Commonwealth, that could not get federal insurance.

One of my greatest regrets is that we were never able to get federal insurance for the industrial banks. Along with the late Frank Card of State Securities, I worked for years trying to get that done. We both were members on the of the American Industrial Bankers Association. But the feeling was that because we didn't have checking accounts, like regular banks, we couldn't be covered by FDIC.

That is why the Nebraska Legislature decided to have the state step in and guarantee deposits in the industrial banks, at first up to \$10,000 and later up to \$30,000. Nobody ever expected that guaranty fund to have enough on hand to cover the entire loss from one of the biggest institutions, such as Commonwealth. Now the state is reluctant to step in and do what must be done now that they've closed Commonwealth.

I think the state can find a way to protect most of the money of the depositors. And it doesn't need to involve an awful lot of tax funds. What it mainly will take is a sensible plan that takes into consideration the full value of the assets of Commonwealth, if they are disposed of in an orderly way over a period of time, and the determination to make the depositors' interest their foremost concern.

I would be willing to come back in a minute and help do that--if I were permitted to do so.

At the time Commonwealth was closed by the state on November 1st last year, we were working diligently to finding a buyer for the company. We were attempting to sell it in such a way that would have kept it going and protected the depositor's money.

Commonwealth was in serious trouble as a result of several years of disastrously high interest rates as well as the depression in the real estate and housing market which we were experiencing in Lincoln. We had done everything possible to keep Commonwealth afloat until the economy turned around, including the injection of nearly all of my personal assets into it.

In spite of its problems, Commonwealth still was a valuable financial institution, with several strong selling points. In addition to the vast real estate holdings, and outstanding loans, Commonwealth had a tax loss carry forward, which would benefit the buyer, somewhere in the area of \$15 and \$20 Million Dollars. However, according to our accountants, the institution had to be sold by the end of 1983. Otherwise, this tremendous tax advantage could not be used by the new owners.

We were working frantically during October to find a buyer. We had contacted several banking consultants, nationally known accounting firms, and we were all attempting to sell the institution. As an additional selling point, I agreed to sell all of my stock, valued at one point at \$8 Million, for \$1. By the end of October we had put together a package that we thought would sell.

Several weeks before November 1, a meeting was held by the directors of the NDIGC. One of the topics on the agenda was Commonwealth. We were asked not to attend that portion of the meeting.

After that meeting, the rumors increased regarding Commonwealth. Rumors led to statements, statements led to panic, and once again, I think that there must be many people who are now, in retrospect, reevaluating their words and actions.

Everybody in the state knows what happened then. The depositors swarmed into Commonwealth as soon as it opened November 1st and it had to be closed immediately by the Banking Department.

What the people of Nebraska don't know, though, is that if we would have been allowed to stay open for just one more month, we very well could have sold the institution and saved the depositors' money.

From all my 60 years in the financial industry, I always had the impression that public officials, who had access to inside information of regulators, were legally prohibited from making public statements about the problems of an individual institution. If there is not such provision in Nebraska there should be. The public reports and articles were the crushing blow for the Commonwealth and its depositors.

Even after the doors were closed, however, there still was a good chance to sell it. The assets, the charter, and the tax advantages were still there. Paul Amen was doing everything he could to sell it. Unfortunately, Paul Amen, the one man who was in the best position to pick up the pieces and save what was left for the depositors, was fired.

Paul Amen, a true professional, knew all the inside workings of the financial business, knew all the leaders in the business, and had the respect of everyone in the business, was replaced by a series of appointees.

Any chance of selling Commonwealth before December 31st vanished with the departure of Paul Amen. The tax advantage, that could have been so attractive to a buyer, expired on December 31st. Commonwealth's charter lost much of its value as some of the appointees deliberately set out to destroy the reputation of Commonwealth. The assets began to vanish in the form of attorney's fees.

Most of all, the expertise to find a solution was gone.

The appointees charged that Amen had been more concerned about protecting the whole financial industry from ruin than in pulling the switch on a single industrial bank that was in trouble. But who can say that his approach was not the right one, if he had only been permitted to go ahead with it, if he had been able to stay around and find a buyer.

The federal financial regulators are doing right now what Paul Amen was accused of doing; they're keeping the boat afloat through some very rough times. The Wall Street Journal reported recently that the FSLIC, which insures S & L's and its parent, the Federal Home Loan Bank Board, "have deferred many of the losses by letting essentially insolvent S & L's continue to operate and letting many others resort to accounting gimmicks to appear solvent. The unrecognized losses far exceed the FSLIC's \$6.4 Billion reserve fund."

In other words, a lot of S & L's all over the nation would be down the drain, with nothing left in the guaranty fund, if the regulators were not trying to save the industry. The S & L depositors are better off right now than Commonwealth's.

Barry Lake was fired January 5th and the newcomers in the banking department heaped all sorts of abuse on him. I note that Lake challenged his firing in court, that now various appointees have conceded that Lake did nothing wrong, and an additional \$24,000 of taxpayer's money has apparently been spent in an effort to redress Lake's grievances.

I am sure we are all tempted to wonder about what would have happened, had Lake and Amen been allowed to continue to attempt to resolve the problem, and had I been allowed to participate in the solution of the problems, rather than to be excluded by the presence of criminal charges against me.

Some of my complaints may seem somewhat petty to some. For instance, one public report accused me, as an officer, of borrowing money from Commonwealth. There was an \$800,000 loan, but it was with a different institution, and was perfectly legal. The parts of the reports that indicated that I had a loan at Commonwealth in the sum of \$800,000 are simply false.

Most readers are familiar with the State Claims Board, and the plan they passed on to two District Judges, and the fact that the Judges rejected the plan, and the various reasons for their rejection of the plan.

I mention this simply to show that since the closing of Commonwealth, confusion has piled upon confusion.

As I mentioned earlier, my life began with tragedy, in the shape of the murder of my parents. I grew up in poverty, and I was in high school before I could afford an ice cream cone. I have put all of my assets into Commonwealth in an attempt to save it, and my life is now close to ending as it began, in tragedy. I do not ask for sympathy. But somewhere in my heart there remains a forlorn hope that somehow the energy that is being used to seek people to blame (and there is plenty of blame to go around, if I were inclined to criticize and to point the finger at various parties) may now be directed in an attempt to solve the various problems of Commonwealth, in a business-like fashion.

I will always believe that Commonwealth could have been saved, had not the panic been precipitated. I will always believe that we could have sold Commonwealth, and it will be remembered that I had offered to sell my millions of dollars in stock for \$1 just to get Commonwealth sold, so that it could survive. I will always believe that the last eight months could have been better spent, and that energies which have been used to whip up public emotions could have been spent solving problems.

Last May I turned 87. It is customary for people to make a birthday wish. My birthday wish was then, as it has at all times been, that I be allowed to actively participate in assisting the Commonwealth depositors, and that, as my life comes to its conclusion, I be allowed to devote my energies to such a useful purpose. Finally, I want to thank the many people who have expressed to me their gratitude for the good things that I and the Commonwealth have accomplished for Lincoln over the years. Their statements of encouragement and gratitude mean more than I can ever express.

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

) Docket 376 Page 183

) APPLICATION FOR ORDER

) IN THE MATTER OF
) COMMONWEALTH SAVINGS
) COMPANY, Insolvent
)
)
)
)
)

CLERK'S OFFICE DISTRICT COURT
LANCASTER COUNTY, NEBRASKA
FILED
DEC 21 1933
Clerk District Court

COMES NOW the Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company by and through its attorneys, and alleges as follows:

1. That the Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company, has the authority to sell property of the Receiver subject to the approval of the District Court of Lancaster County, pursuant to Neb. Rev. Stat. 8-1,104 (Reissued 1977);

2. That the Receiver desires to sell as much of the Receiver's property as possible in order to make the Receiver's assets liquid for the purposes of distribution to creditors;

3. That the Receiver has received offers to purchase certain properties described in the attached List of Properties marked Exhibit A, and Affidavit marked Exhibit B.

WHEREFORE, the Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company, prays this Court for an order approving the sale of the properties described in the attached List of Properties marked Exhibit A.

Dated this 21st day of December, 1933.

NEBRASKA DEPARTMENT OF BANKING AND FINANCE

BY: Barry K. Lake

Barry K. Lake
Assistant Director and Legal Counsel
P. O. Box 33049
Lincoln, Nebraska 68501
Telephone (402) 475-7803
Its Attorney

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376-183
CLERK'S OFFICE, DISTRICT COURT
LANCASTER COUNTY, NEBRASKA
FILED
DEC 21 1983
Clark District Court

REQUEST FOR COURT APPROVAL TO SELL REAL ESTATE

The following is a list of properties which Commonwealth Savings Company owned at the time of closing, for which Offers to Purchase were either pending or have been tendered to the Receiver since that date. All offers are believed to be of a bonafide arms-length nature. All available supporting documents are attached.

- 1. Raymond Acreage - Consists of approximately 2 acres of land with an old rural school house that has been converted to a single family 2 bedroom home. (See attached picture).

This property is rural, lying approximately 2 miles North and 1 mile West of the town of Raymond, Nebraska in Lancaster County. The structure is frame and several years old and has had many maintenance problems since owned by Commonwealth Savings Company. Most critical of which has been severe water problems in the basement during spring and summer months. There is also some questions as to the quality of water from the well.

PENDING OFFER: \$26,000.00 through Krein Real Estate (See attached letter and Offer to Purchase). Buyers name is Tommie L. Ward and Linda K. Ward.

This property is carried on Commonwealth Savings Company books on an active loan in the name of Michael P. Wilson with other properties. The title is still vested in Commonwealth Savings Company however. The valuation placed on this property by the valuation committee working for the Receiver is as follows:

Estimated Value Range \$20,000 to \$30,000 with a most probable sale price of \$25,000.

In view of the fact that this offer is at or above the valuation committee's Most Probable Sale Price and does not carry any contingencies for Maintenance and Repair Requirements, I strongly recommend we accept this offer.

- 2. Lots in Coddington Mill Replat - \$12,000.00 ea. Double-wide mobile home subdivision located at Coddington and West A Streets. (See attached plat)

(8) 5

Commonwealth Savings Company presently has approximately 132 lots in this subdivision for sale, 50 of which are lakefront lots and 82 standard lots. Commonwealth Savings Company previously had verbal contract with Countryside Homes to sell these lots for \$12,000 off water - \$17,000 on water. Had previously only sold two off the water and none on the water. Appraisers estimated if we averaged \$12,000 would be most probable sale price. Countryside has two sales pending. SUGGEST we accept \$12,000 each and give them approval to continue selling at this price per agreement. Pending court approval, they hope to close these two sales prior to January 1, 1984.

To complete final specials in this area we need to have Mirnegasco run gas service along North side of the Lake - our cost \$5,700.00. One of Countryside sales will require this before they can close, however, all lots will then be saleable. Mirnegasco will then refund pro-rate share as each lot is sold. SUGGEST we approve completing gas service in view of future sales and so as to be able to close the one now pending, that will require gas service.

- 3. Lots in Stettinger Addition - \$10,000.00. Single family residential development, located at S. E. Corner of the intersection of 40th and Old Cheney Road, Lincoln, Lancaster, Nebraska. (See attached plat).

Previous contract calls for sale of lots to CSI at \$10,000 per lot. This is a new development that has just been opened. Had sold 5 lots prior to Commonwealth Savings Company closing.

n.r.t

Appraisers estimated that 10,000 per lot was fair market value. CSI presently has 2 or 3 pre-sold homes and more possible if Receiver will honor previous contract and sell lots at this price.

SUGGEST court approval to sell these lots at \$10,000 in view of pending sales and believe this is fair market value per agreement (See attached).

4. 1052 North Lakeshore - This home is located on leased land at the North shore of Capitol Beach, Lincoln, Nebraska. Commonwealth Savings Company had accepted an offer on this home prior to closing. The accepted offer was for \$105,000.00 which represented \$75,000 on behalf of Commonwealth Savings Company and \$30,000 on behalf of Capitol Beach, who owns the lot.

Buyer is still receptive to consumating this sale and is aware the Receiver for Commonwealth Savings Company can only accept or reject offers on the house itself and has no control over the lot owned by Capitol Beach. On this basis, the Buyer has submitted a revised purchase offer for \$75,000.00 for the home, contingent upon his ability to negotiate purchase of the lot from Capitol Beach.

SUGGESTION: Recommend we accept this offer - believe this to be a very good price for the home, especially since we do not own the land the house sets on.

NOTE: Am aware that Dorothy Gartner, previous employee of Commonwealth Savings Company, sold the home originally to this Buyer and had a commission arrangement with S. E. Copple for this sale. Do not know the details of the real estate commission arrangements she had, however, legally we may be obligated to pay a commission on this sale.

I, William N. Stevenson, previously employed by Commonwealth Savings Company for seven years and presently employed for the Department of Banking, have made the above comments and recommendations based on my working knowledge of the properties and the fair market values placed on them by the valuation committee. I am not a licensed Real Estate Appraiser, however, based on the information available to me, I believe it to be in the best interest of the Depositors that we accept all of the above Offers to Purchase.

William N. Stevenson 12-21-83

William N. Stevenson
Employee for Dept. of Banking, Receiver
for the Insolvent Commonwealth Savings
Company

Exhibit C

Sale #1

Legal Description: Lot One (1), Irregular Tracts in the Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty-six (26), Township Twelve (12) North, Range Five (5) East, Lancaster County, Nebraska.

Street Address: Rural Property known as "Raymond Acreage"
Located 2 miles North and 1 mile West of the town of
Raymond, Nebraska in Lancaster County, Nebraska

Description of Property: Rural 2 acre plot containing an old
house converted to a 2 bedroom single
family home

Buyer: Tommie L. Ward and Linda K. Ward

Purchase Price: \$26,000.00

Exhibit C

SALE #2

Legal: Lot 9, Block 1, Coddington Mill Replat, Lincoln, Lancaster County, Nebraska; Lot 67, Block 4, Coddington Mill Replat, Lincoln, Lancaster County, Nebraska

Above 2 lots pending sale, however, need approval to sell all lots in this development for this price.

Street Address: Coddington & West "A" Streets

Description of Property: Residential Building Lots

Buyer: Countryside Homes of Lincoln, Inc. Countryside Homes is developing this area and will continue to have sales from time to time to general public.

Purchase Price: \$12,000.00 Each

Exhibit C

Sale #3

Legal: Various lots in Stettinger Addition, Lincoln, Lancaster County, Nebraska.

Street Address: Located at SE corner of intersection of 40th & Old Cheney Road. Various lots.

Description of Property: Single family developed building lots

Buyer: Construction Sciences, Inc. CSI building homes on these lots and selling to general public.

Purchase Price: \$10,000

Exhibit C

Sale #4

Legal: Lot 105, Block 2, Capitol Beach North, Lincoln, Lancaster,
County, Nebraska

Street Address: 1052 North Lakeshore Drive

Description of Property: 3 bedroom home

Buyer: Lynn D. Larson and Joan L. Larson

Purchase Price: \$75,000.00

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

IN THE MATTER OF
COMMONWEALTH SAVINGS
COMPANY, Insolvent

) Docket 376 Page 183
)
) ORDER APPROVING THE SALE
) OF PROPERTY
)
)

CLERK'S OFFICE, DISTRICT COURT
LANCASTER COUNTY, NEBRASKA
FILED
DEC 23 1983

Now on this 23rd day of December, 1983, this matter came on for

Clerk District Court

hearing before this Court upon the application of the Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company, for an order approving the sale of certain properties described in a List of Properties marked Exhibit A in the application, the Court, being fully advised in the premises finds as follows:

1. That the Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company, has the authority to sell property subject to approval of the District Court of Lancaster County, pursuant to Neb. Rev. Stat. 8-1,104 (Reissued 1977);
2. That it is necessary for the Receiver to sell its assets in order to make the company liquid so distributions may be made to creditors;
3. That the sales price for the properties set forth in the application, List of Properties marked Exhibit A, the Affidavit marked Exhibit B and described in the List of Properties attached to this order marked Exhibit C, are adequate sales prices for the properties described in the application;

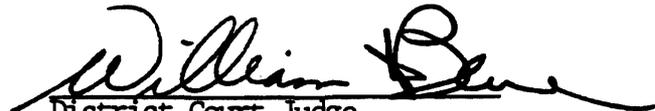
WHEREFORE IT IS ORDERED, ADJUDGED, AND DECREED, that the Nebraska Department of Banking and Finance of the State of Nebraska, Receiver for Commonwealth Savings Company, is authorized to sell the properties described and at the prices set forth in application and the attached List of Properties marked Exhibit A.

IT IS SO ORDERED.

Dated this 23rd day of December, 1983.

NET

BY THE COURT:


District Court Judge

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

IN THE MATTER OF
COMMONWEALTH SAVINGS
COMPANY, Insolvent

Clerk District Court

) Docket 376 Page 183

) APPLICATION FOR ORDER

COMES NOW the Department of Banking and Finance of the State of Nebraska,
Receiver for Commonwealth Savings Company by and through its attorneys, and
alleges as follows:

1. That the Department of Banking and Finance of the State of Nebraska,
Receiver for Commonwealth Savings Company, has the authority to sell property
of the Receiver subject to the approval of the District Court of Lancaster
County, pursuant to Neb. Rev. Stat. 8-1,104 (Reissued 1977);

2. That the Receiver desires to sell as much of the Receiver's property
as possible in order to make the Receiver's assets liquid for the purposes of
distribution to creditors;

3. That the Receiver has received offers to purchase certain properties
described in the attached List of Properties marked Exhibit A and Affidavit
marked Exhibit B.

WHEREFORE, the Department of Banking and Finance of the State of Nebraska,
Receiver for Commonwealth Savings Company, prays this court for an order approving
the sale of the properties described in the attached List of Properties marked
Exhibit A.

Dated this 4th day of January, 1984.

MICRO FILMED

DATE JAN 4 '84

CLERK DISTRICT COURT

NEBRASKA DEPARTMENT OF BANKING
AND FINANCE

By: Barry K. Lake

Barry K. Lake
Assistant Director and Legal Counsel
P. O. Box 83049
Lincoln, Nebraska 68501
Telephone (402) 475-7803
Its Attorney

(8)

CRT

Exhibit A

CODDINGTON MILL REPLAT, LLCN

BLOCK 1

Lots 1, 3, 5, 7, 9, 10

BLOCK 2

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9

BLOCK 3

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 & 18

BLOCK 4

Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19,
20, 21, 22, 23, 24, 25, 26, 27, 30, 32, 33, 34, 35, 36, 37, 38, 39, 40,
41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58,
59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76,
77, 78, 79, 80, 81, 82, 83, & 84

CODDINGTON MILL 1st ADDITION, LLCN

BLOCK 1

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 & 18

Street Address: Coddington & West "A" Streets

Description of Property: Residential Building Lots

Purchase Price: \$12,000.00 each.

STETTINGER ADDITION, LLCN

BLOCK 1

Lot 12

BLOCK 2

Lots 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 & 20

BLOCK 3

Lots 10, 11, 12, 13, 14, 15 & 16

BLOCK 4

Lots 22, 26, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 & 51

BLOCK 5

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 & 17

BLOCK 6

Lots 1, 2 & 3

Street Address: S.E. Corner of intersection of 40th & Old Cheney Road

Description of Property: Residential Building Lots

Purchase Price: \$10,000.00 each.

REQUEST FOR COURT APPROVAL TO SELL REAL ESTATE

The following is a list of properties which Commonwealth Savings Company has made application to the District Court of Lancaster County for approval to sell:

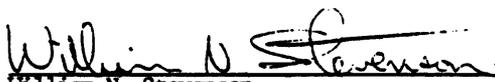
1. Lots in Coddington Mill Replat - \$12,000.00 ea. Double-wide mobile home subdivision located at Coddington and West A Streets. (See attached plat)

Commonwealth Savings Company presently has approximately 132 lots in this subdivision for sale, 50 of which are lakefront lots and 82 standard lots. Commonwealth Savings Company previously had verbal contract with Countryside Homes to sell these lots for \$12,000 off water - \$17,000 on water. Had previously only sold two off the water and none on the water. There are no written appraisals. A valuation team composed of qualified appraisers, prepared a consultation report which estimated if we averaged \$12,000 would be most probable sale price. SUGGEST we accept \$12,000 each and give them and other builders approval to continue selling at this price per agreement.

2. Lots in Stettinger Addition - \$10,000.00. Single family residential development, located at S.E. Corner of the intersection of 40th and Old Cheney Road, Lincoln, Lancaster, Nebraska. (See attached plat for developed portion).

Commonwealth Savings Company presently has approximately 64 lots in the developed portion in this subdivision. Previous contract calls for sale of lots to CSI at \$10,000 per lot. This is a new development that has just been opened. Had sold 5 lots prior to Commonwealth Savings Company closing. There are no written appraisals. A valuation team composed of qualified appraisers, prepared a consultation report which estimated that \$10,000 per lot was fair market value. CSI presently has 2 or 3 pre-sold homes and more possible if Receiver will honor previous contract and sell lots at this price. SUGGEST court approval to sell these lots at \$10,000 in view of pending sales and believe this is fair market value per agreement (See attached).

I, William N. Stevenson, previously employed by Commonwealth Savings Company for seven years and presently employed for the Department of Banking, have made the above comments and recommendations based on my working knowledge of the properties and the fair market values placed on them by the valuation committee. I am not a licensed Real Estate Appraiser, however, based on the information available to me, I believe it to be in the best interest of the Certificate of Indebtedness holders that we accept all of the above Offers to Purchase.


William N. Stevenson
Employee for Dept. of Banking, Receiver
for the Insolvent Commonwealth Savings
Company

CONSULTATION REPORT

Location: Cottington and West "A" Street
Lincoln, Nebraska

This subdivision is approved for modular home construction. There are several modular homes under construction at this time.

There are 129 vacant developed lots in this addition. We are told that improvements i.e. sewer, water, gas, paving and underground wiring were paid as installation took place.

Lots have been selling for \$12,000. including all lot improvement costs.

Current market value: \$12,000. per lot x 129 lots = \$1,548,000.

We anticipate annual lot sales would range from 12 to 20 lots per year. It will take five to ten years to market all of these lots.

The appraisers have no knowledge regarding outstanding obligations against these properties. Also do not have any knowledge regarding current ownership. These matters will need to be determined by an actual title search covering the specific lots involved.

CONSULTATION REPORT

STETTINGER SOUTH ADDITION:

Stettinger South Addition is located near 40th & Old Cheney Road. This is considered to be an excellent location in a growing section of Lincoln, Nebraska. There are several other housing developments in the immediate area.

Number of Developed Lots:

(Lots are improved with paving, water, sewer, gas and underground wiring)

Lot 12, Block 1	1	Developed Lot
Block 2	11	" "
Block 3	7	" "
Block 4	25	" "
Block 5	17	" "
Block 6	3	" "

There appear to be sixty-four (64) developed lots available for sale in this addition. Lots are currently being marketed to LANDCO for \$10,000. per lot. There is a modest amount of construction activity in this addition at this time.

Under stronger market conditions, these lots should sell for \$12,000. to \$13,000. per lot with all improvements in place and included in sale price.

These lots are valued at \$10,000. per lot and have a current market value of -

\$640,000.

Marketing time for these lots will probably take three to four years covering a complete sell out.

It is our understanding that all improvements were paid when installed. There are some small pioneer water main assessments against these lots; however, each lot assessment appears to be less than \$100. per lot on average.

UNDEVELOPED LOTS:

There are sixty-two (62) undeveloped lots in this addition. Land value for each undeveloped lot is estimated to be \$1,500. per lot.

Total value 62 undeveloped lots say \$95,000.

There are water assessments against these lots which may wash out the land's current value. Some of these pioneer water main assessments represent substantial dollars.

There is also approximately twenty-seven (27) acres of undeveloped land adjacent to this subdivision. We have not placed a value on this land. Current value per acre would probably be \$5,000. to \$6,000. per acre.

The appraisers have no knowledge regarding outstanding obligations against these properties. Also do not have any knowledge regarding current ownership. These matters will need to be determined by an actual title search covering the properties involved