

Mid-Southern Savings Bank

Founded: 1886

Location: 56 Public Square, Salem (1886–1980); 300 North Water Street (1980–)

Robert Morris, Havilla C. Hobbs, and ten other investors founded the Salem Building Loan Fund & Savings Association in April 1886 to provide financing for the building of homes in the Salem area. Morris acted as its first president, but Hobbs became the chief executive shortly after the association's opening. Hobbs had grown up in Iowa, and after attending several medical schools he settled in Washington County. He guided the thrift for its first sixteen years without compensation and was active in both the financial and civic organizations of the community.

Managers oversaw the daily affairs of the thrift into the mid-twentieth century. James G. Berkey, the third secretary of the savings and loan, acted as not only the manager but also as the attorney for the financial institution. He joined the institution in 1914 and led it longer than anyone else. Under his careful guidance, the thrift grew steadily year after year. The building and loan and his law practice shared office space, a convenience since he was the only employee for much of its early history.

A Salem native, Berkey graduated from Hiram College and the University of Michigan Law School. He began his career with the thrift in 1914. At first the position of secretary was part-time. Berkey collected payments from depositors and borrowers on Saturdays and continued to practice law privately until after World War II. He remained as manager for the savings and loan until his death in 1961.

In 1919 total assets at the thrift amounted to \$108,208. The 1920s, however, proved to be a boom period for home building, and hence for mortgage loans and the

Salem savings and loan. On the eve of the Great Depression, assets had more than quadrupled from that of a decade before. Though growth at the thrift slowed during the economic slump of the 1930s and early 1940s, after World War II, as the American economy soared, so did the fortunes of the Salem building and loan. By 1963 assets reached more than \$6.2 million, and the post of manager required more than part-time attention.

After Berkey's death, Charles McClintock assumed the position of secretary. In 1964 the thrift changed its name to the Salem Savings & Loan Association. As the firm grew, the bureaucracy became more complicated, and by the late 1960s the president became the primary individual responsible for the daily affairs of the office. By 1975 President McClintock oversaw more than \$12.6 million in loans and \$16 million in assets. McClintock retired in 1979, and William L. Thompson ascended to the presidency.

A year later the thrift moved to North Water Street, its first move off the public square since its founding, to the former site of Salem High School. The institution's board of directors wanted to capture some of the spirit of the school and voted to construct the new building out of as much of the old Salem High School brick as possible. The board also included in the new building several marble and limestone plaques that had been placed in the school over the years. Also in 1980 a branch opened in Paoli, and hours were expanded to include a half day on Saturday. In 1981 the firm's name changed to Mid-Southern Federal Savings & Loan Association after it embraced a federal charter. By the end of Thompson's tenure in the late 1980s, assets topped \$40 million.

Paul G. Allemeier became the president of the thrift at a difficult time. The late 1980s witnessed the largest banking crisis since the Great Depression, with most of the problems focused on savings and loan institutions. Under Thompson and Allemeier the thrift exchanged its charter for that of a bank, which tightened some loan requirements. The new name of the corporation became the Mid-Southern Savings Bank, FSB. Shortly after the change of status in 1988, somewhat ironically, Mid-Southern became the only bank in town still based in Indiana, a fact it promoted in its advertising in the late 1990s. By the end of the 1990s the bank offered an array of services, including traditional mortgage loans, ATMs, credit cards, individual retirement accounts, and business loans.

On the eve of the twenty-first century the firm employed fourteen people and had assets totaling more than \$66 million. Its headquarters remained in Salem, and Allemeier continued to serve as president and chief executive officer.