

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1999-03-26** | Period of Report: **1998-09-30**  
SEC Accession No. **0000731162-99-000003**

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FILER

**NORWEST MORTGAGE CONVENTIONAL 1 INC**

CIK: **731162** | IRS No.: **411462646** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q/A** | Act: **34** | File No.: **000-11281** | Film No.: **99573829**  
SIC: **6153** Short-term business credit institutions

Mailing Address  
405 SW FIFTH ST  
DES MOINES IA 50309

Business Address  
405 SW FIFTH ST  
DES MOINES IA 50309  
5152376000

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.

20549

FORM 10-Q

Quarterly Report Pursuant to Section  
13 or 15(d) of  
of 1934  
the Securities Exchange Act

For the quarter ended September 30, 1998 Commission  
file number 0-11281

NORWEST CONVENTIONAL 1, INC.  
(Exact name of registrant as  
specified in its charter)

Delaware  
1462646  
(State or other jurisdiction of  
Employer Identification No.)  
incorporation or organization)

41-  
(I.R.S.)

405 S.W. Fifth Street, Des Moines, Iowa  
50328  
(Address of principal executive offices)  
(Zip code)

Registrant's telephone number, including area code  
(515) 221-7300

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN  
GENERAL INSTRUCTION H(1) (a) AND (b) OF FORM 10-Q AND  
IS THEREFORE FILING THIS FORM WITH THE REDUCED  
DISCLOSURE FORMAT.

Indicate by check mark whether the registrant (1)  
has filed all reports required to be filed by  
Section 13 or 15(d) of the Securities Exchange Act  
of 1934 during the preceding 12 months (or for such  
shorter period that the registrant was required to  
file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes  
X No .

On November 12, 1998, 1,000 shares of the registrant's common stock were outstanding. All common stock of registrant is held by an affiliate.

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## PART I -- FINANCIAL INFORMATION

### Item 1. Financial Statements.

The following statements of the Company are included herein:

1. Balance Sheets - September 30, 1998 and December 31, 1997.
2. Statements of Operations - For the quarters ended September 30, 1998 and 1997.
3. Statements of Operations - For the nine months ended September 30, 1998 and 1997.
4. Statements of Stockholder's Equity - For the nine months ended September 30, 1998, and September 30, 1997, and for the three months ended December 31, 1997.

The financial information for the interim periods is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations have been included. The results of operations for an interim period are not necessarily indicative of the results that may be

expected for a full year or any other interim period.

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NORWEST MORTGAGE  
CONVENTIONAL 1, INC. (a wholly-owned subsidiary  
of Norwest Mortgage, Inc.)

BALANCE SHEETS

UNAUDITED

September  
30, 1998 and December 31, 1997

September 30, Assets 1997	December 31, 1998
---------------------------------	----------------------

Note receivable from parent	\$ 4,220
\$ 4,220	
Money market investment, at cost	47,866

45,879	
Investment securities, at cost	169,605
169,605	
Due from parent company	6,488
8,475	
Total assets	
\$228,179	\$228,179
Stockholder's Equity	
Common stock, \$1 par value:	
1,000 shares authorized, issued	
and outstanding	\$
1,000	\$ 1,000
Additional paid-in capital	227,179
227,179	
Total stockholder's equity	\$228,179
\$228,179	

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NORWEST MORTGAGE CONVENTIONAL

1, INC.

(a wholly-owned subsidiary of  
Norwest Mortgage, Inc.)

STATEMENTS OF

OPERATIONS

UNAUDITED

For the quarters ended  
September 30, 1998 and 1997

1998	1997	
Income:		
Other interest income		\$ 206
\$ --		
Total income		
206	--	
Operating expenses:		
Parent company management fee		--
--		
Other operating expenses		206
--		
Total operating expenses		206
--		
Net income before income taxes		--
--		
Provision for income taxes		-
-	--	
Net income		
\$ --	\$ --	

NORWEST MORTGAGE CONVENTIONAL 1,  
INC.

(a wholly-owned subsidiary of  
Norwest Mortgage, Inc.)

STATEMENTS OF  
OPERATIONS

UNAUDITED

For the nine months ended September  
30,1998 and 1997

1998	1997	
Income:		
Other interest income		\$
1,987	\$ --	
Total income		
1,987	--	
Operating expenses:		
Parent company management fee		--
--		
Other operating expenses		
1,987	--	
Total operating expenses		
1,987	--	
Net income before income taxes		--
--		
Provision for income taxes		--
--		
Net income		\$
--	\$ --	

NORWEST MORTGAGE CONVENTIONAL 1,  
 INC.  
 (a wholly-owned subsidiary of  
 Norwest Mortgage, Inc.)

STATEMENTS OF STOCKHOLDER'S EQUITY  
 UNAUDITED

For the nine months ended September 30, 1998 and  
 September 30, 1997,  
 and December 31,  
 1997

Additional Retained Capital	Earnings	Total	Common Stock	Paid in
Balance, December 31, - 228,179 1996		\$ 1,000	\$227,179	-
Net income --		--	--	--
Balance, September 30, \$228,179 1997		\$ 1,000	\$227,179	--

Net income			--
--	--	--	
Balance, December 31,			
1997		\$ 1,000	\$227,179
--	\$228,179		
Net income			--
--	--	--	
Balance, September 30,	\$ 1,000	\$227,179	-
-	\$228,179		
	1998		

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Item 2. Management's Discussion and Analysis of  
Financial Condition and  
Results of Operations.

The following narrative by management of the Company's results of operations is provided in accordance with General Instruction (H) (2) (a) of Form 10-Q.

Norwest Mortgage Conventional 1, Inc. (the Company), a wholly-owned subsidiary of Norwest Mortgage, Inc. (the parent company) which is a wholly-owned subsidiary of Norwest Nova, Inc., was incorporated on October 20, 1983, under the laws of the State of Delaware. The Company was organized to issue and sell one series of obligations, consisting of four classes, collateralized by fully

modified, pass-through, mortgage-backed certificates guaranteed as to principal and interest by the Government National Mortgage Association, and does not intend to engage in any other business activities except activities incidental and necessary to the foregoing.

The Company had no net income for the quarter and nine months ended September 30, 1998 and 1997. The management contract is structured so that all available income of the Company shall be paid to the parent company as compensation for management services, reimbursement for certain expenses, and as additional purchase price of the pass-through certificates purchased from the parent company. As a result of the terms of the management contract, it is anticipated that the Company will have no net income for a number of subsequent years.

#### Year 2000 Readiness Disclosure

The Company is aware of the issues associated with the programming code in existing computer systems as the millennium (year 2000) approaches. The "year 2000 problem" is pervasive and complex; virtually every computer operation will be affected in some way by the rollover of the two-digit year value to 00. The issue is whether computer systems will properly recognize date-sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data, fail or cause another system to fail. "Systems" include all hardware, networks, system and application software, commercial "off-the-shelf" software, data and voice communication devices, and embedded technology such as date-impacted processors in automated systems such as elevators, telephone systems, security systems, vault systems, heating and cooling systems and others.

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The Company's year 2000 readiness projects are divided into four phases:

Phase I: comprehensive assessment and inventory of

Systems intended to determine year 2000 vulnerability and risk;

Phase II: date detection on Systems intended to determine which Systems must be remediated and which Systems are compliant and require testing only; determination of required resources and costs; and the development of schedules and high-level testing plans for the repair, replacement and/or retirement of Systems that are not determined to be year 2000 compliant;

Phase III: repair, replacement and/or retirement of Systems that are not determined to be year 2000 compliant; conduct testing of individual Systems; and plan the integration testing for those Systems that have interfaces with other Systems both internal and external to the company, such as those of customers and suppliers; and

Phase IV: integration testing of applicable Systems to validate that interfaces with other Systems are year 2000 compliant; and the development of contingency plans, such as plans to recover operations and alternatives to mitigate the effects of counterparties whose own failure to properly address year 2000 issues may adversely impact their ability to perform certain functions.

The Company in respect to the year 2000 project: (i) has substantially completed Phases I and II; (ii) anticipates Phase III will be substantially complete by December 31, 1998; and (iii) anticipates Phase IV will be substantially complete by June 30, 1999.

The cost to address the Company's year 2000 projects are included as part of the management contract with its parent company.

In the event year 2000 problems arise out of a failure of the efforts described above any resulting disruptions could adversely affect the business operations.

PART II -- OTHER

INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

Omitted pursuant to General Instruction  
(H) (2) (b) of Form  
10-Q.

Item 3. Defaults Upon Senior Securities.

Omitted pursuant to General Instruction  
(H) (2) (b) of Form  
10-Q.

Item 4. Submission of Matters to a Vote of Security  
Holders.

Omitted pursuant to General Instruction  
(H) (2) (b) of Form 10-Q.

Item 5. Other Information.

Omitted pursuant to General Instruction  
(H) (2) (b) of Form 10-Q.

Item 6. Exhibits and Reports on Form 8-K.

(a) None.

(b) None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Norwest Mortgage Conventional 1, Inc.

Dated: November 13, 1998

Robert K. Chapman

Chief Financial Officer

(Principal Accounting and

Financial Officer)

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