

MFB Financial (formerly Mishawaka Federal Savings Bank)

Founded: 1889

Location: John Tromp Pharmacy storeroom (100 block Lincoln Way West) (1889–ca. 1904); North Main Street (Masonic Temple Building) (1904–14); 109–111 South Church Street (1914–20); 115 South Church Street (1928–61); 121 South Church Street (1961–)

On 7 January 1889 a number of prominent citizens gathered to form the Mishawaka Building and Loan Association, selecting Albert Gaylor as president, William H. Judkins as secretary, and D. O. Fonda as treasurer. With a capital stock of \$500,000, the fifty-one initial investors were certain that success would soon follow. Total assets at the end of the first fiscal year reached \$3,580. From the beginning of the company's history, throughout its development, and into the 1990s, it concentrated on mortgage loans for single-family dwellings, a conservative policy that saw it through many recessions, panics, and the Great Depression. The very first mortgage was given to William H. and Nora E. Burkhart on 19 August 1889 and was valued at \$400.

Gaylor, a Carlisle College graduate, was the county's foremost wood pulp manufacturer and a well-respected trustee for the city of Mishawaka. He served as the postmaster of the city in the 1890s and helped to organize the community's public utility company in 1903. As with many business people in the late nineteenth century, not only was he heavily involved in the economic side of his home city, but he was also a force in the social organizations of the area.

At the beginning of the twentieth century Charles W. Slick became the building and loan's president, replaced before World War I by Thomas J. Deffenbaugh. Between 1900 and 1914 assets at the thrift grew from \$30,452 to \$105,651. Total membership in

the same period climbed from about 132 people to 258 investors and borrowers. Money was loaned to prospective home owners at the annual rate of 6 percent.

J. Alex McMichael was selected as the manager and secretary in March 1899 after Judkins had to step down because of ill health. McMichael remained with the thrift into the late 1920s and helped to shape many of the early policies of the financial institution. In 1928 the building and loan erected a \$15,000 building that was to serve the institution for the next thirty-three years. At the time it was described as “finished in buff brick, . . . not pretentious but . . . attractive”—a suitable home for a concern that prided itself on its careful and modestly successful ways. By 1929 the conservative policies adopted by the thrift’s managers had allowed its total assets to climb to more than \$718,000.

In September 1931, during the depths of the Great Depression, Fred J. Hums became the thrift’s secretary-treasurer. Previously he had worked for the Schindler Insurance Company. When he took over the savings and loan, its assets topped \$622,000. Otto E. Lang served as president during those tough years in the 1930s, while Alton S. Winey served as vice president. Lang had come to Mishawaka in 1886 to start a hardware business. He eventually became the township trustee for a number of years and a leader in various social organizations. The assets at the thrift shrank to \$591,962 by the end of 1933.

Assets and the number of loans given climbed during the 1940s, 1950s, and 1960s as the post World War II economy produced a building boom. During that period savings and loans, because they could loan out a higher percentage of their total assets than banks, could generally give their investors a higher rate of return. In 1966 the Mishawaka Building and Loan changed from a state chartered institution to a federal

savings and loan, necessitating a name change to the Mishawaka Mutual Federal Savings and Loan.

New opportunities and changes became the hallmark of the institution after 1970. In its eighty-fifth year the thrift started construction on its first branch office on the corner of McKinley Avenue and Liberty Drive and launched a series of celebrations connected with its birthday. By that date assets had reached \$40 million, and Thomas F. Hums presided over the thrift. A year later Marian K. Torian, the first woman to be appointed to the board of directors, took her seat at a quarterly meeting. During the 1980s the thrift—like so many other financial institutions trying to cope with the new banking laws allowing cross county and out-of-state banking—created a one-institution holding company, MFB Corporation, to take advantage of the latitude allowed to bank holding companies by the new laws. Also during the 1980s the thrift tried to offer new services to customers in niche groups. In 1981 the financial institution began offering a travel club, the Mishawaka Federal Breakfast Club. The club was specifically tailored to those over fifty-five and attempted not only to provide travel destinations but also to answer banking questions and provide a place to socialize.

Thomas Hums entered banking unintentionally. He had graduated from Purdue University with a degree in chemical engineering and had worked for a large chemical company before joining the United States Navy. During his tenure the thrift grew from \$6.5 million in assets to \$185 million. The number of staff increased from six in 1957 to fifty-five in 1996. It was also during his time in office that the savings and loan changed its name to Mishawaka Federal Savings and began to cooperate with the new regulations imposed on thrifts after the savings and loan crisis of the late 1980s and early 1990s.

In 1994 Mishawaka Federal Savings became a publicly owned institution, moving away from a mutual ownership society. Hums remained as president for one year during the transition. By 1994 the thrift had four offices in Mishawaka and South Bend and \$168 million in assets.

In 1995, after thirty-five years of service and twenty-three years as president, Hums stepped down, and the institution welcomed Charles Viater as its chief executive officer. Viater was new to the area, having been the chief financial officer of Amity Bancshares and the executive vice president of Amity Federal Savings of Tinley Park, Illinois. After the thrift became publicly owned in 1994, it stopped concentrating on single-family home loans, branching out to offer services traditionally provided by banks and credit unions. By 1996 the former savings and loan offered automatic teller machines, a debit card program, and bank by phone services. It also began to offer consumer, home equity, and commercial loans.

In November 1996 the former thrift changed its name to MFB Financial so that its name would not be “geographically limiting.” In 1999 it was the oldest financial institution headquartered in Mishawaka. Through its subsidiary, Mishawaka Financial Services, Inc., the bank sold life, fire, car, home, and accident insurance. Business was conducted from five offices throughout northern Indiana, and the bank’s total assets stood at \$337 million.