

# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

**BANK OF NEW ORLEANS OPENS DOWNTOWN OFFICE** (see page 36)

**NOVEMBER, 1971**



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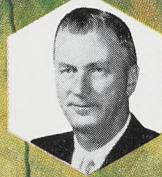
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## Commerce Bancshares Files Application for Bank In Downtown St. Louis

A charter application for a new bank in the financial district of downtown St. Louis has been submitted to the Comptroller of the Currency by Commerce Bancshares, Inc., Kansas City multi-bank holding company.

Legal name of the bank will be Commerce Bank of St. Louis, N.A. The location, according to the charter application, will be within a quarter of a mile of the intersection of Sixth and Olive streets. This area will put the new bank in close proximity with most downtown St. Louis banks. As of press time, no definite location had been decided upon.

James Kemper Jr. will be chairman of the bank. Staffing will be provided primarily by Commerce Bancshare's St. Louis area affiliates.

Initial capitalization is expected to be \$5 million and opening date is said to be anytime up to a year, depending on when the application is approved.

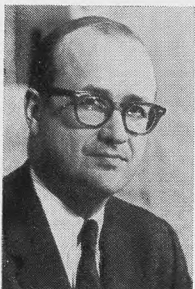
In outlining plans for the new bank, Mr. Kemper has said that it will not mean simply another bank servicing personal business, "but a major bank offering substantial lines to major businesses and specialized loan services to smaller businesses wishing closer attention to their needs and requirements than they might possibly have at larger institutions."

## Miller Named Chairman of Commerce Bank, K. C.; Kemper Gets New Post

KANSAS CITY—P. V. Miller Jr. has been elected chairman of the board of Commerce Bank of Kansas City. He succeeded James M. Kemper Jr., who became chairman of the executive committee. The latter is a newly created post. Charles W. Battey continues as president.

Mr. Miller was president of the bank

(Continued on page 115)



KEMPER



MILLER

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# MID-CONTINENT BANKER

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# THE BANKING SCENE



By Dr. Lewis E. Davids  
Hill Professor of Bank Management  
University of Missouri

## Outlook on Holder-in-Due-Course Doctrine

ONE OF the keystones of American banking—at least at the consumer level—is the holder-in-due-course doctrine. As defined in the Uniform Negotiable Instruments Act, a holder in due course is a holder who has taken the instrument under the following conditions:

1. That it is complete and regular on its face.
2. That he became a holder of it before it was overdue and without notice that it had been previously dishonored if such was the fact.
3. That he took it in good faith and for value.
4. That at the time it was negotiated to him, he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

How much is involved today?

We find that in late summer there was something in the magnitude of over \$127 billion of consumer credit outstanding. Of this \$127 billion, \$101 billion or \$102 billion was in the form of installment credit.

It is in the area of installment credit where most of the question of holder in due course becomes of issue. Consumer advocates have for years complained about what they believe to be injustice of, for example, a person who has purchased a product that has been warranted and under the common law should perform for a reasonable period of time according to the function for which it was designed, but it does not. When such installment paper representing those products has been bought by third parties such as banks, the banks have, in effect under the holder-in-due-course doctrine, not been liable for enforcing the warranties or performances of the products. It now appears, through proposed federal legislation, that banks will be held to those standards of the warranty of the paper they have purchased.

This is a tremendous expansion in terms of liability and it is appropriate for all purchasers of consumer paper

to consider the implications. The initial reaction, no doubt, will be that it is catastrophic, along the lines of the time-consuming, complex and not very productive so-called Truth-in-Lending legislation. However, there are some interesting possibilities that may emerge from the demise of the holder-in-due-course doctrine. To me the results are going to be completely and diametrically opposite to the goals the consumer proponents seek in trying to do away with the concept.

Specifically, it is generally the poor, the uninformed, the ignorant, the gullible who become victimized by the blue-suede shoe, hard-sell individual who generates the paper that is subject to the greatest abuse, that is, aluminum siding salesmen, dance lesson programs, paper generated by health clubs, building modernization contractors and the like. It is only to a much lesser degree that paper generated by the major appliance and automobile dealer falls into a pattern of real material complaint on warranty. True, there are cases where it does occur. However, in terms of the trade-off between the future and counter-productive cost of the contingent liability and the incidents, there is little question in my mind that finance companies and banks that purchase financial paper of this type will build into their discount structures sufficient areas to safeguard them against foreseeable losses.

But more than that is the interesting possibility, which, so far, very few people seem to have latched on to, of what this may mean in terms of that fascinating area known as the dealer reserve. Stated simply, a dealer reserve is an amount held at a bank by the financial institution based on paper a dealer has generated. It is to take care of such things as delinquencies on full-recourse paper. Under a demise of the holder-in-due-course doctrine, a bank or other financial institution is likely to have more claims against it. In terms of protecting itself, the creditor is go-

ing to insist on a substantial increase in dealer reserves. Thus in terms of the willingness of banks to buy the paper, the discount will go up and the price go down; that is, the price the merchant will receive for his paper. This undoubtedly will be passed on to those who cannot pay cash. We will find that the latter typically are those whom "consumer" legislators attempt to protect by doing away with the holder-in-due-course doctrine.

Because the merchant will not get as much ready cash as he previously did on generating a certain volume of sales, this in turn, will mean that he will be more dependent on outside financing such as floor planning through a bank or other financial intermediary.

Another area where there is likely to be change concerns the requirements banks will impose on dealers—possibly even up through manufacturers. A manufacturer, in effect, will—either through some escrow or warranty or possibly some bonding or insurance program—help alleviate the bank's worries that it may have contingent liability to the ultimate purchaser. What this will do is add an additional layer of expense and counter-productive activity. It should make money for some people who are in the field, say, of the equivalent of credit life insurance or of other similar situations. One other intriguing area to conjecture about is what the doctrine may do to use of credit cards.

In effect, the use of a credit card to purchase a piece of merchandise that is then proved to be defective, as I understand it, would mean the bank itself would become involved in the corrective process. It may be that this type of legislation might encourage banks, in effect, to lend directly to credit card holders in the form of cash advances rather than extend credit through merchants. Of course, this would turn back the clocks on a lot of progressive merchandising techniques that have been developed over the last



six or seven years.

It is interesting to read what has been written on the subject of holder-in-due-course and I would like to quote a few sentences from the National Association of Credit Management's Handbook:

"The holder-in-due-course of a negotiable instrument is favored with a unique position in our law. He is an exception to the general proposition of the law that one cannot take a greater title than his transferer had. The holder-in-due-course may take a greater title than the party transferring the instrument to him possessed. *He becomes the beneficiary of this extraordinary event simply because his position among merchants and credit men demanded it. Without this device the negotiation of bills and notes would become so limited as to render their use of little value.* However, quite apart from this, the holder-in-due-course possesses another advantage under law of negotiable instruments. It should be recognized that the holder-in-due-course takes the instrument free from personal defenses in the maker or subsequent endorsers. He does, however, take the instrument subject to all real defenses. Personal defenses include certain types of fraud, duress, no consideration, conditional delivery, theft of the instrument, illegality which does not render the instrument void. On the other hand, real defenses include fraud in the essence, forgery, alteration, non-delivery of an incomplete instrument, lack of authority of an agent and incompetence such as caused by infancy or insanity."

Another facet to be considered is that already we have an existing body of law covering the doctrine of the holder-in-due-course. If it is superseded by new legislation, another area of uncertainty is injected into the picture and that exists until such time as the courts have ruled on the meaning of the legislation. There is going to be a greater hesitancy on the part of individuals and corporate creditors to become associated with this unknown area of legal liability.

If one seeks a parallelism, it would be fruitful to consider the amendments, interpretations and innumerable modifications that have been associated in the last several years with Truth-in-Lending legislation. Research studies made by the Federal Reserve Board indicate to me that the people whom it was intended to help—that is the poor, the uninformed, the naive—still do not have a fair understanding of the concept of a simple-annual-interest statement.

Thus, in effect, the legislation on Truth-in-Lending has not achieved, in my opinion, the goal of helping those

who have probably needed it and, furthermore, has actually accomplished little in protecting the public as a whole. To the extent that the doctrine of holder-in-due-course is changed, it is quite possible that a similar trend may be noted.

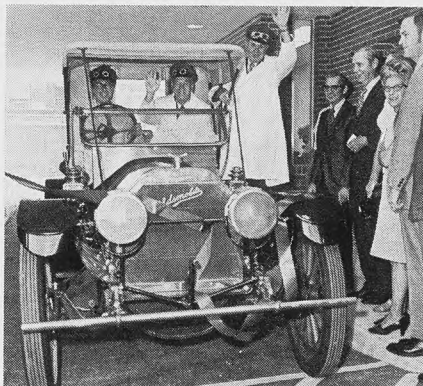
Then one is confronted with the question of who is going to police this very complex area. If we look to the Truth-in-Lending, we find that—contrary to wishes of bank supervisors—they generally wind up with it in their laps.

By the same token, it is likely that bank supervisors—state, federal and national—will be called on to enforce the new doctrine. Thus, we have an erosion of bank supervision from one whose concern is and should be mostly for the solvency of the banking structure to one of policing it on details that may not really be a significant addition to the total economy. The most appropriate consideration of the regulators is the fundamental performance of the banks in a free-enterprise economy.

Lastly, if one looks again to Truth-in-Lending as an overall philosophy of pro-consumerism, it is likely that the consumer paper that is suspect—the paper that has provided legitimate consumer complaints—in effect will no longer be channeled or directed to banks. Quite likely, other financial intermediaries of a less respectable nature will service this market. After all, nature abhors an economic vacuum. But the cost will be much higher than normal bank rates. Thus, the question emerges: Has society really gained? I doubt it. ••

■ NEW YORK—Chase Manhattan has promoted Edmund W. Pease to vice president. He is group manager of the personal trust investment division of Chase's fiduciary investment department.

#### Tower Grove Opens Drive-up



Tower Grove Bank, St. Louis, recently opened a new five-unit drive-up facility. First car through was a 1910 Oldsmobile, driven by owner Gerald Nau and accompanied by Tower Grove President Robert J. Gaddy. On running board is St. Louis comptroller, John Poelker.

# 2

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# Selling Bank Services

## New Business Goals Exceeded by 328% In Campaign at Republic of Dallas

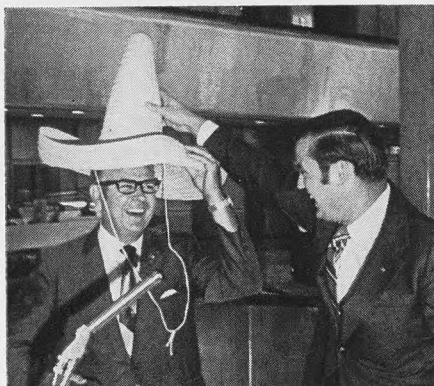
WHEN REPUBLIC National of Dallas held a 14-week, new-business campaign recently, it was aptly named "Reach for the Stars." The project exceeded established goals for new deposits by 328% and the number of new accounts anticipated by 40.6%, according to President James W. Keay.

Initial goals called for \$25 million in new deposits and 8,000 new accounts. When results were tabulated, totals were \$107 million in new deposits and 11,250 new accounts, plus a total of \$177 million in new trust business.

Planning and execution of the campaign were under the direction of D. J. White, assistant vice president and marketing manager of the bank, who engaged the services of the E. F. MacDonald Incentive Co. for implementing the campaign.

The program, taking its "Reach for the Stars" theme from the bank's silver star trademark, enlisted the efforts of 95% of the bank's officers and more than 60% of the 1,400 employees, who actively solicited new business in an intensive, programed calling effort among area customers and prospects.

"At the outset of the campaign," said Mr. White, "we were determined to avoid traditional pitfalls in such drives by establishing an equitable system of



Granville Bridges, a.v.p. in Republic Nat'l of Dallas' metropolitan division, receives straw sombrero from D. J. White, a.v.p. and marketing mgr. Oversized hat was symbol of trip to Mexico won by Mr. Bridges in bank's new business campaign, which brought in \$107 million in new accounts.

awards so that various groups within the bank would be competing on a fair basis."

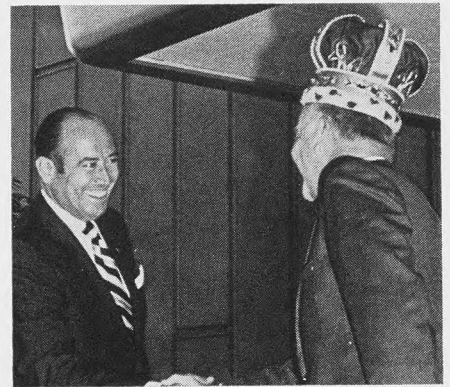
Therefore, credit for new business was awarded in three staff categories: officers, contact employees and non-contact employees. New business entitled staff members to points that were redeemable in the MacDonald firm's catalog of merchandise, ranging from expensive outboard motor boats and furniture to cufflinks and personal jewelry; from major home appliances and camping equipment to neckties and after-shave lotion.

In addition, there were grand awards for both officers and employees. For first place in the officer category, the grand prize was an expense-paid vacation to London. Similar prizes went to top performers in the contact- and non-contact-employee category. Second grand award—won by one person in each of the three categories—was an expense-paid vacation trip to Mexico City. All grand awards were in addition to points earned for purchase of merchandise.

As added incentives, four drawings were held in the main banking room during the campaign for all officers and employees participating, with approximately \$500 worth of free merchandise being awarded to winners in each drawing. Those eligible in the drawings were required to drop into a question box beforehand the correct answers to lists of questions about various banking services.

Also, staff members were assigned to specific teams for the drive, with bonus points going to the winning teams in addition to points awarded for individual effort. Certain days selected by the bank's management were designated "bonus days," with double credit being given for points earned on those days.

Points were credited for securing new business of all types, including checking and saving accounts, CDs and promissory notes, safe deposit box and travelers check sales, Master Charge accounts (both for new merchants and approved individual applications), in-



James D. Berry (l.), vice ch., Republic Nat'l, Dallas, congratulates Walter Brogdon, v.p., metropolitan division, who received "king's" crown as a top prize winner in bank's new business campaign. His award was trip to London.

stallment loans and for various kinds of trust business.

Participants received introductory cards, a team captain's guide, employee handbooks and a catalog of awards. Weekly bulletins prepared in staff campaign headquarters were issued to all officers and employees during the campaign.

Republic's data processing equipment handled detailed accounting for the campaign. Rules and follow-up literature were mailed directly to employees' homes. Checks were issued to employees reflecting total points accumulated; then, EMF mailed merchandise to winners on receipt of validated checks issued during the campaign.

How did employees respond to the campaign? Enthusiastically, said the bank. One non-contact employee pointed out that there are so many more services offered in this campaign. Another non-contact employee in time



Mrs. Mary Walton, one of the winners in Republic Nat'l of Dallas' new business campaign, is crowned by D. J. White, a.v.p. and marketing mgr. at bank and director of 14-week campaign. As one of top winners in program, Mrs. Walton received expense-paid vacation to London. She is secretary in time credit division.



Mrs. Elizabeth Smith was crowned a "queen" in Republic Nat'l of Dallas' new business campaign. As winner of expense-paid trip to London, Mrs. Smith is shown checking points of interest in British capital. Two of her colleagues in new accounts division, Virginia Perego (l.) and Margaret Tresp, look on.

credit reported, "A friend of mine was widowed and asked me how to handle her insurance benefits. I recommended investment in certificates of deposit, a savings account, a safe deposit box and a checking account. I gave similar advice to a friend who had sold some stock.

"Then a man called me on the phone asking about auto loans. I discovered that he had just moved to town. I asked him whether he had moved his checking and savings accounts yet, and he agreed to come in for those services, too."

A customer services employee even turned "moonlighting" to Republic's advantage. This employee helps out in a Chinese restaurant owned by her uncle, and she offered to buy free dinners for any of her friends who would open accounts at the bank during a certain week. The response was tremendous (as the bank learned when a surprising number of Chinese names began to show up on the new-account lists).

Another woman employee, in new accounts, devoted her lunch hours to making business-development calls during the campaign. Once she went to Neiman-Marcus' snack bar and, while there, signed up the cashier for a checking and a savings account, obtained new accounts from four other snack bar employees and also signed up three customers!

This employee's diligence paid off—as a contact employee, she led the field and won a free trip to London.

"Benefits of the campaign—in addition to the obvious point of gaining substantial new-business volume—is the residual overtone of teamwork spirit throughout the bank," said Mr. Keay. "It only proves again what we often say at Republic: Our most valuable asset is the people on our payroll." • •

**MID-CONTINENT BANKER for November, 1971**

# Our securities analysis team hasn't lost for over a decade

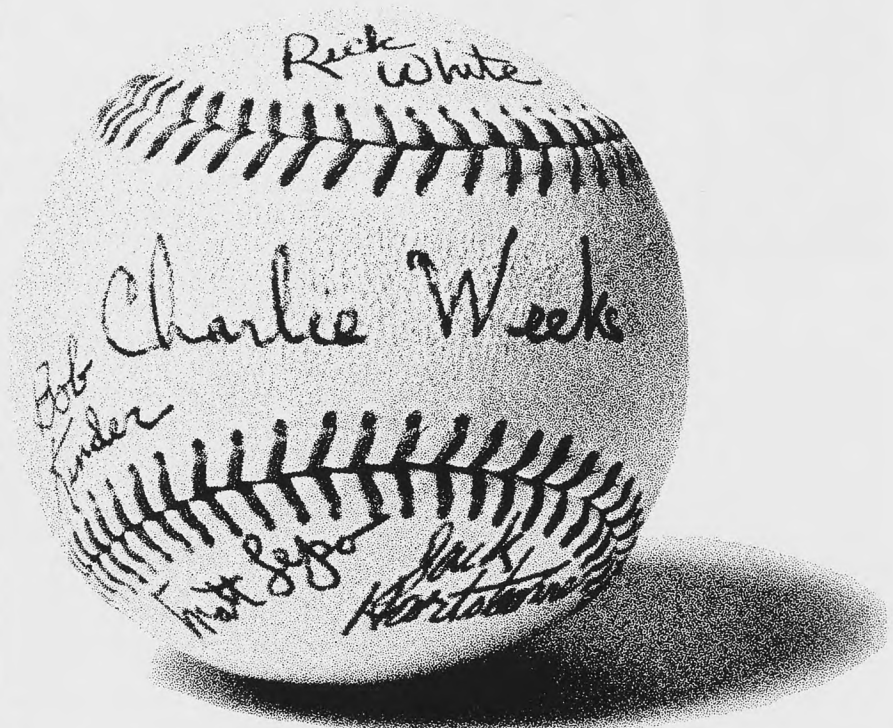
That's probably because we don't believe in playing our games one at a time. Securities analysis, like every other kind of individualized attention we offer in portfolio management, is an in-depth, down-the-road proposition at National Boulevard. We tailor our advice to your present and future needs while strengthening your entire investment program.

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# NEWS OF THE BANKING WORLD

• **Three Alabama banks** recently made 12,000 interest-free loans as a public service to state employees who were caught short because the state legislature adjourned without approving new appropriations, including salaries.

The plan was proposed by Harry B. Brock Jr., president, Central Bank, Birmingham, and was carried out along with First National, Mobile, and First National, Birmingham.

The three banks issued each state employee, instead of a paycheck, an interest-free note. By signing the note and cashing it at any commercial bank, the employee directed the state treasurer to repay the amount of his loan, without interest, when the appropriations are approved by the legislature.

• **Robert F. Hinkley** has joined Franklin National, New York City, as a vice president and will work in the national division. He comes to the bank from Chase Manhattan, where he was in the U. S. department and traveled extensively in the Midwest.

Mr. Hinkley was graduated from Boston College with a degree in economics and did postgraduate work at New York University.



CROCCO



HINKLEY

• **Chase Manhattan Bank**, New York City, has named Bruce A. Crocco, vice president, to head the central states area of the new institutional banking department. This area serves correspondent banks in Arkansas, Illinois, Indiana and Missouri.

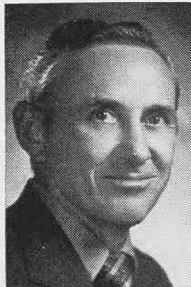
Mr. Crocco has been with the bank since 1963 and has served corporate and correspondent banks in the central and southwest states.

Working with Mr. Crocco will be Alden K. Small, vice president; John P. Lees, Edward E. Stoltzenberg and Joseph F. Going, second vice presi-

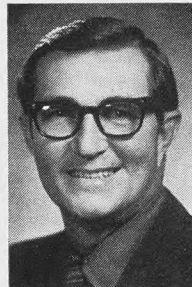
dents; Ernest A. Church and Jay J. LaRusso, assistant treasurers; and William S. Thomas Jr., representative.

• **Deposit Guaranty National**, Jackson, Miss., has promoted Truman W. Ellis and Dewitt Laney to senior vice presidents and Roy L. Horton to EDP auditor.

Mr. Ellis was with Commercial Bank when it merged with Deposit Guaranty in 1953 and is now in charge of the real estate department. Mr. Laney joined the bank while still attending college. He is in charge of the branch administration department. Mr. Horton joined the bank in 1966 and heads the EDP audit area.



ELLIS



LANEY

• **David L. Knapp**, auditor, Citizens National, Evansville, Ind., and Richard D. Mills, auditor and EDP specialist, Harris Trust, Chicago, have been named chartered bank auditors by the Bank Administration Institute.

The title is conferred by the BAI when a candidate successfully completes four written examinations over a period of two to five years, has met minimum eligibility requirements and has subscribed to a code of ethics.

• **Cass Bank**, St. Louis, has received permission from the Missouri Finance Commissioner to change its location to 310 North Tenth Street in the downtown area. An application also has been filed seeking permission to turn present quarters into a drive-in facility.

Pending FDIC approval, the bank will occupy remodeled quarters on the first floor of the Syndicate Trust Building. Completion date for the move is expected to be in July or August of 1972.

In other action, the bank's application for a subsidiary bank—General Grant State—to be located in Marlborough, St. Louis County, was denied.

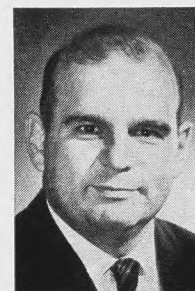
• **Frederick L. Deming**, a general partner of Lazard, Freres & Co., New York City, has been elected president of a new bank holding company. Mr. Deming is a former Under Secretary of the Treasury and former president of the Minneapolis Fed.

The new holding company is Independent Bank Corp. and is the successor to First Interoceanic Corp., a subsidiary of Archer Daniels Midland Co. First Interoceanic owned 87% of the outstanding stock of National City Bank, Minneapolis.

In order to comply with the Bank Holding Company act, Archer Daniels Midland (ADM) plans to distribute the shares of Independent Bank Corp. (IBC) to ADM stockholders. When IBC is separated from ADM, it plans to seek approval from the Fed to become a registered bank holding company.

After the reorganization, First Interoceanic will be a wholly owned subsidiary of IBC and will cease to be a stockholder in the Minneapolis bank.

Mr. Deming began his professional career with the St. Louis Fed. He subsequently served with the Minneapolis Fed and the U. S. Treasury before joining Lazard, Freres & Co.



SALTER



DEMING

• **William S. Salter** has been elected vice president in the international department of First National, St. Louis. He will succeed Hector R. Dominguez as head of the department when Mr. Dominguez retires next March.

Mr. Salter has been with the international department of Bank of America since 1959. He was assistant manager of the bank's branch in Hong Kong from 1966 until July, 1970. He returned to the home office in San Francisco in August, 1970, as assistant vice president.

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# NEWS OF HOLDING COMPANIES

## HC Activity Accelerates in Alabama As Plans Unfold for Three Firms

UNTIL LAST SPRING, Alabama had no multi-bank holding companies. Then, the Fed approved formation of First Alabama Bancshares, Inc., consisting of First National, Montgomery, Exchange Security, Birmingham, and First National, Huntsville. Now two more registered bank HCs are on the horizon, and the state's only one-bank HC, BTNB Corp., is planning to become a multi-bank HC, with Birmingham Trust, First National, Dothan, and Peoples National, Huntsville, as the participants.

*Alabama Bancorp.* is the name of the HC recently approved by First National, Birmingham, First National, Decatur, and American National, Mobile. Its formation is now subject to approval of stockholders of the three banks and the Fed. If approved, the HC will be the largest banking organization in the state, said spokesmen of the three banks, whose resources as of June 30 totaled \$855.4 million.

*Central & State National Corp. of Alabama* last month received Fed approval. Banks involved are Central

Bank, Birmingham, and State National of Alabama, headquartered in Decatur. This firm reportedly will become the third largest banking organization in Alabama.

*BTNB Corp.*, which owns Birmingham Trust, will—if plans are approved—acquire First National, Dothan, and Peoples National, Huntsville. The joining together of the three banks would give the HC bank assets of more than \$500 million.

In other action, *BTNB Corp.* is awaiting Fed approval to acquire Cobbs, Allen & Hall Mortgage Co., Inc., described as the largest institution of its kind in Alabama and currently servicing more than \$670 million in mortgages.

First Alabama Bancshares also is trying to acquire a mortgage banking firm, Real Estate Financing, Inc., Montgomery. This firm currently has outstanding mortgages of more than \$191 million and—in addition to its Montgomery headquarters—has four branches. • •

• **Ronald C. Smith** recently was elected a vice president of United Missouri Bancshares, Inc., Kansas City. He will be in charge of loan administration for the holding company's three member banks in St. Louis—Arnold Savings, Bank of Ferguson and First Security, Kirkwood. He will be headquartered at Arnold Savings.

Mr. Smith joined City National of Kansas City, the holding company's anchor bank, in 1965 as a management trainee. In 1970, he was named assistant cashier and manager of the commercial credit department and in January, 1971, was promoted to assistant vice president.

• **Leon Gary** has been elected a vice president of ICB Corp., New Orleans. He has served as director of Louisiana Department of Highways, mayor of Houma, La., executive assistant to the governor in 1964 and as a representative of the Standard Oil Co. of Louisiana for 30 years.

• **First Union, Inc.**, St. Louis, has elected Lawrence R. Chapman a vice president.

Before joining First Union, Mr. Chapman was a branch manager for IBM Corp. in Pittsburgh. During his 16 years with IBM, he served in a number of marketing and management positions.

• **Union Planters National**, Memphis, has announced plans to form a bank holding company to be known as Union Planters Corp. The bank would become a wholly owned subsidiary of the holding company and would retain present directors and executive management.

The proposal is subject to the approval of the bank's stockholders, Comptroller of the Currency and the Federal Reserve.

• **First Chicago Corp.**, parent company of First National of Chicago, has announced plans to file an application for the listing of its common stock on the New York Stock Exchange, in addition to the present listing on the Midwest Stock Exchange.

• **Boatmen's Bancshares, Inc.**, St. Louis, has received approval from the Federal Reserve to acquire control of Bank of O'Fallon. Acquisition will be accomplished, subject to other regulatory approval, by a cash tender offer to stockholders.

• **Directors** of United Tennessee Bancshares Corp., Memphis, and of First Trust, Paris, Tenn., have reached an agreement in principle for the holding company to acquire the bank. The move is subject to the approval of stockholders and regulatory authorities.

• **Mark Twain Bancshares, Inc.**, St. Louis, has elected Edwin G. Hudspeth and Blair K. Farrell vice presidents.

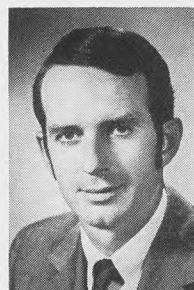
Mr. Hudspeth will serve as chief real estate loan officer. He formerly was executive vice president of General Mortgage Co., before joining Mark Twain. Mr. Farrell, who joined the holding company last June, will head a new department of corporate services including advertising, public relations, financial community relations, purchasing and personnel.



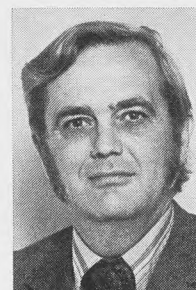
SMITH



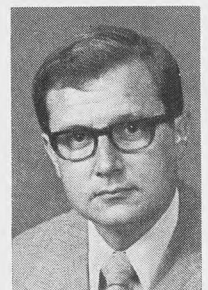
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CHAPMAN



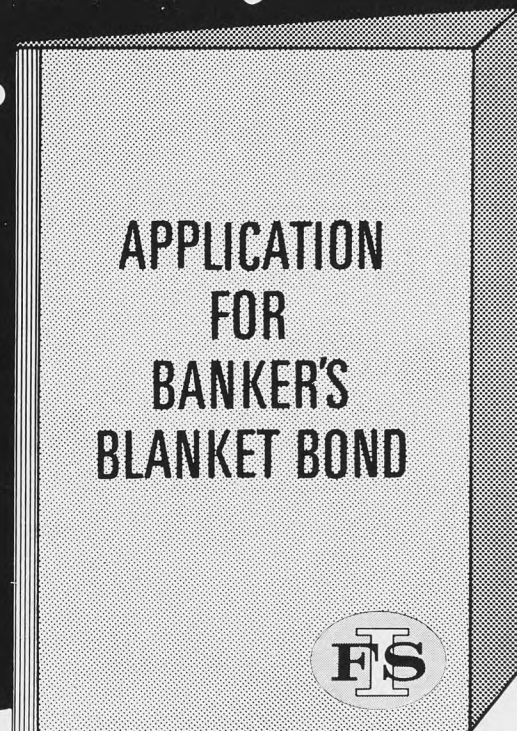
HUDSPETH



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MID-CONTINENT BANKER for November, 1971

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## CORPORATE NEWS ROUNDUP

### News of Firms Serving Banks



**BENGTSON**

• **Mobile Americana Corp.** Wayne F. Bengtson has been named divisional vice president in the indemnity division of Mobile Americana Corp., St. Paul, Minn. He is responsible for the internal operations of the division and

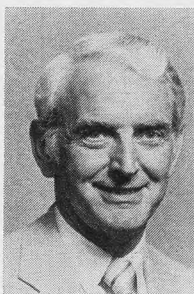
for coordinating activities of the field staff.

Mr. Bengtson joined the firm a year ago and has been serving as director of financial agency services. He formerly was with First National, Fort Dodge, Ia., where he was vice president of the installment loan department.

• **James Talcott, Inc.** Edwin C. Fox has been elected senior vice president of James Talcott, Inc., headquartered in Chicago. He also is executive vice

president of the James Talcott Factors Division and manager of New York Factoring.

Before joining Talcott in 1970, Mr. Fox was a vice president with Manufacturers Hanover Trust, New York City, and was a vice president with L. F. Dommerich & Co., Inc.



**MacDONALD**

• **Mosler Safe Co.** Joseph MacDONALD has been elected vice president-bank sales of Mosler Safe Co., headquartered in Hamilton, O. He assumes full responsibility for the sale of security products to financial institutions on

a national basis.

Mr. MacDONALD joined Mosler in 1955 as a bank sales engineer. He later was appointed district sales manager and most recently was eastern region sales manager.

• **Bank Building Corp.** Robert P. Mellander has joined Bank Building Corp. as a special applications and methods representative for the northern division, headquartered in Chicago.

Before joining Bank Building, Mr. Mellander was a general insurance broker.



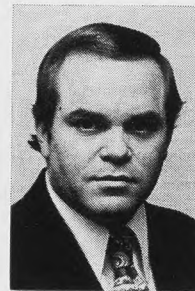
**MELLANDER**

• **McIngvale Associates, Inc.** McIngvale Associates, Inc., Dallas mobile home insurer, has leased 25,000 square feet in the Eastgate Plaza Office Park.

The firm's new location overlooks a landscaped garden area. The exterior of the building has bronze anodized aluminum and bronze solar glass. A public lounge area available to McIngvale employees has a fireplace and vending area.

The firm also has announced plans to open several new offices in early 1972. These new offices will be located in Shreveport, La., Albuquerque, Phoenix, Denver, Reno, Salt Lake City and Los Angeles.

• **Hibbard, O'Connor & Weeks, Inc.** Plans to transfer corporate offices to New York and to open new regional branches in Chicago and Houston have been announced by Hibbard, O'Connor & Weeks, Inc., investment banking firm now headquartered in Memphis. The firm's Fort Lauderdale, Fla., office will become the southeastern regional office.



**OSBORNE**

Mark Osborne, vice president and sales manager, will be general manager of the southwestern regional office in Houston. He also was elected a director of the firm. Other newly elected officers at the Houston office are: Warren G. Wester, vice president and sales manager; William Turner, Byron Jernigan and Charles "Buck" Richards, vice presidents; and Kenneth Streetman, director of training and assistant vice president.

Promoted at the Fort Lauderdale office were: Marion Martin, vice president and general manager; Brian Hughes, vice president and sales manager; Terry Bye, Lucian Gago and Alan Legal, assistant vice presidents; and Mrs. Jeanne Hinds, cashier.

New officers at the Chicago office are: Thomas Manning, vice president and general manager; Stanford Golub, vice president and sales manager; and Henry Posert, Terry Ross and Ronald Turner, assistant vice presidents.

• **Scarborough & Co.** Two Mid-Continent-area appointments and one in Michigan have been announced by Scarborough & Co., Chicago. Richard Benjamin has been designated sales vice president for central Illinois and Ronald Fredriksen sales vice president for metropolitan Chicago and surrounding counties, as well as northern Indiana. Robert Rubendunst was made sales vice president for Michigan.

• **Computer Wares, Inc.** Arthur P. Giuliani has been appointed marketing representative for Computer Wares, Inc., Birmingham-based computer and software service center.

Mr. Giuliani has been associated with Automated Management Systems, Jackson, Miss., and with Management Science of America.

Computer Wares has designed and markets computer systems nationally for financial inventory and management control and structural steel fabricators, drafting shops and the engineering/manufacturing industry.

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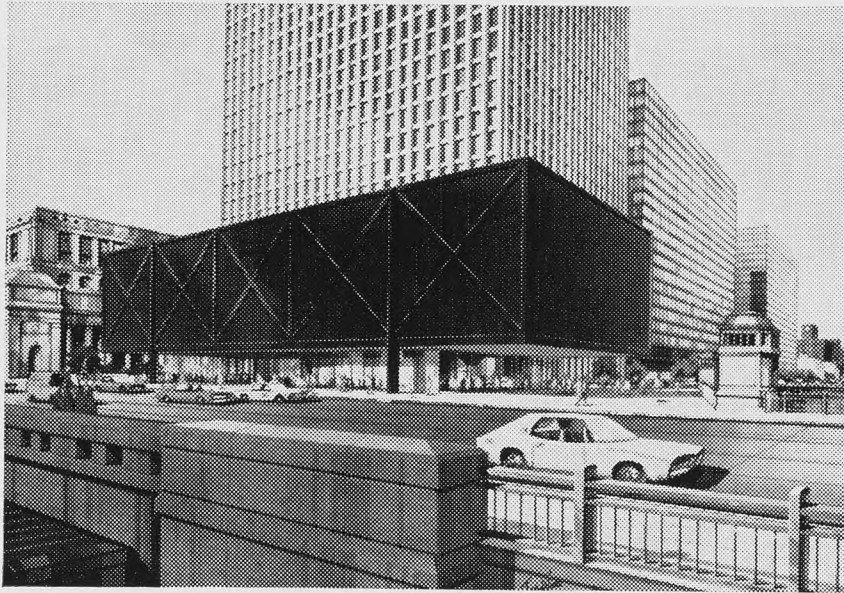
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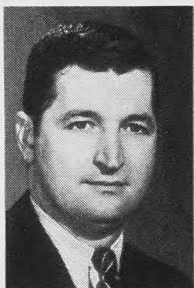
MEMBER FDIC

# MID-CONTINENT BANKER NEWS ROUNDUP

News From Around the Nation

## PEOPLE

• OLIVER W. BIRCKHEAD, president, Central Trust, Cincinnati, will succeed FLETCHER E. NYCE as chief executive officer November 30, when Mr. Nyce reaches normal retirement age. Mr. Birkhead will continue as president and Mr. Nyce as chairman. Mr. Birkhead also will become president and CEO, Central Bancorp. and Mr. Nyce chairman. Central Trust is the anchor bank of this multi-bank holding company.



RIDDLE



BIRCKHEAD

• D. RAYMOND RIDDLE has been named a senior vice president, First National, Atlanta. He is now directing the bank's new corporate accounts division, which has responsibility for all large corporate accounts and correspondent bank relationships. Prior to his new assignment, Mr. Riddle was a group vice president in charge of First National's southeastern division.

• WILLIAM E. PETERSEN has retired as vice chairman of New York City's Irving Trust, but continues as a director. Mr. Petersen had been with Irving since entering banking in 1928 and served as its president for 10 years.

• FREDERICK W. DEMING has joined Chemical Bank, New York City, as vice president and chief economist. He is former special assistant to George Romney, Secretary of the U. S. Department of Housing and Urban Development. Mr. Deming is the son of FREDERICK L. DEMING, former Under Secretary of the Treasury for Monetary Affairs and now president of a new bank holding company in Minneapolis, Independent Bank Corp.

## Alabama Gets New Mini-Code

Alabama now has a mini-code that sets maximum charges for loans and credit sales and regulates extension of credit, including consumer loans, consumer credit sales and consumer leases. The code, signed into law October 2 by Governor George Wallace, provides penalties for violation of the code and authorizes the superintendent of banks to administer it. The Alabama Bankers Association worked for its passage.

Among its provisions, the mini-code sets the maximum rate ceilings for consumer loans and credit sales as: \$15 per hundred on the first \$500 of the original principal amount of the loan; \$10 on the next \$500 of the principal; and \$8 of all the principal above \$1,000 and to \$2,000. The rate for loans above \$2,000 is \$8 on the original amount of the loan. The revolving credit rate is 1½% a month.

The code sets limits on default or late charges and on charges for extended or deferred loan repayments or sales. It restricts rapid renewals in such a way that the practice of flipping will be abolished and strictly regulates attorney's fees.

## Citibank Says "No" to Nader

First National City, New York City, has refused a request from Ralph Nader to grant interviews again to his student investigators so they can now re-study operations of the bank's investment management group. Last June, Mr. Nader's group published a 547-page report on Citibank. According to bank officials, despite the cooperation given to the Nader study group, the report was replete with errors and based on glaring misconceptions about the proper role of the banking system.

Citibank's chairman, Walter B. Wriston, said it was estimated that the bank's efforts to cooperate with Mr. Nader's student investigators required nearly 10,000 man hours of bank time spread over a full year. Yet, he continued, when the Nader report was published, it reflected little of what the students had learned in the interviews. Mr. Wriston contended that the report was filled with inaccuracies, distortions and misconceptions. Thus, he pointed out, the bank's management doesn't believe it can justify another such unproductive use of bank time and expense to stockholders.

## CBA Opposes Proposed FTC Rule

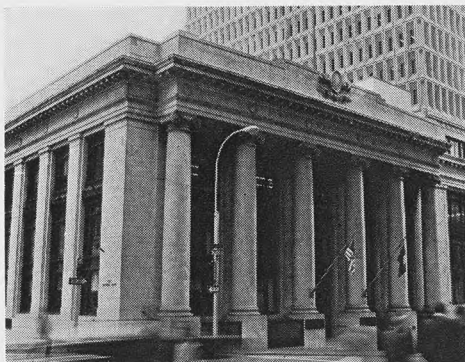
The Consumer Bankers Association has presented the Federal Trade Commission with a statement opposing the FTC's proposed trade regulation rule relating to "Preservation of Buyers' Claims and Defenses in Consumer Installment Sales."

The CBA is against the rule because it "would hold lenders responsible for product liability in the same manner manufacturers and retailers are responsible to consumers." According to the association, such "open-end liability for 'claims of the maker' could result in judgments against the holder of the note in thousands or even millions of dollars simply because of a manufacturing defect in a product."

After explaining the option open to lenders faced with such unmanageable cost factors, the CBA advised the FTC that the net result of individual creditors' decisions will be one of two unnecessary alternatives: Either the credit would cost more to the total population of borrowing consumers since creditors must spread their costs over the entire group, or some individual consumer will be selectively denied credit because the creditor must reduce his exposure to risk.

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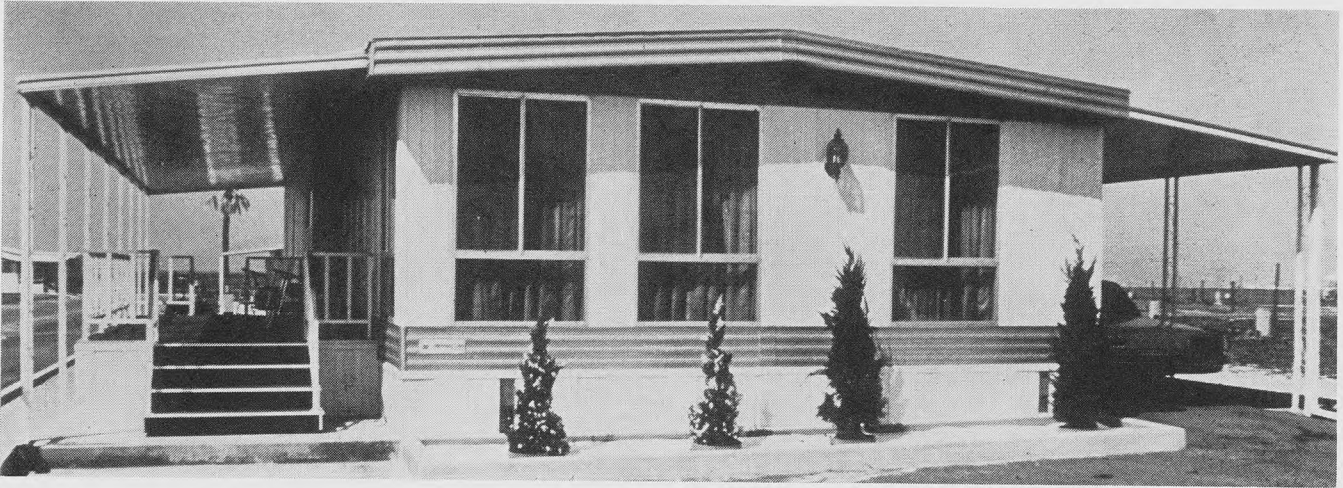


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**MID-CONTINENT BANKER for November, 1971**



# Banks Handling Mobile Home Paper Report on Their Operations

*Vast majority of loans being made through correspondents*

**M**ORE BANKS are financing more mobile homes for more money.

Those ten words epitomize what MID-CONTINENT BANKER learned from a questionnaire mailed to approximately 1,500 banks from coast to coast, of whom 257 replied. However, because of the time required to tabulate the answers, results described herein are based on the 237 replies that arrived prior to the press deadline.

Of these 237 banks, 213 reported that they were financing mobile homes, but only 107 said they were financing mobile home parks and only 121 were floor-planning mobile homes.

Of the 213 banks making loans on mobile homes, the overwhelming majority, 180, made most of their loans through conventional mortgages, although 48 also used service companies. Only an insignificant sprinkling used FHA, VA and Sec. 235 HAP.

Replying to the question: "What was the dollar volume (complete package) of your bank's mobile home financing in 1970?" 178 banks responded with amounts that totaled \$144,352,000. The average amount being carried thus became \$810,815 and the average total assets of the 178 banks was \$211,258,000.

The same question asked for 1971 brought 169 replies. Loans are expected

to total \$233,278,000, for an average of \$1,380,000, while average assets are estimated to be \$213,232,000.

Reporting on 1970, 176 banks said they financed a total of 18,046 mobile homes that year; while for 1971, 179 banks said they made loans on 24,707 units so far. Thus, although the increase in banks reporting was only three, the increase in total loans was 6,661.

Such figures are all well and good, but what size bank is making these loans on mobile homes? Taking \$100 million in assets as an arbitrary means of determining a big bank in a large city, we totaled the figures on the number of homes these largest banks had financed. The figure came to 20,370. In other words, approximately 82½% of the loans made on mobile homes are made by these "larger" banks.

But even this figure does not mean quite what it seems to mean.

A billion dollar bank in a city with a metropolitan area population of more than 1½ million financed 1,200 mobile homes in 1970, compared with an estimated 750 in 1971. In 1970 this bank had mobile home loans outstanding to

taling \$25 million, against \$22 million so far in 1971. But the vast majority of these loans were made through correspondent banks.

"Obviously," commented a vice president of this bank, "if a mobile home dealer were to open shop within our city limits, we wouldn't make coffee money. As a result, dealers are located out on the far edge of suburbs and even in small towns that are beyond our suburbs. That is where the mobile home parks are and that is where the prospective purchaser of a mobile home goes shopping for one.

"These dealers finance their deals through a convenient local bank. But the small town or suburban bank can get a lot of money tied up for a long term if it makes many mobile home deals. And that is where we come in. We handle their paper for them and, although it is a type of financing in which you must know what you're doing, our experience on the whole has been extremely good."

This same banker pointed out that his bank handled many mobile home loans that originated in a university town of 60,000 population. In this city of medium size, if a couple wanted to rent an apartment, it would cost them about \$150 a month. For a couple, this is quite a load. On the other hand,

By **ARTHUR C. NORRIS**  
Contributing Editor

MID-CONTINENT BANKER for November, 1971

once the 10% down payment is made, the payment on an average mobile home would be only about \$85 a month, which is quite a difference from the apartment rental.

In university towns, we were told, many couples are making such investments. After graduation they sell their equities in the homes to other couples and the loans are transferred. Such transfers are common, we learned, and of course, transfers are also frequent among young marrieds, because when the babies start to arrive, a mobile home becomes a little cramped—particularly on stormy days.

Also affecting this disproportion is a situation that is obvious to anyone who does much traveling by automobile. Mobile home parks are located on the far outskirts of large cities—and that is also where many of the jobs are. Young marrieds searching for a convenient apartment again run up against rentals of \$150 and up. But mobile home parks are invariably located adjacent to major high-speed highways with sprawling shopping centers nearby. In a mobile home, your monthly payment again is only around \$85 a month. The young marrieds can save up the down payment and, after that, with both working, the monthly payment is a cinch.

But when you get out into country towns and farming communities, the

shoe begins to pinch. Here the price and monthly payment on a mobile home remains the same as in urban areas, but wages and salaries are much lower. Whereas in a city like St. Louis, it is no great problem for a young married man to make \$150 a week while his wife is making \$75—for a total income of \$225 a week—in small towns a couple's income would be half that amount. And, to emphasize our point, the price and monthly payment on the mobile home remains the same.

The president of a bank with assets of \$1½ million in a town of 600 in rural Missouri explained the problem.

"A young couple came to me and wanted to borrow \$550 to make the down payment on a mobile home. When I questioned them, I learned that both were working and had total income of about \$125 a week. But further questions brought out the fact that the unit they wanted to buy was going to mean a monthly payment approximately the same as their weekly income. I asked them what would happen if one of them became sick, but their attitude was that it wouldn't happen to them. Both were working, and they could make the payment, they said. I had to refuse to make the loan, but I probably made enemies doing it."

Among the most revealing aspects obtained through the survey were the answers obtained to the question:

"What do you consider to be the major disadvantages for banks in financing mobile homes?"

Again and again comments underlined three factors: (1) the long term of the loan; (2) the rapid depreciation in the value of the unit, which frequently, toward the end of the loan, resulted in value less than the amount outstanding; and (3) lack of financially sound dealers.

Investigating these comments, we learned that the typical mobile home sale is a unit 12 by 60 feet priced at \$6,000 to \$6,500. The 10% down payment thus would be \$650 and the monthly payments for eight years, including various forms of insurance, would be \$85 a month. With young marrieds conditioned to paying \$4,000 to \$4,500 for an automobile they will probably own for three years or less, it is obvious why most of them insist on a new mobile home. This means that the resale market is depressed, which results in a high rate of depreciation in value.

In this regard, the experience of one man who was shopping for a mobile home to use as a fishing cabin is revealing. He found a beautifully appointed unit in excellent condition that must originally have cost more than \$10,000. The dealer priced the unit at \$5,000. After several trips to examine the unit,

*(Continued on page 86)*

## Use of Mobile Home Credit Insurance Increases Dramatically

**R**ESIDING in a mobile home, particularly in today's modern and spacious mobile home parks, has become an acceptable mode of living by the American public.

Paralleling this growth in mobile home living has been a dramatic increase in the use of mobile home credit insurance by lending institutions. In fact, today the rate of growth of mobile home credit insurance exceeds the pace set by mobile home manufacturers over the past few years.

The mobile home credit insurance program offered by MGIC Investment Corp. subsidiary companies measures its success, now in its second full year of operation, by pointing to an increase of more than 500% in written premiums in the first eight months of 1971, compared with the same period in 1970.

"Such growth demonstrates that mobile home credit insurance is here to stay. Moreover it manifests direct affirmation of the market's special need for credit insurance," declares William F. Winkler, vice-president and director

of MGIC's mobile home credit insurance program.

Despite the savings gained through factory production, overall costs have increased.

All involved in the mobile home merchandising chain—manufacturers, dealers, lenders—had to recognize that longer financing terms were necessary to maintain monthly payment figures at levels and within ranges of the mobile home market. Maturities available today run to 10 and 12 years, and are averaging close to nine years, versus the average of seven-year terms which existed not too many months ago.

"When confronted with the need for the longer terms, lenders who traditionally had been relying on dealer recourse agreements to protect their retail contracts began to seek security possessing greater uniformity, greater permanence and greater financial stability than recourse agreements generally can provide," explained Mr. Winkler.

"Dealers, as they see the effects of the lengthening terms on the contingent reserve figures in their balance sheets, also have become increasingly interested in programs that would provide relief from these heavy contingent liabilities. Mobile home credit insurance has proved to be the answer to these lender and dealer concerns."

Lenders are guaranteed against loss due to borrower defaults for the entire amount of the mortgage note under MGIC's insurance program, thus affording them adequate investment security. For their part, dealers are relieved of contingent liability, giving them the opportunity to make future plans with more certainty and clarity.

In the near-term, the future of the mobile home credit insurance business appears to be as bright, if not brighter, than the outlook for the mobile home industry itself, according to Mr. Winkler. The industry looks for 1971 to produce at least a 10% increase in total units shipped over the approximately 401,000 reported in 1970. ••

# Bring Profits to Your Bank With Mobile Home Financing

By **MARIANO RANDAZZO**

**President  
American Affiliates, Inc.  
South Bend, Ind.**



**I**N ALL REGIONS of the country a quiet but vigorous housing evolution is taking place. Thousands of families that would never have thought of living in house trailers a few years ago are now shopping, buying and enjoying life in modern mobile homes. They are experiencing low-cost housing at its best.

No longer are these housing units purchased by mobile families, such as construction workers and transient users. There is nothing very mobile about a modern 70x14 mobile home providing 980 square feet of housing!

The mobile home industry that only a few years ago was looked upon with skepticism now has the proven know-how, technology and capital resources to produce truly economy housing—heretofore unavailable in conventional construction.

It is estimated that over 435,000 mobile housing units will be shipped in 1971. New mobile homes will represent 96% of all single family homes selling under \$15,000 in 1971 and the official estimate in dollar volume will account for \$2.5 billion in retail sales.

In the past few years, a rapid trend toward more sophistication has taken place in the industry, with manufacturing giants such as Skyline, Fleetwood, Wickes and Champion dominating production. Sophisticated dealers and multi-lot dealers are going public and at least two firms—Mobile Home Industries and Lane Wood, Inc.—are listed on the American Stock Exchange.

Influencing factors in the industry, such as an increase in household heads under 35 years of age, continued increase in land prices and construction costs, continued up-grading and construction of new mobile home park developments, augur well for the industry which, in turn, should result in long-range impact and economic and social benefits for the general well being of industry people.

American Affiliates, Inc., is a wholly owned subsidiary of American Investment Co. of South Bend, which is a registered bank holding company. American Affiliates owns and manages mobile home sales lots as well as mobile home parks in Indiana, Ohio and Kentucky. It functions as a management company, providing financing and life and casualty insurance for its sales lots that are generating in excess of \$10 million in sales contracts annual-

ly. Included in American Affiliates, Inc., is another division, American Guaranty Co., which recently began to offer financing and insurance in a service company concept for independent dealers and other service companies.

American Affiliates had its inception 13 years ago when it opened its first mobile home retail sales lot in Newark, O. In the intervening years, this one sales lot has grown to 25 lots with annual sales in excess of \$12 million and with plans for continued expansion into new locations in the future.

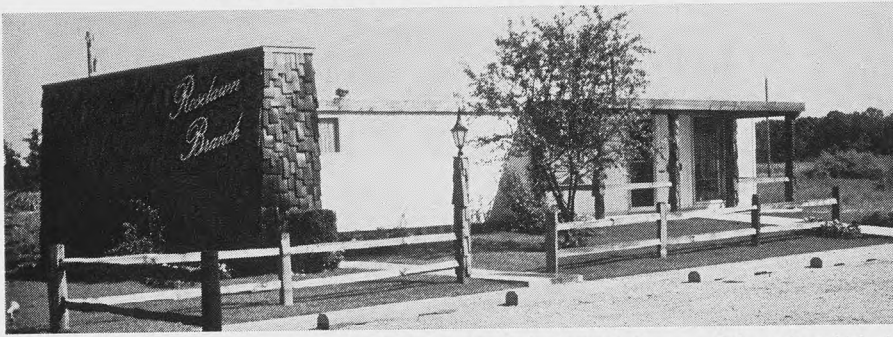
In the markets we serve—Indiana, Kentucky and Ohio—the average age of the buyer of mobile homes is 31. Typical buyers are newly married couples requiring housing that is not only inexpensive but exists as a complete package (including household furnishings) that can be obtained with a relatively small down payment, with monthly payments less than \$100. Average unit price is less than \$6,000. These young couples typically live in mobile homes for from four to five years. After that time, the typical own-

*(Continued on page 24)*



**MID-CONTINENT BANKER for November, 1971**

## Mobile Bank for Mobile Home Park



The new Roselawn Branch of Kentland (Ind.) Bank is housed in a mobile unit—which is appropriate because the branch is located in a mobile home subdivision. The branch held an open house in August, with 500 people attending. A color TV was given away. Banking hours at the branch are from noon to 6 p.m.

# What Services Do Mobile Home Service Companies Provide?

By **LESLIE M. JONES**

**Vice President  
Delta Corporation of America  
Miami**

**A** MOBILE HOME servicing company is an organization engaged in originating and servicing mobile home financing on behalf of participating lenders. These companies enable lenders to make sizable, secure investments at attractive yields with the same ease as buying secured real estate mortgages.

The service company acts as a national mobile home department store for the lender and enables both large and small lenders to safely enter a rapidly growing segment of the housing industry.

A lender may decide how much he wants to invest in mobile home loans. There is no obligation to invest a specified sum. Lenders choose the loans they want to make using their individual standards.

The following is a partial list of services performed by a typical mobile home service company:

- Solicitation, investigation and screening of mobile home dealers as credit-worthy sources of mobile home loans.
- Visits dealers at frequent intervals in a continuous development program.
- Provides guidelines for wholesale and retail financing.
- Assists lenders in advertising for and acquiring direct loans and refinancing.
- Makes frequent unannounced physical checks of dealer inventories at request of lenders.
- Guides and advises in the proper

documentation, filing and title procedures on all mobile home finance transactions.

- Investigates service complaints, checks dealer warranties, factory repurchase agreements and manufacturers' price lists.

- Takes prompt action on the collection of payments that are 60 days delinquent. Payments are sent direct to lenders.

- Physically repossesses mobile homes when necessary due to default or potential default, when requested by lender.

- Provides for the disposal of repossessions and recovery of funds received from sale of repossessions.

- If desired, furnishes all required forms, contracts, applications, agreements and rate chart books.

- Provides personal appraisal service for used mobile homes at no cost to lender.

- Protects each transaction with physical damage insurance, including VSI and credit life (optional).

- Obtains and reviews dealer financial statements with lender.

Certain precautions should be exercised in reviewing service company organization and their function to lenders. Any service organization furnishing mobile home financing portfolios must have financial strength and personnel to carry out the functions described above.

Financial institutions utilizing the services of service companies can be relieved of the need to develop sales forces, can obtain geographical verification of loans and need not be directly involved in repossessions or foreclosures that might result in poor public relations. • •

## Bring Profits

(Continued from page 23)

er's income has increased enough to permit the acquisition of a conventional home. The equity acquired while in the mobile home often serves as a down payment for the new home.

Getting back to the financing aspects and financing opportunity that mobile homes offer financing institutions, we find that an important key to success is the development of a sound, internal financing program that includes high credit criteria, good collection practices and follow-up on insurance coverage until the account is paid in full.

Currently, the customer rate is 6½ to 7½% add-on for new, and 7½ to 8% for used mobile homes. Net income to the bank after reserve payments to dealers will approximate 5 to 6½% add-on, according to whether the program is non-recourse or repurchase, the strength of the dealer and—if using a service company—the amount of work done by the service company. The bank generally pays the dealer 1% per annum of the participation: a portion paid when the contract is cashed and the balance held in reserve.

Our experience in processing thousands of contracts shows that:

- Average net unpaid balance is \$4,800 and the average note totals \$7,500.

- Terms are up to 120 months on the more expensive units and down to 84 months for less costly units.

- The average maturity is 48 months for seven-year contracts and up to 52 months for 10-year contracts.

Your bank can choose between creating its own specialized loan department or getting the help of a service company.

Let's explore creating a specialized loan department. People are the key to success! Experience is a must. If your institution has an experienced installment loan department—it's easy. Go out and sign up a dealer! Learn the business before adding other dealers.

A sure way to lose money in a hurry would be not knowing your dealer and not insisting on regular financial statements and operating statements. You must insist on copies of invoices and determine that they are true manufacturer's invoices. You must check down payments and verify them at times.

Do not ignore verifying down payments and side notes to the dealer. It could be the end of that dealer, and maybe you, if the dealer takes furniture, appliances or side notes as down payments. You must insist on proper insurance coverage and know and ap-

(Continued on page 35)

MID-CONTINENT BANKER for November, 1971



# Will Commercial Bankers Benefit From Mobile Home Upsurge?

IN THE JUNE 18 issue of *Life* magazine there was a two-page color photo of a structure that at first glance might appear to be a cross between a parking ramp and an apartment building. The photo was entitled—"The Upwardly Mobile Home."

Perhaps you saw it. It's a picture of a test project called Skyrise, the nation's first multi-level mobile housing development (see illustration). It consists of concrete platforms, on which are parked deluxe-model mobile homes. The occupants get nearly a thousand square feet of living space, completely furnished, with a patio on the outside.

The "upwardly" mobile home. What *Life* refers to, of course, is the stacking of mobile homes in an "upwardly" direction. *Life* also implies something else—that the mobile home is on the upsurge.

I would take that a step further and say that the mobile home, along with other forms of manufactured housing, is literally taking over the low- and medium-priced housing market.

At the same time, I would say that our industry—that of commercial banking—is not going to get its share of the mobile housing market during the next five years.

I make these statements as a banker

By **DAVID FLEMING**

**President  
Edina State Bank  
Minneapolis**



FLEMING

and as a member of the mobile home service company industry, whose function it is to originate, insure and service mobile home installment loans.

We can see that too many banks are not in mobile homes now and have no plans to get in.

And we can see that the banks that are in mobile homes now, with a few exceptions, either are not sure of staying in or have no plans to expand.

At the present time, with money in fairly plentiful supply, there are a lot of bankers who think they want to jump in. But our experience tells us that banks have a way of running hot and cold, depending on the market.

S&Ls, on the other hand, continually take care of their customers. Their customer has traditionally been the real estate broker—now the mobile home dealer is also an important S&L customer.

If we bankers continue to treat the mobile home dealer the same way we have the real estate broker, then five years from now the S&Ls will have the lion's share of the mobile home loan business, just as they now have the lion's share of the resident mortgage market.

At this point I'm sure that some of you may have doubts about the poten-

tial of the mobile home market—is it really all that great?

Let's take a quick look at the mobile home industry—past, present and future. During the past 10 years, the output of the mobile home industry has more than *quadrupled*. In 1960, manufacturers shipped to dealers approximately 100,000 units. In 1970, more than 400,000 units were shipped. And 1971 promises to be at least a 450,000-unit year.

Looking ahead during the decade of the '70s, the prospects of the mobile home industry appear more bullish than ever. The primary reason for this is the tremendous pent-up demand for housing, especially modestly priced housing.

Right now, mobile homes account for more than *two-thirds* of all housing priced at \$25,000 or under. This means that better than *two out of every three* single-family homes sold today under \$25,000 is a mobile home.

And if we would include modular and pre-fab housing in this statistic, the percentage of manufactured homes versus custom- or stick-built-homes would be even greater.

With the population increasing every day and families forming at a geometric rate, the outlook for future demand for modestly priced housing is hard to calculate.

At the same time, there seems to be no end in sight to the continuing rise in standard construction costs. There will be no way to build housing on sites that many families—young or ma-



MID-CONTINENT BANKER for November, 1971

ture—will be able to afford.

Marketing experts in the mobile home field—such as Elrick & Lavidge of Chicago, who report trends and statistics for the mobile home industry—see another avenue of heavy demand for mobile and modular dwellings. The four-day work week, they believe, will increase the desirability of the weekend or vacation home.

It would appear logical that the bulk of these second homes—for reasons of economy and convenience—would be

manufactured off-site.

Bob Elrick, president of Elrick & Lavidge, makes this statement in an article entitled "Housing in the Year Two-Thousand":

"By the end of the century it is entirely possible that conventional construction as we now know it will disappear almost entirely. By that time, virtually all housing could be built in factories."

These observations may or may not convince you of the future of the mo-

bile home—that it, or other pre-built housing, will replace the pattern of home building as we know it today.

But you may be convinced—if you weren't before—from what I have said, that there are profit possibilities right now in mobile home financing.

The day will come when the mobile homes you finance will be situated not only on ground-level locations but also in the air.

The first application of this is in St. Paul, where Skyerise is located.

The management of Mobile Americana Corp., of which I'm a member, decided to build this pilot model in order to test market public acceptance of high-rise mobile home living and to determine the costs of developing and maintaining such a structure. It was completed in January as a joint venture with Skyerise Terrace, Inc., of Marshfield, Wis., originator of the concept.

Since then we've found that the tenants like their "wheels with a view." All nine units have been rented since they were opened for occupancy. And we believe that costs are in line for an experimental venture.

An architectural firm is now conducting a feasibility study for an enlarged version of the pilot model—possibly as many as 84 units—which would be built to provide apartment-type housing.

### Condominiums, Motels

Other applications for Skyerise suggest themselves—such as condominiums and motels—but perhaps its highest utility would be in providing housing for low-income families.

For instance, say a large Skyerise complex were placed in an urban renewal area. The structure itself is practically indestructible. When the individual housing units became worn out or damaged, they could be removed, either to be refurbished and reinstalled, or they could be scrapped for salvage value and replaced with entirely new units.

The advantage of Skyerise, again, lies in beating the high cost of on-site construction.

The day is approaching—if it's not already here—when developers won't be able to get enough back in rent to justify putting up apartment buildings.

In the case of Skyerise, however, its superstructure is all prefabricated and brought to the site where it is assembled. The living units are handled in the same way.

Structures such as Skyerise may or may not be the wave of the future, but they give you an idea of how what was once referred to as a "house trailer" has matured and developed, and the vast range of uses it can be put to. • •

## Those Winning Losers at Union Planters

By **ARTHUR C. NORRIS**

Contributing Editor

FROM JOHN FALSTAFF through Fatty Arbuckle to Jackie Gleason, the fat man—and sometimes the fat woman—has been a figure of fun. But to the person who has one, a fat figure is no fun.

Facing up to the fact that one is overweight is the first victory in a long and arduous battle. Recognizing this led a number of employees at Union Planters National, Memphis, to join a national organization, Weight Watchers, about which you no doubt have heard.

A sort of fat man's Alcoholics Anonymous, Weight Watchers works. As witness the case of the Union Planters secretary who took off 40 pounds in a little more than six months and reached her goal weight (the figure set by the lecturer who leads the WW group).

Everyone who has a fat friend knows that he enjoys food, eats a lot and particularly likes fattening dishes such as spaghetti and whipped cream desserts. Then there is the compulsive eater, the person who is alone a great deal and eats to have something to do. Or the individual who has a constant, nagging worry and seeks release in food.

Union Planters has a secretary who belonged to the latter group. (Note the past tense.) While her husband was in Vietnam, she doubled her weight, but soon she will be back down to her wedding-day 115 pounds.

But don't get the idea only the young take off those excess pounds that come so easy and leave so hard. At Union Planters a gray-haired mother of men over 21 lost more than 70 pounds by starting and sticking with the Weight Watchers regimen.

And not to overlook the men, a Union Planters discount teller, a former athlete who quit smoking, realized one day he was 50 pounds over-

weight. Thanks to WW, he has shed more than 35 of them.

Weight Watchers is a national organization started 10 years ago by an FFH (formerly fat housewife) who succeeded in shedding a great deal of avoirdupois by following a New York Board of Health diet. Two years ago, WW opened its first class in Memphis and soon Union Planters employees were among its members.

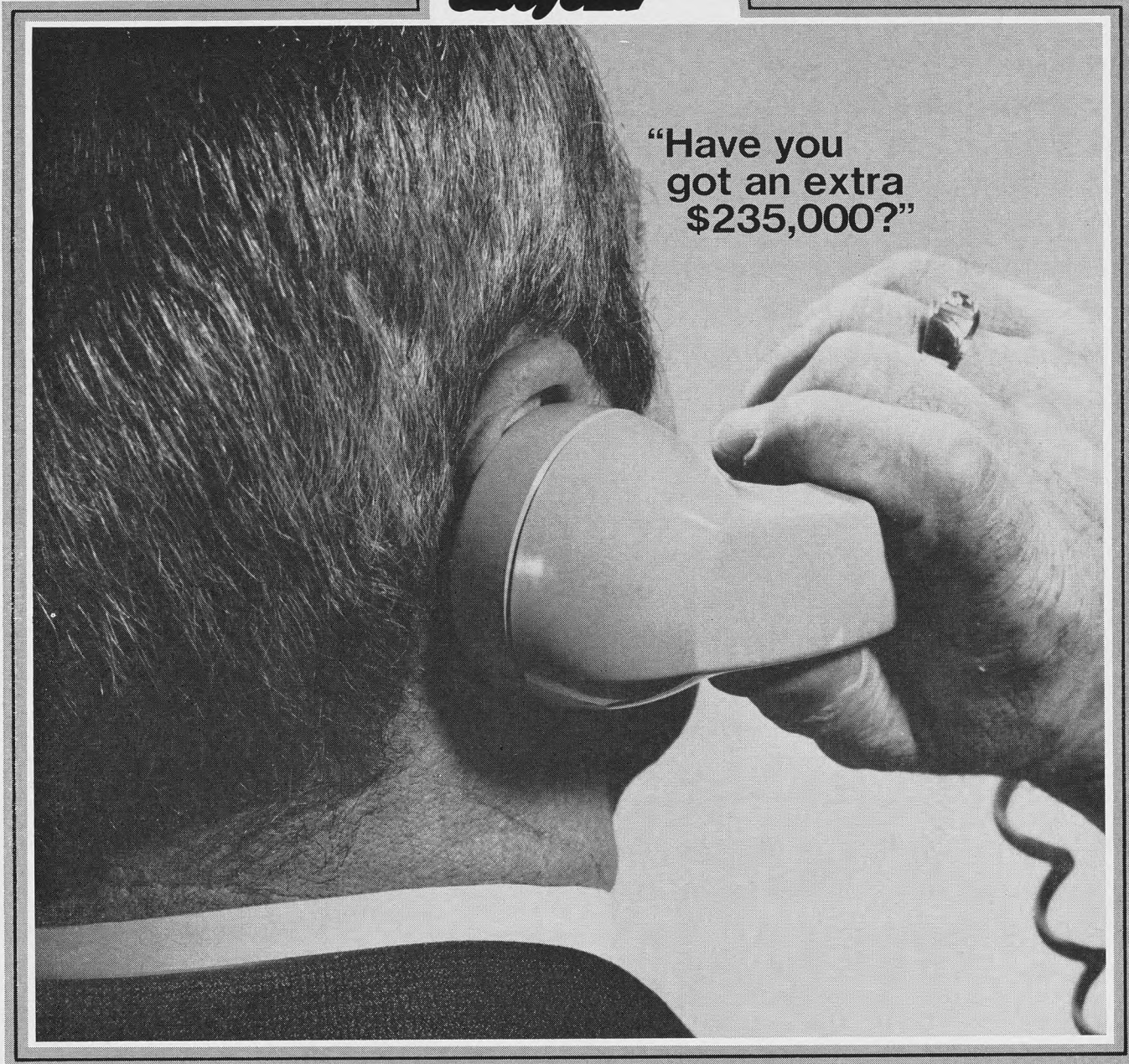
Through WW, groups of people get together to rap about their mutual eating problems. As do the AAs, they encourage one another, build one another up, emphasize that all that is necessary is to get through another day.

The combination of group therapy and programed eating that uses no pills has proved unusually successful. Joking together about midnight raids on the refrigerator and the box of candy under the bed relieves guilt feelings and encourages improved eating habits.

Each club has a lecturer who must formerly have been overweight. In other words, the lecturer has been there; he knows. He presents the "program," the club term for the reducing regimen. WWs are rarely hungry because the foods they may eat any time of day are next to unlimited. But butter, peanuts, alcohol in any form, sweets, ice cream and pastries, for example, are forbidden.

Recruits to Weight Watchers are obtained by various means. Some join—and this is true particularly of women—when they note that a friend has lost her waddle and achieved a slink. Others join after some embarrassing experience—like getting stuck in a revolving door.

Then there are the rarities who are literally shocked into doing something about those excess pounds. Like the man who discovered he was unable to fasten his seat belt on an airliner. The captain of the jet had to taxi back to the terminal for an extension to the belt. • •



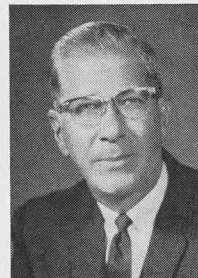
“Have you  
got an extra  
\$235,000?”

What would you do if you needed \$235,000? Cash. Right now.

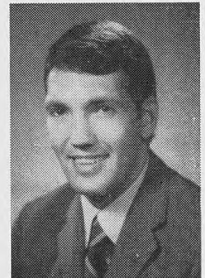
You might call National Bank of Tulsa, as one of our area correspondents did, not too long ago. It seems their vault could not be opened and they needed the cash to begin their business day.

So, they called NBT and, with the help of the Highway Patrol and the local Sheriff's Department, the money was delivered at a convenient crossroads rendezvous to representatives of the correspondent bank. And the bank opened on schedule.

Maybe your needs aren't quite that pressing. But, whatever your particular problem, chances are NBT can help you. We've got a full roster of correspondent banking services, plus a few more that go above and beyond what you'd normally expect. Just call Art Troll or Curt Cook of our Correspondent Bank Department at (918) 584-3411. We'd like to help.



ART TROLL



CURT COOK





Modern mobile home units are spacious, attractively decorated.

# Mobile Home Service Companies Permit 'Armchair' Financing

By **WALTER J. MILNER JR.**

**Assistant Vice President  
Associates Financial Services  
Company, Inc.  
South Bend, Ind.**

**S**ERVICE COMPANIES can pave the way to profitable and almost effortless mobile home financing for lenders who are not acquainted with mobile home financing.

"Armchair" financing might be a more appropriate phrase. The participating lender under the service concept literally contracts credit, collection, sales, and repossession services. Generally, the service company will provide a credit loss policy protecting the lender on losses as a result of repossessing a defaulted mobile home account and liquidating it with a loss difference between the payoff and sale price.

Some service companies still prefer to use a reserve setup rather than purchase credit loss insurance. The lender must keep in mind that with this reserve arrangement, losses are limited to the amount held by them.

The reserve method protects the lender against losses on a limited basis. The lender must accept losses that exceed the reserve account.

The service company's ability to produce business for the lender and to make a profit usually are paramount factors in any discussion or consideration. Though these are important and necessary, it is vitally more important to consider four other points: The service company's stability in the industry; its experience; its financial strength; and finally, the degree of credit loss protection offered.

Let's take each one of these four points and relate them to this "armchair" financing philosophy. Any person or business may be set up to func-

tion as a service company. Therefore, a service company may be one person, 10 people or 100 people. The services sold aren't a one-shot delivery, but a package of service delivered over a period of 10 or 12 years. The lender must look to see how stable the service company is. How long has it been in business? What has been its reputation over a five- or 10-year period? Has the firm demonstrated the ability to collect delinquent accounts through good and bad economic cycles? It is one thing to solicit business and quite another to collect it over many years. Both phases are essential to profit.

Experience is the second of the points that must be carefully analyzed. The actual service company liaison man is important; however, the backup team is more important over the long run. Does the service company have personnel being trained for the future liaison representative or collection man in its manpower pool? Many service companies operate very "thin" on personnel and, as a consequence, have no replacement personnel. They must recruit new people when it becomes necessary to fill vacancies. Naturally, lender service suffers during these periods.

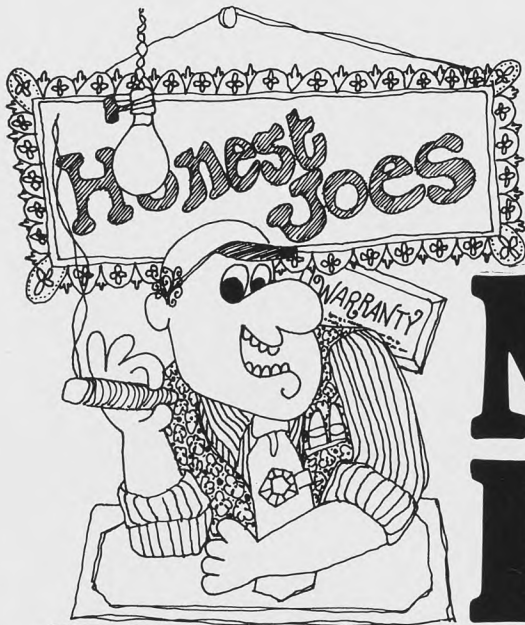
Service companies operating with

"thin" personnel pools will lack a certain homogeneity in their operation as a result of hiring personnel from different backgrounds. Newly hired service representatives will obviously not be as thoroughly informed of all company procedures, policies and practices as an employee trained within the company and moved up the ladder from position to position.

Financial strength is important for several reasons. First, a service company must be in a "cash" position to refund unearned charges on customer prepayments. This can become sizable as the base of business grows over a period of years.

The second reason for financial strength is directly related to the flow of business. A service company with a poor cash flow may be prone to seek out weaker dealers or to buy weaker deals (some service companies actually buy or purchase deals and sell them or broker them to participating lenders) to develop needed service fee income. A financially sound service company can afford to pass up weak dealers and take time to develop good quality business. Though the lender is normally insured against credit loss, obviously, poor deals generate greater collection problems, which may require the lender to have to hire more personnel to handle its phase of collection responsibility. The addition of extra collection personnel will add expense and decrease the profitability of this business.

Finally, the lender must look analytically at credit loss protection. Basically, the service company obtains credit



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You probably do need us if you're presently making loans for mobile homes or plan to in the near future. We specialize in mobile home physical damage insurance. We have for almost two decades now. But we also offer many specialized policies for lenders like yourself who need protection from the errors, failings and foibles of your own clients as well as your clients' clients.

Charles E. Robertson,  
Vice President — Financial Services Div.  
Foremost Insurance Company  
Grand Rapids, Mi. 49501

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For example, we have policies that cover wholesale fraud, non-filing of liens, credit insurance and credit life. And that's just the beginning. For full details on how you can write low-risk loans for mobile homes, call collect to Charles Robertson, Vice President — Financial Services Division at 616-949-0080 or send for our free booklet: "You Take The Loans. We'll Take The Risks."

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loss protection from one of several insurance companies specializing in this field.

How strong is the company? Is the insurance company well established; properly reserved; seasoned over a period of years to guarantee the lender's potential losses?

Credit loss protection can range from 25% to 100%. Some policies have deductible clauses.

You will want to check with other insured lenders to determine their experience on credit-loss claims. Were claims for losses handled promptly? Did the credit-loss carrier settle the claim as the service company stated at the initial presentation? Remember, the credit protection is as good as the financial strength, reputation and reserves of the credit-loss carrier.

The '70s are here, and mobile housing will be a significant part of the total housing industry. One out of every five new single family homes built today is a mobile home. The need to finance mobile homes can mean profit to those who invest a portion of their loan portfolios in this area. More than 400,000 mobile homes will be sold in 1971, creating over two-and-a-half billion dollars in sales.

"Armchair" financing through service companies, for the unexperienced lender, can lead to profit; help avoid costly mistakes; and allow him to learn from those people experienced in this type of three-party paper.

Look beyond the surface of the service company representative's sales pitch of volume and profit. Lenders must remember the old Latin phrase "cavet emptor" (buyer beware) before selecting a service company. ••

■ NEW YORK—First National City has elected Robert E. Lewis a vice president in the economics department. He joined Citibank in 1954 and was named a senior economist in 1963.

### VA Finances Mobile Homes For Vets for First Time

America's 20 million veterans can now, for the first time, buy mobile homes with Veterans Administration guaranteed loans. The new program, passed recently by Congress, enables veterans to move into mobile homes for no money down and with as little as \$125 per month in payments.

The VA will back loans up to \$17,500—\$10,000 for the home and \$7,500 for the lot. If, in the future, veterans who have used the VA guaranteed loans for mobile homes wish to purchase conventional housing, they will

still be eligible for VA loans to finance such housing.

To qualify for a VA loan to finance a mobile home, a veteran must be able to obtain a VA certificate of eligibility and be approved by the financial institution financing the mobile home park.

One of the first mobile home parks to cooperate with veterans is Watergate, located in Boca Raton, Fla.

■ NEW YORK—Ralph K. Pulis has been named senior vice president of Chase Manhattan Bank. He is group executive in charge of the personal trust and custody group in the trust department. Mr. Pulis was a vice president.

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CINCINNATI—Central Trust is offering its customers a "Money Sale."

"Money Sale" is an installment loan promotion advertised in daily newspapers, on radio and television and in statement enclosures. The bank is offering a reduction of 10% of the normal finance charges on various types of installment loans for \$1,000 or more.

The 10% reduction, offered for the duration of the loan, is available for personal loans of all types, direct automobile loans, vacation loans, etc. Also included are mobile home loans that may have maturities up to and including 10 years.

MID-CONTINENT BANKER for November, 1971

# Proper Insurance Eliminates Risks From Mobile Home Financing

By **GEORGE C. McINGVALE**

**Chairman  
McIngvale Associates  
Dallas**

**U**NBRIDLED construction costs, combined with the squeeze of tight money and high interest rates, have made the low-to-medium-priced home too expensive for the average family. Segue to the mobile home.

The mobile home now commands the lion's share of low-cost housing. Ninety per cent of all new homes under \$15,000 constructed since 1966 have been mobile homes, and this figure reached 95% last year.

Mobile homes, once considered housing for migrants, have shed this unfavorable image for one of neat inviting parks with such alluring amenities as swimming pools, golf courses, recreational halls, marinas and tennis courts. The sprawling jumble of earlier mobile home "courts" is now a thing of the past.

What does this new market offer to

the progressive lender? High profit, if utilized properly. Loss ratio is generally lower on mobile homes than on automobiles, but the potential loss-per-unit is greater due to the cost of the unit. Today, the lender has available the facilities to prevent any loss on mobile home financing. The advent of the service company and various credit policies have made mobile home paper the lowest risk, highest yield of anything in installment loan portfolios!

Insurance is the key to this success.

An investment in mobile home paper is as good as the security behind the insurance companies that provide the complete insurance package. When considering the purchase of mobile home paper, a complete insurance program is a pre-requisite if success is to be achieved. To protect an investment in wholesale lines, it is imperative that the bank secure: (a) an open-lot policy; (b) a dealer-fraud policy; and (c) a blanket position bond on all of the dealer's employees.

These three coverages will afford the banker a loss-free wholesale program.

The open lot policy provides physi-

cal damage insurance on mobile homes: i.e., hail, wind, flood, tornados, etc. The dealer fraud policy protects the lender on out-of-trust sales. The blanket position bond protects the lender from dishonest acts on the part of the employees of the dealer. These insurance coverages, plus the usual buy-back arrangement with reputable manufacturers, assure the banker of a loss-free wholesale program.

It goes without saying that careful credit judgment must be used in analyzing each dealer and the amount of wholesale advanced!

Wholesale is just one side of mobile home financing. The other side, and the more profitable of the two for the lender, is retail sales financing. This is the money road and the danger road. To protect against any loss, the lender must be sure that the following coverages are written through reputable companies with stable track records: (a) credit policy, (b) physical damage, (c) credit life.

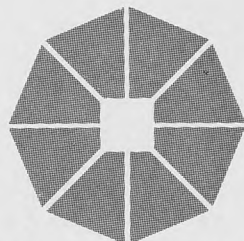
All three of these policies must become effective the moment the transaction is consummated. Credit policy protects the bank from first payment defaults, as well as any other credit losses. The program is written without recourse to the lender or the dealer and pays the bank the difference between the sale of the reposition and the amount financed under the note. Physical damage is comprehensive coverage protecting the lender should something happen to the unit. Credit life protects the lender should the mortgagee be killed or die. Although the bank does not purchase outright any coverages, it must regulate those offered to the dealer for maximum security.

The major factors to be considered in judging the reliability of the companies that write the lender's insurance are their ratings in Alfred M. Best, their capital and surplus in relation to their unearned premiums and their re-insurance programs. If the insuring firm passes these criteria, the bank is secure in proceeding with its mobile home portfolios.

Today, banks have the option to use either a service company to handle their mobile home paper, or they may buy it direct. The size of the bank usually dictates the action taken. In either instance, the insurance package furnished the bank is the key to the success of the program. Should losses not be handled or paid promptly or customers be forced to wait extended periods of time for an adjustor, then the entire program is in jeopardy. ••

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# FINANCING A MOBILE HOME?

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## Our SINGLE-PREMIUM Term Policy Will Protect YOU and the BORROWER!

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Our Single-Premium Term Policy is ideally suited to fit any type of mobile home loan. Terms can be from one year to 10 years. Under this type of policy we can go to 30 years if the situation warrants, and there is no limit on the amount of coverage we can handle for your bank.

Therefore, on all mobile home loans, we are recommending our Single-Premium Term Policy, written on a decreasing or level-term basis, along with some form of Accident & Health Coverage.

Why? Lower cost to your younger borrowers, plus higher non-medical limits.

Thus, on mobile home loans, let us give you full details on the flexibility of our Single-Premium Term Policy. Also, we can show you how this policy can fit many other lending situations where insurance will make your lending officers "more comfortable."



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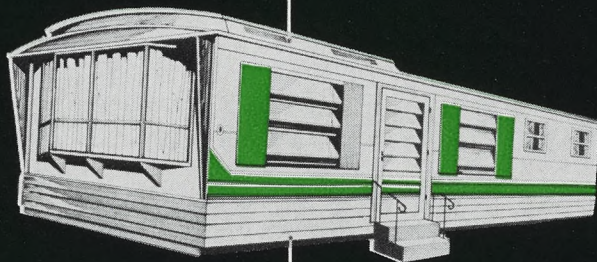
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is **100% insured against loss**, and our own growth history can attest to the soundness and success of our programs. We are modestly proud to say that we qualified for and are now listed on National Over-The-Counter and included in NASDAQ (as "MOBA"). We're on-the-move with offices throughout mid-America and we'd like you to be on-the-move *with us!* — with our perfectly balanced "mobile money-maker!" For all the details, write or call collect (612-484-8471) Bob Wienert, Vice-President.

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## Foundation for Full Service Banks and ABA Sponsor Radio Broadcasts on Drug Abuse

"The Drug Forum," a series of radio broadcasts on drug abuse, is being sponsored by the Foundation for Full Service Banks and the American Bankers Association. The series was developed and produced by Sheridan-Elson Communications, Inc., New York-based communications firm specializing in the production and distribution of public service broadcast programming.

The 13-segment series of half-hour broadcasts features discussions on the dangers of drugs and alcohol. The programs were specially produced to coordinate with locally sponsored fo-

rum held by community banks for the "Banking Serves America" program of the Foundation. "Banking Serves America" initiated the broadcast project in order to help fight the national drug abuse problem.

Dr. Stanley Einstein, internationally known expert on drug use and abuse, is moderator of the series and in each segment interviews a leading authority on various aspects of the drug problem.

The radio shows will be aired in 10 cities across the country including St. Louis, Louisville, Houston and Jackson, Miss.

## Bring Profits

*(Continued from page 24)*

prove of the insurance company. Payments must be made directly to your bank and not to your dealer.

It all goes back to people—people who have experience in consumer credit, people who know what to look for in analyzing a dealer's financial statement, people who comprehend the mobile home business.

If you feel that you have such qualified people within your organization, or if you are willing to employ such people, then mobile home paper will bring you profits.

A service company that specializes in mobile home financing may be the answer for your institution. These firms act as liaison between the lending institution and the mobile home dealer. They solicit mobile home paper for the lending institution and normally do the job more efficiently and economically than the lending institution can do itself. In fact, the service company will function as the bank installment loan department, investing in mobile homes. Banks with their own mobile home loan departments may also use service companies to expand their volume in this type of paper.

Interview the service company with care. The service company will be only as reliable as its people. There are many service companies and each one differs from the others in what it will do for the lending institution, but in most cases each will handle dealer solicitation, collections and the like.

You will want to know what the service company is prepared to perform for your bank. The details of their service plans, whom they represent and the years of experience of their field representative should be investigated.

In most cases, in order to obtain the retail paper it will be necessary for you to floorplan the dealer inventory. We believe it is prudent that periodically—and in addition to the service company floor plan check—you also send your own representative and verify the inventory, not only from the standpoint of the unit being there, but also how the unit is being kept and the sale lot appearance. Are the accessories, such as furniture, etc., still in the mobile home or have they disappeared?

Participation will vary accordingly, but with an experienced service company you will have minimum expense in generating mobile home paper. You will also eliminate quite a bit of the inherent risks involved in mobile home financing while getting the benefit of the service company's experience and expertise which normally takes years to develop.

Considering the employment of funds and taking into consideration the prepayment of the accounts, you should realize a yield from 8% to 13%, depending on the term of the contract and what plan you are operating under. Delinquencies should not exceed (30 day, and over) 2½% of outstanding contracts. By using a well qualified service company you will not get involved with the disposition of repossessions, which can be costly.

The mobile home industry is a dynamic one which will provide low-cost housing for young families and retirees for many years to come.

Your bank can be a part of it! • •

■ **SAN FRANCISCO**—Robert R. Van Veerssen has been named a vice president in Wells Fargo Bank's international division, where he now handles Mexican and South American affairs. Mr. Van Veerssen formerly was manager, technical services, international branch and affiliates group.

## Bank Officer Is Hero Of Detective Story Set in New York City

"ASHES TO ASHES" by Emma Lathen, Simon & Schuster, 224 pages, \$5.95.

**D**ETECTIVES, amateur and professional, come in many shapes, sizes and guises ranging from the grossly fat Nero Wolfe to the frail Miss Marple, but the writing team known as Emma Lathen has come up with a new conception—the senior vice president of a billion-dollar New York bank as the crime solver.

"Ashes to Ashes" features John Putnam Thatcher who—as the man in charge while the bank's chairman is on safari in Africa and its president is in Washington testifying before Wright Patman—is in the process of making a \$4-million loan to finance a housing complex in a middle-class neighborhood.

But before the new apartments can be built, a parochial school must be destroyed and the long-time residents of this stable area are not going to have that—even though it means opposing their cardinal archbishop, who under church law is the owner of record of all church property.

This fast-moving, well-plotted story actually is more of a commentary on our times than it is a detective story and bankers will find in it many opportunities for wry amusement as they follow Sr. VP Thatcher's troubles in seeing all sides of a complicated question through the bank's involvement as the funding agency.

For example, if you have ever wondered what it would be like if someone phoned a bomb threat to your bank, you can find out pretty well as employees are evacuated and the police bomb and riot squads descend on the Sloan Guaranty Trust to search for the bomb of which Banker Thatcher has been warned.

Early in the story, Emma Lathen gets the murder victim killed and it is this crime that Banker Thatcher must solve before Sloan Guaranty can make the \$4-million loan. Typically, he ferrets out the killer by determining who stands to benefit financially from the crime.

This book is one in a series featuring Banker Thatcher. An earlier entry called "Murder to Go" had Mr. Thatcher solving a crime among Maryland's "horsy" set.

Emma Lathen is actually two women, one a lawyer and the other an economist, presumably for a bank, because the writer demonstrates that she knows a bank from the inside. • •



COVER PHOTOS: Bank of New Orleans' new building at the corner of Common and O'Keefe streets. Photos on right show (top) escalators from ground floor to main floor, and installment loan division cubicles; (middle) commercial loan platform; and (bottom) paying-receiving teller stations on main banking floor.

## Bank of New Orleans Moves To New 31-Story Building

**B**ANK OF NEW ORLEANS has moved into its new 31-story office building at the corner of Common and O'Keefe streets. The BNO building, with its adjoining parking garage, occupies a full block and is the first new bank building to be constructed in downtown New Orleans in more than 40 years, according to bank officials.

In dedicating the building, President Lawrence Merrigan said the move to the new structure is an expression of the bank's faith in the continuing growth of the downtown New Orleans area.

The street-level lobby of the new

building has floors of polished granite, teak desks, deep rust carpeting, 10 elevators and two pairs of bronze and glass escalators. On this floor are the trust and installment loan departments, correspondent bank division and safe deposit vault that was installed by Mosler.

The Common Street entrance of the lobby opens to a remote teller installation—a system of closed-circuit television and pneumatic tubes for cashing checks and making deposits and installment loan payments. The O'Keefe Street entrance is a landscaped mall with flowering shrubs and dogwood

trees. It connects with the corridor leading to the main building and parking garage.

The main banking floor, on the building's second level, has a ceiling constructed of wood beams accented by recessed incandescent and vapor lighting. Floors are travertine marble and furniture is Carpathian elm burl.

The second floor has new account platforms, a line of 14 paying-and-receiving tellers, customer lounge areas, commercial loan officers' platform, discount and collection-exchange departments, advertising, public relations and business development departments and



LEFT: Installment loan department on ground floor has customer waiting area, receptionist's area and escalators leading to main banking floor. RIGHT: Main banking floor features discount depart-



ment (at left), commercial loan platform (center) and collection and exchange department (background).



# REVOLUTIONIZES

# MOBILE HOME

# FINANCING

▶ **IIC has revolutionized the vast resources of American lending institutions by bringing to bear good old native ingenuity to solve one set of problems in our expanding economy.**

▶ **The Market** The profit potential of mobile home financing has probably come to the attention of nearly every lender in the nation. The mobile home industry has grown to a phenomenal \$2.5 billion annual business, and mobile home buyers now borrow over \$2 billion a year. This accounts for more than two-thirds of all new single-family homes under \$25,000. Based on the most conservative estimates, 1973 production of mobile homes will exceed 600,000 units. This projection would indicate a leap upward of half again as many borrowers and a market for lenders of \$3 billion!

▶ **The Opportunity** There are more than 7,000 dealers selling mobile homes nationwide and almost every sale is financed by some kind of a time-payment plan. IIC is in the business of making it possible for lending institutions to serve this high-yield market on a low-risk basis.

We were founded in 1959 as a service organization for mobile home lenders. We have the management, staff, experience and training to handle every phase of mobile home financing, insurance and service. Our people and know-how become yours.

▶ **Our Program** IIC enters into a contract with lenders to assist their people in setting up a comprehensive mobile home finance program with its better-than-average net earnings. We recruit the finest mobile home dealers in an area for our clients. They are evaluated and screened by both IIC and our associated insurance companies, then submitted for lender approval. Each approved dealer is provided with operating guides and all necessary support material. IIC maintains contact with both the lender and dealers through field representatives who also make necessary wholesale and retail audits.

▶ **Comprehensive Insurance Programs** A complete insurance program covers property damage, loss from skip, embezzlement or conversion, credit life

insurance on the purchaser, and most important to lenders, credit insurance to protect you from repossession losses. Boards of Directors find this combination of underwritten capital, coupled with a yield factor higher than average, very attractive as an investment.

▶ **References** We, at IIC, are sure our service will be a good source of solid business for any lending institution. We know this because of the excellent references our clients give us. There is a saying at IIC, that if a lender will check with some of our clients, he will join the program. Please call collect or write us for additional information today.



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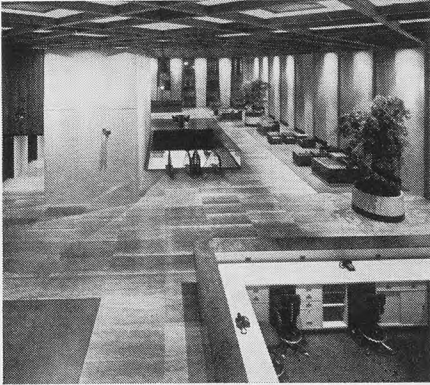
## **Regional Offices**

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private offices of the bank's senior executives.

The third-floor mezzanine houses the board room, commercial loan credit department, administrative offices of the investments division and an employee lounge. Customer seating areas are located near the loan and investment officers and conference rooms. An unusual feature of the board room is that, instead of having a single large table, around which the directors sit, it features individual desk-like tables on casters. Each table is complemented by a large executive chair.



VIEW overlooking BNO's main banking floor.

An interesting feature of the decor of the new Bank of New Orleans building is an impressive art collection, which includes works by some of New Orleans' best-known contemporary artists as well as such names as Dali, Lautrec and Vassarely.

Also in the collection are works by Seyfried, Cohen and Timmreck, a Persian miniature, prints and lithographs.



TV cameraman records ribbon-cutting by Mrs. Lawrence A. Merrigan, flanked by BNO Pres. Merrigan (l.) and New Orleans Mayor Moon Landrieu.



Olympia Marching Band entertains at bank opening.



Sketch of commercial loan platform on main banking floor.

# JHW

## Mobile Home Finance Program

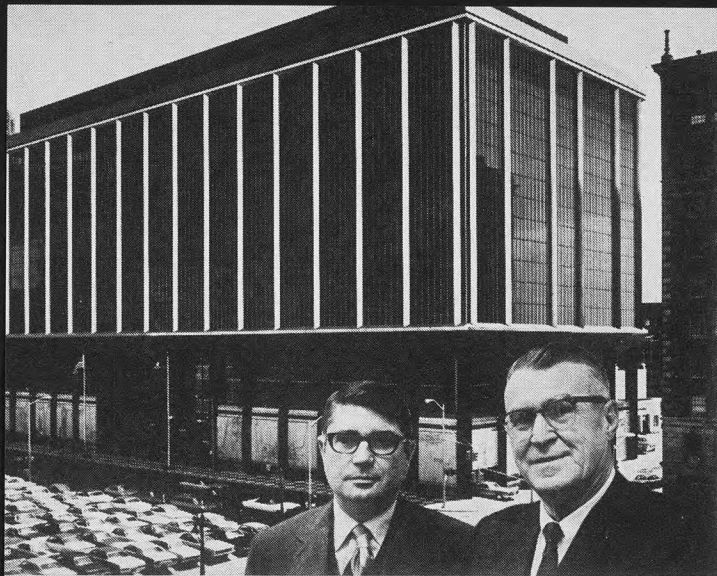
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THE new Manufacturers Bank building is located in the heart of Detroit's financial district. The 14-story structure is made of stainless steel, polished black granite and tinted glass. Shown in front of the building are Dean E. Richardson (l.), pres., and Roland A. Mewhort, ch.

## Manufacturers Bank of Detroit Moves Into New 14-Story Office Building



SUSPENDED from the lobby ceiling of the new home of the Manufacturers Bank of Detroit is this 16-foot-high stainless steel sculpture.



DATA processing department of the new bank building uses an open office-planning concept. Free-standing partitions form semi-enclosed areas that encourage communication between individuals and allow easy work flow. The system permits easy change, expansion or contraction as necessary.

A 14-STORY BUILDING of stainless steel, polished black granite and tinted glass is the new home of Manufacturers Bank, Detroit, occupying the entire block of Lafayette Avenue between Cass and First streets. The structure has 552,500 square feet of floor space and can accommodate 1,900 employees.

An outstanding feature of the exterior of the new building is a group of 20 huge, bas-relief panels decorating three sides at street level. Weighing an average of 11 tons each, the panels depict Detroit's prominence in industrial design and production.

The building has 11 floors above ground and three below. The third lower level of the building contains the vault and security area while the second lower level is a parking garage. The first lower level is a branch bank opening to the main lobby.

The bank's lobby is on the main or street level. Its walls are burnished black granite and the floor is Travertine marble imported from Italy. Suspended from the lobby ceiling is a 16-foot-high stainless steel sculpture.

Floors one through nine of the building house various bank departments. Ceilings on these floors have been divided into 30-inch modules used for placement of interior partitions in various arrangements. New

types of furniture that need no walls have been installed, including shelves, files and bookcases that can be hung from the six- or eight-foot-high partitions.

Throughout the floors are "pause areas," small clusters of brightly colored chairs arranged for quiet conversations or mini-conferences. Coffee is available at each area.

Other features of the new building are: a model branch-banking office set up to teach new tellers about handling money and serving customers; special mail conveyor system providing automatic delivery service to all floors from the fourth-floor mail room; employee dining room on the ninth floor offering a panoramic view of the Detroit River and Canada; rooftop heliport available for civic, commercial and bank operations; glass doors in a number of departments that slide open silently when a person approaches; and bright, contemporary paintings by Michigan artists.

The new Manufacturers Bank Building is designed to accommodate a proposed pedestrian mall that would stretch from Michigan Avenue to the Cobo Hall riverfront. When the mall is built, the bank building will have entrances on both the street and mall levels. • •





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When Douglas-Guardian puts Mr. Traveling Credit to work for you, it's just like taking your bank vault to your customers. We establish a Field Warehouse where it's most convenient to store limitless amounts of raw or finished products. With our special system of auditing, your loan is perfectly secured. We cut the red-tape, too, and reduce the paper work for borrower and lender. You see . . . there IS a difference in field warehousing service. We have the years of experience to back up our claims of superiority.



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## Manufacturers Bank of Detroit's New Building Is Praised by Public Officials at Dedication

DETROIT—Governor William G. Milliken and Mayor Roman S. Gribbs joined other public figures at the dedication ceremonies of Manufacturers Bank's new block-long building.

Governor Milliken said the building presents a constant reminder of the strength and spirit of Detroit. Both the mayor and governor agreed the structure is a major step in restoring people's confidence in the city.

"There are many ways we can work to do that and erecting a building such as this is one of them," Governor Milliken commented and added, "The building must have strength and originality and beauty, so that the people who see it will say to themselves, 'Things are really happening here.' This building elicits that kind of response, it seems to me, and in that sense the management of this bank has met its responsibility to build something that is not only functional, but also sets a high standard of excellence in design."

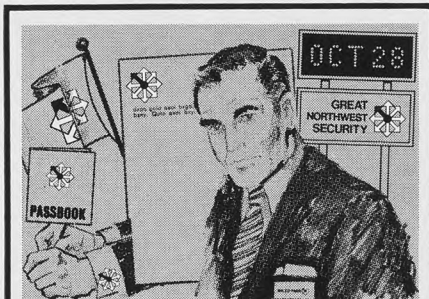
The governor made his remarks at a press conference that followed a breakfast and dedication ceremony on the ninth floor of the new building.

As part of the ceremony, a selection of materials used to mark the opening



Shown participating in the dedication of Manufacturers Bank's new building are: (from l.) Dean E. Richardson, pres.; Mayor Roman S. Gribbs; Governor William G. Milliken; and Roland A. Mewhort, ch. At left is the memorial time deposit used in the ceremony.

of the building and a parchment inscribed by those participating in the dedication were placed in a memorial time deposit. The deposit was sealed and stored and will be opened on the 100th anniversary of the bank in the year 2033.



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## New Concepts in Financing Developed And Expanded by Mortgage Trusts

By JAMES LAFLER

Mr. Lafler is vice president, Citizens Mortgage Corp., and manager, Citizens Mortgage Investment Trust, Southfield, Mich.

A MORTGAGE TRUST, one of two primary classifications of real estate investment trusts (REITs), is becoming one of the nation's fastest-growing financial phenomena. Of the approximately 50 quoted mortgage trusts, 15 are short-term oriented and "managed" by mortgage bankers. As the real estate industry copes with the remainder of this century, it will be assisted by the creativity and new concepts in financing, developed and expanded by mortgage bankers and mortgage trusts.

The experience, ready-made contacts and expertise of the trust's managers, coupled with the funds and flexibility of the trust, combine to offer the realtor-developer-builder borrower a veritable potpourri of opportunities—opportunities that might be termed a sophisticated mortgage smorgasbord.

Today, construction loans and wrap-around mortgages on apartment complexes, office buildings, industrial buildings, HUD Turnkey projects, shopping centers and condominiums form the backbone of a well-run mortgage trust portfolio. Short-term mortgages, stand-

ing loans, second mortgages and gap loans combine to complete most trusts' primary investments.

A "takeout commitment" from an acceptable long-term lender normally is required by a trust before it will grant a loan for income-property construction. Once this is accomplished, trusts can quickly provide the necessary construction funds. Because of its association with the mortgage banker, the progressive trust has ready access to the long-term funds necessary for take-out commitments on construction loans. Thus, the borrower can arrange both interim financing for construction, as well as permanent financing through a full-service mortgage banker.

When additional financing for equities may be required, trusts can provide such financing in a form that may be either a wraparound mortgage or a second mortgage loan to reliable real estate owners desiring to release equity in existing proved properties. The wraparound mortgage is used often in lieu of the standard second mortgage because this approach to secondary financing may provide a more favorable manner of expediting cash flow and retain debt service at a reasonably low level. Trusts look favorably on proposals wherein the combined first and second mortgages represent an attractive loan-to-value ratio. Shopping centers and financially strong single-tenant properties with long-term leases,

as well as apartment buildings and office buildings, represent the normal types of income properties on which this form of supplementary financing is considered.

A borrower may find himself in need of additional financing on a project that has "a rental achievement clause" that applies before he can increase the amount of the first mortgage from a "floor" loan amount. If a take-out lender is obligated to advance additional funds upon achievement within a designated period of time based on specified amounts of gross rental income, the mortgage trust may be of assistance. The dollar difference between the minimum "floor" amount and the maximum "ceiling" amount of the first mortgage permanent loan or commitment is called the "gap," which usually can be financed by mortgage trusts.

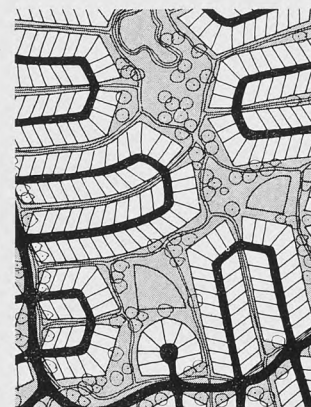
A borrower also can take advantage of a standby commitment if he is developing or converting a condominium project that the construction lender insists must have a "takeout" commitment in case the project reverts to a rental complex. In periods of high or declining interest rates, the builder can obtain a "standby" if he thinks that permanent mortgage money will be cheaper in the future—using the "standby commitment" in lieu of a "takeout" so construction money will be available to him.

As secondary forms of investment, trusts foster creation of new subdivisions through land-development loans that provide developers with a means of completing sewers, water, roadways and site balancing. In addition, they may assist in the purchase of undeveloped land for responsible developers. Trusts can quickly provide funds for individual home construction and model financing on a real estate line-of-credit basis, while the mortgage banker will provide forward commitments or individual home loan commitments for the permanent financing to retire both development and single-family construction loans.

Cloistered apartments, office complexes, industrial and mobile home parks are a part of today's megalopolis, with financing being provided by the modern and imaginative mortgage trust.

The "quadraplex," "condominium," "quadraminium," "incubator industrial development" and "planned unit developments" . . . all forms of real estate . . . commercial, industrial, residential, construction, as well as development, will begin and end at the buffet tables of the trusts, which are managed by mortgage bankers offering a complete and palatable real estate financing service. • •

# Come... FIND OUT ABOUT NEW PROFIT OPPORTUNITIES IN LENDING ON MOBILE HOME PARKS



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GOOD mobile home parks are making money for lenders and investors. More large developments — million-dollar projects — are sorely needed to provide *affordable* housing near urban centers. Dependable information is available to help guide financial people toward prudent — and *profitable* — decisions about new mobile home parks.

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- Sponsored by Land Development Committee of M.H.M.A., at Executive Inn, near Louisville Airport.
- Registration 8-9 A.M. Friday, Jan. 14 includes Continental Breakfast. Sessions will begin at 9 A.M.
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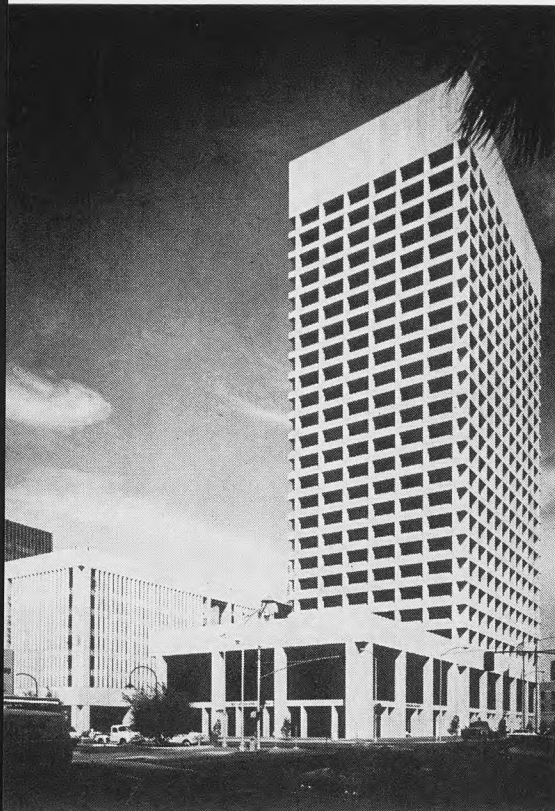
**Gentlemen:** Please pre-register us for your 'Finance Forum' January 14 at \$25 each. Our check is enclosed, so please have the necessary badges and tickets ready for our arrival.

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NEWEST addition to the Phoenix skyline is First National Bank Plaza, headquarters for First National of Arizona. Shown here are the 27-story tower building, three-story bank pavilion (foreground) and seven-story parking garage (left). The \$25-million complex occupies a city block.

## *First of Arizona Relocates In Downtown Bank Plaza*

**F**IRST NATIONAL of Arizona is now in its new home in the First National Bank Plaza, occupying an entire city block in the heart of downtown Phoenix. The major elements of the \$25-million complex are a 27-story tower building, three-story bank pavilion, covered mall and parking garage.

Rising to a height of 356 feet, the tower building is believed to be the tallest structure in Arizona. The exterior of the tower is precast, prestressed concrete that is off-white in color. Window units are deeply recessed and contain panes of specially tinted bronze glass.

The bank occupies the first 13 floors and lower level of the tower while tenant space is provided on the 14th through 25th floors. The first two floors above ground level (first and second mezzanines) are connected to the ground floor of the bank pavilion by a grand stairway.

A special feature of the tower is the Arizona history room, located on the lower level, directly below the main banking lobby. It presents a portrayal of life in early Arizona through a variety of rotating exhibits. The displays consist of loaned materials and items from public and private historical organizations throughout the state.

The most striking aspect of the board room, found on the fourth floor, is its functional "C"-shaped table. The

open center area facilitates distribution of materials to board members and, unlike conventional conference tables, affords a "neutral ground" that can be used for displays and presentations.

A coffee shop, open to the public, is located on the 13th floor while the employee cafeteria is on the fifth floor. The First National dining room is also on the fifth floor and provides service for bank officers and their guests.

The 11,000-square-foot bank pavilion is a three-story extension of the tower building. The focal point of the main banking area is the grand stairway leading to the first and second mezzanines of the tower.

The pavilion has a spacious, open effect created by floor-to-ceiling window units. Two massive skylights, highlighting the ceiling area, feature original designs in faceted stained glass.

A sectional copper screen, 11 feet high and more than 37 feet long, is located behind the teller line. It is an artistic representation of Arizona's varied topography.

A landscaped mall separates the tower and bank pavilion from the parking garage. Shading the mall is a "floating" canopy of precast concrete. The mall features seating alcoves, planters and a fountain pool.

The seven-story plaza garage provides parking spaces for more than 500 cars. • •

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Our new \$20 million First Place is already going up on 4th street between Boston and Main. We're building the largest single commercial development in the history of downtown Tulsa — to fill a need.

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*you deserve **more...** Think First!*

## The First National Bank & Trust Company of Tulsa



MID-CONTINENT BANKER for November, 1971



Heading NABW for 1971-72 are Pres. Ruth Harrison (r.), a.v.p., Irwin Union Bank, Columbus, Ind., and V.P. Barbara Pendleton, v.p., Grand Avenue Bank, Kansas City.

## NABW Enters Golden Jubilee Year Following 49th Annual Meeting

**M**ORE THAN 1,000 bank women attended the 49th annual convention of the National Association of Bank-Women Inc. last month in New Orleans. The attendance figure was a record for any NABW convention. The meeting marked the beginning of NABW's golden jubilee year.

Highlights of the convention included the unanimous adoption of resolutions intended to improve the employment status of women, installation of new officers and awarding of scholarships. Theme of the convention was "The Complete Woman Executive."

Delegates endorsed the equal rights constitutional amendment and moved to support and promote amendment of the Social Security Act to be all inclusive, providing equal benefits to spouses and children of all contributors without discrimination.

They also resolved to "work actively in their banks to seek a commitment from bank administrative officers that equal employment opportunity in matters of promotion, salary and education

will prevail."

Outgoing NABW President Ruth A. Bryant, assistant vice president, Federal Reserve Bank of St. Louis, Memphis Branch, installed the officers for 1971-72. New president is Mrs. Ruth Harrison, assistant vice president, Irwin Union Bank, Columbus, Ind. New vice president is Miss Barbara Pendleton, vice president, Grand Avenue Bank, Kansas City. Installed as recording secretary was Mrs. Dorothy Evans, assistant trust officer, Irwin Union Bank, Columbus, Ind. New corresponding secretary is Mrs. Jane Stepler, vice president and secretary, Union Bank, Kokomo, Ind. Serving a second term as treasurer is Mrs. Betty L. Steele, vice president and secretary, Brenton Banks, Inc., Des Moines, Ia.

New regional vice presidents serving in the Mid-Continent area include Mrs. Gertrude E. McAlexander, vice president, Bank of Holly Springs, Miss.; Mrs. Margie F. Tillery, cashier, Citizens National, Shawmut, Ala.; Miss Mary Lee Hill, vice president and

cashier, Bank of Rector, Ark.; Mrs. Lois A. Morlock, executive vice president, First National, Bowling Green, O.; and Miss Levetta Hosler, executive vice president, Fullerton (Neb.) National.

Mrs. Harrison joined her bank in 1956 as a loan interviewer, was named manager of the charge account department in 1957, manager of new accounts in 1960, appointed director of public relations and advertising in 1962, cashier in 1963 and assistant vice president in 1966. She is immediate past vice president of NABW.

Miss Pendleton has been with her bank for 24 years and joined NABW in 1951, when she was named assistant cashier of her bank. In 1957 she was promoted to assistant vice president and attained her present position in 1962. She was recipient of NABW's Jean Annot Reid Scholarship Award in 1950.

The 1971 Jean Annot Reid Award was presented to Mrs. Elizabeth M. Edwards, regional placement representative, American National, Mont-



LEFT: Other officers installed at convention include (from l.) Mrs. Dorothy Evans, asst. tr. off., Irwin Union Bank, Columbus, Ind., rec. sec.; Mrs. Jane Stepler, v.p. & sec., Union Bank, Kokomo, Ind., corres. sec.; and Mrs. Betty L. Steele, v.p. & sec., Brenton Banks, Des Moines, Ia., treas. RIGHT:

Outgoing NABW Pres. Ruth A. Bryant, a.v.p., Memphis Branch, St. Louis Fed., poses with Darryl R. Francis (l.), pres., St. Louis Fed, and L. Terry Britt, v.p. and mgr., Memphis Branch.

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MID-CONTINENT BANKER for November, 1971



Paul Stroud



Merlin Menk



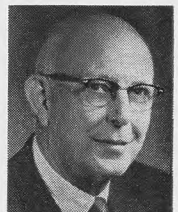
N. J. Schindler



W. Birmingham



Robert Stroud



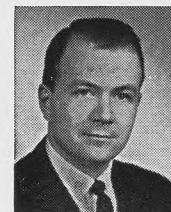
Carl Bolte



Van Swanson



Dick Evenson



Richard Miller



Bruce Blume

# The BANK BOARD Letter

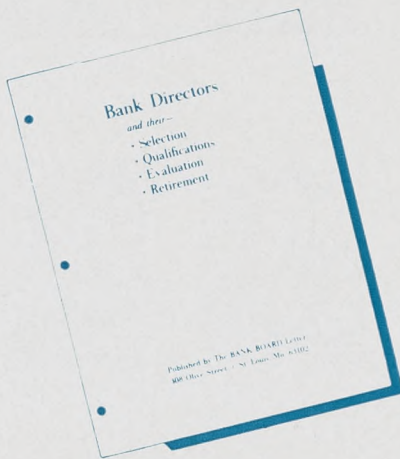
The Publication Edited Exclusively for Bank Directors

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The BANK BOARD Letter



This newly published 24-page booklet contains valuable answers to the problem of selection, retention, and eventual retirement of directors. One section also provides the "prospective" director with ways to evaluate his own contribution to the bank.

## SALES . . . NEW BUSINESS

### Can Your Directors Help Your Bank?

### Do You Want Them to Help?

Are *your* directors working for *your* bank? Do you *want* them to? Do you know that directors, *when properly motivated*, can work for growth and profits at your bank?

Can you imagine board members engaging in a sales campaign that could easily add 5% in deposits to your bank in as few as three months . . . and increase your bank's stock value by as much as 25%!

Possible?

You bet! Directors of an eastern holding company are doing just that . . . and having fun besides. And perhaps even more importantly they are learning something about their own banks and they are beginning to appreciate some of the day-to-day problems faced by bank management.

A full description of this innovative new-business program was given to our regular subscribers as a special "Bonus Study" under the headline: SALES: How Bank Directors Can Help! This study can be yours NOW, when you subscribe to The BANK BOARD Letter.

Not only will you receive details of this innovative sales program (which will pay dividends to your bank for years to come),

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The unused portion of your subscription payment will be returned to you promptly, any time you feel that The BANK BOARD Letter ceases to be profitable reading.

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but with your subscription (ONE-YEAR . . . NEW or RENEWAL) you will receive a copy of the 24-page booklet illustrated on the opposite page.

This booklet ALSO will be an invaluable aid to your bank in the selection, evaluation and retirement of bank directors. It will be particularly valuable as you approach the need for *year-end changes* in your board.

It will help in answering these questions: How *do* you evaluate present directors and their contribution to the growth of your bank? How should a *prospective* director evaluate himself? What are the *questions* he should *ask of himself* when he is invited to join your bank?

What about director retirement? Does your bank have a policy? Is it up-to-date . . . realistic? How do you create such a policy . . . NOW . . . and without creating hurt feelings? (This booklet will be used over and over by management . . . and the board. You can't afford to be without it!)

Naturally, you'll begin receiving monthly copies of The BANK BOARD Letter, which analyzes and interprets a wide range of information that is important . . . both to management and the board, in helping them arrive at vital decisions, quickly *and harmoniously*.

The BANK BOARD Letter is published in the popular, easy-to-read four-page newsfolder format. It is punched for easy notebook filing and once each year an index of all topics is made available so that you may refer quickly to a topic of current interest.

As you know, banking has changed and will continue to change dramatically in the years ahead. But those banks that prepare for this change . . . those that plan, plan, PLAN ahead will be the ones that lead the pack!

That is why it is so important today for management and the board *to work together as a team*. Information in The BANK BOARD Letter can help provide the background for this team spirit . . . and in many instances motivate management and the board to make that "extra" effort that often means the difference between mediocrity and excellence.

Fill out the accompanying order form and mail today (or drop us a note on your bank's stationery). The sooner you act, the quicker your bank will profit from the penetrating forecasts, judgments and advice in each monthly letter and frequent "Bonus Studies."

Sincerely yours,  
Ralph B. Cox  
ASSOCIATE PUBLISHER

P.S. If you haven't seen The BANK BOARD Letter, ask us for a sample.

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# NABW's Annual Meeting (Continued)

clair, N. J. The NABW Scholarship Award was presented to Mrs. Dorothy Becton, branch officer, First National, Little Rock.

Speakers included Mrs. Barbara Ann Hackman Franklin, staff assistant to President Nixon; Willis W. Alexander, ABA executive vice president; Miss Margaret Marie Hennig, Simmons College, Boston; Mrs. Sonia Pressman Fuentes, Equal Employment Opportunity Commission, Washington, D. C.; Miss Patricia Carbine, editor, *McCall's* magazine; and Mrs. Julia Montgomery Walsh, Ferris & Co., Washington, D. C.

## Men Bankers Speak

Mid-Continent-area bankers (other than NABW members) on the convention program included Frank A. Plummer, chairman and president, First National, Montgomery, Ala.; Rex J. Morthland, chairman, Peoples Bank, Selma, Ala.; Charles Lucien, vice presi-

dent and personnel director, Hibernia National, New Orleans; James Massey, vice president, Merchants National, Indianapolis; Daniel K. Dwyer, vice president, Louisiana National, Baton Rouge; Donald Gerald, vice president, Fidelity National, Baton Rouge; Allen R. Houk, senior vice president, and Christopher B. Young, assistant vice president, First National Bank of Commerce, New Orleans; Paul F. Steen, assistant vice president, Bank of New Orleans; and Wayne McVadon, vice president, Baton Rouge Bank.

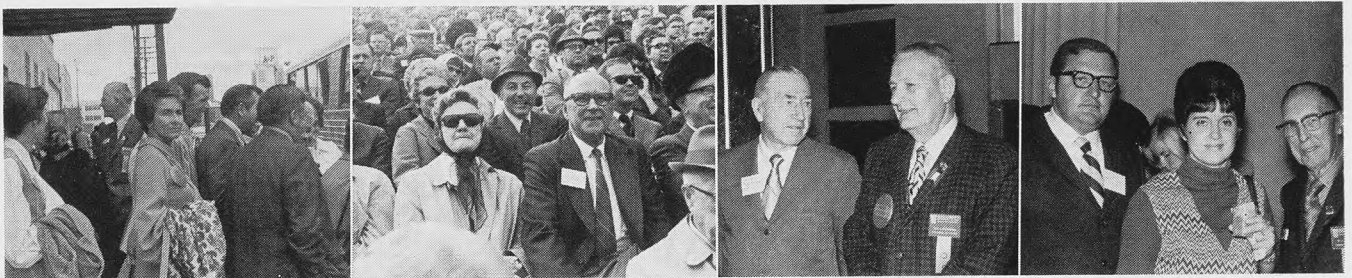
## Area Participants

Members of NABW from the Mid-Continent area participating on the program included Miss Harriet Kensla, convention chairman, vice president and branch manager, Hibernia National, New Orleans; Miss Buddie J. Belford, assistant vice president, Federal Reserve, Chicago; Mrs. Marcella D. Perry, chairman, First Pasadena State,

Houston; Mrs. Virginia P. Lewis, senior vice president, Seagoville (Tex.) State; Miss Bobbye Taylor, assistant vice president, First National, Lamesa, Tex.; Miss Ruth A. Steinke, assistant vice president, National Boulevard Bank, Chicago; Mrs. Donna S. Legan, branch manager, Merchants National, Indianapolis; Mrs. JoAnne Valentine, trust officer, Lincoln National, Ft. Wayne, Ind.; Miss Jeanne Hafner, staff officer and assistant cashier, First National, Chicago; Mrs. Lois R. Kimball, trust officer, Union Planters National, Memphis; Mrs. Mary Frances Sanders, trust officer, First National Bank of Commerce, New Orleans; Mrs. Lois M. Scott, assistant vice president, Frost National, San Antonio, Tex.; and Mrs. Marjorie Jones, vice president, Peoples National, Tyler, Tex.

NABW's golden jubilee convention will be held in Chicago next September. • •

## Security Nat'l, K. C., Kan., Holds Football Party



LEFT: Guests at Security National's recent annual football party board busses bound for Lawrence and football game between University of Kansas and Kansas State. The bank hosted a morning brunch before the game. SECOND FROM LEFT: Football fans watch KU win 39-13. SECOND FROM RIGHT: Elmer Beck, Topeka State,

and John Breidenthal, Security Nat'l, enjoy evening cocktail party and buffet dinner after the game. RIGHT: Included in the 722 bankers and wives attending the bank's annual event were W. H. Craig (l.), Garnett State; Mrs. Craig; and Bill Webber, of host bank.



LEFT: John Breidenthal (second from l.), Security Nat'l, greets (from l.) Ed Smith, Stark State; Jimmy Cooper, Peoples State, Richmond; and Mrs. Cooper. CENTER: R. R. Domer of Security Nat'l and Mrs. Domer (r.) chat with Mrs. Katherine Bachman, First Nat'l, Centralia.

RIGHT: Enjoying festivities are: (from l.) John Peterson and Bill Webber, of host bank; Mrs. Dawson; Glenn Dawson, First Nat'l, El Dorado; Mrs. Hamm; and Michael Hamm, also of First Nat'l, El Dorado.



# The 'Hot Potato'

## *Banks and S&Ls Find Effective Sales Tool in New Type Of Bank-by-Mail Envelope That Promotes Services Such as Loans, Safe Deposit and Trust*

By **ARTHUR C. NORRIS**  
Contributing Editor

A NEW wrinkle on an old friend is bringing that "happy face" smile to bank executives in MID-CONTINENT BANKER territory and surrounding area. The reason? Increased deposits and more loan applications. And all of them coming in by mail.

The old friend is the bank-by-mail envelope to which a deposit slip was attached as an integral part. The customer had to detach and fill out the deposit slip before mailing. His name and address had to be entered on the deposit slip, which the bank receipted and returned to him in a window envelope with a new bank-by-mail envelope.

Now Tension Envelope Corp., Kansas City, has devised a new use for this type of return envelope. The manufacturer calls this new departure a "hot potato" envelope because, their representatives say, customers handle these envelopes as quickly as they would so many hot potatoes. In other words, the banks get response—quickly.

But instead of using these envelopes merely as a means of reducing work for the bank, Tension Envelope has prepared specially designed innovations that induce customers to mail in increased deposits and new loan applications.

The "hot potato" has one tremendous advantage over the traditional "stuffer" sort of mailing piece as a means of cross-selling bank services. The sales message is an integral part of the return envelope and in the vast majority of cases the customer is not going to

detach it until he actually is ready to use the return envelope. Then he must detach it. But the result is double exposure to the same message, first, when he receives the return envelope and second, when he goes to use the return envelope.

One of the most successful applications of the "hot potato" return envelope principle is that used by Home

Federal Savings & Loan, Des Moines, Ia. This institution uses the envelopes in mailing out notices that mortgage payments are due. A typical flap bears a picture of an elaborate castle complete with moat, drawbridge and portcullis and the message: "Start saving for a little vacation cottage of your own." The remainder of the flap carries a deposit-by-mail form. Home



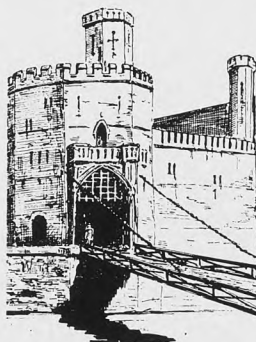
### A SAFE DEPOSIT BOX PROTECTS YOUR IRREPLACEABLES.

We all have items that are valuable. Maybe not from a monetary standpoint, but things that can't be replaced.

To be absolutely certain you won't have a loss or have to try to replace something valuable, rent a safe deposit box.

The cost of peace of mind and easy accessibility is low.

SAFETY-WISE . . . WE'LL TAKE YOU WHERE YOU WANT TO GO.



Start saving for a little vacation cottage of your own.

In addition to my regular loan payment I'm adding \$ \_\_\_\_\_

Add this to my savings account. Enclosed is my passbook # \_\_\_\_\_

I want a new savings account.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Second name for joint account \_\_\_\_\_

Please tear off on perforated line and put inside envelope.

Above are two examples of illustrations used on flaps on "hot potato" envelopes by financial institutions. TOP: Flavor of Old West is evident on envelope used by Overland Park (Kan.) State to get new safe deposit customers. BOTTOM: Home Federal S&L, Des Moines, Ia., featured medieval castle with copy promoting the saving of money for vacation cottages.

# **BEING A LENDER IS ONE THING. BEING A LONER IS SOMETHING ELSE.**

You've seen our ads. You know that Delta Corporation of America originates and services millions of dollars in mobile home loans every month.

But you may not know that Delta also handles mobile home servicing for financial institutions that previously were "going it alone."

In fact, as the nation's oldest and largest company in this business, Delta presently services mobile home portfolios for more than 300 commercial banks and savings and loan associations throughout the United States.

Like you, they understand that "self-servicing" a mobile home portfolio isn't always easy—what with the daily expense of handling all the details, collection of delinquent accounts, repossession and resale of mobile homes, and lack of protection against credit losses.

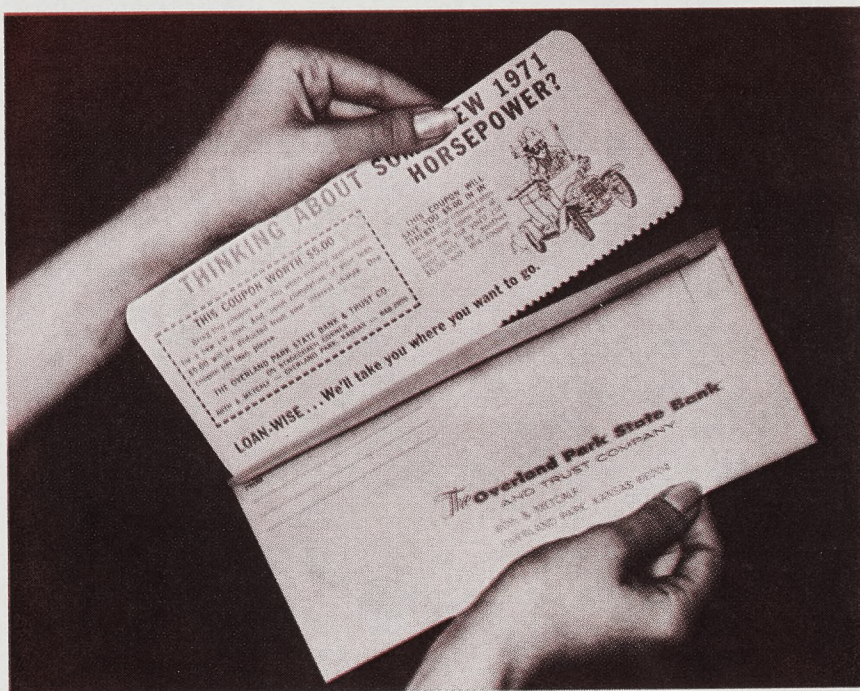
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# This "hot potato" envelope brings home the bacon.



Tension "hot potato" reply coupon envelopes really "bring home the bacon" for banks. They offer a new dimension in direct response that makes old fashioned loose inserts obsolete.

"Hot Potato" envelopes are used by the millions to cross-sell bank services. Every department—installment loan, savings, checking, trust, etc.—can effectively utilize these unique Tension envelopes.

Your special copy is imprinted on the envelope coupon which must be removed **before** the envelope can be sealed shut. The recipient must handle the coupon (it's a "hot potato") so he's sure to see your message or special offer. "Hot Potato" envelopes are test proven to be more effective than loose inserts. More economical, too.

For samples of "Hot Potato" envelopes that are making money for banks across the country, check the yellow pages and call in a Tension representative. Or, mail the coupon below.

Federal is receiving between \$11,000 and \$12,000 a month in mail deposits through use of these envelopes. The average deposit is close to \$100.

"These detachable coupons have out-pulled loose stuffers by more than three to one," Gary Fletcher, assistant vice president, stated. "Unlike the stuffers, the envelope flap is not discarded when the customer receives his mortgage notice and it is still there as a reminder to make a deposit when he uses the return envelope to make his loan payment."

Red River National, Grand Forks, N. D., started using "hot potato" envelopes late this summer. As its first message, the bank chose to emphasize its loan services and used a double-barreled approach. The back of the envelope in which monthly statements were mailed carried a message pointing out that loans were made for any worthwhile purpose: a new home, a new car or a boat, for example. Inside, the business-reply envelope bore on its detachable flap a short form loan application.

"During the month of August," L. K. Kruse, vice president and cashier, reported, "the loan application envelopes went out to all our regular checking account customers. Our response was 1%. In other words, we received close to 50 loan applications our personal loan department was able to follow up.

"In September we promoted bank-by-mail and the result was a 2% response. Other envelopes we have had prepared will push the use of a savings account by checking account customers and also our 'Checking Plus' account through which the customer has the privilege of writing his own check to make a small loan.

"We feel that one of the major advantages of this type of cross-selling," Mr. Kruse said, "is that it ties the customer more tightly to our bank. It is a banking fundamental that the more of your services a customer uses, the less likely he is to shift to another bank. We consider that such cross-selling adds to the services regular customers use. And best of all, we have determined that our cost is only one cent per customer. You can't beat that."

One of the most elaborate programs worked out for use of "hot potato" envelopes is that of Overland Park (Kan.) State. This bank has prepared envelopes with six different sales messages.

Beneath the bank's sign is displayed a true-to-life stagecoach drawn by four wooden horses of the sort on which saddlery shops used to display their wares—and still do when you can find a saddlery. One envelope pictures this display and emphasizes the conveni-

	Send for "Hot Potato" envelope idea kit and FREE booklet.	<p><b>TENSION ENVELOPE CORPORATION</b> 5010 Southwest Ave. St. Louis, Mo. 63110</p> <p>FACTORIES: S. Hackensack, N. J. / Memphis / St. Louis / Des Moines / Minneapolis / Kansas City / Marysville, Ks. / Ft. Worth / Los Angeles</p>
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ence of banking at "Stagecoach Corner." Another shows a cowboy driving a vintage automobile and features auto loans by offering a \$5 discount if a coupon that's part of the sales message is used.

On another envelope a holdup is pictured and the customer is told "A safe deposit box protects your irreplaceables." Coupled with a picture of a boomtown is a message for home improvement loans. A halftone engraving of a stagecoach adds human interest to a message in which Overland Park State thanks its customers for letting them take them where they want to go "bank-wise."

Again the stagecoach is used to illustrate a suggestion that customers "investigate our trust services" and a miner pouring water into a placer-mine "cradle" adds the human touch to the message: "Savings-wise . . . we'll take you where you want to go."

First National, Rock Island, Ill., uses both sides of the detachable flap to sell two services: savings accounts and safe deposits boxes, while American National, Amarillo, Tex., points out the value of a checking account on a return envelope mailed to loan customers.

One of the advantages of these envelopes is that every bank seems to add its individual twist that makes each application virtually unique. For

instance, First National, Olathe, Kan., uses the detachable flap to promote savings deposits, but on the flap the customer must moisten to seal the envelope is a message advertising automobile loans. • •

#### S&Ls Can Buy Interest In Mobile Home Paper

Federally chartered S&Ls can now buy participating interests in mobile home chattel paper with recent adoption of changes in Federal Home Loan Bank Board regulations, reports Jack Dahl, chairman of the Mobile Homes Manufacturers Association/Trailer Coach Association Washington Affairs Committee.

The new regulations will enable certain smaller savings and loans not equipped to handle mobile home financing and other S&Ls in non-mobile home areas to invest in mobile home chattel paper. It would also allow larger S&Ls that are "loaned up" to sell participation and continue originating mobile home loans in heavy demand areas.

Current regulations limit the outstanding investment in mobile home loans by a federal association to 5% of its assets. The action, effective last August 23, enables a savings and loan operating close to this limit to obtain additional funds for investment in mo-

bile home paper. "It will have the overall effect of expanding savings and loan funds available for mobile home financing to meet rising demand. The latter is running approximately 25% ahead of 1970," FHLBB Chairman Preston Martin pointed out.

Purchases of participating interests in mobile home paper may be made only from institutions insured by the Federal Savings and Loan Insurance Corporation or the FDIC. The seller-servicer must retain a 50% interest. The participations must be secured by a mobile home located within 100 miles of the seller's home or branch office. Sales of mobile home chattel paper must be made without recourse.

## Incentive Campaign Must Be Preceded By Training Program

**I**N-HOUSE incentive programs do pay off in new accounts and increased deposits, but banks using them must precede the selling campaign with a training program.

This seems to be the lesson to be learned from the successful campaign conducted by Union National, Springfield, Mo., a campaign which brought in almost 3,000 new accounts and more than \$8 million in new money.

Several bank marketing officers interviewed in times past by MID-CONTINENT BANKER have deplored the results obtained from employee incentive programs. Such campaigns ought to work, they have argued, but they have not been too successful. These marketing men agreed on one thing. Some spark was needed to set fire to bank personnel so that they would sell bank services. Merchandise awards alone simply did not supply adequate motivation.

Union National, on the basis of results obtained, found the answer in a training program provided by the bank's advertising agency, Barrett/Yehle, Inc., Kansas City, Mo. The admen recommended a system of audiovisual training films created by its communications division. These films were intended to change the attitudes of bank employees toward their jobs, the bank's customers and fellow employees.

These films consisted of a brief course in applied psychology which showed the bank's employees why people behave as they do and, as a result, the course taught employees how to sell. By giving a firm founda-

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Financial Responsibility	<input type="checkbox"/>	<input type="checkbox"/>
Affiliated Insurance Companies	<input type="checkbox"/>	<input type="checkbox"/>
Credit Guaranty Bond Plan	<input type="checkbox"/>	<input type="checkbox"/>
Training, Manuals, Materials	<input type="checkbox"/>	<input type="checkbox"/>
Over 25 Years of Bank/Dealer Service	<input type="checkbox"/>	<input type="checkbox"/>
Dependable Sales & Operational Know How	<input type="checkbox"/>	<input type="checkbox"/>
Integrity with Bank, Customer, Dealer	<input type="checkbox"/>	<input type="checkbox"/>
All Salaried Employees	<input type="checkbox"/>	<input type="checkbox"/>

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**International Bank of Washington**



tion to the up-coming promotional campaign, the training program gave the bank's employees an insight into the minds of customers. Once the selling campaign started, the employees were anxious to try what they had learned, to see if these techniques would actually work.

The results were almost spectacular. Here is a box score: 864 new checking accounts for a total of \$1.8 million; 1,583 savings accounts totalling \$3.4 million; and 460 CD accounts that added up to \$2.8 million. The total was 2,907 new accounts for a total of \$8,084,959. In addition, 318 installment loans were made for a total of \$804,759.

Obviously, employees needed some incentive to sell, other than the training program itself. The bank provided this through offering "prize points" based on the value to the bank of the type of new account obtained. These "prize points" could then be used like cash to "buy" gifts out of a 96-page catalog. Profusely illustrated in four colors, the catalog is the sales tool of Business Incentives, Inc., Edina, Minnesota.

From this catalog, Union National employees "purchased" 997 prizes. The prizes, selected in the order of their popularity, were: bicycles, ice buckets, dishes and cooking ware, electric toothbrushes, blenders, television trays, electric can openers and garden tools.

To aid the employees in selling new accounts, Union National also ran an incentive campaign for customers in which a selection of 10 clocks was offered for new accounts, add-ons and installment loans.

The clocks were offered as self-liquidating premiums at various prices for various size deposits. For a \$5,000 deposit or \$3,000 installment loan, the customer could buy (for \$8) a junior grandfather, a digital, or a shadow box clock. For a new checking account of \$250, an installment loan of \$2,000 or a savings deposit of \$1,000 the customer could buy one of five decorative clocks for \$5.50. Customers making a checking deposit of \$250, a savings deposit of \$500 or an installment loan of \$1,000 could buy either an alarm clock or a travel alarm clock for \$2.95.

Of the clocks, the travel alarms proved the most popular, with an old-fashioned school-room type clock running second. Third and fourth were a mantel clock and a spice drawer clock.

Obviously, Union National officers are enthusiastic about the results obtained from their campaign, but they emphasize that the basis for its success was the training program that preceded it. The bank is considering running another campaign this fall. ••

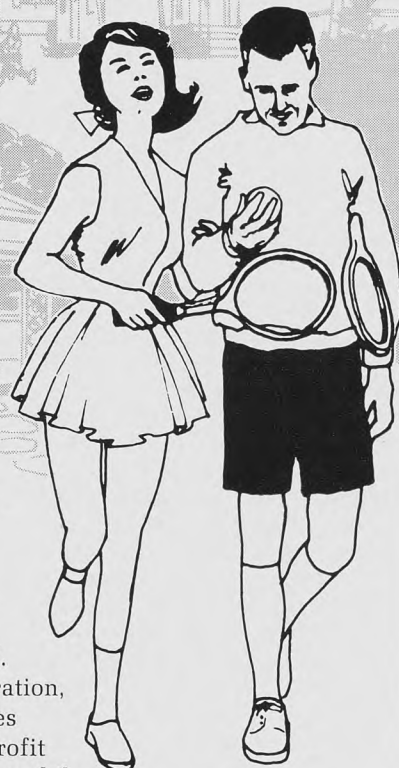
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# Bank Operations

## Common-Sense Guidelines Listed For Safe Deposit Department

*EDITOR'S NOTE: The following article on safe deposit box procedure is reprinted with permission from the "Loss Prevention Bulletin" published by the Bank Share Owners Advisory League of Chicago.*

**M**AINTENANCE of proper safeguards in the safe deposit department is of great importance in minimizing potential liability. While state laws vary as to applicability to the operations of a bank's safe deposit department, certain principles are common to most states.

The customer's rental contract for the safe deposit department should be in the form approved by the bank's counsel and should be in conformity with the particular bank's applicable state laws. The contract should clearly specify the identity of the person(s) to whom entry should be granted—whether singly or jointly.

Here are some common-sense guidelines to be followed in the pursuit of good internal controls to be exercised over the safe deposit department:

1. Before entering the vault section, each customer should sign an access slip, which is compared with the signature and box number on the contract, and if satisfactory, is initialed by the vault attendant who then enters the date on record-of-entry card. The access ticket is stamped showing date and time of entry and also should show time of exit.

2. No one should be allowed to have access to a vault box no matter how well known he may be to the attendant without having signed and had approved an access slip.

3. Persons other than renters or those properly authorized should not be allowed inside the vault section.

4. When the customer presents his access ticket and key to the attendant, the latter should compare the numbers on the key and on the ticket. If they agree, he then opens the compartment. The ticket should be initialed and set aside pending regular filing by the attendant, who will have custody and supervision of these tickets.

5. Before the customer leaves the vault, the attendant should remove the customer's key from the lock and return it to him, leaving the compartment locked.

6. When the customer returns with his box, the attendant should reopen the lock and relock it after the box has been put in its place.

7. The attendant should examine booths after customers have vacated them and remove any wastepaper or other contents left there. Booths should be equipped with self-locking doors.

8. Articles found anywhere in the vault premises should be immediately delivered to the attendant. If the articles consist of cash, jewelry, securities or other valuable papers, an officer should be called and a joint affidavit made as to the articles found. They should then be turned over to the auditor and given a safekeeping number and put under dual control, in the same manner as contents of drilled boxes.

9. If a customer should leave his box in a booth or in the vault, the attendant should immediately call an officer and a joint affidavit should be prepared as to finding, condition and contents of the box. The contents should then be sealed and placed in safekeeping under dual control, in the same manner as contents of drilled boxes.

10. When a customer surrenders a box, he should be required to sign a receipt for the contents of the box and a release absolving the bank from any further liability. The keys to the box should be surrendered at the same time.

11. Surrendered boxes should be immediately examined and must not be rented until the lock has been changed and new keys made. Should any contents be found in a surrendered box, they should be handled in the manner provided for contents of drilled boxes.

12. The vault teller should keep a separate record of all boxes surrendered. Locks on these surrendered boxes should be changed on the first visit of the vault mechanic after the surrender date.

13. When keys to a box are reported lost, the box should be plugged until it has been forced open by the regular mechanic in the presence of the customer.

14. The vault attendant should have only one set of guard keys, which are

held by him or the relief attendant during hours. On no occasion are these keys to be carried outside the vault section. When the vault is to be closed, the vault attendant will sign the entry book and then put the guard keys inside the vault—being checked by the officer closing the vault. In the morning he will sign in and obtain the keys on the opening of the vault.

15. Duplicate guard keys and duplicate keys for the compartment holding keys to unrented boxes should be held in the security vault section of the bank under dual control of two officers.

16. Drilling of boxes due to arrearage of rent should be done by a mechanic under the supervision of a bank officer with the vault attendant and one other person as witnesses. These three persons are to sign an affidavit as to the opening and the contents of the box, if any. The contents, a copy of the affidavit and a copy of the registered letter of notice and the Postal Department's return receipt are to be sealed and marked showing name of customer, number of box, date box was opened and signed on the outside by persons making the affidavit. This package should then be placed in safekeeping under a regular number and deposited in the vault under dual control.

17. A copy of the above affidavit should be sent registered mail to the customer at his last known address, with an advice that the box has been opened, contents sealed and placed in storage at his expense.

18. It is the duty and responsibility of the vault custodian as manager of the vault department:

(a) To study the operations of this department so as to provide a maximum of safety for both the customer and the bank and at the time render quick, adequate and courteous service.

(b) To follow up collections so as to keep past-due rentals at a minimum.

(c) To see that the vault department is properly equipped and maintained in a clean and orderly manner. • •

### Ark.BA Plans Group Meetings

The Arkansas Bankers Association has announced the 1972 schedule for its group meetings. The meetings will be held as follows: Group One, March 8; Group Two, March 6; Group Three, March 10; Group Four, March 9; and Group Five, March 7.

■ LaSALLE NATIONAL, Chicago, has named Robert F. Fera assistant vice president in the trust and investment management group.



## What did market research studies say about this new carton design?

After a good many years, the familiar, all red DeLuxe check carton has been changed to this new design. Not without some regrets and the shedding of a nostalgic tear.

However, extensive market research studies, testing a number of new designs against our old red box, indicated this design was most preferred.

Customers were asked to rate various designs by "Image Criteria." This new carton won hands down on such image impressions as being attractive, modern, having appealing colors and being warm and friendly. They thought it was distinctively different, felt it represented high quality for the money, believed it was a good package for personal checks and that it was provided by a progressive company. There's more but we're slightly embarrassed already.

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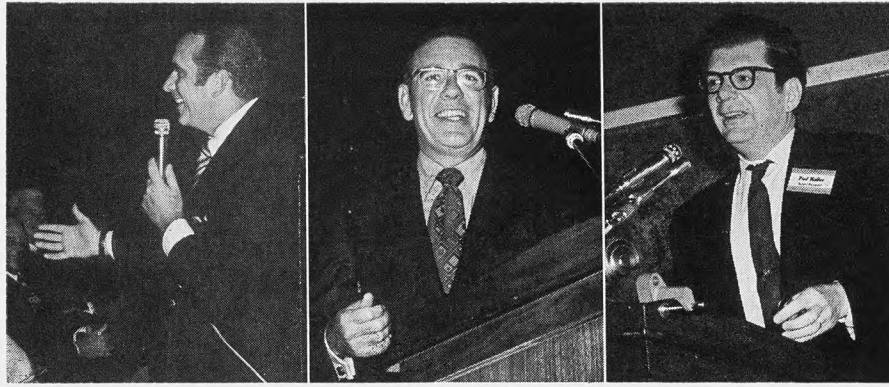
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LEFT: J. W. McLean, ch. & CEO, Liberty National, Oklahoma City, welcomes guests to bank's 15th annual correspondent conference held just before ABA convention. CENTER: Dr. Otis Maxfield speaks at conference. RIGHT: Dr. Paul Nadler also was on program.

## In Oklahoma City

# Liberty Nat'l Combines Annual Conference With Open House to Show New Building

By **HAROLD R. COLBERT**  
President, Commerce Publishing Co.

**L**IBERTY NATIONAL, Oklahoma City, which advertises itself as "the Bank of Mid-America," more than lived up to the claim on October 14, 15, 16, when it became the bank on which bankers from Boston to Los Angeles focused their attention.

The occasion was Liberty's 15th annual correspondent conference, but this year Liberty combined it with an open house for bankers from Mid-America and Reserve cities throughout the nation to visit Liberty's new 36-story banking home. Dates of the conference and open house were scheduled just ahead of the ABA convention in San Francisco. As a result, several hundred bankers and wives participated in the Thursday night dinner party Liberty staged at the renowned Cowboy Hall of Fame, then attended the conference Friday, toured the bank that evening, were entertained at cocktails, dinner and dancing on the 28th floor of Liberty Tower, and then on Saturday morning enjoyed Liberty's traditional pre-ABA convention "going away party," which this year was a brunch, before many of the guests boarded chartered flights to the convention in San Francisco.

The Liberty building, covering an entire block at 100 Broadway, is the tallest in Oklahoma. It is only two

blocks from Liberty's "convenience corner"—recently-opened 24-hour drive-in facility. The towering home of Liberty is symbolic of a massive redevelopment going on in downtown Oklahoma City in which several nearby new office buildings are nearing completion and a \$23-million convention, sports and entertainment center is taking shape only a block away. The new banking quarters (described in detail in August and September MCB) contain many features not seen elsewhere in any bank. The officers' quarters contain many valuable works of art as well as antiques imported from Mexico. The building itself, resting on a square city block, speaks of the open Oklahoma plains; the arches that form the base of the building and are repeated at the top of the tower reflect the Spanish influence of the early explorers. The bronze glass used for the building structure reflects the heritage of the more than 60 Indian tribes who made the state the center of their civilized world. The specially woven carpets used in the lobby of the building are in a reddish rust color so reminiscent of Oklahoma soil. The building itself suggests the quality of service, the innovations in banking practices and the cultural and business leadership a big bank should provide its community and far-flung customers.

The correspondent conference, shortened substantially from the traditional

because of the many added features occasioned by the new building, was quality throughout.

After greetings from William P. Dowling, senior vice president and head of Liberty's correspondent department, J. W. McLean, chairman and chief executive officer, said that this year's theme was "Where Is Banking?" rather than a more ponderous theme that allowed for long-range prognostications. He recalled that since the conference less than a year ago the prime rate, then at 7% and down from 8½% six months earlier, had plummeted in 3½ months to 5½%—and then bounced back to 6% three months later. He reminded the bankers that nobody a year ago had predicted that by August this year the classic remedy for inflation would be abandoned in favor of price controls.

"Talking about things to come is really useless unless we clearly understand our position. The future is the product of the present multiplied by trends which started in the past, modified, of course, by the total of our individual efforts to influence the outcome. Trends are not enough, but that's usually what we talk about. It is equally important to know where we are. Banking is in transition, with a number of unresolved questions that have a profound effect on it," said Mr. McLean.

He then cited such unresolved questions as whether the President's con-

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## Mercantile National Bank at Dallas

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Walter V. Shipley, regional v.p., Chemical Bank, N.Y.C., is crowned with Indian headgear by Miss Oklahoma, Miss Susan Supernaw, after banquet for Liberty National of Oklahoma City's correspondent conference guests. At left (back to camera) is J. W. "Bill" McLean, ch. & CEO of host bank.

trols will be temporary or permanent; whether the United States can improve its trade balance by \$7 billion, as Treasury Secretary Connally has said, and its balance of payments by \$13 billion annually without creating a world depression.

Other questions raised by Mr. McLean were: What will be the results of the President's Commission on Financial Structure and Regulation and the effect it will have on the regulatory fabric of banking? Will the "holder-in-due-course" doctrine of the Federal Trade Commission become the law of the land, holding banks liable for defective merchandise bought and paid for with borrowed funds? Will sub-prime lending on bank stock become a thing of the past? What system of banking is best for states such as Oklahoma to strengthen economic prospects for growth in competition with other states?

"Banking is in transition, will always be in transition, with its ultimate shape dependent on our determination to give customer satisfaction at a fair price, with the customer knowing what he is getting and what a bargain it is," declared Mr. McLean as he got a fast-moving conference underway with a battery of top talent to discuss today's problems.

Head-off speaker, as in seven previous years, was Dr. Paul S. Nadler, professor of business administration, Rutgers University. Summing up the situation in which the United States finds itself today, Dr. Nadler said that on the international front from 1945 to 1970 we lost dollars and gold. The dollar weakened. It isn't the strong currency it was because we weren't willing to make it strong. The new international money will be international drawing rights. Little by little, we wrecked the

free-enterprise system, until the government came in. People never want to vote against inflation. They vote against unemployment.

We have less ability to sell abroad. We're all feeling the decay. We'll be spending more at home to acclimatize the rural people who have moved to the cities and more to overcome the decay of the cities.

As for the banking outlook, Dr. Nadler predicted that interest rates will remain low; stocks will move up as profits rise; there will be a good bond market; the economy will move up 5½% or 6% (about 4% inflation). He foresees banking trending to more of a middleman operation, buying money at a price and selling it at a mark-up, the sales price fluctuating as the purchase price rises or sinks. This will call for getting the fat out of overhead and finding new markets to offset a profit squeeze.

In a panel discussion that followed, there developed considerable differences of opinion on the "profit-squeeze" syndrome. Edward L. Palmer, chairman, executive committee, First National City, New York City, thought there is too much negative thinking about profits. He thinks bankers, when they pile up profit records year after year and then take a slight dip, are hurting themselves by screaming about a profit squeeze. He thinks bankers should assume a positive view.

Joseph W. Barr, president, American Security & Trust, Washington, D. C., said he thought money center banks that are money brokers might not have a squeeze but that banks of deposits would be more likely to get caught in a squeeze.

George H. Clay, president, Federal Reserve, Kansas City, said that many banks turned their profit squeeze around in the third quarter and no longer are in a squeeze but might have a moderate one later.

Ben D. Floyd Jr., president, Fourth National, Tulsa, likely reflecting the feeling of many at the conference, expressed the view that banks of moderate size can initiate things to keep a better balance between costs and sales, and with lower overhead may not get caught in a squeeze.

The panel fielded a number of lively topics, including the "floating prime rate"; how to calculate spread over costs in determining loan rates; the image of banking; variable mortgage rates and holding company restrictions. Most agreed that the "laundry list" of what bank holding companies are permitted to do is good. Mr. Barr recalled the banking fiasco of the late '20s and early '30s and said the list is good and keeps banks from getting into trouble.



King Upton, sr. v.p., First National, Boston, receives Indian headgear from J. W. "Bill" McLean, ch. & CEO, Liberty National, Oklahoma City, during bank's 15th annual correspondent conference last month.

Mr. Floyd agreed and said the Fed will do well to keep the list under control and expand it only with great caution. Mr. Palmer said that regional and smaller banks can get more good from present holding company legislation than the large city banks can.

Edward F. Gee, chairman, United Virginia Bank/State Planters, Richmond, discussed "Constructive Lending in Constrictive Times." He set forth 20 principles of constructive lending which, because of space limitations here, will form the basis for a separate article in an early issue.

Dr. Otis A. Maxfield, director of training, American Foundation of Religion and Psychiatry, New York, told a luncheon audience—which included women—that a well-balanced person must daily find time for (1) sleep—soundly; (2) rest, by contemplating, spinning fantasies; (3) work—in a way that it is a garden in which you bloom and not a prison in which you labor; (4) play—doing something that recreates—what you play at has a lot to do with what you become, and (5) leisure—set aside a piece of each day to do things you feel deeply about. ••

• **Financial Counselors, Inc.** L. Y. Pittman has been appointed vice president in charge of field operations for Financial Counselors, Inc., headquartered in Austin, Tex. Previously, Mr. Pittman lived in Covington, La., and was in charge of the Louisiana and Mississippi territory.

In his new position, Mr. Pittman will be located in Austin and will coordinate various division offices, located in 11 states, in generating new lenders for the mobile home industry and in developing new territories.

Mr. Pittman received a degree in accounting and business from Southeastern Louisiana University. He joined Financial Counselors in 1970.



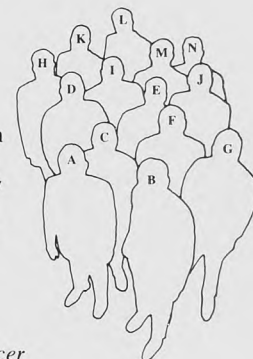
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# Bank Premiums Are Still Big!

By JIM FABIAN, Associate Editor

MORE THAN \$6 million worth of premiums are expected to be purchased by commercial banks in 1971, with smaller banks spending the lion's share in proportion to their total promotion budgets.

These predictions were made recently by *Premium/Incentive Business* magazine.

The publication also states that at least 50% of the nation's S&Ls are expected to take the premium route before 1971 is over.

These figures testify to the fact that banks are still good buyers of premiums and that the "bloom is not off the rose," as it appeared to be earlier this year.

Most economists predict a robust economy in 1972. As the tempo of business picks up in the months ahead and as the demand for money increases, banks will place even more dependence on the tool they have learned to use so well—deposit-building premiums.

Why do premiums do such good jobs for banks—especially smaller-sized institutions? Because premiums have the drawing power that other promotions often lack. Most banks cannot budget sufficient dollars to carry on expensive advertising programs. Such programs would be of no use to banks in rural areas, anyway. Based on results, bankers are learning that premiums provide the best bargain for their promotional dollars.

According to studies conducted by Bank Marketing Association, banks with deposits under \$5 million or \$10-\$50 million spent the highest percentage of their total budgets on premiums last year.

The average expenditure on premiums by all banks responding to a BMA survey (1,332 member banks of all sizes) was 2%, with banks holding \$500 million to \$1 billion in assets spending only 1% of their promotion budgets on premiums. In contrast, smaller banks averaged 4% of their promotion budgets on premiums.

Continuity programs are still the most popular programs among banks. These programs include dinnerware, glassware and silver-plate.

A recent innovation has been the offering of premiums to loan customers. Pioneer in this area has been National Bank of North America, New York City, which has been offering premiums to loan customers since 1965. The bank's latest program offers loan customers a choice of five premiums when they borrow from \$1,000-\$5,000. The items are electric shavers, electric combs, electric irons, steamers and cameras.

Danville (Ark.) State has offered cameras as premiums to customers making auto loans. The bank also holds periodic prize drawings to boost its premium promotions. Usually, three prizes are given—one each for men, women and children. A recent drawing offered a home freezer, an outboard motor and a color TV.

John Ed Chambers, Danville State's president, says he favors premiums because his bank has "little access to big media and premiums are a large factor in bank growth. Our experience has indicated that each campaign builds on the foundation of earlier ones."

Whether your bank is large or small, premiums can play an important role in asset growth. On the following pages, MID-CONTINENT BANKER presents case histories and news items about recent successful premium promotions. Also included is a special section on new premiums ideas that are ready to go to work for your bank. • •

# If she's cold as stone to you... she's putty in Neil Kanney's hands.



Anybody can attract the big-money depositors. Just pay a high enough rate.

But how do you win over the week-in, week-out, bargain-hunting, bread-and-butter, what-have-you-done-for-me-lately, regular passbook saver? And plenty of the big savers, too.

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So if you're looking for a way to mold the ladies to your image, get in touch with Neil Kanney. Find out why financial institutions from Carolina to California call on him to get their savings business in shape.

**If you're going to buy china, shouldn't you buy it from a china company?**

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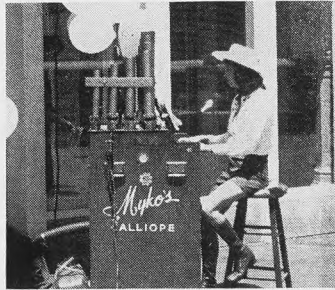
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### First Week



a clown



... and a calliope

### Second Week



beauties

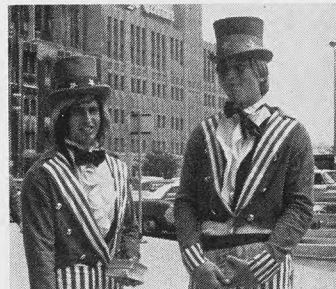


... and banjo band

### Third Week



singers



... and 'Uncle Sams'

## Using Premiums . . .

# Bank Triples Deposits In 1971 Savings Festival Over 1970 Promotion

**T**HE SOUND of music has died down on Michigan Avenue at the head of the Magnificent Mile and the figures are in. Measured in activity and deposits, the third annual National Boulevard Bank of Chicago Savings Festival was a great success. Actually, the 1971 participation was tripled over last year as were the number of premiums and total deposits.

Irving Seaman Jr., chief executive officer of the bank, expressed great satisfaction with the festival and was delighted to see so many new people developing the savings habit.

"The excitement of the festival was reflected throughout the bank. When employees were called on to help, their enthusiasm and cooperation were typical examples of teamwork at National Boulevard," Mr. Seaman said.

Over 1,100 accounts were involved in the three-week festival. In a comparative evaluation of the festival, James M. Quinn, assistant vice president in charge of the savings department, said, "This year's promotion has far surpassed those of previous years. This highly successful event, using premiums with dignified discretion, has enhanced the bank's image and its profits."

Each of the three weeks of the festival had specific themes.

*The first week*, beginning June 21,

featured "Happy Days at the Fair" with clowns, a calliope for the first time on Michigan Avenue, cotton candy, games and prizes. The "Down Home Country Fair" tested the skills of the customers and friends of the bank at throwing darts, baseballs and tossing rings. Winners were presented with unique Happy Day key chains and on each day a grand prize, Happy Day wrist watch, was awarded a person holding a lucky number, which was found on an attractive brochure outlining the festival. Persons opening savings accounts or adding to an account with \$200 or more were presented with a record featuring two versions of the Happy Day song.

*The second week*, "Happy Days at the Beach," began June 28. "Your Father's Moustache Banjo Band" presented lively and carefree melody to large audiences on Michigan Avenue. Several impromptu dances were featured when tiny visitors and some oldsters got caught up in the catchy music. The premium for the week was a Happy Day 3x5-foot beach towel. The towel, incidentally, proved to be the most appealing of the premiums. Bikini-clad beauties replaced the clowns from the previous week and handed out the attractive brochures.

*The final week*, "Happy Days Around the Nation," began July 6. Brochures and maps from 40 states were made available at three booths set up in the Wrigley Building mall. Travel information also was made available. During the week, barber-shop quartets serenaded and two young "Uncle Sams" presented the brochures. Premium of the week was a Happy Day road atlas.

The festival was advertised in the metropolitan editions of *Time*, *Sports Illustrated* and *Newsweek*—also, weekly advertisements announced each week's feature in the *Chicago Tribune*,

*(Continued on page 96)*



Imperial Fine China by W. M. Dalton in the gracefully distinguished Whitney pattern.

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*Promotions*

MID-CONTINENT BANKER for November, 1971

## What the Competition Is Doing

# St. Louis Suburban S&L Builds Deposits With Camera, China Premiums

**H**OW DO YOU forestall a drop in savings deposits after a semiannual interest payment?

How do you get a new office off to a flying start toward a substantial savings deposit total?

Community Federal Savings & Loan, which has four offices in suburbs of St. Louis, has demonstrated that it has the answer in adept presentation and promotion of premiums—most successfully through use of Eastman Kodak cameras, Salem chinaware and Oneida silver plated hollow ware.

Selecting the period between Thanksgiving and Christmas, when an inexpensive camera was an obvious Christmas gift, Community Federal offered for only \$8.95 a Hawkeye Instamatic camera outfit having an approximate retail value of \$16.95. To get around the \$2.50 premium limitation then in effect on federally regulated S&Ls, the customer—in return for a new deposit of \$50 or a similar add-on—was given an opportunity to buy the camera at the reduced price. He did this by making out a check to the incentives broker. The bank then mailed checks and orders to the broker for filling. Thus Community Federal had no inventory and no labor costs.

And the results were spectacular.

During the first week, 250 cameras were redeemed. As the idea caught on, the weekly average rose to more than 550 cameras. At the end of the promotion, Community Federal had more than 2,500 new accounts and more than \$2 million in new deposits.

By **ARTHUR C. NORRIS**

**Contributing Editor**

And if the Kodak results were spectacular, those obtained from an offer of Salem china were phenomenal.

Salem China Co. was discontinuing a design that featured attractive 16-piece place settings. Community Federal bought 18,000 sets and used them to draw customers into a new office as part of its opening celebration. Through this office and the firm's other locations, all 18,000 sets were disposed of. Each set had a retail value of \$9.95, cost the S&L \$2.50 and was offered free with a new deposit or add-on of \$200. At the minimum deposit figure, 18,000 sets means \$3,600,000 in new money. But the average deposit was actually close to \$350.

Use of Oneida hollow ware was aimed directly at forestalling the drop in deposits coincident with interest payments. In December, 1969, and January, 1970, a 10-inch silver plated platter which cost \$2.50 was given free for a new deposit or add-on of \$100. More than 20,000 platters were moved.

Following up this offer, in December, 1970, and January, 1971, a silver plated compote that matched the platter was given for a new deposit or add-on of \$200 or more. In addition, any customer making a new deposit or add-on of \$5,000 was given a certificate that entitled him to buy a four-piece Oneida coffee-tea set worth ap-

proximately \$50 for only \$19.95. The result was an increase in deposits of \$7 million, opposed to a normal loss in deposits of \$2 million at that time of year.

In July, 1971, Community Federal made a switch.

"Some of our depositors," explained Emmett A. Capstick, vice president and marketing officer, "had complained. In effect, they said: 'You're always making some offer to new depositors and to people who are able to make a fairly large deposit. We come in every payday, cash our pay checks and make a deposit, but we can't make a deposit large enough to obtain a premium.'"

To prove to these regular customers that Community Federal loved them, too, the S&L offered a choice of Westinghouse cordless wall clock-radios or a portable transistor radio. No deposit was necessary. All the customer had to do was show his passbook and he could buy one of the clocks, which ranged in value from \$34.95 to \$49.95, but all he had to pay was \$19.95 for any one of four clock-radios or \$14.95 for a great-grandfather clock.

"Our market," Mr. Capstick pointed out, "is the great mass of the so-called middle class. We serve people ranging from the \$100-a-week secretary to the \$300-a-week junior executive with plenty of blue-collar workers in between. For this reason we always keep the cost of our premiums low—\$10 is the optimum figure. Then the man or woman who comes into our of-

# NATIONAL BANK OF DETROIT

CONSOLIDATED BALANCE SHEET—SEPTEMBER 30, 1971

## ASSETS

Cash and Due from Banks.....		\$1,512,408,370
Securities—At Amortized Cost:		
U.S. Treasury.....	535,136,334	
States and Political Subdivisions...	692,185,927	
Other Securities.....	54,133,815	
		<u>1,281,456,076</u>
Federal Funds Sold and Securities Purchased Under Agreements to Resell.....	240,200,000	
Loans:		
Commercial and Consumer.....	1,759,149,531	
Real Estate Mortgage.....	589,277,632	
		<u>2,348,427,163</u>
Bank Premises and Equipment (at cost less accumulated depreciation of \$24,731,685).....	47,492,076	
Other Assets.....	48,315,514	
Total Assets.....		<u>\$5,478,299,199</u>

## LIABILITIES, RESERVE AND CAPITAL FUNDS

Deposits:		
Demand.....		\$1,679,815,124
Individual Savings and Time.....		1,523,826,221
Other Savings and Time.....		413,517,618
London Office.....		576,418,665
		<u>4,193,577,628</u>
Other Liabilities:		
Federal Funds Purchased and Securities Sold Under Agree- ments to Repurchase.....	\$279,848,250	
Other Funds Borrowed.....	8,100,000	
Unearned Income and Sundry Liabilities.....	585,568,934	873,517,184
Total Liabilities.....		<u>5,067,094,812</u>
Reserve for Possible Loan Losses....		<u>51,498,430</u>
Capital Funds:		
Convertible Capital Notes (5% Due 1993).....	50,000,000	
Shareholders' Equity:		
Common Stock—Par \$12.50 (Authorized 7,000,000 Shares; Outstanding 6,000,000 Shares)	75,000,000	
Surplus.....	150,000,000	
Undivided Profits.....	84,705,957	359,705,957
Total Liabilities, Reserve and Capital Funds.....		<u>\$5,478,299,199</u>

Assets carried at approximately \$348,000,000 (including U.S. Treasury Securities carried at \$57,000,000) were pledged at September 30, 1971 to secure public deposits (including deposits of \$27,106,729 of the Treasurer, State of Michigan) and for other purposes required by law.

Michigan's Leading Bank

MID-CONTINENT BANKER for November, 1971



Main Office, Woodward at Fort

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At the request of President Nixon, the National Law Enforcement Assistance Administration (LEAA), working with the Department of the Army, has established a concentrated, three-week "Hazardous Devices Course" to train local and state law enforcement personnel who must deal with the growing threat and use of explosives.

Army Explosive Ordnance Disposal (EOD) specialists from throughout the Free World have been assembled to serve as instructional personnel.

Mississippi's Division of Law Enforcement Assistance has been selected as national coordinator of the elite program. Training will be limited initially to selected individuals from the police departments of the nation's 75 largest Standard Metropolitan Areas.

Aggressive leadership on the part of Mississippi's Division of the LEAA during the infancy of the project demonstrated to the nation and the world that Mississippi not only has an interest in the affairs of the nation, but also the expertise to play a fundamental role in attacking problems in unique ways.

Yes, innovative action is taking place in Mississippi to seek a better tomorrow for all people.

## First National Bank

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BRANCHES Amite County Bank, Gloster/Liberty;

Commercial National Bank, Greenville/Leland;

First National Bank, McComb;

The Bank of Greenwood, Greenwood;

Tylertown Bank, Tylertown



office doesn't have a major decision to make before buying the premium. For example, if the premium cost \$50, mama would have to consult papa or even bring him in to see the premium, and vice versa."

But even with this outlook, Mr. Capstick was surprised at some of the selections among the clock-radios that proved the most popular. Biggest seller was the portable transistor radio at only \$8.95. Second was the clock-radio with the highest retail value—\$49.95—which, of course, sold for \$19.95. Third was the great-grandfather clock at \$14.95.

Although the primary purpose of this promotion was to favor regular customers, Community Federal also made its clock offer to any new depositor who opened an account for \$200 or more. The result was a net gain in deposits of \$4 million, compared with a loss of \$1 million at the same date—the interest payment date—a year earlier.

The S&L first experimented with incentive offers during the credit crunch of 1966. At that time the usual sources of cash dried up and Community Federal was faced with the task of increasing deposits in order to meet the loan demand. Results of the first premium campaign were so heartening that the S&L has been using incentives regularly ever since.

Among other premiums which have been used are plastic dishes by Lenox-ware, International silver plated and stainless steel flatware, Wearever cooking utensils, Timex watches, Chatham blankets, umbrellas, a travel alarm clock, a Kodak Hawkeye movie camera, 1,000 Eagle stamps and a selection of records featuring Christmas music. Virtually all premiums were self-liquidating except the umbrellas, travel alarm clock and Eagle stamps, which were free with a \$100 deposit or add-on, and the phonograph records, one of which was free with a \$50 deposit.

How did the free offers go? "Well, what do you expect when you're giving something away?" Mr. Capstick commented.

Community Federal has made repeated studies to determine the retention rate on new accounts and increased deposits obtained through incentive campaigns. These studies indicate that the retention rate runs as high as 90% or more.

"But," Mr. Capstick cautioned, "there is a big question mark in that retention percentage. We can feed figures into a computer and the computer will tell us how individual accounts stand compared with six months or a year ago. But without a tremendous amount of old-fashioned hard

work we cannot determine the fluctuations in these individual accounts. Suppose a new account was opened on January 1 for \$500 and on December 31 the customer has \$750 in the account. But how do we know that he has actually carried a three-figure balance? Many times through the year his account may have been down to only a few dollars. By and large, however, simply because of the lack of wide swings in deposit totals, we are convinced that the true retention rate is way up there."

Community Federal was established in 1934 with assets of only \$5,000. Today it is the third largest financial institution in the St. Louis metropolitan area, with total assets of \$565 million.

The institution has been built on promotion, of which the use of incentives is only a part, although, as Mr. Capstick pointed out, "We have never had a premium offer that laid a bomb." Community Federal advertises continually in the metropolitan and neighborhood newspapers, over radio and through television. Continual emphasis is placed on the ease of doing business with Community Federal. "We have 5,000 branches" is a constantly recurring theme, a reference to St. Louis' 5,000 mail boxes.

In the last 10 years, thanks to pro-

motion and the addition of new offices, the corporation's total assets have risen from \$200 million to \$565 million. • •

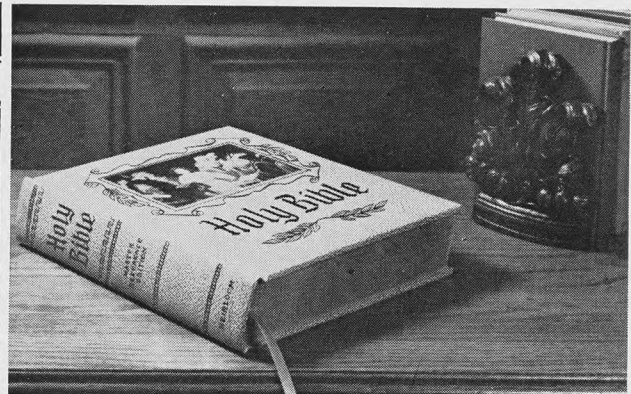
■ NEW YORK—Leonard N. Druger has been elected a vice president at First National City. He is the planning officer in the commercial bank group.

### China Premium Boosts Deposits At Minnesota Institution

In less than a year's time, Community State, Bloomington, Minn., has increased its deposits by \$1.4 million and seen 1,330 new accounts opened. Reason? The offering of china to anyone depositing \$25 or more in new or existing passbook savings accounts. The china is supplied by International Silver Co.

In addition to the money deposited in new accounts, the bank reports a total of 2,042 add-ons made during the period. The promotion will run through the first of the year.

Lloyd E. Docken, vice president of Community State, estimates that, as of October 1, the cost to the bank per new account has averaged \$4.60. But this cost is expected to be reduced when final tabulations are made at the end of the promotion.



## Promote Your Bank's Services with the HEIRLOOM BIBLE

Your bank can attract new checking and savings accounts when you offer the Heirloom Family Bible to depositors for less than \$10. It normally sells for much, much more. Your cost is only \$7.95 each direct from the publisher. We provide promotional materials free of charge, including display stands, newspaper ad mats, glossy photos and radio and television scripts. In addition, we supply statement stuffers, brochures, filmed TV spots and taped radio commercials at cost.

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Wichita, Kansas 67201



Attractive serving tray, imported from England, gives appearance of \$4-\$5 item, cost bank only 69¢.

## Serving Tray Attracts New Customers As Bank Seeks Age Diversity

**T**OPEKA STATE saw the handwriting on the wall and decided to do something about it—with the use of a premium offer.

The handwriting was the realization that the bank's customers tended to be either elderly or retired, for the most part. Any banker worth his salt knows that a great deal of today's action is with the younger set, and a bank that expects to continue growing must cater to all age brackets in the community.

The solution to Topeka State's "problem" was developed by the Len Alfano Advertising Agency and consisted of a comprehensive premium promotion designed to make friends for the bank, as well as bring in new accounts.

The premium selected was a high-quality serving tray, imported from England, that has the appearance of a \$4 or \$5 item. The tray is handsomely decorated with flowers.

The program is unusual in that customers do not have to deposit any specified amount to qualify for the premium. Here's how it works:

Existing customers receive a free premium just for bringing in a new customer for the purpose of opening

any new account. The bank feels that the empathy and rapport this type of approach establishes would yield a loyal new customer.

The new customers brought in or sent in by existing customers are also entitled to a premium and any children under 18 are entitled to a free toy bank for opening a savings account.

The bank uses direct mail statement stuffers, lobby signs and broadsides to promote the program. It also began a general new-customer advertising approach in newspapers and other media that offers the premiums to anyone opening a new account at the bank, whether they are referred by an existing customer or not.

According to Mr. Alfano, the advantages of this type of marketing include the following:

- The bank rewards existing customers who bring in or send in new customers.

- These new customer referrals are likely to stay with the bank in the long run because of the personal referral and the premium.

- The premium offer also will bring in new customers who have not been referred by existing customers.

- The special premium for children will encourage young people to begin an association with the bank, and thus become long-time depositors as they mature.

- The promotion is original in Topeka—it's not the same old thing as many other local banks' promotions have been.

- Promotion cost is low. The premiums cost the bank only 69¢ each, yet their attraction is high.

- The nature of the premium does not require heavy reserves or set-up time and maintenance of displays.

- The promotion is simple and easy to understand from the customer's viewpoint.

- The promotion is easy to administer and control.

At the beginning of the promotion, the bank purchased 600 trays from J. Edward Connelly Associates and designed a series of nine statement stuffers to promote the program. During the first two months, 450 premiums had been distributed and the bank's list of new customers showed an impressive gain, with total deposits showing a corresponding rise.

Topeka State has utilized wigs and clocks in other promotions during the

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THE BANK INSURANCE PEOPLE

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MID-CONTINENT BANKER for November, 1971

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past year. The wig program turned out to be just "fair," according to Mr. Alfano. However, it resulted in the sale of more than 250 wigs at \$9.95 each, after customers had qualified with savings deposits of \$100 or more. The wigs generated good morale and enthusiasm among bank employees. Each female employee was given a free wig.

The clock promotion was termed an "excellent" one. Over 500 timepieces were sold in a six-week period. Anyone adding to an existing account or opening a new account (in any amount) was given the option of purchasing an authentic replica of a miniature grandfather clock for \$7.95. Employees of the bank could also purchase the clocks, but without making a deposit. Theme of the promotion was "Let's rock around the clock!"

The bank found a good luck key chain giveaway to be an excellent way of making customers happy. The chain was first offered on St. Patrick's Day and in the following two months, 2,000 chains were distributed to customers utilizing the motor bank.

A comprehensive advertising program with the good luck theme was carried out, based on a Bank Marketing Association concept. Bank customers were advised that "saving can change your luck" as they received chains that included authentic four-leaf clovers. • •

### Bank Offers Cake Premium To Celebrate Anniversary

What's one of the first things one thinks of in connection with an anniversary? A cake!

That's what management of Southern Commercial Bank, St. Louis, thought of when they were planning the bank's 80th anniversary earlier this year.

During the month of June, the bank offered certificates good for small decorated cakes to anyone depositing \$80 or more in either a new or existing savings account. The certificates were

redeemable at three nearby bakeries that were customers of the bank, any-time during the year.

To help promote the premium program, the bank had a special money cake made for display in the lobby. The cake, which contained \$80 in the form of dollar-bill candles, was given to the winner of a drawing held on the anniversary date.

More than 400 deposits were made during the promotion—most of which were add-ons averaging more than \$100. At press time, nearly 300 of the certificates had been redeemed, according to Miss Virginia A. Rehme, vice president.

Miss Rehme said that the promotion's primary benefit to the bank was the excellent public relations created by the cake premiums.

What bank wouldn't like to be remembered as the institution that provided little Johnnie's birthday cake in more than 400 homes?

### Continuity Premium Promo Boosts Deposits 200 + %

A continuity premium promotion can really take a bank out of the doldrums, according to figures released by a bank in Texas that conducted such a program, featuring cookware items.

During the first 12 weeks of the promotion, the bank realized a total of \$3.8 million in new deposits. During the same period a year earlier, the bank took in only \$1.2 million in new deposits. Of the new money brought in by the premiums, \$659,500 was from new checking accounts, \$1.1 million was from new savings accounts and \$2 million was add-ons to existing savings accounts.

During the 12-week period, the average deposit to each new savings account was \$837. The average deposit to each new checking account was \$897. The average add-on was \$1,686. The minimum requirement was a mere \$25.

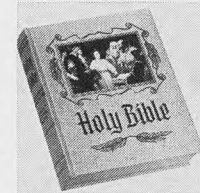
The bank gave away a total of 3,981

free gifts of sauce pans to customers opening 1,748 new accounts. Total new accounts for the same period a year previous were 181.

### No Summer Doldrums For St. John's Bank

What greater compliment can a bank premium promotion bring than this: "We were highly satisfied and we plan to promote this premium again."

That was the comment of Fletcher Wells, vice president and cashier at St. John's Community Bank, located in St. Louis County, following the completion of a three-month promotion featuring Heirloom Bibles.



Bible—an effective premium for banks

In order to purchase bibles at \$9.95, customers were required to deposit a minimum of \$25 in a new or existing savings account or deposit \$100 in a new or existing checking account. By the end of the promotion, 700 bibles had been distributed, with some customers coming back for additional books.

Mr. Wells estimates that about half the bibles went to customers opening new accounts, with the other half purchased by customers who added to their existing accounts.

The promotion began at Easter, 1971, and was designed to counteract any possible "summer doldrums" in the bank's business.

The promotion was publicized on TV and radio, and statement stuffers and newspaper ads (including coupons) were also utilized.

Mr. Wells commented on the excellent service the bank received from the distributor of the premium.

### 1st of Independence Announces Promotions, Remodeling Plans

INDEPENDENCE, MO.—First National recently announced several administrative changes. William T. Kemper, chairman since 1958, assumed the newly created title of chairman of the executive committee. James Nicol, with the bank 30 years and president since 1958, was elected chairman. The new president is Lloyd Uptegrove, former executive vice president.

In other action, the bank announced plans for a remodeling project. The exterior of the main building will be refaced, several banking floors will be completely redone and a major addition to the building will be constructed. The bank also is seeking permission to build a new facility.

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**MID-CONTINENT BANKER for November, 1971**



Portion of 176 happy people—bankers, their families and guests—as they returned from three-day Nassau holiday as guests of their banks. Winners were selected from employees amassing most points during incentive program to gain new business. Group was first to pass through newly established U. S. Customs office in Little Rock.

## Employees Key to New Business

# Pacesetter Club Incentive Program Exceeds Goal by \$6.5 Million

**T**HE INDIVIDUAL bank employee—whether a teller or a typist, a maintenance man or a marketing officer, an executive secretary or an executive vice president—is possibly the single most effective vehicle through which new business may be brought into a bank.

This is evidenced in the tremendous success of a recent employee incentive campaign at Worthen Bank, Little Rock, and its sister bank affiliates of First Arkansas Bankstock Corporation.

In 1968 and 1970, Worthen offered customer premium campaigns to increase savings deposits, in keeping with economic conditions. While the campaigns were both termed highly successful in developing time money, they did not personally involve individual bank employees in selling the service. Recent trends necessitated a change from the marketing of time to demand deposit and loan accounts. Furthermore, bank management realized the importance and obvious benefit of motivating every employee to increase his effectiveness in new business solicitation.

To maintain and strengthen Worthen's image, the bank's advertising agency had begun preparation of a new campaign depicting Worthen as "the Pacesetter." With media production already underway, the marketing division devised an employee incentive campaign to fulfill new marketing objectives as well as coordinate with the new advertising theme.

The Pacesetter Club was initiated to specifically meet a twofold purpose: (1) To solicit new business with particular emphasis on building loan portfolios and increasing demand deposit accounts, and (2) To stimulate the active participation of all employees in selling bank services, not only in their own departments, but cross-selling throughout the bank.

Every bank employee was eligible to participate in the program, in which points were awarded for all new business solicited during the 10-week campaign. All personnel were classified in accordance with the nature of their jobs as officer, contact staff, or non-contact staff, with different point values assigned to each classification for redeeming new business.

Points accumulated were applied toward prizes selected around the concept of travel and recreation. Four prize group levels were established, plus a grand prize of an all-expense paid Nassau vacation for two, to be awarded to the top 50 Pacesetters.

The bank's goal in dollar volume of new business was set at \$3.25 million.

Worthen is one of three banks affiliated with FABCO, a registered bank holding company. To reinforce FABCO's philosophy of better banking service through shared strength and ideas, the employee incentive program was extended to include participation by the other two FABCO affiliated banks—Arkansas First National in Hot Springs and Stephens Security Bank in Stephens—and by First National in Mena, one of Worthen's correspondents. The program was adjusted to fit the specific needs and market conditions for each of the three banks and individual new business goals were set: Arkansas First National, \$1,000,000; Stephens Security, \$300,000; and First National, Mena, \$550,000.

On March 3, the Pacesetter cam-

MID-CONTINENT BANKER for November, 1971

**If the  
investment  
scene  
has you  
buffaloed**



**it's about time for a good thing  
to happen.**

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paign was introduced to Worthen personnel in an audio-visual presentation. In addition to an outline of the employees' roles in the program, the presentation included a preview showing of print and broadcast advertising for Worthen Bank—"the Pacesetter."

Following the presentation, each employee received a colorful lapel button proclaiming "I'm a Pacesetter," attached to a packet of printed materials prepared by marketing fully explaining the Pacesetter Club: How to earn points, procedures to follow in reporting new business, prize group levels, a summary outline of Worthen services available, where to refer questions.

Also included in the packets were introductory cards for each employee to distribute to potential new customers. If used by the customer, the card entitled the employee to points for soliciting the business, even though he may not have personally handled the transaction.

Credit for new business produced was recorded on a printed card by the individual who handled the transaction. The cards were forwarded to marketing, where complete point records were maintained for each Pacesetter.

The audio-visual program was modified for presentation to each of the

other participating banks, which also received explanatory packets and collateral material for their own campaigns.

The coordinated employee incentive campaign was termed overwhelmingly successful in each of the four banks.

In terms of new business volume, Worthen's goal was \$3.25 million. The final tabulation showed \$10,000,397 in new demand, savings and loan money. The breakdown of business generated is as follows:

New Checking .....	\$2,689,791
New Savings .....	4,276,499
Add-on Savings .....	1,348,915
New Certificates of Deposit .....	1,685,192
Installation Loans (341 new accounts) .....	2,004,010
Trust Assets Secured:	
Present .....	2,799,199
Future .....	7,513,500
Correspondent Banking (6 new accounts) Increase in Net Collected Balance (selected accounts) .....	616,692
Travel Business:	
66 Domestic Trips	
66 International Trips	

A total of 422 Pacesetter prizes were awarded to bank employees: 142 employees earned Group I prizes (2,000 points); 113 employees earned Group II prizes (4,000 points); 89 employees earned Group III prizes (8,000 points); and 78 employees earned 12,000 or more points.

Of those earning 12,000 or more points, 28 won personal portable color TV sets. In cooperation with World-Wide Travel Service (another FABCO affiliate) a charter was arranged with Capitol-International Airlines and on May 29, the top 50 Pacesetters and their guests boarded a flight to Nassau for a three-day expense-paid Memorial Day holiday. Accompanying them were the 10 highest point earners from Arkansas First National, the top three members of Mena's First Team and the top two members of Stephens' 25th Anniversary Club.

Arkansas First National in Hot Springs recently completed the first phase of construction of a new building. Beginning last January, all advertising featured the new facility and services with the overall theme "Arkansas First National Bank—Rising to New Heights." To complement this theme, the employee incentive campaign was entitled "The Uprising."

The campaign ran from March 15-May 14, during which 107 members of "The Uprising" earned prizes.

Arkansas First's new business goal was \$1 million. Actual business generated was \$2,669,853.

"The First Team" program at First National in Mena ran from March 22-May 14. During this time, members earned points entitling them to a total of 33 prizes.

Dollar business produced by "The First Team" was \$887,780—or 160% of the \$550,000 goal.

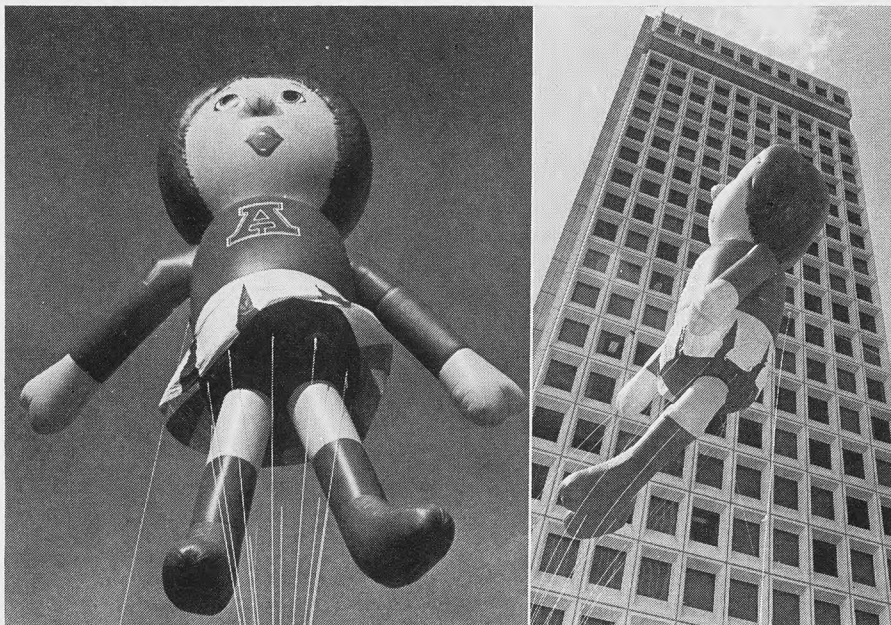
Stephens Security Bank is celebrating its silver anniversary this year, so management chose an appropriate name for the employee incentive program—the 25th Anniversary Club. Points earned by club members from March 22-May 14 entitled them to a total of 17 prizes.

\$400,000, or 133% of Stephen's \$300,000 goal was achieved.

The strong personal motivation for employee involvement paid off richly. The total dollar goal for the four participating banks was \$5.1 million. The total achieved was \$13,958,030—representing a new business volume that exceeded the program's goal by nearly 175%. • •

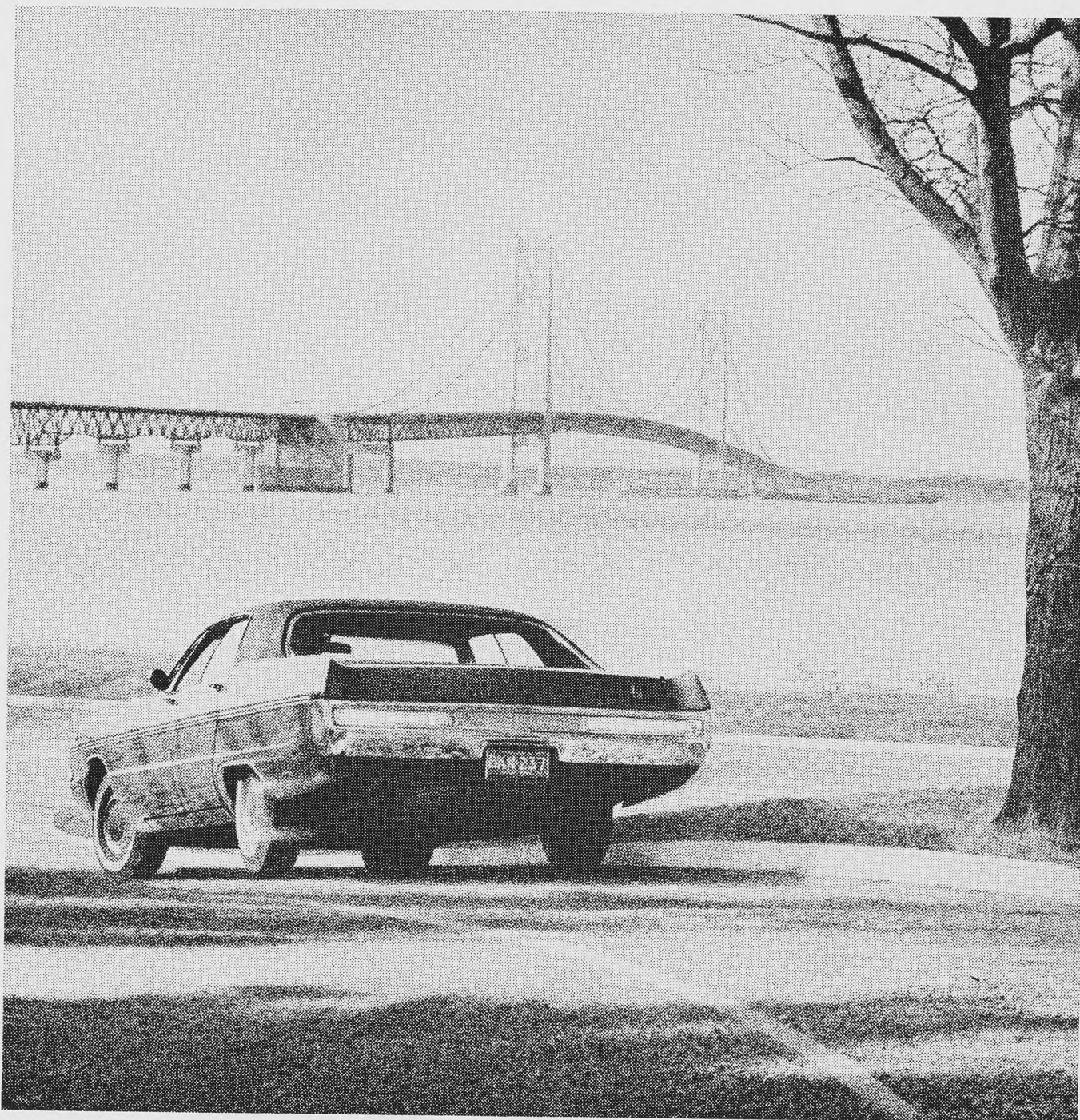
■ LAKEWOOD BANK, Dallas, has advanced A. E. Goode Jr. to senior vice president and Roy G. Evans to vice president. Mr. Goode, formerly a vice president, heads the real estate loan department. He came to the bank in 1969. Mr. Evans has been with the bank two years and has served as assistant vice president and assistant cashier.

## Worthen Bank Promotes Cheerleader Doll Premium



This 30-foot tall replica of an Arkansas Razorback cheerleader doll called "Big Soo" is floating in the air next to the Worthen Bank building in Little Rock during the football season. "Big Soo" is designed to call attention to the bank's current premium offering, a talking cheerleader doll, replica of an Arkansas Razorback cheerleader, called "Little Soo." Said to be the world's first talking cheerleader doll, "Little Soo" emits seven Razorback cheers when a string attached to her back is pulled. The dolls are available for \$5.95 to any customer depositing \$25 to a new or existing savings account, or opening a new checking account for \$100 or more. Dolls are free to depositors of \$5,000 or more. Offer is being made by Worthen and 42 other Arkansas banks maintaining correspondent relationships with Worthen. The premium has been extremely successful, according to Worthen officials.





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He drove 284 miles to work today. And that's no joke. He's a DETROIT BANK-er, a Michigan Division officer who travels throughout the state to serve our customers. That's why we don't see much of him. He spends most of his time talking with bankers all over Michigan, bankers who want and ask for the special counseling and extra service that only Michigan's most experienced bank can provide. If you need special help to come to you . . . you ought to know a DETROIT BANK-er.



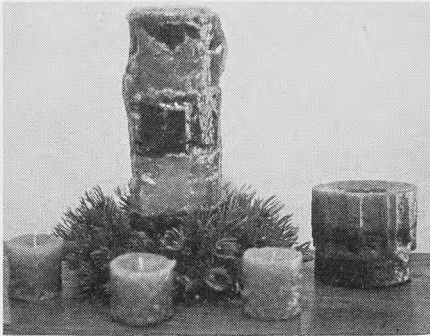
**DETROIT BANK & TRUST**

MID-CONTINENT BANKER for November, 1971

# A Potpourri of Premium Ideas

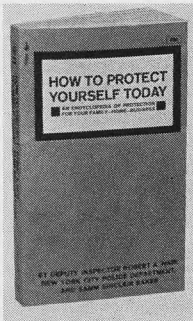
## *Distinctive Items That Bring Deposits to Banks*

- **FESTIVE** holiday candle sets are offered by Tallow & Wick, Inc., Lenexa, Kan., distributed through J. Edward Connelly Assoc., Pittsburgh. Each set includes one 10-inch, one 4-inch and three 2-inch candles, plus greenery. The sets are gift boxed. The can-



dles were first used in a bank last year at Roeland Park State, Shawnee Mission, Kan. Since that time, more than 75 banks, ranging from \$5 million to \$5 billion in deposits, have ordered these candles for the 1971 holiday season.

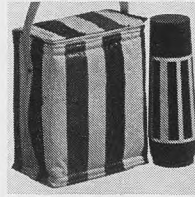
- **SELF-PROTECTION** booklets are offered by Benjamin Co., Inc., New York City. These booklets are recommended as premiums for customers opening or renewing safe deposit rentals. The books contain 52 chapters for safe and secure living.



- **ROYAL COOKBOOKS** are offered by Parents' Magazine Press, New York City. The book is a companion to a previous volume, "The First Ladies Cook Book," published by the same firm. The new book presents over 250 court recipes from royal families. The two volumes can be offered in a single slip case or as separate items.

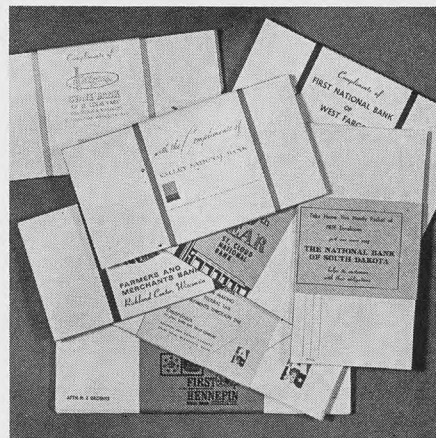


- **OUTING ENSEMBLES** featuring plastic vacuum bottles are available from Thermo-Serv Co., Anoka, Minn. The bottles are constructed of space-age plastic that won't dent, chip or crack. Included are bags of heavy-gauge vinyl with zipper tops. They come in matching red, white and blue stripe combinations.



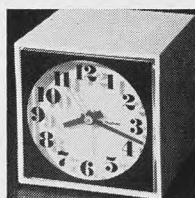
- **RECORDS** and tapes are offered as premiums by Pickwick International Inc., Pickscor, N. Y. Peoples Bank in North Carolina has offered records for \$1 each to customers opening new savings accounts or making add-on deposits to existing accounts. Records of interest to all ages are available.

- **PACKETS** of envelopes are low-cost goodwill builders for banks. Each packet contains 10 self-sealing envelopes useful for correspondence, bill paying and other household mailings.



A band around the envelopes enables the sponsoring bank to supply a message. Banks often offer these envelopes year 'round, usually at no cost to customers. Manufacturer is Tension Envelope Corp., Kansas City.

- **SETH THOMAS**, Thomaston, Conn., offers a new "mini-light" alarm clock housed in a bright cube of color—white, blue, green or red. The dial is brightly illuminated.



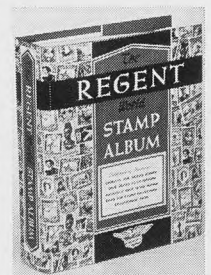
- **CURRIER & IVES** cards and notepapers are perennial favorites. They are now offered by J. Edward Connelly Assoc., Pittsburgh, as incentive gifts or self-liquidating premiums. Recycled paper is used on the items, a plus factor of any bank offering them. Sets are individually boxed.

- **"TEAM-MATE"** timepieces for baseball fans are available as premiums

from Westclox Division of General Time, La Salle, Ill. Two timepieces are offered. One is an alarm clock with a round dial imprinted with the full-color emblem of any American or National League ball club. The key-wound movement has an oversize "super key" for winding both time and alarm. Overall height: 11 inches. The companion timepiece is a pocket clock, also carrying baseball club emblems. Attached to each clock by a chain is a miniature batting helmet in team colors.



- **MAKE PHILATELISTS** of your customers with the Regent World Stamp Album premium, available through Grossman Stamp Co., Inc., New York City. The album has a capacity of 50,000 stamps, contains 35,000 illustrations and has a loose leaf mechanism. Banks can also arrange to offer packets of stamps with the albums.

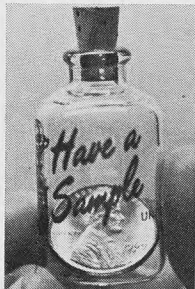


- **HISTORY BUFFS** will like this document premium that illustrates early currency, offered by Yeck and Yeck,

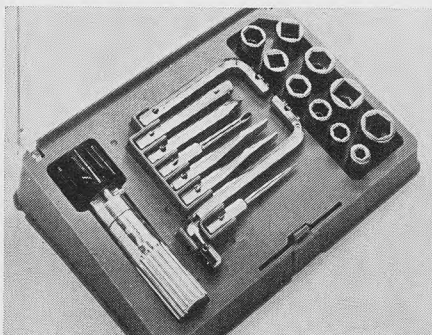


Dayton, O. Seven examples of early currency are included on the document, which is specially treated to give the appearance of aged parchment. Documents can be purchased framed, mounted on textured boards.

- **BANKERS** aren't known to give away samples, but Penny Glass Works of Anaheim, Calif., has a giveaway item that enables them to! It's a small glass bottle containing an un-circulated penny, complete with a cork to keep the contents intact. Bottles can be imprinted with a bank's name or logo, in a choice of colors.



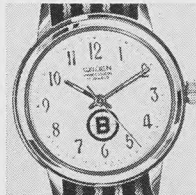
- **"WELL-TOOLED"** might be the words for customers of a bank offering this Socketool kit #9, made by Shelton Products, Inc., Shelton, Conn. The handy kit contains a ratchet handle with a wide range of sockets and screwdriver bits for screws, bolts, nuts—with square, hex, slotted and recessed heads. The ratchet handle works either direction or locks. The set also contains an awl point and a double offset adapter. It is packaged in a transparent plastic gift case.



**MID-CONTINENT BANKER for November, 1971**

## Premium Ideas For Your Bank's Next Promotion

- **PRECISION WATCHES** with the sponsoring bank's emblem on the face are offered as premiums by Gruen Industries, Inc., New York City. Watches are same models offered in jewelry stores, but are priced on a sliding scale, depending on the amount of deposit a customer makes to a new or existing account.



- **PROCTOR-SILEX**, Philadelphia, offers a nine-cup "see-through" fully automatic electric percolator which not only brews coffee but serves as a serving carafe. Flavor selector permits flavor variations.



- **GLOBES** that can be used as coin banks are available from Meredith Corp., Chicago. Globes feature seven colors and up-to-date source information. Size is six inches, plus base. Included with each unit is a handbook of uses. Base of globe can be imprinted with bank's name.



- **"AMERICAN HERITAGE EAGLE"** is the name of a six-piece glassware set offered by Libbey Products, Owens-Illinois, Inc., Toledo, O. Each set features red, white and blue background colors for a gold embossed band and eagle.



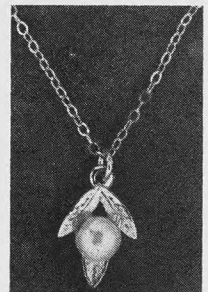
- **ANNIVERSARIES** can bring in new deposits when the premium is a genuine old-fashioned tintype of the customer, made in minutes through modern photographic techniques. MAP



Advertising Agency, Springfield, Mo., offers a package that includes a costumed photographer, background decor and an assortment of period costumes. Tintypes etched on zinc can be delivered to customers within minutes.

- **STADIUM BLANKET** kits have been bringing in new deposits, according to Faribault Woolen Mill Co., Faribault, Minn. Warm blankets come in colorful carrying case for ball games, camping, hunting, sporting or chill-chasing. A great way for a bank to help support a local football team.

- **PENDANT NECKLACES** are offered by Coro Jewelry, New York City. Necklaces are available in sterling silver or 12 karat gold-filled and are mounted with oyster-grown cultured pearls. They come packed in steel-shelled velvet-covered jewelry cases.

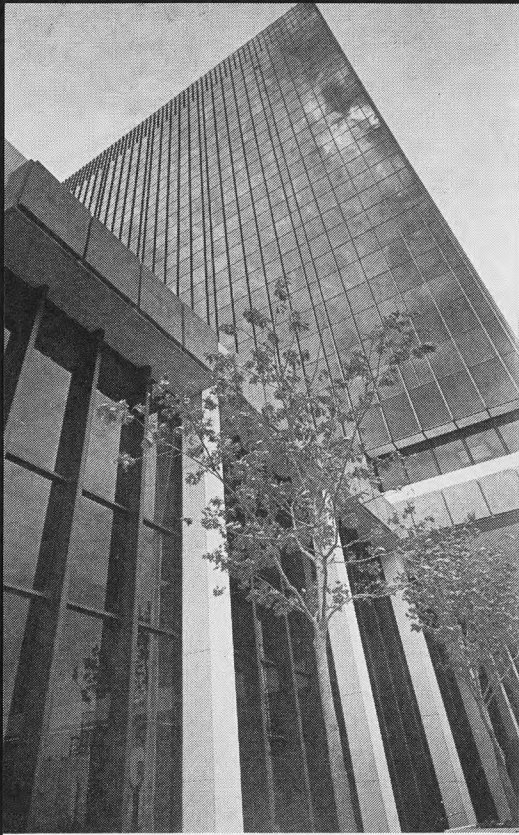


- **GIFT KITS** featuring handy household products for everyday use are supplied by Sampling Research Corp., Farmingdale, N. Y. Kits consist of house that can be used as a toy box by recipient. Kits are packed with about 25 nationally advertised food and drug products and have been found useful as premiums or giveaways.

18 STORIES high, Amarillo National's new home is made of concrete, steel and solar bronze glass. The bank occupies 50,000 square feet of floor space on the first four levels of Plaza/One complex.

## A \$6-Million Building

# Amarillo National Moves To New Plaza/One Home



**PLAZA/ONE** is the address of Amarillo (Tex.) National's new \$6-million home. The 18-story building of concrete, steel and solar bronze glass has 185,000 square feet of floor space, of which the bank occupies 50,000 square feet on the lower level and first four floors.

Opening festivities were held recently for the new building. Called "Showtime Plaza/One," they featured a ribbon-cutting and two-day open house. Visitors registering in the lobby were eligible for prizes, including a five-day vacation at the Acapulco Hilton in Mexico and nine Millionaire-for-a-Day sweepstakes were held with chances to win \$125, a day's interest on \$1 million at 4½%. During the two days, a corps of 20 red-uniformed young ladies conducted formal tours of the five-floor banking quarters.

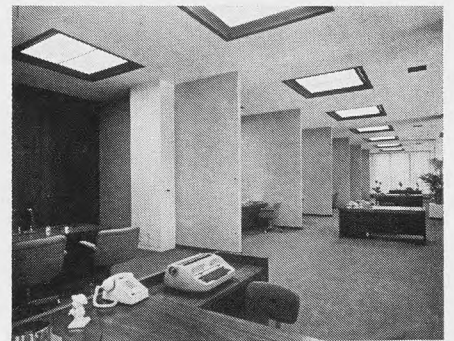
The lower level contains safety deposit boxes, bookkeeping, proof and transit departments, commercial tellers,

armored service, employees' coffee shop and mechanical and engineering equipment. An eye-catching feature of this level is a tropical garden under a staircase descending from the main lobby.

The main banking floor houses the family banking center, business development department and new accounts, installment loan department and 20 tellers. Eleven other tellers are located in other areas of the building.

The main lobby has dove-gray carpeting, greenery, travertine tile and decor in vivid colors. The installment loan department, with the same decor, has bronze glass panels rising from floor to ceiling between desks, creating a sense of privacy.

Commercial loan, auditing, credit and personnel departments are on the mezzanine or second floor. The commercial loan department overlooks the main banking floor and is traditional in decor. Each of eight loan officers has



Commercial loan department on mezzanine of Amarillo National's new building houses eight lending officers, each with private office. Carpeting is bronze and walls are beige.

a private office adjacent to conference rooms. Carpeting in this area is bronze, chairs are saffron- and tobacco-colored and walls are beige.

On the third floor are executive offices, directors' room, private dining room and conference rooms. At this level, there are terraces on each side

**LEFT:** Main banking floor of Amarillo National's new building has gray carpeting, greenery, travertine tile and 20 teller stations. **MIDDLE:** In installment loan department, bronze glass panels between desks create a sense of privacy. **RIGHT:** Terrace on third-floor level is landscaped with red oak, juniper and boxwood with Astroturf pathways.



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l to r: Thomas L. Ray, Senior Vice President and head of Bond Department, John Pisarkiewicz, Vice President, Banks and Bankers, Louis S. Dennig, Jr., Senior Vice President and head of Loan Division, James A. Smith, Vice President, Banks and Bankers.

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MID-CONTINENT BANKER for November, 1971

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of the tower landscaped with Texas red oak trees, juniper, English ivy, Chinese holly and a red lava surface criss-crossed by Astroturf pathways.

The directors' room has a walnut conference table surrounded by deep-blue leather chairs. Part of the walnut parquet floor is covered by an Oriental rug, two walls are walnut-paneled and two are beige silk.

The trust department on the fourth floor has furniture in burnt orange and copper fabrics. Its walls are covered in nubbed cotton with a gold-threaded pattern of white, brown and sepia.

Floors five through 16 are tenant floors, each providing 8,820 square feet of floor space. The top two floors of the building house mechanical equipment. Todo del Mundo travel service is located on the street level of the complex and the Only Place Downtown restaurant is on the lower level. • •

■ **WORTHEN BANK**, Little Rock, recently appointed Robert L. Trammel assistant controller and Daniel E. Bartell consumer officer. The bank also announced plans to construct a new building for its Capitol Avenue Office. The new 5,000-square-foot building will have five inside tellers and drive-in banking area. Completion is scheduled for early fall of 1972.

■ **WALTER F. MULLADY JR.**, formerly senior vice president of Michigan Avenue National, Chicago, has been elected executive vice president in charge of administration.

## MH Survey

(Continued from page 22)

the prospective buyer told the dealer, "I have my checkbook in my pocket. If I write a check for \$3,000 right now, will you take it for the mobile home?" The dealer was happy to make the deal.

Talking with mobile home dealers, we learned that the rate of repossessions on mobile homes runs about 8% and that, of these eight homes out of 100 that come back, three will be in extremely poor condition.

It is not uncommon, we learned, for a dealer to find when he repossesses a home that all the furniture has been removed, although usually the stove and refrigerator remain. Inasmuch as the home is technically the property of the mortgage owner, this is theft. We asked one dealer what he did about it.

"Nothing," he answered. "I figure that the man and his wife have simply pulled up a U-Haul trailer, taken everything out they could lift and taken

off for Texas, California or New York. How are you going to find them?"

A disadvantage frequently mentioned by respondents was that applicants for mobile home loans were usually young people for whom there was no credit information. "Attract too many unqualified buyers," commented a banker in a small Missouri town, while a banker in a small Illinois city pointed out that "applicants have the attitude it is inexpensive living."

Along the same line was the comment of Stacy Williams, president of Peoples Bank, Natchitoches, La. He said: "The cost of units has risen out of reach of the average wage earner in relation to the type of home needed."

Repeated frequently was the complaint that units deteriorated so rapidly that little equity was left toward the termination of the loan. D. C. Swaim, vice president and cashier, Rockville (Ind.) National, put it in four words: "Poor quality of trailers."

But there is the other side of the coin. For example:

"Our only disadvantage," said Kim Williams, vice president, First Mississippi National, Hattiesburg, "would be the length of time for which the homes are financed; other than this we are completely satisfied with the mobile

**Quote from one farm lender to another:**

“The first piece of farm equipment we financed was a HARVESTORE system.”

(A. E. Bove, Assistant Vice President The First Pennsylvania Bank & Trust Co. Philadelphia, Pa.)



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home business we have." So far in 1971 this bank made loans on 225 units for a total of \$1¼ million. It uses Delta Corporation's financing program.

"Unless a bank does not have sufficient funds for mobile home financing," said Jerry D. Pierson, vice president, Central State, Hutchinson, Kan., "I see no disadvantages." His bank is financing close to 100 homes in 1971 for a total of nearly \$400,000.

William E. Summers, vice president, Citizens Bank, Washington, Ind., said: "With a service company we have had few problems." Citizens State makes about 50 such loans a year.

A national bank examiner reported that the experience with mobile home loans of the banks he examined had been excellent.

Underlining the increased interest among banks in mobile home financing was the report by mobile home dealers that calls from small banks and S&Ls offering to make such loans are becoming more frequent.

In financing new mobile homes, the majority of banks reporting charged 6% to 8% interest add-on with the number charging the lower rate, 6%, about twice that charging the higher rate, 8%. On used units, the most common rate remained 6% to 8% add-on, but the number charging the higher figure, 8%, was more than double those charging the lower amount, 6%. In other words, it costs about 2% more to finance a used unit than a new one.

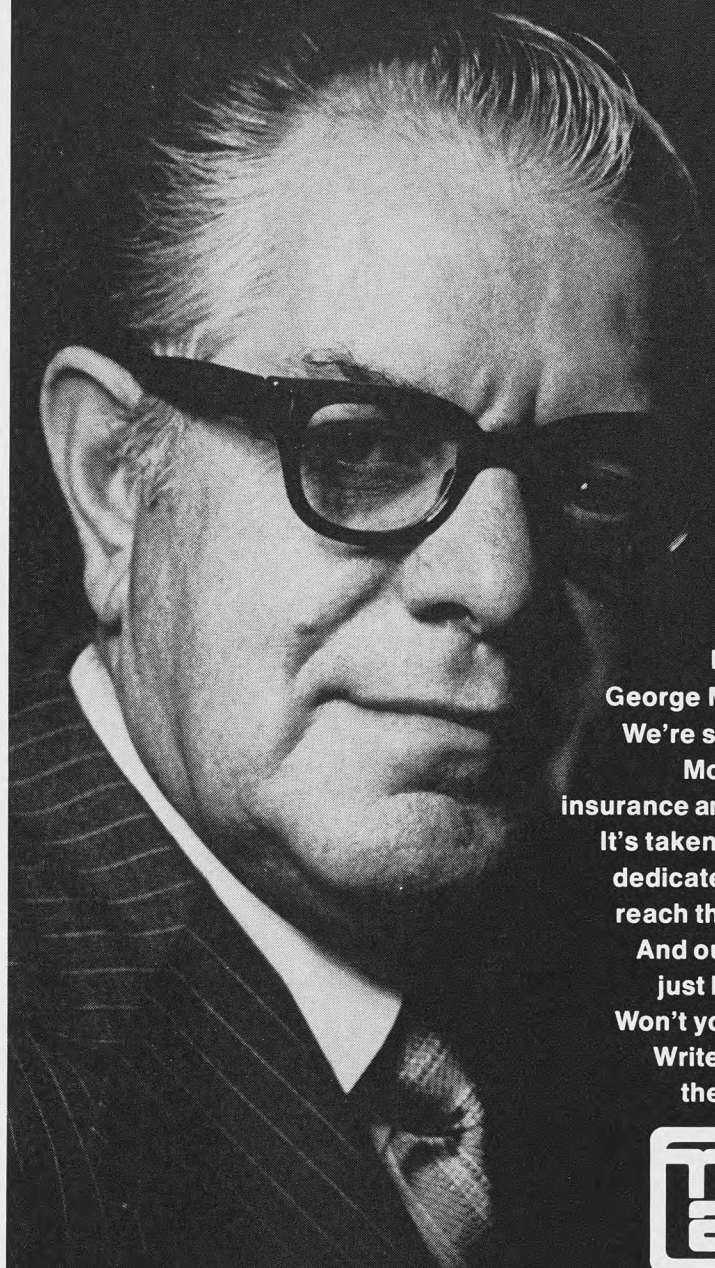
The loan period fluctuated widely. A few banks would write loans for only comparatively short periods, but generally speaking, six years was the real effective figure. Fifty banks reporting wrote loans for 72 months or less. At 84 months, 76 banks wrote loans; at 96, 19; at 108, four; and at 120, 67. One bank reported it would finance mobile homes for 144 months.

In relation to insurance as part of the loans, no clear picture emerged, except on physical damage coverage. Reporting that they specified such insurance be paid in advance were 143 banks, of whom 28 wrote it for one year, 18 for three years, 51 for five years, 39 for seven years and seven for more than seven years.

Reporting on down payments were 199 banks. Of these, 75 required 10% down, 40 asked for 15%, 38 wanted 20%, 29 required 25% and 16 insisted on a third down. One small Kansas bank required 40% down and still made 10 mobile home loans in the last two years. Most of the banks requiring the larger down payments (20, 25 and 33%) indicated that they were considering reducing the amount of down payment required. • •

MID-CONTINENT BANKER for November, 1971

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Sketch of Louisiana's Superdome (center) is superimposed on aerial photo of New Orleans. Superdome, scheduled for completion in late 1973, will be located on fringe of city's business district and will consist of stadium-auditorium-convention-entertainment complex. Construction of project was made possible through First Nat'l Bank of Commerce's action in forming syndicate with Stephens, Inc., Little Rock, to underwrite entire stadium bond issue.

# Community Involvement

## *Banks Show Good Corporate Citizenship In Such Projects as Tennis for Youth and Housing for Low-Income Groups*

WHEN IT comes to getting involved in community affairs, banks, on the whole, don't have to take a back seat to any individual or organization. MID-CONTINENT BANKER editors can testify to that fact after reading the many replies received to letters sent out asking bankers to tell what their institutions were doing in the "corporate-responsibility" field.

Written and telephoned, replies came in detailing the many projects banks were sponsoring: slum redevelopment, minority-lending programs, tennis programs for ghetto youths, preservation of historical buildings. The list goes on. The October issue de-

By **ROSEMARY McKELVEY**  
Managing Editor

scribed some of these programs, and this issue gives details on others. Still more information will be published in December.

### Inner-City Tennis

The United Bank of Denver sponsors a summer tennis program for the city's youth. The bank's participation, an ongoing part of a broader program of community service, is directed at involving core-city young people in organized sports.

UBD's involvement actually dates back to last April, when the bank sponsored a major professional tennis tournament. A relative newcomer to the Denver sports scene, the four-day tournament featured eight world-ranked players, including Ken Rosewall of Australia and Cliff Drysdale of South Africa. Thousands of fans from the Denver area attended.

With a major share of the proceeds

**Richard A. Kirk (l.), sr. v.p., and Terry Stuart, commercial banker, both of United Bank of Denver, talk with two young participants in bank's summer tennis program for youngsters. Mr. Stuart is coordinator of program.**

from the tennis invitational and guided by its promotional slogan, "Professional Tennis Is for Kids," UBD established a Denver chapter of the National Junior Tennis League. An organization based on the novel idea of "instant competition," the league originated in the Philadelphia ghetto and then spread to New York City, Washington, D. C., Richmond, Va., Stamford, Conn., and Buffalo, N. Y. Its purpose is to introduce urban-area youngsters to an inexpensive competitive sport that has long been cloistered in a club setting and to make it as appealing to them as summer baseball or basketball. Without initial instruction, teams of youngsters from neighborhoods all over Denver are given an opportunity to compete against one another for trophies and ribbons.

According to Terrence J. Ryan, UBD vice president, his institution is the first bank to become involved in the National Junior Tennis League, although other types of firms sponsor it in the other six cities and the Coca-Cola Co. is the national sponsor. In terms of time and money committed, the program is a significant one for the bank, said Mr. Ryan. During its first summer, the program attracted about 500 young beginning players at 20 lo-





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cations throughout the city. They were given team shirts and tennis balls. Rackets were provided for those who couldn't afford their own. Each of the 40 teams (a boys' team and a girls' team at each park) had two coaches and played as teams two afternoons each week. Almost three-fourths of the coaches were bank employees, and each coach took about three hours a week from work to provide coaching and transportation for his or her team.

Youngsters in the Denver program this past summer came from every level of society. Even small patients from the National Jewish Hospital and Children's Asthma Research Institute and Hospital were involved. To permit each of them to become a part of the game immediately, even without any prior knowledge of the game, a 31-point scoring system—as in ping pong—is used. This, in addition to the team concept (something relatively new in a generally individualistic sport), seems to be the key to broadening the interest of children in tennis, said Mr. Ryan.

United Bank has already announced plans for another professional tennis invitational next spring (April 24-30) to back up its commitment to another summer of tennis competition for an even greater number of Denver youth.

There is a possibility that United banks in other Colorado cities might sponsor teams to foster regional competition and to send winners to national matches.

Overall, UBD is enthusiastic about the favorable community response the program has brought, and, said Mr. Ryan, the bank hopes that over the years the program will be of tangible benefit to Denver youth.

The bank's management believes that programs of this nature would not be feasible without a written policy as a guide for bank employees and for the bank's use in planning. The official public affairs statement commits the bank to action in urban, governmental and community affairs and states its intention to create an atmosphere that encourages its employees to take part and seek leadership roles in community affairs and to provide them with opportunities for such involvement.

Mr. Ryan pointed out that the bank had to have the commitment of top management to do as much in this field as it wants to and has been fortunate on that score. President John D. Hershner believes strongly that profits and social involvement are interdependent.

Finally, continued Mr. Ryan, this type of activity would tend to become

a piecemeal effort at the bank without its public affairs group, whose responsibility is to stimulate and direct the bank's social involvement. The public affairs officer has been instrumental in widening the scope of UBD's participation in community affairs.

For example, he and his group have implemented a number of other projects for community benefit, including an annual Fishing Derby in the pond on the bank's mall for Denver's handicapped children and a series of free musical concerts. The bank won *Esquire* magazine's "Business in the Arts" award for the concerts it held in 1970. The public affairs department also was a major influence in establishing an "enterprise group" within the commercial banking department for the purpose of counseling and lending to small and minority businesses.

As yet another expression of its community involvement, UBD holds significant art and photo exhibits in the lobby of the United Bank Center adjacent to the bank. In August, the Masters of Photography Exhibit was held. Photography professors at Denver universities instructed their students to view the exhibit. Mr. Ryan pointed out that this was only one example of the educational and cultural value of such projects.

#### Stadium Bonds

The operating philosophy of the First National Bank of Commerce, New Orleans, strongly emphasizes the principle of leadership in municipal and private projects affecting the overall growth of its city and region, according to James H. Jones, president and chief executive officer.

In effect, the bank, said Mr. Jones, has rejected a benign supporting role in significant projects in favor of a visible and active role, subscribing to the philosophy that the vitality of a community is directly proportional to the vitality of its banking system.

Even more deeply rooted is the concept that bank growth naturally matures from the material benefits that successful leadership confers on citizens, businesses and industries of the affected area, continued Mr. Jones.

The most dramatic evidence of this philosophy occurred this past August. At issue was the final fate of New Orleans' mammoth structure commonly known as the Superdome, a \$129.5-million, covered, multi-purpose sports, entertainment and convention center with a capacity of over 80,000 seats.

Obvious benefits of the project were payrolls, infusion of new funds, revitalization of a degenerating downtown area and a tremendous boost to tourism, one of the city's major sources of income.

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Even more important, though less obvious, was the volume of associated construction that was dependent on the success of the project, a volume conservatively estimated at more than \$500 million in the first few years.

And, finally at stake, was the positive-negative psychological effect on a city which, like other cities, had suffered with the encroachment of modern municipal problems and mild recessionary effects. Success would mean a positive impetus vital to the growth of any major city.

The statutory authority for constructing the enclosed facility was voted by constitutional amendment in 1966, providing for the issuance of revenue bonds funded by a hotel-motel tax and income from operation of the structure. Subsequently, the state of Louisiana executed a lease with the authority with the effect of further supporting the bonds with the full faith and credit of the state.

The Superdome followed the historical pattern of unprecedented municipal projects, attracting both critics and active opponents, including several in the political area. A series of court actions followed, up to and including the United States Supreme Court, with all judgments rendered in favor of the project.

Marketing of the revenue bonds was made more difficult by Louisiana's statutory limit on bond interest of 6%. A proposed constitutional amendment to raise this limit was submitted to the electorate along with numerous other amendments and failed.

Early in the project's history, First NBC assumed leadership in purchasing a major part of the \$16.5 million in bonds offered for acquisition of a downtown site. The site was purchased and leveled.

Subsequently, court actions, the statutory interest limit and political attacks conspired to bring failure at each of four separate times an issue of \$113 million in construction bonds was offered. Anticipations that the bonds would be bought by an eastern syndicate were not realized. In August the offering was set for a fifth and, judging by general opinion, a final time.

First NBC's president, measuring the effects on the community, adopted the position that the project could not be allowed to fail. Moreover, he said, active participation would be the finest manifestation of a bank's involvement with the growth of its region, a significant expression of its operating philosophy.

At the very core of the decision, however, was the understanding that the bonds were an extremely good investment. Rated "A" by Moody's and

Standard and Poor's, the bonds, with the full faith and credit of the state, stood the test of intense scrutiny. With this appraisal, the bank went forward.

Accordingly, Mr. Jones took personal leadership in soliciting support from other banks and businesses in the Gulf South region, eventually forming a two-member syndicate with Stephens, Inc., Little Rock. First NBC-Stephens, Inc., syndicate underwrote the entire issue. The Superdome's construction was assured along with all the other salutary effects on the community and state.

In making the successful bid on behalf of the syndicate, Mr. Jones told the commissioners of the authority:

"We made this decision not only on the basis of the appraisals of economists and research institutions, but because by all other measurements it is a fundamentally right thing to do.

"And finally, we made this decision because it is a matter of pride that we in the South can finance so monumental an undertaking.

"The city of New Orleans does not need discussion of what we could have done. It does not need to envy and admire other cities. It needs the evidence of what we can and will do."

With the exception of one New Orleans bank, all participated. No eastern

capital, traditional source of funds, was involved. The significance of the achievement was widely recognized throughout New Orleans and the bank's region. The word progress had been made meaningful by a bank taking an active instead of a subordinate role.

The episode is significant, not only because it was highly visible evidence of leadership, but because it suggested that a new day in financial resources had developed in the Gulf South. It was, authorities said, the largest bond issue ever marketed in the South and the largest ever underwritten entirely by southern capital.

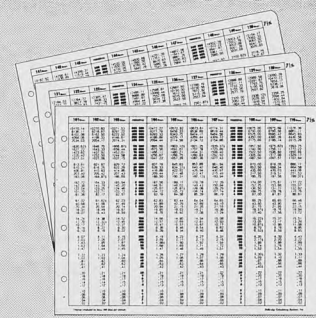
### Low-Income Housing

American Fletcher National, Indianapolis, is actively involved in a number of projects that significantly assist in the development of its community. One area of substantial contribution is in the financing of low-income housing and various commercial enterprises.

AFNB has provided—in association with its affiliate, the American Fletcher Mortgage Co.—approximately \$78 million in financing for rental-subsidy housing projects of multiple-family dwellings. The bank also has worked closely with three local builders on

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loans for low-income, single-family housing.

During the rehabilitation of certain areas of Indianapolis for highway construction and the expansion of the Indiana University-Purdue University at Indianapolis campus, AFNB was instrumental in the relocation and remodeling of eight Negro inner-city churches. The bank made funds available for the construction and permanent financing of these church buildings in conjunction with city funds from the sale of the church land and buildings.

In the area of urban affairs, AFNB opened its Small Business Loan Office in 1968 to provide new business opportunities through credit and counseling. The office works in close cooperation with the Small Business Administration and has been able to provide nearly \$2,000,000 in financial assistance to more than 100 small businesses.

The bank feels its financial aid to black entrepreneurs in the Indianapolis community has a two-fold purpose. According to a spokesman, the relationship is only incidentally an image-builder for the bank, but most important it is an image-builder for the businessman himself. This is apparent, he continued, in the attitudes of the children who are affected by the change in a neighborhood or within a family.

On the economic side, the money gained by aid to the enterprise stays in the neighborhood, is retained by the black community and often helps the appearance of a downtrodden area.

Important loans were made to men to open chains of a leading national fast-food franchise. Of those outlets of

the chain in Indianapolis, only two are privately owned—both by blacks financed by AFNB.

Other loans were made in the product area. With financing from the bank, a black businessman was able to develop three items in a hair-care line, to purchase equipment and fixtures for the manufacturing process and to develop advertising and marketing strategies. The line, called Pro-Afro, includes three products so far—a conditioner, fixer and shampoo. These products were distributed first in Indiana, then expanded to Michigan, Illinois and Massachusetts. His product is currently being sold in every major store and at every chain in these areas. Because of his success, the man is planning national distribution in the near future.

Loans made by the Small Business Loan Office have resulted in an entirely different and more personal result—that of black pride. One loan of this type was for a black-owned drug store near a high school. This loan not only created black pride, but improved the neighborhood's appearance and probably prevented destruction of the building in which the drug store is located.

#### Urban Development Division

Early in 1968, the Hyde Park Bank of Chicago established an urban development division to channel private investment, credit and business counseling into inner-city areas of Chicago. Since then, loans totaling more than \$3.6 million have been advanced to businesses throughout the city. According to Milton Davis, vice president and director of the division, virtually all these loans could not have been made without the existence of the ur-

ban development division, which worked with the businessmen over long periods of time to get them to points where they were "bankable."

The one strong recommendation Mr. Davis would make to any considering such a program would be to establish a separate department of the bank to administer it. The many problems connected with such a project demand full-time personnel, Mr. Davis cautioned.

Through the division, Hyde Park Bank:

Has extended interim financing of \$600,000 for housing rehabilitation projects in the Woodlawn, East and West Garfield and Lawndale sections of Chicago. The bank has just closed a major project involving \$2.2 million in interim construction of low-rise, low-income housing units on Chicago's west side. The project is being carried out by the West Side Development Corp. and is sponsored by community residents.

Provides ongoing business counseling services to loan recipients through personal review and evaluation meetings, group discussions, monthly management mailings and coordination of other advisory groups.

Works with nine community organizations to develop sound community-owned economic development projects, especially a program to establish day-care centers in low-income areas and a program to help community groups take advantage of federal programs for building low- and moderate-income housing. ••

■ **MERCHANTS NATIONAL**, Indianapolis, has promoted Thomas R. McCart to assistant cashier, correspondent banks and Indiana accounts, commercial department. Stephen R. Orr was elected assistant cashier and international officer while Robert H. Runyan, F. Thomas Bechert and Michael A. Habing were named branch managers.

■ **OLD NATIONAL**, Evansville, Ind., promoted Mrs. Mary Ann Koenigseker to assistant manager of the East Side Office, where she had been new accounts secretary. Mrs. Koenigseker has been with the bank since 1965.

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# Missouri Lawmakers Urged Not to Curb HC Growth At Committee Hearing

By **ROSEMARY McKELVEY**, Managing Editor  
and **LAWRENCE W. COLBERT**, Associate Editor

SEVERAL holding company bankers, a representative of a unit bank, a college professor, an engineer and a car dealer last month spoke against proposed legislation in Missouri that would severely restrict future expansion of bank HCs in the state. They appeared at a hearing held October 12-13 at the Clayton Inn in Clayton by the Missouri Senate Committee on Banks, Banking and Financial Institutions and House Committee on Banks and Financial Institutions.

The same two committees held a hearing September 1-2, when representatives of the Independent Bankers Association of Missouri testified against future expansion of Missouri bank HCs and offered a bill that would prohibit such growth.

First to appear for HCs was Donald E. Lasater, chairman of the St. Louis-based firm, Mercantile Bancorp., Inc., whose lead bank is Mercantile Trust, St. Louis. Mr. Lasater cited figures gathered by Mercantile's research department to show that Missouri HCs have not obtained more than 50% of the state's deposits, as HC opponents maintain. According to Mr. Lasater's figures, based on HC growth in Missouri from December 31, 1968, to December 31, 1970, holding companies had 48.65% of the state's bank deposits December 31, 1968, but this percentage had dropped to 46.70% by December 31, 1970. Counting deposits of pro-

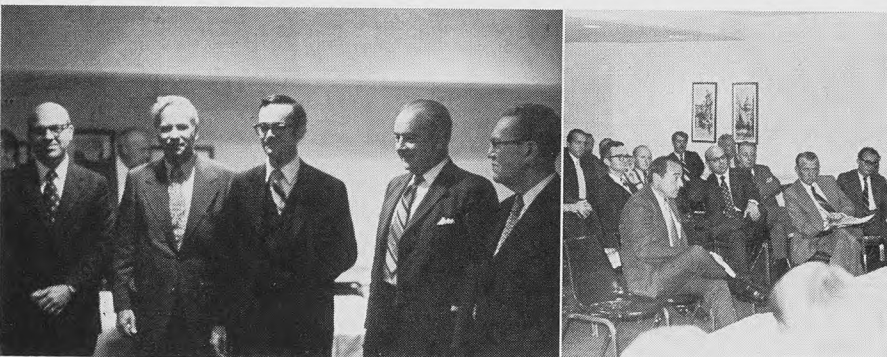
posed affiliates, the study showed that Missouri HCs had 49.84% of the state's deposits as of December 31, 1968, but only 47.97% on the same date in 1970.

Broken down, the Mercantile study showed that lead banks of Missouri HCs had 39.89% of Missouri's bank deposits as of December 31, 1968, and 37.09% two years later.

Mr. Lasater cited some of the testimony given last month by the Independents that St. Louis HCs were going across the state to Kansas City and Kansas City HCs were going into the St. Louis area. That's competition, he continued, and the name of the game is competition. Strong competition, he said, is good for the people. According to the St. Louis banker, the Independents' proposed bill does nothing but lock in and ensure territory for unit banks.

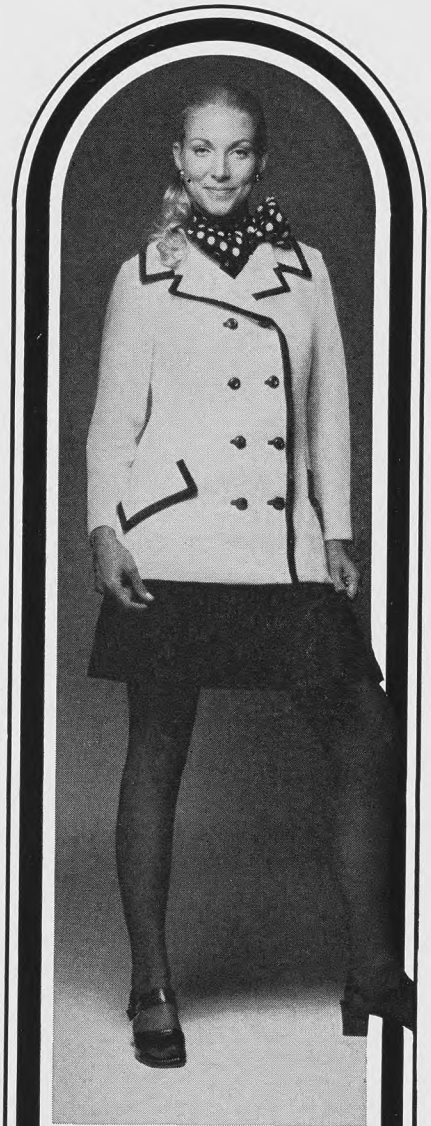
Continuing his testimony, Mr. Lasater said he believes some banks that oppose HCs do so because they feel "left out," while other HC opponents may be concerned about having their status quo disturbed, may fear HCs will be more aggressive about getting business. The only way to be more aggressive, he said, is to be willing to lend more money.

Mr. Lasater also rebutted the Independents' comparison of Missouri with Arizona and California, which have state-wide branching. He pointed out



LEFT: These HC proponents spoke at hearing last month in Clayton, Mo., before state's Senate and House banking committees. L. to r. are: Maurice J. "Jerry" Swords, v.p., First Union, Inc., St. Louis; Robert Gaddy, ch. & pres., Tower Grove Bank, St. Louis; Dr. Walter L. Johnson, associate professor of economics, Univ. of Mo., Columbia; Bill Lamberson, exec. v.p., Commerce Bancshares, Inc., Kansas City; and Hartley Banks, pres., First Bank of Commerce, Columbia. RIGHT: C. W. Culley (l., foreground), sr. v.p., Bank of St. Louis, and former Missouri bank commissioner, testifies in favor of HCs.

MID-CONTINENT BANKER for November, 1971



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that these two states grew up from infancy with such branching.

Mr. Lasater emphasized that his HC does not intend to diversify into other fields, that it wants to stay in the banking business. He said Mercantile Bancorp. does have a mortgage firm, but that Mercantile Trust had this company before forming a holding company. He also said his HC is in international banking. As for HCs that are in data processing, he reminded his listeners that banks were in that business before some computer services came along.

As evidence of how a holding company can benefit a community, Mr. Lasater pointed to the 1970 failure of First State, Bonne Terre, Mo. He said that Commerce Bancshares, Inc., Kansas City, had the know-how to go into the bank on a Friday evening and have the bank ready to open on Saturday morning. In answer to a question from one of the legislators, Mr. Lasater said that bids were asked for on the Bonne Terre bank purchase, and Commerce Bancshares was the highest bidder.

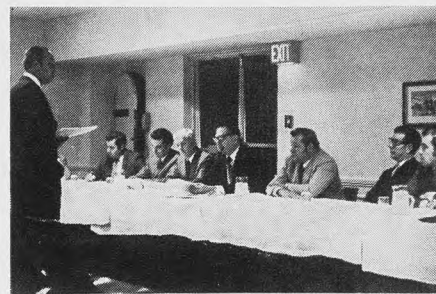
Clark McCorkle, representing Midwest Bancorp., Kansas City, gave a short history of his firm and said that the latest acquisition is Community State, Kansas City. He listed some of the advantages the latter bank received following this acquisition: installation of a loan committee in the bank, lower service charges, reduced installment loan rates, mailing of all bank statements at the end of the month, planned increase in drive-in facilities and addition of four active local businessmen to the board. Mr. McCorkle pointed out that, previously, none of the directors had been from the bank's area. He also mentioned that an audi-

tor now spends one day a week at the bank.

There are benefits for all banks in his HC, said Mr. McCorkle. For instance, he said, all three banks can offer trust service, but only one trust staff is needed, and it's the same situation with computer service, advertising, investments, etc. He pointed to HCs' larger group of stockholders, greater marketability of stock, more chance for advancement of bank employees. In general, he concluded, bank HCs have brought a good competitive situation into Missouri.

Thomas J. Brown, vice president in charge of Commerce Bancshares' industrial development department, told the legislators how his department sells the state to industries located elsewhere. He distributed a six-brochure portfolio his firm paid Midwest Research Institute to put together. Each brochure is devoted to a different section of the state. Mr. Brown said his HC was working for the good of the state by getting industrial and manufacturing firms to locate there. He added that banks in his HC can handle loans to these firms when they decide to move to Missouri. He said the HC actively promotes new industry because if the state grows, so do individual communities.

Harold Crane, an engineer and president of the Hannibal Chamber of Commerce, told how the coming of Commerce Bancshares into his city helped it. He gave some background on the city, describing how its population had dropped below 20,000 and it lost a shoe factory, resulting in the loss of 3,000 jobs practically overnight. Although the city has a good labor force, he continued, it doesn't have industrial



Donald E. Lasater, ch., Mercantile Bancorp., St. Louis, testifies in favor of bank HCs before Missouri Senate Committee on Banks, Banking and Financial Institutions and House Committee on Banks and Financial Institutions. Seated at table are (l to r.): Sen. John J. Johnson, Rep. Edward E. Ottinger, Sen. Don Owens, Sen. Albert Spradling Jr., ch. of Senate committee holding hearing, Rep. Fred E. Copeland, ch. of host House committee, Rep. George Cook and Rep. William R. Antoine.

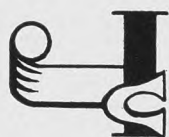
sites because its land is hilly or located on river bluffs. However, he said, there was a good 75-acre site for which the asking price was \$235,000. His group tried to get this money from the city's three banks, including the one now owned by Commerce Bancshares, but with no success. Then, he said, after the HC came in, it "picked up the tab" on the industrial site, which is now an industrial park. Mr. Crane emphasized that Commerce Bancshares stayed in the background and didn't try to embarrass the other two banks while providing the money for the park.

Mr. Crane said that, before the HC's entry into Hannibal, the city may have had three banks, but two of them were influenced by the third. Now, he pointed out, all three are competitive.

Joseph Gilbert, a Brunswick car dealer, described the benefits to his town brought about by Commerce Bancshares' acquisition of the city's only bank. These benefits included location of a glove factory, 50-bed nursing home and low-cost government housing there. He begged the legislators not to "kick us in the teeth or knock us off the bandwagon" by enacting legislation restricting HC growth.

Dr. Walter L. Johnson, associate professor of economics at the University of Missouri in Columbia, appeared at the hearing, he said, "only as an economist interested in the structure of banking in Missouri, and not as a spokesman for the University of Missouri or the Missouri Economics Association." He emphasized that he was not speaking in favor of bank HCs, but was only trying to analyze a few facts about them.

"The first thing to consider is your constituency," he told the Senate and House committees. "I think that there are only two constituencies that matter in consideration of banking legislation.



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"The first of these, of course, is the banking public—the depositors, borrowers, trust accounts and the like—who use banking facilities.

"The second constituency to whom you must be equitable is shareholders in commercial banks. You must allow them a fair rate of return and a chance for progress. By doing so, you strengthen banking and, hence, better serve the public.

"I do not think that bank managers are part of the constituency under consideration. Bank managers are paid by the shareholders and paid to serve the public. I would not worry about them, and do not think that regulations made to protect them at the expense of the two important constituencies are good regulations. The public should not suffer in order to protect bank officers and give them a sinecure in their desired way of doing things. The argument, then, that bank officers will suffer, given some type of regulation that you propose, is a specious one. Bank officers are to be rewarded to the extent that they serve the customers and, thereby, the shareholders. Should they do this poorly, they should suffer as poor managers do in any industry.

"Secondly, in meeting your responsibilities to these constituencies, I would hope that you keep tucked away somewhere the idea of what an ideal structure of banking provides the state. The ideal structure provides for:

1. Complete utilization of the economy's resources, assuring that capital is used in the most productive manner.
2. Equality of all citizens of the state with regard to access to the banking system and not discrimination on arbitrary grounds.
3. The banking system to operate in harmony with all other institutions of society, including other financial institutions, general governmental policy, etc.
4. Abundant quality services at reasonable cost.
5. Inspiration of the confidence of the community and ability to withstand any shocks to the financial sector or to the economy of the state, such as might occur with massive cutbacks in government contracts or with massive crop failures or some other disaster."

Dr. Johnson pointed to an allegation made frequently about large banks in general and multi-bank groups specifically that they are profit oriented and, thus, inherently evil. The argument points out that they are interested in making a profit, he continued, and must, therefore, be interested in provision of the worst possible service at the highest possible cost.

"This argument is, of course, wrong since it is profit that is the essence of capitalism," said Dr. Johnson. "The incentive to profit is what makes capitalism work. Profit, combined with

healthy competition, assures that the citizenry is getting what it wants, since they are free to patronize different institutions, and that the services are produced cheaply in order to allow for a profit."

The economics professor said that those who condemn profit seeking in banking are those who are not willing or able to compete effectively and cry, like the proverbial fox, that the grapes were probably sour anyway. Profits in banking, he continued, serve another vital interest in that they provide the resources for expansion of services and assure the viability of a bank. He asked his listeners to remember that everyone wants competition as the latter is important in getting the criteria desired from an ideal banking system.

Dr. Johnson then illustrated how he believes the moving of funds from areas of low loan demands to those of high loan demands is in the best interest of the public. He also discussed sales of bank stock in small banks, commenting that the stock is worth what the market says it is worth, not what the equity accounts say it is worth. Other topics he touched on included restriction of HCs to a 50-mile radius of their headquarters (such a restriction, he pointed out, would prevent Columbia banks from getting bids from HCs in St. Louis, Kansas City and Springfield) and the proposed ceiling on HC acquisitions after the firm hits a certain percentage of the state's deposits (he believes that if such a ceiling were imposed, it would restrict competition).

Hartley G. Banks, president, First Bank of Commerce, Columbia (a unit bank), appeared in support of HCs. He said that no shares of his bank are

owned by a holding company, but he is a director of the Bank of St. Louis and its HC, General Bancshares Corp. He pointed out that he is the only banker in Missouri who is a unit banker and also a director of a holding company. Thus, he believes, he feels qualified to speak on the Independents' proposed anti-HC legislation.

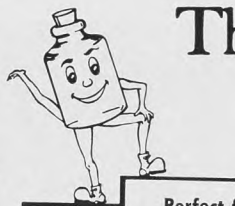
According to Mr. Banks, unit banking and HC banking are not incompatible and then listed what he believes are advantages HCs hold over unit banks: research facilities, regular and thorough audits, continuation of management from a reservoir of trained personnel, and a ready market for sale of controlling interest to the advantage of the seller should such a sale become desirable or necessary.

He pointed to his own city of Columbia, where Commerce Bancshares acquired one of the four banks, saying the HC did not "gobble up" all the banking business there; that, in fact, all four banks' deposits have increased since the acquisition, with each bank receiving its proportionate share of the increases.

Mr. Banks concluded his testimony by saying that if a unit bank fears competition from a HC bank, then the unit bank's management should examine its own operation to see what is wrong with it.

Robert Gaddy, chairman and president, Tower Grove Bank, St. Louis, lead bank of T G Bancshares Co., also of St. Louis, said that each of the three banks in his HC is different and serves a different market and their objectives are to develop those markets so as to achieve the potentials there. He said a small bank in a holding company has the advantage of a large

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Bill Lamberson, executive vice president, Commerce Bancshares, Kansas City, said that the Independents' voice in the matter before the committees was way out of proportion to their place in Missouri banking. He also said that HCs seem to be on trial, but no one seems to know what crime they have committed. He then read a letter from the head of an osteopathic hospital commending Commerce Bancshares for lending money for the hospital's expansion. The letter writer asked that HC expansion in the state not be stopped.

C. W. Culley, senior vice president, Bank of St. Louis, lead bank in General Bancshares Corp., spoke, as he said, from the viewpoint of having served about 6½ years as Missouri banking commissioner. In the latter post, he said, he had the duty and opportunity to study acquisition applications on all state banks being acquired. In each case, several facts became clear, he continued: 1. Not a single application indicated that the selling bank was forced by any devious method to become a part of a holding company. 2. In each case, shareholders of the selling bank accepted and realized a profit from the sale of their assets, namely, a bank and, in most cases, this profit was quite fair. 3. Indications were that sales of these banks were always by wishes of the stockholders and, therefore, represented the wishes of the majority of ownership.

"I know of no instance where HC acquisitions have created unfair competition or undue hardship to any independent bank," said Mr. Culley, "and I further contend that a well-

managed and directed independent bank can compete and keep pace with any HC bank in this or any other state. Competition is healthy, and any independent banker who fears competition from HCs should take a close look at his shop to see if he is really doing a good job for his customers."

Mr. Culley cited several instances where the Missouri Division of Finance was required to close banks, and HCs came forward and helped rehabilitate these banks and ensure no losses to depositors. Without these HCs, he told the legislators, there is grave doubt that the situations mentioned could have been brought to successful conclusions.

In the former bank commissioner's opinion, the advent of HCs in Missouri gives bankers who wish to sell their institutions an additional marketplace for their stocks and provides improved banking services to the general public, which, after all, should be a common goal for both bankers and legislators. Further, he continued, with the strict control under which the Fed administers the Holding Company Act, it borders on the ridiculous for independent banking to fear wild and rampant HC acquisitions without regard for competitive aspects or undue concentration of power.

Maurice J. "Jerry" Swords, vice president, First Union, Inc., St. Louis (whose lead bank is First of St. Louis), gave in detail the steps HCs must take in applying to the Fed for bank acquisitions.

The third in this series of HC hearings will be held at the Kansas City Holiday Inn November 22-23. At that time, Independents will be given an

opportunity to present rebuttals to the testimony given last month by HC representatives. • •

## Savings Festival

(Continued from page 68)

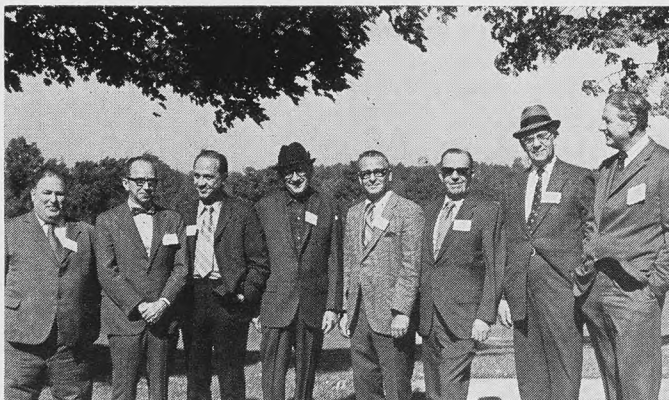
the *Sun-Times* and *Daily News*. Seven Chicago radio stations carried minute spots heralding the features of the week and the premiums. Additional publicity promoting the festival came as a result of a clown picture in the *Sun-Times* and two pictures, one of a publicity shot prior to the festival and one of the Banjo Band during the festival, in the *Daily News*. Several of the radio stations also featured the Happy Day song in the broadcasts during the week.

The overall Happy Day promotion is a year-long event for the bank, commemorating its 50th Year. • •



One of the winners of National Boulevard Bank's Happy Day wrist watches receives his prize from a clown who helped carry out the "Happy Days at the Fair" theme during the first week of the bank's three-week savings festival.

## Fifth Third, Cincinnati, Holds 38th Annual Sauerkraut Party



The correspondent bank division of Cincinnati's Fifth Third Bank held its 38th annual sauerkraut party October 11 at the Highland Country Club in Fort Thomas, Ky. About 575 persons, representing Indiana, Kentucky, Tennessee, Ohio and West Virginia, attended. The day's entertainment consisted of golf, bowling, horseshoes and cards. LEFT: Among Kentucky bankers attending party were (l. to r.) Arthur Griffin and Maurice Dillon, Bank of Maysville; James McKenzie, First National, Louisville; Allen H. Douglas, State Bank, Richmond (Ind.);



Joe Schneider, Bellvue Commercial & Savings; Ed Klocke, Newport National; Howard Gosney, West Side Savings, Newport, and president, Kentucky Bankers Association; and William S. Rowe, host bank. RIGHT: Guests from Indiana included (l. to r.) Gary Coers, Farmers National, Shelbyville; Earl Green, First National, Aurora; Ed Brockering, Farmers National, Shelbyville; Robert L. Mettert, First National, Richmond; James Skinner, Farmers National, Shelbyville; Robert Carpenter, Seymour National; and Mr. Rowe.

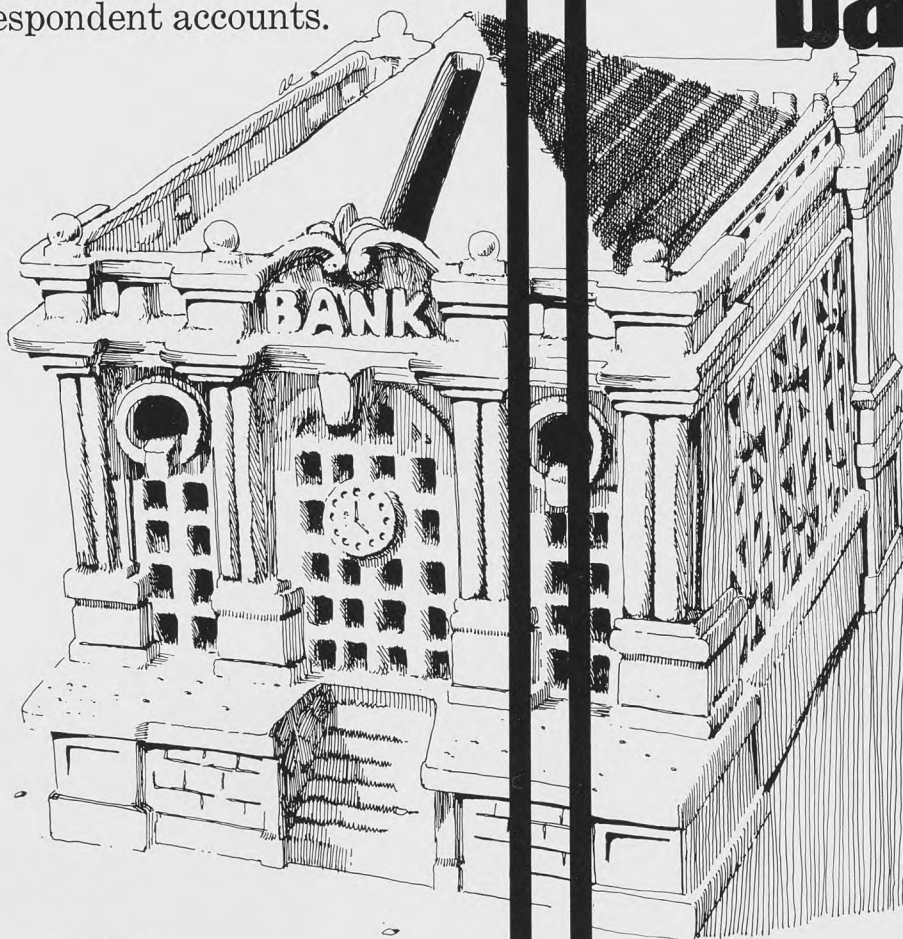


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# Illinois News

## Centennial Anniversary Booklet Recounts History of Union National Bank, Macomb

MACOMB—Union National recently celebrated its 100th anniversary with an open house featuring exhibits, refreshments, prizes and a visit from Burl Ives, movie and television actor.

As part of the centennial celebration, the bank published a booklet called "One Hundred Years of Banking Service," that recounted the bank's history since its organization on August 13, 1871.

The first chairman of the bank was N. P. Tinsley and W. S. Bailey was the first president. The bank opened in the Holland Building—the site of a part of the present premises. In 1880, the bank moved to the Bailey Building, part of the present Newberry Co.

The bank opened a new building in 1917 of Bedford limestone and gray pressed brick. It had check desks of tavernell marble, furniture of dark mahogany and draperies of dark green velvet. President at the time of the dedication was Albert Eads.



Shown at Union National of Macomb's centennial celebration are: (from l.) Burl Ives, TV and movie actor; Mrs. Ives; Dewey Ewing, pres.; and Mrs. Dewey Ewing, v.p.

In 1942, H. D. Ewing, then serving as trust officer, conceived the idea of farm management as part of the trust department. Mr. Ewing became president of the bank in 1955 and in 1956 the bank was expanded north into another building where a separate consumer loan department was set up.

An off-premises computer service was added to the bank in 1966 and drive-in banking in 1967.

Union National now has plans for a new three-story building that will contain 36,000 square feet of floor

space, including a full basement. The bank will occupy about 19,520 square feet and 16,800 square feet will be provided for commercial tenants.

### First National, Decatur, Begins Executive Training Program

DECATUR—First National has begun a formal executive training program that prepares qualified persons for executive positions within the bank.

The length of the course ranges from 18 months to two years, depending on the type of bank management training. John Lograsso, a 1971 graduate of Millikin University, was the first executive trainee to start the program last September.

### Frank McNair Dies in Portugal; Retired Harris Trust Officer

CHICAGO—Frank McNair, retired executive vice president of Harris Trust, died recently while on an extended tour in Lisbon, Portugal.

Mr. McNair, who retired from the bank in 1947, joined N. W. Harris & Co. in 1903. He served the company and later the bank as bond buyer, bond salesman, assistant manager and manager of the bond department. In 1928, he was elected a vice president and director and in 1943 executive vice president. After his retirement, he continued as a director until 1952.

■ DOWNERS GROVE NATIONAL recently made three promotions. G. Russell Wackenhut, operations officer, was appointed cashier; Miss Edythe Goding, assistant trust officer, was elected assistant loan officer; and Wesley C. Mayhugh was named loan officer.

■ OAK PARK TRUST has elected Gerald D. Chartier assistant vice president in the commercial loan department. Formerly, he was a bank examiner with the Chicago Clearing House Association.

■ FIRST NATIONAL, Evanston, promoted Joseph D. Barnette Jr. to executive vice president. He joined the bank in 1969 as senior vice president in the metropolitan division.

### Pekin Nat'l Starts New Building



Pekin National has begun construction on its new colonial building that will have one story and a full basement. The exterior will feature rustic dark-brown face brick accented by copper canopies. Bank Building Corp. is the consultant and construction manager for the project and Charles P. Guariglia, an associate of Bank Building, is the architect.

■ GLENVIEW STATE recently held ground-breaking ceremonies for its new three-story, 75,000-square-foot Main Office building, scheduled for completion in early 1973. The total cost of the new Main Office and motor bank complex will be about \$4 million. The bank will retain its present building as a motor bank facility.

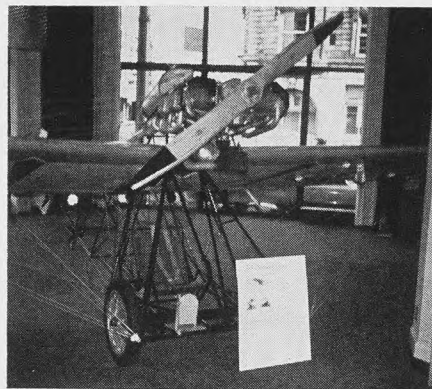
■ OAK PARK NATIONAL has received a state bank charter and has changed its name to First Bank of Oak Park.

### Mrs. Ballance Marks 25th Year With First National, Cobden

COBDEN—Mrs. Faye L. Ballance, vice president and cashier of First National, recently celebrated her 25th anniversary with the bank. Directors and the bank staff honored her with a surprise dinner and program, where she received a silver plaque, clock, pen and pencil set and bracelet.

Mrs. Ballance joined the bank in 1946 as a secretary. She was advanced to vice president and cashier in 1968.

### Millikin Nat'l Displays Plane



Millikin National, Decatur, recently displayed a replica of a 1908 "Adkisson Demoiselle" plane in its lobby. Earl Adkisson of Tuscola, known as a veteran antique aircraft rebuilder and experimental plane fabricator, built the machine especially for exhibition purposes at air-shows and fly-ins.

## Case History #416

An actual case history taken from our correspondent banking files.

### Problem:

A northwestern Illinois banker wasn't exactly sure that he had all the background and resources necessary to analyze two manufacturing companies. He wanted very much to assist one of his good customers in acquiring new product lines. What's more he knew he would need help in extending his legal lending limit.

### Solution:

At his invitation, Alan Meyer, one of our correspondent banking officers, took a first hand look at the two manufacturing plants being considered for purchase. In his judgement they were a good investment for our friend's customer. So we provided an overline loan for the local bank.

Now there's a novelty company in northwestern Illinois on its way to becoming a mini-conglomerate, and a bank with a solid correspondent relationship.

In more than one way some of our most interesting customers are other banks.

For complete details of this case history write or call Alan Meyer, Second Vice President, Correspondent Banking. (312) 782-2520



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**Central National Bank**

LaSalle and Monroe, Chicago (312) 782-2520



MEMBER F.D.I.C.

# Indiana News

## Amer. Fletcher Signs Agreement With National Sharedata Corp.

INDIANAPOLIS—American Fletcher National has entered into a management agreement with National Sharedata Corp. of Dallas. Under the agreement, National Sharedata will furnish management services and will have operational responsibility for the bank's data processing center.



Management contract is signed by S. Edgar Lauther (r.), ch. of American Fletcher National, and Daniel B. Stuart, pres., National Sharedata Corp.

The agreement will allow the bank to make use of advanced computer technology and management science techniques both for its internal operations and for businesses throughout Indiana that use the bank's data processing services.

A multi-million-dollar expansion to the bank's present operations center is about one-third complete. The building, which will add 114,775 square feet of floor space, is scheduled for completion in the spring of 1972.

■ **PURDUE NATIONAL**, Lafayette, elected Max V. Goken a director. He has been president of Lafayette Life Insurance Co. since 1960. He joined the firm in 1952 as agency director.

■ **CALUMET NATIONAL**, Hammond, promoted Allan A. Young to assistant vice president in the operations department. He joined the bank in 1966 and had been assistant cashier.

■ **EUGENE LEHMAN** joined Peoples Trust, Fort Wayne, as assistant vice president and manager of the North Anthony Office. He had been assistant cashier and branch manager with Union Commerce Bank, Cleveland, O.

■ **CARL A. GUNKLER**, senior vice president, Lincoln National, Fort

Wayne, has been elected president of Purdue University's economic education advisory board. The board consists of representatives of agriculture, labor and business from throughout the state.

■ **ST. JOSEPH VALLEY BANK**, Elkhart, elected Kenneth R. Arnold assistant vice president and Dan J. Eppard operations officer.

## Indiana Bankers Association Announces Regional Officers

The Indiana Bankers Association recently announced new regional officers. They are:

**REGION ONE:** president, M. James Johnston, assistant vice president, Fort Wayne National; vice president, Richard A. Life, president, Wabash Valley Bank, Peru; and secretary-treasurer, Earl M. Caston, executive vice president, First State, Decatur.

**REGION TWO:** president, Joseph W. McConnell, executive vice president, Lowell National; vice president, J. Paul Douglass, senior vice president, National Bank, South Bend; and secretary-treasurer, James L. Dandurand, president, Bank of Indiana, Gary.

**REGION THREE:** president, James R. Davis, senior vice president, First National, Marion; vice president, R. Reed Adelsperger, vice president and cashier, First National, Richmond; and secretary-treasurer, Robert A. Morrow, chairman and president, Union Bank, Kokomo.

**REGION FOUR:** president, Max G. Ruback, vice president, State & Savings Bank, Monticello; vice president, James P. Coplen, president, National Bank, Logansport; and secretary-treasurer, William C. Farrell Jr., president, Elston Bank, Crawfordsville.

**REGION FIVE:** president, Don C. Stimson, president, Peoples National, Lawrenceburg; vice president, Marsh A. Pouder, cashier, Union County National, Liberty; and secretary-treasurer, Dale Siekman, president, Rising Sun State.

**REGION SIX:** president, Richard E. Conrad, vice president, Terre Haute First National; vice president, Elmer L. Smiley, president, First National, Cloverdale; and secretary-treasurer, Stanley Barkley, president, Bloomfield State.

**REGION SEVEN:** president, Randall Doan, vice president, Orange County Bank, Paoli; vice president, Forrest Byrne, vice president, Union National, New Albany; and secretary-treasurer, Robert E. Bartlett, vice president, Bedford National.

**REGION EIGHT:** president, Paul C. Fletchall, senior vice president, Poseyville Branch, Farmers Bank, Wadesville; vice president, Charles W. Pemberton, president, Lynnville National; and secretary-treasurer, Harrell Haynes, senior vice president, Grandview Branch, Dale State.

**REGION NINE:** president, Jack V. Early, president, Franklin Bank; vice president, Rex Stoops, president, Hamilton County Bank, Cicero; and secretary-treasurer, Donald W. Tanselle, executive vice president and cashier, Merchants National, Indianapolis.

## Bank to Begin Building Program

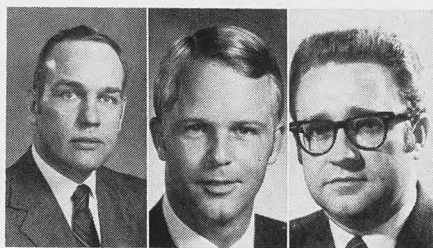


First National, Richmond, soon will begin a \$1-million building program involving complete renovation of its present structure and the addition of a two-story building. The building will feature bronze tinted glass in ceiling-to-floor windows and a new bank logo using a large number "1" and the familiar diamond symbol of the bank rendered in three-dimensional electric signs.

## American Fletcher, Indianapolis, Elects Three Vice Presidents

INDIANAPOLIS—American Fletcher National has announced several promotions and new appointments.

Newly elected vice presidents in the metropolitan division are James O. Kneisley, Thomas G. Andrew Jr. and George E. Rowland. Mr. Kneisley, administrative officer responsible for the division, formerly was with Lake View Trust, Chicago. Both Mr. Andrew and Mr. Rowland have been with the bank since 1970, when they were elected assistant vice presidents.



KNEISLEY      ANDREW      ROWLAND

New assistant vice presidents at the bank are: Thomas S. Hardin, money management and investments; James L. Kallner and James F. McAllister, installment credit department; and Gary A. Pretti, Master Charge department. C. Harry Weerts recently joined the bank as controller.

■ **DANIEL SKINNER** was appointed assistant vice president and credit manager of the time payment loan department, Peoples Trust, Fort Wayne. William Uhrick was named assistant secretary and manager of the bank's new Tillman Road Branch. Both men have served as assistant manager of the Southgate Branch.

# Some timely news for your man in personnel.

Whoever he is, he probably has a problem with employee turnover among bookkeepers and tellers.

That's why we think he'll be pleased to hear about our new self-teaching, audio-

graphic course in check-paying and signature verification for tellers and bookkeepers.

We developed it to train our own people and it has been very effective. Now we're offering it to our correspondents to help increase their efficiency

in check paying operations.

We hope you'll pass the word on via the memo below.

**American National  
The Idea Bank**

# MEMO!

**TO:** \_\_\_\_\_

**RE: Training new tellers/bookkeepers.**

American National, our correspondent in Chicago, has a new self-teaching audio-graphic instruction system that covers the basics on check paying and signature verification.

The new employee works by himself, at his own pace, using pre-recorded lessons (playable on a tape cassette), a workbook and progress tests.

His supervisor (working from a special manual) administers the short tests at certain checkpoints, and keeps an eye on his general progress.

Most students complete the course in two sittings, about 2 hours each. When they're finished, they know all the terminology, the 5 elements of a check, when not to cash or pay checks. And they have learned the basics of signature verification.

The man to call is Bill Aldrich, at (312) 661-5050. I think it's worth looking into.

Regards,

American National Bank and Trust Company of Chicago • LaSalle at Washington 60690 • Phone (312) 661-5000 Member FDIC

MID-CONTINENT BANKER for November, 1971

101

**E. Frederick Zopp Appointed  
Commissioner of Banking**

E. Frederick Zopp has been appointed acting commissioner of banking and securities, succeeding E. G. Adams, who has resigned. Mr. Zopp formerly was executive officer and general counsel.



ZOPP

Mr. Zopp has served as a language instructor at the Universities of Kentucky and Southern California and was associated with a major insurance company in New York.

■ **CITIZENS NATIONAL**, Bowling Green, elected J. R. Bettersworth Jr. a director. He is executive vice president of Westwind Farms, Inc. Mr. Bettersworth was with the bank from 1968 until earlier this year, serving as assistant vice president.

**Kentucky News**

**Citizens Nat'l, Bowling Green,  
Elects Willock Vice President**

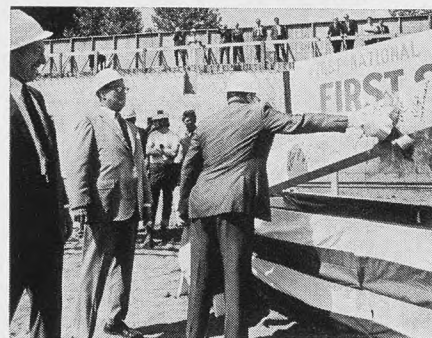
**BOWLING GREEN**—Roland D. Willock has joined Citizens National as a vice president. He will work in marketing and customer relations.



WILLOCK

Mr. Willock has been associated with Citizens & Southern National, Atlanta, and as an assistant vice president in the correspondent bank department of Liberty National, Louisville. He most recently served as a salesman with the Courier-Journal Lithographing Co., Louisville.

**Bank Christens New Building**



Mayor Frank Burke christened the first upright steel girder for First National of Louisville's new 40-story building with real Kentucky flair. Instead of champagne, he broke a quart of bonded bourbon over the girder. Looking on are Hugh M. Shwab (l.), ch., and Keith C. Spears (center), pres.

■ **CENTRAL BANK**, Owensboro, has promoted Ronald T. Allen to assistant vice president and Joseph T. Davis to assistant cashier.

■ **JAMES ZIMMERMAN** has been elected president of Providence State. Formerly, he was executive vice president of Owensboro National.

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**Tennessee News**

**Armistead Smith Named Sr. VP  
At First National, Memphis**

**MEMPHIS**—First National has promoted Armistead Smith to senior vice president. He is manager of the correspondent bank division.



SMITH

Mr. Smith joined the bank in 1960, was elected assistant cashier in 1964, assistant vice president in 1966 and vice president in 1969. He was manager of the installment loan department before becoming manager of the correspondent bank division last May.

The bank also elected O. B. Chandler vice president and Bill Wilson vice president and trust officer. Mr. Chandler, manager of the Summer Avenue Branch, joined the bank in 1963 and Mr. Wilson in 1964.

Elected assistant vice presidents were: Doyle Bradsher, mortgage loan division; Winston J. Daws, customer service; and John R. Mott, employee benefit officer. Donald M. Howdeshell was named trust officer and Lawrence E. Geisewite branch officer.

■ **RUSSELL C. DOSS**, assistant cash-

ier and manager of the Highland Park Branch, National Bank of Commerce, Jackson, has been promoted to assistant vice president. He joined the bank last December.

■ **MISS GWEN LLOYD** was elected treasurer of the Tennessee Association of Credit Women-International at the recent state convention held in Gatlinburg. Miss Lloyd is in the installment loan department of Hamilton National, Johnson City.

**Bank's Data Processing Division  
Adopts Four-Day Work Week**

**CHATTANOOGA**—The data processing division of Hamilton National has begun a four-day, ten-hour per day work week.

Each employee works ten hours a day for four days a week, with the work schedule designed to provide for peak work loads with an adequate number of employees. During slack periods, there are fewer employees and the extra day off is scheduled during slack time.

■ **HAMILTON NATIONAL**, Johnson City, promoted Dean Droke to vice president and Sterling Fields to auditor.

**Tennessee Deaths**

**CHARLES E. HUBBARD**, vice president and head of the installment loan department, Hamilton National, Chattanooga. He had been with the bank since 1926.

**HAROLD L. OZIER**, 69, chairman and president, Bank of Enville. He had been with the bank since 1946.

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MEMPHIS, TENN. 38103

AREA DEVELOPMENT DIVISION

FIRST NATIONAL BANK OF MEMPHIS



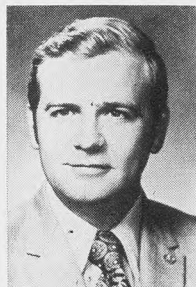
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MID-CONTINENT BANKER for November, 1971

# Mississippi News

## American Bank Names Netterville Correspondent Head for Miss.



NETTERVILLE

American Bank, Baton Rouge, La., has appointed Carroll W. Netterville director of the bank's correspondent activities in Mississippi. He also is head of the business development division.

Mr. Netterville joined American Bank in 1962. He attended Louisiana State University and is a member of the American Institute of Banking. He presently is enrolled in the 1972 School of Banking of the South.

■ **CITIZENS BANK**, Columbia, has moved into its new three-story building. The 26,000-square-foot structure has 12 teller stations and two drive-up windows.

■ **ACKERMAN BRANCH** of Grenada Bank has moved into its new building.

■ **DR. CHARLES CROCKER** and Henry Lackey, attorney, have been elected directors of Farmers & Merchants Bank, Bruce.

■ **COMMERCIAL BANK**, DeKalb, recently held the formal opening of its new building.

## Canton Exchange Opens Branch



Canton Exchange recently held grand opening ceremonies for its new East Canton Branch. The office has two drive-in windows, night depository and safe deposit boxes. Jimmy James, assistant cashier, is branch manager.

■ **WALTER R. BARR** recently joined the staff of Peoples Bank, Indianola. He formerly was a traveling auditor with the U. S. Department of Agriculture.

## J. W. Barksdale Jr. Dies at 62; Was Deposit Guaranty Sr. VP

JACKSON—J. W. Barksdale Jr., retired senior vice president of Deposit Guaranty National, died recently. He was 62.

He joined the bank in 1939 and worked in the correspondent bank, advertising and commercial loan departments. Previously, Mr. Barksdale had been associated with the state banking department, Pickens Bank and Bank of Clinton, which is now a branch office of Deposit Guaranty.

## Deposit Guaranty Publishes Quarterly Business Report

JACKSON—A new service at Deposit Guaranty National is a quarterly newsletter giving information on factors affecting the Mississippi economy.

The *Deposit Guaranty Quarterly Review* is prepared by the bank's corporate planning and research department and contains sections on the national and state economies. A Mississippi commentary and business indicator section features graphs illustrating personal income, employment trends, unemployment rate and manufacturing payrolls.

■ **BANK OF FALKNER** has announced plans to open a new branch immediately north of the city limits of Ripley.

■ **RAY CALVERT** has joined Bank of Batesville as an assistant vice president, succeeding Allen Parnell. For the past four years, Mr. Calvert was with Bank of Lambert.

■ **GLYNN HUGHES** has been elected chairman of South Central Bank in Silver Creek. He also is vice president and chief operations officer of Peoples Bank, Meridian.

■ **BARRY McDONALD** has joined Merchants & Farmers Bank, Winona, as assistant cashier.

■ **NEW BRANCH** to be located in Thomastown is planned by Merchants & Farmers Bank, Kosciusko.

## Mississippi Deaths

**EDGAR A. McCAA**, 55, director of Port Gibson Bank.

**WILLIAM M. DUNCAN**, 77, chairman of Bank of Inverness.



Mr. Mississippi Banker:  
you are the

**VIP**   
at

**MISSISSIPPI BANK & TRUST COMPANY**

JACKSON, MISSISSIPPI Member Federal Deposit Insurance Corporation

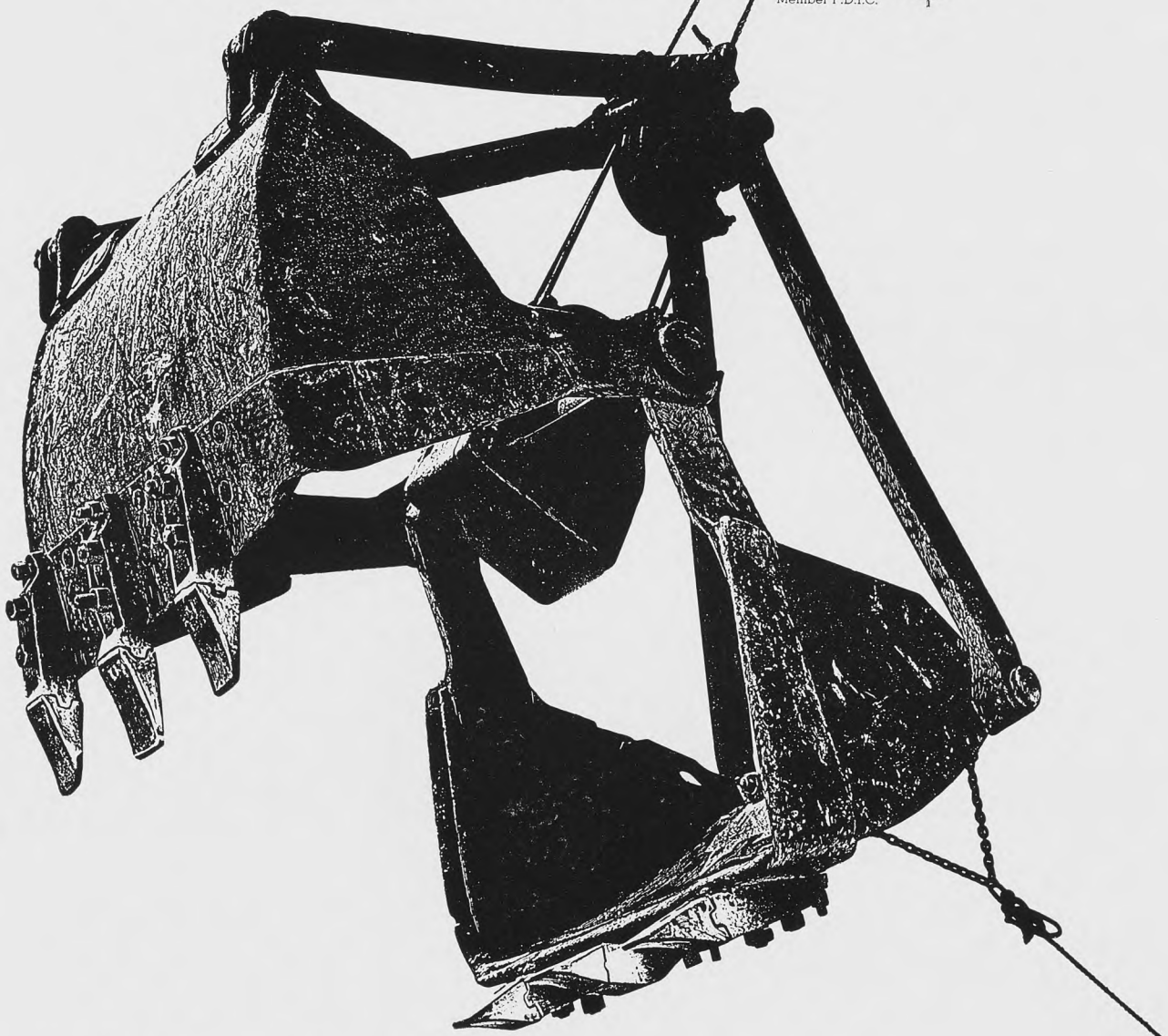


# Construction loans. We dig 'em.

And more and more of our correspondents dig the idea of increasing their lending capacity by sharing construction loans with us. Our participation lets you give the go-ahead to more and bigger projects. With no disturbance of your bank-customer relationships. We share the loan—you get the credit. Write our Correspondent Bank Department, 399 Park Avenue, New York, N.Y. 10022. Or call (212) 559-3577. It could be the most constructive thing you do today.

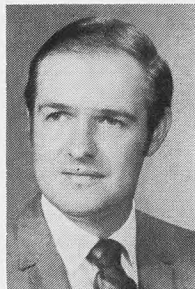
**FIRST NATIONAL CITY BANK**

Member F.D.I.C.



**First Nat'l Bank of Commerce  
Elects Allen Houk Exec. VP**

NEW ORLEANS—Allen R. Houk has been elected executive vice president of First National Bank of Commerce. His duties include responsibility for the bank's 16 branch offices.



**HOUK**

Mr. Houk joined First National in 1970 as vice president and manager of the metropolitan and regional division and later was named a senior vice president. He also is vice president of First Commerce Corp., parent holding company of the bank, and vice president and director of First Commerce Real Estate Corp. He is chairman of the bank's commercial loan committee, vice chairman of the senior loan committee and is a member of the executive committee.

In other action at the bank, Peter R. Camiola and Lawrence H. Ellis Jr. were elected banking officers.

Mr. Camiola, manager of the discount department, came to the bank in 1963. He has worked in the book-keeping department, at the General Meyer Branch and as manager of the collection department. Mr. Ellis, super-

**Louisiana News**

visor of training and credit analysis in the credit department, joined the bank in 1970 as a management intern.

**LSU Appoints Orsuro and Kors  
To Marketing Advisory Council**

BATON ROUGE—Louisiana State University has appointed an advisory council of national and local business experts to guide the academic program of the university's recently formed department of marketing. J. Clifford Orsuro Jr., vice president, American Bank, is chairman of the council and Preston Kors, vice president of marketing, Louisiana National, is a member.

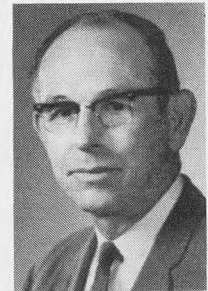
Dr. Norton E. Marks, chairman of the marketing department, said the 15 business leaders, chosen for their business knowledge and success, will share their practical business sense with the marketing faculty in an effort to bring the classroom closer to the business world. The council members will serve for two years with memberships renewable.

The businessmen will meet twice a year to advise the faculty in such areas as curriculum, faculty development, recruitment and business innovations. One

or more of the members will be available to students and will speak before the student marketing club during the week preceding the council meeting.

**M. K. Polk Joins Guaranty Bank  
As Executive VP and Director**

ALEXANDRIA—Marvin F. Polk recently joined Guaranty Bank as executive vice president and a director. He succeeds the late Frank T. Brame.



**POLK**

Mr. Polk, who has more than 20 years' banking experience, formerly was president and chief executive officer of National Bank of Commerce, Birmingham, Ala. He was associated with Louisiana National, Baton Rouge, for eight years as a senior officer and member of the executive, loan and trust committees.

■ WARREN F. NARDELLE JR., assistant cashier and manager of the Lee Circle Branch, National American Bank, New Orleans, recently received the Kiwanian of the Year Award from the Lee Circle Kiwanis Club. Mr. Nardelle has been with National American since 1957.

**Alabama Bankers Association  
Forms Educational Foundation  
To Establish Chairs of Banking**

The Alabama Bankers Association recently organized the Alabama Bankers Educational Foundation to promote further education and research in finance and banking.

The primary purpose of the foundation is to found Chairs of Banking at colleges and universities in the state. It is anticipated that the first Chair will be established at the School of Commerce and Business Administration at the University of Alabama in Tuscaloosa. The Chair is expected to be formally established by the beginning of the next academic year.

Henry A. Leslie, senior vice president, Union Bank, Montgomery, was elected chairman of the foundation, and Frank M. Moody, chairman, First National, Tuscaloosa, was named vice chairman. Mrs. Sue K. Evers, AlaBA secretary and treasurer, is secretary of the foundation.

Directors include: E. E. Anthony Jr., president, Commercial Bank, Andalusia; Harold D. King, president, Peoples Bank, Pell City; Ernest F. Ladd Jr., president, Merchants National, Mobile;

**Alabama News**

Rex J. Morthland, chairman, Peoples Bank, Selma; W. H. Mitchell, president, First National, Florence; C. W. Nelson, president, State National, Decatur; and Mrs. Mary George Waite, AlaBA president and chairman and president, Farmers & Merchants Bank, Centre.

**Mrs. Waite Greets Senator**



Mrs. Mary George Jordan Waite, pres. and ch., Farmers & Merchants Bank, Centre, and Ala.BA pres., greets Senator John Sparkman, chairman of Senate Banking, House and Urban Affairs Committee, as he arrives in Alabama to visit each county during Congressional recess.

■ CENTRAL BANK, Birmingham, has elected Thomas W. Allen director of advertising. He formerly was with First National Bank of Commerce, New Orleans. In other action, Central Bank announced plans to open its new Crestline Branch in mid-December.

■ JOHN E. HATCH JR. has joined Bank of Huntsville as comptroller. Mr. Hatch, who has 22 years of top management experience, has been chairman of Spaco, Inc., since 1959.

■ EDMUND A. TERRELL was elected an assistant vice president at First National, Birmingham. He is a loan officer at the Main Office. Before joining the bank, Mr. Terrell was an assistant national bank examiner.

■ JOHN GRANGER joined Bank of Tallassee as a vice president. Formerly, he was a bank examiner and had been associated with First National and City National, both of Tuscaloosa.

■ BIRMINGHAM TRUST NATIONAL recently opened its new Centennial Office.

■ FIRST NATIONAL, Eufaula, elected Edward H. James assistant cashier.

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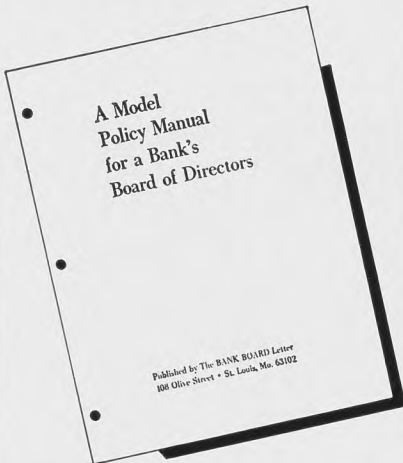
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## Arkansas News

### Jett Joins Hot Springs Bank As VP & Marketing Director

HOT SPRINGS—James P. Jett has been elected vice president and director of marketing at First National. Previously, he was assistant vice president and manager of marketing services at Worthen Bank, Little Rock, where he was responsible for development of new customer-oriented services.



JETT

Mr. Jett also has served as vice president of First Arkansas Leasing Corp. and as assistant secretary of First Arkansas Bankstock Corp.

### New Name for Ark. 1st Nat'l

HOT SPRINGS—Arkansas First National was renamed First National of Hot Springs on October 1. The bank has also adopted a new emblem, featuring a large "1" reversed from a large dark circle.

■ FARMERS BANK, Hamburg, has elected Harold Boatright executive vice president. He has served as vice president and cashier of Grant County Bank, Sheridan, and as a state bank examiner. In other action, Louie G. Foote was named operations officer of Farmers Bank.

■ FIRST NATIONAL, Crossett, recently opened its new North Crossett Branch in temporary quarters. A permanent structure will be built at a later date. Manager of the new branch is Ronald Twyford, assistant vice president.

■ CITIZENS NATIONAL, Jacksonville, recently celebrated its fifth anniversary.

■ CITIZENS BANK, Tillar, has begun construction on its new \$70,000 building, that will have a drive-in window and night depository.

■ FIRST NATIONAL, Fort Smith, has installed an IBM System/370 Model 135 computer to organize operations into a single information system. While the bank has begun the first phase of conversion to the new system, full implementation will not take place until early 1973.



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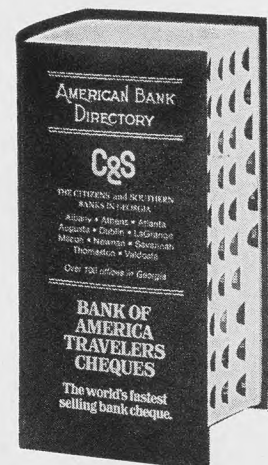
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## Manufacturers Hanover does big things in correspondent banking

## William A. Philpott Jr. Dies October 10 at 86; Served TBA Half Century as Secretary

**W**ILLIAM ALBERT PHILPOTT JR., known literally to hundreds of thousands through 50 years as secretary of the Texas Bankers Association, is dead at age 86.

Mr. Philpott joined the TBA in 1913 as editor of *Texas Bankers Record*, the association's official publication. He advanced to TBA secretary only months later when he succeeded Fred Hoopes, who joined a Dallas bank.

Until he stepped down as secretary a half century later to take the title of consultant in 1964, Mr. Philpott ran a "tight association ship." The TBA, the oldest state bankers association, also became the largest. *Texas Bankers Record*, for which "Phil" wrote columns that sparkled with wit and sound philosophy and logic, became the fattest, most attractive and best edited of many state association papers. Although he relinquished the title of editor to his long-time associate, Milton Boswell, the *Record* always showed evidence of Phil's careful scrutiny and Milton's respect for standards set by Phil.

Mr. Philpott went to the TBA from a journalism career that began at Texas University, where he edited the student magazine. Achieving an outstanding scholastic record as well as athletic prowess as a gymnast, young Philpott became a newspaper reporter in San Antonio and later night editor of a paper in Austin before launching his association career. Spurning the title of executive vice president, which many associations bestowed on association secretaries in recent years, Phil insisted throughout that the title of secretary was the proper one.

His qualities of preciseness, accuracy and punctuality, which he developed in newspapering, carried throughout his years as TBA secretary. The *Record* came out on time with a remarkable absence of errors. Meetings and conventions arranged by Phil always started on time. Bankers soon learned they were expected to be seated in the meeting hall at the exact minute called for in the program.

A non-drinker, "Mr. Phil" (which was another name by which many addressed him) arranged for and participated in hundreds of "social hours,"

which might have been cocktail parties for others but always social hours to Phil.

A widower since 1922, Mr. Philpott carried throughout life a respect for women and a standard he hoped they would live up to. He disliked to see women dressed in extreme styles that called undue attention to them. He preferred that they not smoke in public. We always suspect he held as ideals for women the memory of his late wife and the standards of his sister, Miss Bella Philpott, with whom he lived and who survives him.

No slave to his time-consuming, detail-filled job, Mr. Philpott became renowned throughout the nation as a coin and currency collector as well as a collector of rare books and manuscripts. Three times he won the top award for his currency collection and the American Numismatic Association in 1968 awarded him the 50-year membership gold medal. Another of his hobbies (if that isn't too harsh a word to describe his thoughtfulness) consisted of beginning each year by writing personal notes of encouragement to friends who had suffered illness or other misfortune during the year just closed.

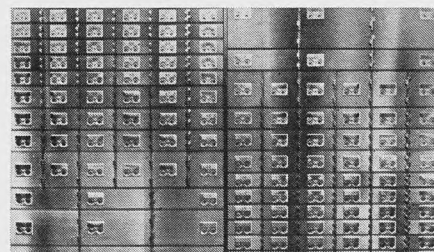
After relinquishing the secretaryship in 1964, Mr. Philpott continued to attend district and state TBA meetings, where he could be seen greeting hundreds of bankers by first name. Our last personal visit with him was in Dallas Sunday, May 2, at the TBA's annual convention. We saw him coming into the Fairmont Hotel, sailor straw hat jauntily balanced atop his head, as was his annual summer custom. Moments later he was in the midst of the throng attending the social hour. As I saw him dashing from one cluster of bankers to another, I called the attention of a young couple I was visiting with from the East to Mr. Philpott. The couple were attending their first TBA convention, and it was their first time in Texas. When I explained who Mr. Philpott was, the position he had occupied in the association and that at age 85 he was still an expert golfer, they expressed an interest in meeting him. When the introductions were over, Phil quickly took up the conversation, relating stories

about the young banker's predecessors who had "traveled Texas" back through the years. The conversation included a funny, but not derogatory, story of the experience of a man, now a senior officer in an eastern bank, but who at the time of the story was a "bank scout" aboard the famed Flying Squadron train many years ago. The 60-year age differential between Phil and the young couple quickly melted away. Breaking in, I commented, "Phil, I told these young people that you shoot your age in golf every year. Will you do it this year?" "Just did it this morning," he smilingly replied. (I thought it was too windy in Dallas that day to wear a sailor straw hat, much less shoot 85 on a golf course.)

Mr. Philpott died Sunday, October 10. He became ill while playing golf, left the course, drove home and died. I can't prove it, but I have an idea that on the way home Phil was saying to himself that if this is my day and hour for the meeting with my Maker, I better be on time. *Harold Colbert.*

P.S. to Phil: I am glad you never changed your way. I will cherish the last of your philosophical pieces that came to me on your 86th birthday, September 17—just as I have cherished all your other writing through the years. But I especially appreciate the letter you wrote me after I had thanked you for that September 17th piece. You gave me some words of advice about my own impending retirement and ended the letter, "Remember, each year it gets easier to shoot your age in golf because you get an extra stroke." That seems to sum up the philosophy by which you lived all your 86 years. *HRC.*

• **Security Corp.** A new line of steel safe deposit boxes called the AX series has been introduced by Security Corp., Santa Ana, Calif. The boxes feature removable number plates for easy rearrangement, plus nickel-plated hinges and locknoses instead of brass, thereby reducing maintenance expenses.



Openings in the AX boxes come with silver-nickel-plated, grooved and corrugated customer keys. AX boxes and hinges can be matched in color, style and configuration to any existing installation or can be selected from a range of case designs and opening sizes for new installations.

**Republic Nat'l Bank of Dallas  
Appoints Two Senior VPs**



**FRONTERHOUSE**



**BUNTEN**

DALLAS—Republic National recently promoted two officers. Advanced from vice presidents to senior vice presidents were John R. Bunten, national division, and Gerald W. Fronterhouse, metropolitan division. Both men also were elected members of the executive committee.

Mr. Bunten joined the bank in 1959, was transferred to the national division in 1961 and was elected a vice president in 1965. In 1969, he was appointed assistant manager of the national division.

With the bank since 1962, Mr. Fronterhouse has served as a credit analyst and commercial lending officer. He was elected a vice president in 1967.

In other action, the bank named Lee Drain, vice president in the metropolitan division, as assistant secretary to the board. He has been with the bank since 1953.

**First National of Fort Worth  
Elects Wentworth Vice Pres.**



**WENTWORTH**

FORT WORTH—Jeffrey K. Wentworth has joined First National as a vice president and senior investment officer.

Before joining the bank, Mr. Wentworth spent 10 years at First City National, Houston, in various trust department capacities. His most recent assignment was as assistant vice president and trust investment officer in portfolio management and investment analysis.

■ RIVER OAKS BANK, Houston, recently appointed Mrs. Sheila Bowen and J. Edwin Wallace assistant vice presidents. Mrs. Bowen is director of the women's banking department. Mr. Wallace most recently was assistant cashier.

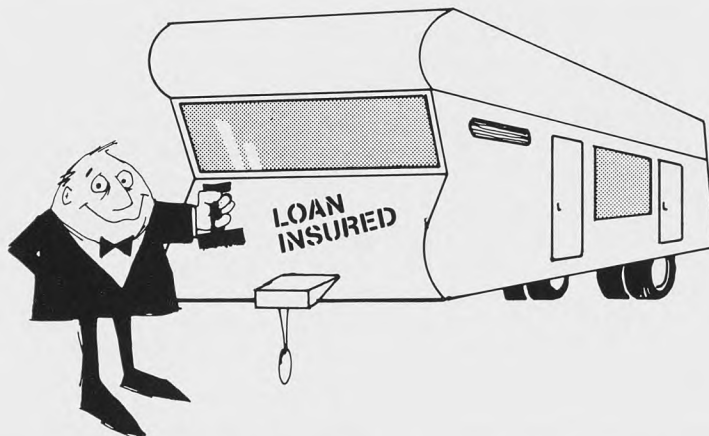
■ FRANK STEELMAN has joined First Bank, Bryan, as senior vice president and trust officer. Previously, he had been a trust officer with First City National, Houston. First Bank also elected V. E. Paulos a director.

■ PRESTON STATE, Dallas, has promoted William R. Buckley from credit card officer to vice president and elected Mrs. Wanda Green assistant trust officer. Mr. Buckley came to the bank in 1969 and is operations director of the bank's Presto/Master Charge program. Mrs. Green also has been with the bank since 1969.

**Bank Elects 6 Women Officers**



National Bank of Commerce, Dallas, recently advanced six women staff members. Promoted were: (from l.) Mrs. Dorothy Evans, a.c.; Mrs. Reba Rosenberg, a.t.o.; Mrs. Mercedes Pentecost, a.v.p.; Mrs. Dorothy Martin, a.c.; Mrs. Paula Reeves, a.v.p.; and Mrs. Edythe Sego, a.c.



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## Foundation Names Leon Harmon New Mexico State Chairman

HOBBS—Leon G. Harmon, president of New Mexico Bank, has been named state chairman of the Foundation for Full Service Banks. He will be responsible for membership recruitment and liaison activities in New Mexico.

Mr. Harmon began his career in 1946 with Planters State, Salina, Kan., and later served as an assistant national bank examiner. He joined First National, Riverton, Wyo., in 1951 and became president in 1957. Mr. Harmon was elected president of New Mexico Bank in 1963.

■ **FIRST NATIONAL**, Albuquerque, is expanding its Del Norte Branch. The 1,400-square-foot building will be more than doubled to 3,080 square feet. Added to the branch will be an automated drive-up lane, two tellers' windows, safe deposit boxes and a vault. Construction is scheduled for completion around the first of the year.

■ **CITIZENS STATE**, Springer, is seeking permission from the state banking department to establish a branch in Raton.

■ **ROBERT L. TRIPP**, president of Albuquerque National, recently cele-

## New Mexico News

brated his 35th anniversary with the bank.

■ **FIRST STATE**, Cuba, appointed John W. Carter Jr. vice president and manager of its Corrales Branch. He had been serving as assistant vice president and manager of the mortgage loan department of Security National, Roswell.

■ **FIRST NATIONAL**, Clovis, has elected Tom Battin president. He had been executive vice president and a director of Security National, Lubbock, Tex. Previously, he was vice president of Citizens National, Lubbock.

■ **J. T. WILEY** has joined Citizens Bank, Albuquerque, as vice president and cashier. He had been associated with a commercial and industrial real estate firm in El Paso, Tex.

■ **J. ERVIN MARSH**, cashier, First National, Roswell, was promoted to vice president and cashier.

■ **SECURITY NATIONAL**, Roswell, advanced Scott Blymm to assistant vice president and cashier. Mr. Blymm, formerly a commercial loan officer, joined the bank in 1968.

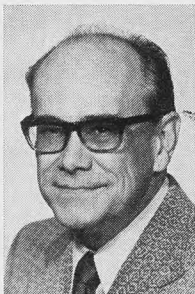
■ **GARY M. BEAL** has joined New Mexico Bank, Hobbs, as a loan review officer. He was a management trainee with United California Bank, Los Angeles, in overall bank operations with special emphasis in the agricultural and natural resources departments.

■ **FRED M. VOGL**, senior vice president, American Bank of Commerce, Albuquerque, was appointed head of the new business and industrial department. He will remain in charge of installment loans. Mr. Vogl also recently was elected president of the board of directors of the Better Business Bureau of New Mexico, Inc. In other action, the bank elected Edward L. Lujan a director. He is an insurance and real estate executive.

■ **FIRST STATE**, Socorro, has elected as directors Clifford R. Jurgensen, Eugene E. Torres and Paul E. Woolfer.

## Clifton Oliver Jr. Appointed OBA Staff Vice President

Clifton Oliver Jr. has been named staff vice president of the Oklahoma Bankers Association. He had been associate professor of management and director of the management center at the University of Florida, Gainesville.



OLIVER

Mr. Oliver has 25 years' experience in business management, consultant work and as an educator in business management. He has been a member of the Florida Committee on Manpower, the national panel of the American Arbitration Association and was chairman of the suggestion panel on the Florida Merit System.

■ **HASKELL J. MOGRIDGE** has been elected a director of Liberty National Corp., Oklahoma City, and an advisory director of Liberty National Bank.

## 'Bank Examiners Room' Opened By First National of Tulsa

TULSA—First National has opened its new "bank examiners room," a 545-square-foot enclosed observation area

## Oklahoma News

for public use overlooking construction activities of the bank's \$20-million First Place complex. The bank examiners room is the first of its kind in the Southwest, according to bank officials.

The structure features carpeting, communications equipment, colorful interior design and a 24-foot safety glass window. A taped narrative explains the construction procedures of the First Place and will be updated as construction develops.



Wayne Waller (r.), supervising examiner for Oklahoma, presents a formal report and authorization to open First of Tulsa's bank examiners room to K. C. Olinger (l.), exec. v.p., and John Robertson, pres.

## Lowry Is President & Chairman Of Oklahoma State Bank, Ada

ADA—Denzil F. Lowry, vice president of Oklahoma State, has purchased controlling interest in the bank and was elected president and chairman. He succeeds as president Tommie Maines, who has retired, along with J. M. Carter Jr., vice president.

John W. Lowry, son of the new bank president, has joined the bank as assistant vice president and a director. He had been with City National, Oklahoma City.

## Holmes Elected Vice President At National Bank of Tulsa

TULSA—Charles E. Holmes has joined National Bank of Tulsa as a vice president and trust officer. He will serve as a new business development officer in the trust department.



HOLMES

Mr. Holmes began his career with Halliburton Oil Well Cementing Co. He joined Sinclair Oil & Gas Co. in 1961 and served as attorney and corporate secretary.



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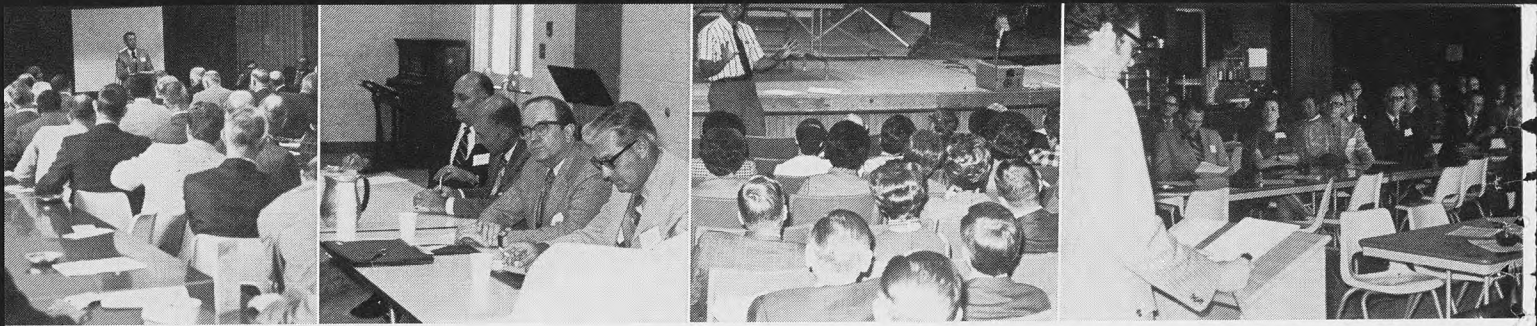
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LEFT: R. G. Langenwalter, former Wichita banker and presently with Abbot & Associates, Inc., Wichita, describes BANKPAC to Group 4 meeting in El Dorado. SECOND FROM LEFT: KBA president Arthur Collins (2nd from r.) conducts general business sessions for chief executive officers at Group 2 meeting in Columbus. SECOND FROM RIGHT: Allan J. Hurst, senior consultant, Lawrence-Leiter & Co., Kansas City, con-

ducts a seminar on improving bank leadership at Group 4 meeting in El Dorado. RIGHT: Wayne Starr, chairman of state-wide advertising and public information program, describes plans for next year's campaign to Group 4 bankers in El Dorado. Mr. Starr is ch. & pres., Citizens State, Hiawatha.

At Group Meetings—

# KBA President Foresees Introduction of Legislation Permitting Additional Limited-Service Facilities

SOME 2,750 KANSAS bankers attending the 1971 series of group meetings heard KBA President Arthur J. Collins say he sees no reason why the KBA executive council would not go along with the recommendations of the Committee on Banking. The latter has recommended that—in addition to attached and detached facilities permitted under present Kansas law—two additional limited-service facilities be allowed within the boundaries of the city in which the home office of a bank is located.

If approved by the executive council at its December meeting, the rec-

ommendations most likely will be presented to the legislature in next year's session.

Mr. Collins, president, Hutchinson National, urged all bankers to support the proposal of the Committee on Banking. He indicated that this is important so that when discussing any banking legislation, Kansas bankers speak to the legislators as a united group—rather than as two or more divided groups.

Kansas banks are now helping create more new jobs in Kansas through a secondary market program involving the Small Business Administration, the

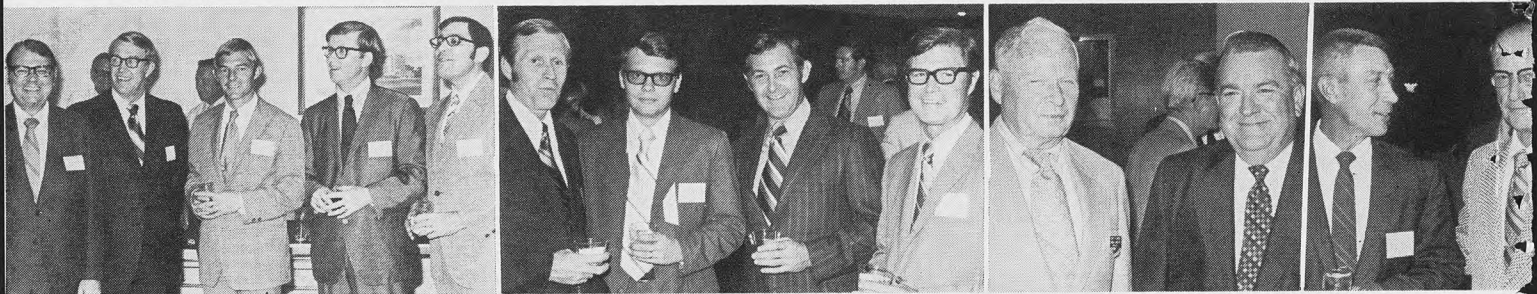
KDCC, the Kansas Bankers Association and the Kansas Public Employees Retirement System.

The pilot program to finance Kansas jobs with Kansas funds is attracting considerable interest. The Kansas Development Credit Corporation is purchasing the guaranteed portion of Small Business Administration loans, packaging them and reselling them to Kansas pension funds. Kansas was the first state in this program and the SBA is using it as a pilot so that other states may copy it.

This program greatly increases the potential of Kansas capital investment

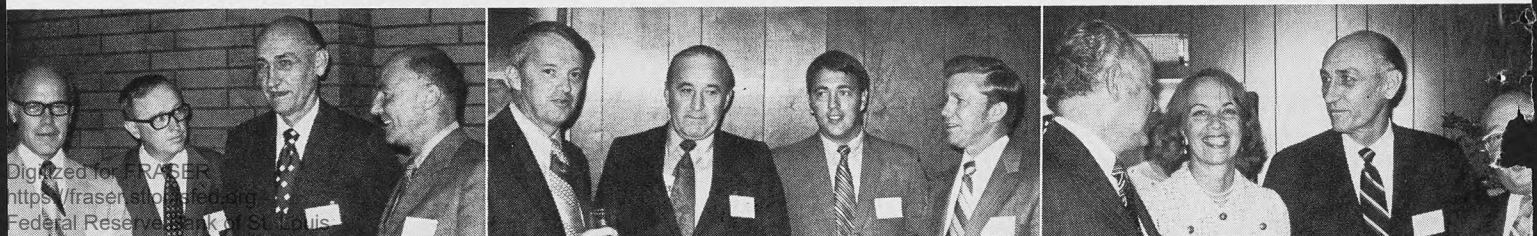
LEFT: Group of officers from City National, Kansas City, visit with Densmore Hart (c.), pres., Farmers & Merchants State, South Hutchinson. City National officers are (from l.) Jim Calk, Don V. Thomason, Jim Carlisle and Jerry Crutsinger. SECOND FROM LEFT: Gerald D. Holland (l.), a.v.p., Fourth National, Wichita; Gregg Stephenson, Emporia State; James Paris and Walter (Bruff) McQuade, both of Pioneer National life, Topeka, chat at Group 1 meeting in Emporia. SECOND FROM

RIGHT: Henry G. Blanchard (l.), pres., Kansas Development Credit Corp., and ch., Commercial National, Kansas City, visits with George L. Doak, exec. v.p., KDCC, at Group 4 meeting in El Dorado. RIGHT: Eugene F. Bukaty (l.), a.v.p., NYTCO Services, Inc., Kansas City, Mo., chats with John H. Riesen, sr. v.p., First National, Wichita, at Group 4 meeting in El Dorado.



LEFT: Sam L. Roberson (l.), chairman, Group 4, and pres., Citizens State, El Dorado, poses with (l. to r.) Cliff Stone, pres., Walnut Valley State, El Dorado; J. Rex Duwe, KBA v.p., and Carl A. Bowman, KBA exec. v.p., at Group 4 general session for chief executive officers. CENTER: Visiting at Group 4 meeting in El Dorado are Bill Beckmeyer (l.), v.p., First National, Salina; Dorman C. Becker (2nd from l.) v.p.,

Durham State; Jerry D. Leach (3rd from l.) DeLuxe Check Printers, Kansas City; and Al Warner, v.p., First National, Salina. RIGHT: John E. Naftzger (l.), Mrs. Naftzger and Noel R. Estep of Southwest National, Wichita, visit with KBA V.P. Rex Duwe at Group 2 meeting in Columbus.



### New KBA GROUP Officers—Attendance—1972 Meeting Places

GROUP	1972 MEETING PLACE	CHAIRMAN	SECRETARY	1971 ATTENDANCE
1	Olathe	D. F. Bradley, Pres. First Nat'l, Olathe	Sam Perkins, EVP Patrons State, Olathe	398
2	Independence	A. K. Sewell, Pres. Citizens Nat'l, Independence	James S. Neiding, EVP Independence State	321
3	Smith Center	Russell Hill, Pres. First Nat'l, Smith Center	L. Blaine Rush, EVP Smith County State, Smith Center	494
4	McPherson	George E. Jones Jr., Pres. Farmers State, Canton	Harlow Woods, VP McPherson & Citizens State	483
5	Norton	Ray Farewell, Pres. First State, Norton	Steve Smiley, AC First Nat'l, Norton	630
6	Dodge City	Tom Martin, VP Fidelity State, Dodge City	D. C. Fitch, VP & C First Nat'l, Dodge City	421
TOTAL:				2,747

Mrs. Bobbi Steverson, assistant loan officers; and Mrs. Nancy Elrod, customer service officer.

■ PEOPLES BANK, Pratt, has elected Leon H. Mahoney vice president. He is in charge of business development and serves as mortgage loan officer. Formerly, Mr. Mahoney was Kansas and Colorado representative of Investors Mortgage Insurance Co.

■ MRS. RUBY WOOD has retired as assistant cashier of Burr Oak State. She had been with the bank 19 years.

■ KANSAS STATE, Wichita, has elected Mrs. Nettie Daily vice president, David E. Boyd assistant vice president and auditor and Robert A. Laing assistant vice president and assistant trust officer. Named assistant cashiers were Miss Wilma Rockett, Lawrence L. Anglemeyer and Eldon E. Birdsell.

by: 1. Use of Kansas pension funds for investment in the Kansas economy. 2. Increasing the lending power of Kansas banks by releasing funds for new loans. 3. By increasing for Kansas the SBA-guaranteed activity of expanding the Kansas economy. 4. Investing pension funds in the SBA guaranty program protected by the full faith and credit of the U. S. government.

Instead of KPERS investments going out of state, now part of this money is going to work in Kansas communities. Also, this program provides Kansas banks with liquidities so they can roll over loans and make more new loans to small businesses.

Mr. Collins also urged Kansas banks to continue to keep interest rates low on all loans in order to continue to support President Nixon's program to reduce inflation and to improve job opportunities.

KBA Vice President J. Rex Duwe, president, Farmers State, Lucas, told the group that bank directors could come only from welfare rolls if Representative Wright Patman's so-called Banking Reform Act is enacted as he drafted it. He indicated that the Farm Credit Act would enable U. S. farm credit agencies to drain off lendable funds from Kansas banks and would not add one dime to the agricultural credit supply of the nation.

Mr. Duwe told of a secondary market prospect for student loans. This would remove Kansas bankers' last valid excuse for not making such loans. He warned Kansas bankers that the rural development credit bills presently under consideration should be carefully watched "as the country does not need yet another banking or credit system." Bills authorized by Senators Hubert

Humphrey and Herman Talmadge would establish another credit system separate from, but parallel to, the present Farm Credit Administration.

Results of the elections for each of the groups, attendance and locations for next year's meetings are reported in an accompanying box. • •

■ CLEMENT KLEIN recently retired as assistant vice president and cashier of Exchange National, Atchison. He had been with the bank since 1929.

■ FIRST NATIONAL, Chanute, recently made these promotions: Mrs. Mildred Bird, assistant cashier; Mrs. LaVaunna Hummer, loan officer; Mrs. Mary Hull, Mrs. Connie Schooley and

## Commerce Bank

(Continued from page 7)

from 1966 to last January, when he was made vice chairman. He is a director of the bank and the \$1-billion parent bank holding company, Commerce Bancshares. He joined Commerce Bank in 1947 and was officer in charge of construction of Commerce Tower, completed in 1965.

Mr. Kemper, bank president from 1955-66, became board chairman in 1964. He is president and chairman of Commerce Bancshares.

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**J. O. WILSON,**

Director Emeritus

# Kansas News

## Fredonia Adopts Philadelphia As 'Brother City' On 100th Anniversary of First National Bank

FREDONIA—First National celebrated its 100th anniversary in an unusual way. The bank promoted the idea of Fredonia adopting Philadelphia as its "brother city" and granting honorary citizenship to Benjamin Franklin.

Why Benjamin Franklin? Because, in the words of Fredonia Mayor Lawrence W. Schoolcraft, "The people of

Fredonia admire the attributes of thrift, inventiveness and patriotism exemplified by Benjamin Franklin."

First National marked its anniversary by putting up \$500, which was matched by 1,000 50-cent donations from Fredonia citizens. The \$1,000 certificate of deposit will be held by the bank until the year 2071, when it will be worth about \$139,000. The money will be used for some civic purpose chosen by the city officials of that year.

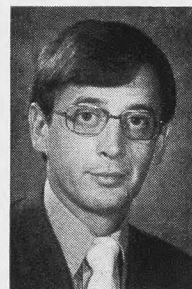
A similar fund, established by Ben Franklin's will in 1790, boosted a \$4,440 bequest to \$133,000 in 100 years. The money helped to establish the Franklin Institute.

Harry J. Katz, a representative from Philadelphia, and Eugene C. Hosmer Jr., unofficial representative of the Philadelphia Convention and Tourist Bureau, made the trip to Fredonia for the proclamation ceremonies. They brought with them gifts from Philadelphia organizations and individuals including a resolution from the Philadelphia Junior Chamber of Commerce naming Fredonia's Jaycees as a brother chapter, a plaque and a miniature replica of the Liberty Bell.

■ JACK L. TREMAINE has been named assistant vice president in the mortgage banking department of Johnson County Bankshares, Inc., Prairie Village. He joined Johnson County Bankshares last March and previously was in real estate and mortgage banking in the Kansas City area for 10 years.

■ HOME STATE, Clearwater, has appointed Don Ingle agriculture representative. He is a retired Sedgwick County agriculture agent and extension director.

## Jenkins Advanced to Senior VP At Capital City State Bank



JENKINS

TOPEKA—Edwin Jenkins Jr. has been promoted from vice president to senior vice president at Capital City State. He has been with the bank since 1969.

Before joining the bank, Mr. Jenkins was a vice president of Exchange State, Kansas City. He joined that bank in 1964, was elected cashier later that year and was named manager of the consumer loan department in 1965. He also was in charge of advertising and public relations.

He joined that bank in 1964, was elected cashier later that year and was named manager of the consumer loan department in 1965. He also was in charge of advertising and public relations.

## First State Bank, Dodge City, Announces Plans for Opening

DODGE CITY—The new First State Bank has received approval from the state banking department and has announced plans to open around the first of the year in a new shopping area about two miles north of the downtown area.

The bank will open in temporary quarters and will construct a new building at the same location. First State has capital of \$225,000, surplus of \$275,000 and undivided profits of \$18,750.

Officers of the new bank are: R. H. Zimmerman, president and director; Larry Brennan, vice president and director; and Jerry Shepherd, cashier and managing officer.

Mr. Zimmerman also is president and managing officer of First State, Salina, while Mr. Brennan has farm and livestock interests. Mr. Shepherd formerly was with First National, Tribune, and for the last three years was executive vice president of Farmers State, Ingalls.

Directors include Don C. Smith, Robert O. Brennan and Hector M. Campbell.

■ LEO THORUP has resigned as cashier of American State, Osawatimie. He is now a factory representative for an oil company based in Kansas City.

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MID-CONTINENT BANKER, for November, 1971

# Missouri News

## First National, St. Louis, Hosts Banking Students



First National, St. Louis, recently held its seventh annual review session for students of the Graduate School of Banking at the University of Wisconsin. The day-long meeting was attended by 78 bankers from Missouri, Illinois, Kansas and Iowa. Above, Ronald Prasse, v.p., discusses the commercial bank loans extension problem with first-year students.

## Missouri Bankers Association Announces Group Officers

Members of the Missouri Bankers Association elected new group officers recently at group meetings. Officers of groups five through seven were listed in last month's issue of MID-CONTINENT BANKER. Other new officers are:

**GROUP ONE:** chairman, Alvin D. Meeker, executive vice president, Commerce Bank of Kirksville; secretary, Ralph A. Eckles Jr., chairman and president, Exchange Bank, Kahoka; nominating committee member, Frank D. Kelso, vice president, Hannibal National; and nominating committee alternate member, Carl Murray, executive vice president and cashier, Community State, Bowling Green.

**GROUP TWO:** chairman, Grimes Spillman, president, Home Exchange Bank, Jamesport;

secretary, Ivan R. Buckman, cashier, Marceline State; nominating committee member, Ned L. Snyder, chairman and president, Hamilton Bank; and nominating committee alternate member, Kenneth McIntyre, vice president and cashier, Chillicothe State.

**GROUP THREE:** chairman, James Wells Hull, executive vice president, Wells Bank, Platte City; secretary, Michael R. Morris, assistant vice president, Citizens Bank, Grant City; nominating committee member, John F. Gach, assistant vice president and agricultural representative, First National, St. Joseph; and nominating committee alternate member, Luther Thompson, executive vice president, Bank of Atchison County, Rock Port.

**GROUP FOUR:** chairman, Adrian Harmon, president, Citizens Bank, Warrensburg; secretary, John B. Skelton, president, Wellington Bank; nominating committee member, Carl B. Abbott, executive vice president and cashier, Garden City Bank; and nominating committee alternate member, Homer A. Lyle, vice president, Columbia Union National, Kansas City.

## W. V. Turner Is President & CEO At Citizens Bank, Springfield

SPRINGFIELD—William V. Turner has been promoted from executive vice president to president and chief executive officer of Citizens Bank. He succeeds James A. Jeffries, who was elected vice chairman.



TURNER

Before joining the bank in 1966, Mr. Turner was chief of the management assistance section of the Small Business Administration in Kansas City. Mr. Jeffries, with the bank more than 30 years, had served as president since 1966.

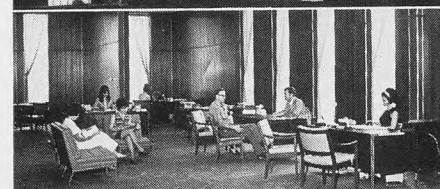
■ NORTH ST. LOUIS TRUST has elected Arthur D. Lundvall assistant vice president and Daniel A. Debert assistant treasurer.

## New Bank Building Completed By Springfield National

SPRINGFIELD—Springfield National recently held the formal opening of its new bank building. The 12,500-square-foot structure has five pneumatic-tube drive-up lanes and parking area for 54 cars. The second floor of the building contains 4,000 square feet of unfinished area for later expansion.

Springfield National was chartered on April 8, 1970, and opened with capitalization of \$825,000. The bank opened in a store building in the Brentwood Shopping Center with a trailer on the parking lot serving as a drive-up banking facility.

The bank, along with Union National, is owned by U. N. Bancshares, a locally owned holding company.



Springfield National recently completed construction of its new building.

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Ernie Harms



# Bills Affecting Banking Are Advanced At Senate-House Committee Meeting

**T**WO BILLS affecting banking were offered last month to a joint meeting of the Missouri Senate Committee on Banks, Banking and Financial Institutions and House Committee on Banks and Financial Institutions. The meeting was held October 12-13 at the Clayton Inn in Clayton.

One bill, offered by C. W. Culley, would, among other things, increase the state banking commissioner's salary from \$18,000 to \$25,000 a year. The other bill, offered by Representative Frank Bild (47th District, St. Louis County) is based on HB 611, which he introduced last year but which was not passed. It would make property owned by commercial banks in Missouri and held for lease or rental to others subject to personal property taxes.

Mr. Culley was until earlier this year Missouri banking commissioner, but is now senior vice president, Bank of St. Louis. Backed by H. Duane Pemberton, present banking commissioner, Mr. Culley presented the bill that—in addition to boosting the banking commissioner's salary—would raise the deputy commissioner's from \$16,000 to \$23,000 a year and would fix the commissioner's term at four years and until his successor is appointed. At present, the commissioner is appointed by the governor and is reappointed or dismissed by him.

Under the proposed bill, the governor would be able to remove the commissioner for inefficiency, neglect of duty, misconduct in office or incompetency or incapacity. In turn, the

commissioner could have a public hearing, in person or by counsel, before the state banking board and could appeal the latter's decision to the Cole County Circuit Court.

In addition, the General Assembly could remove the commissioner for any of the reasons listed above by a two-thirds vote of all members of each house, after 10 days' notice in writing of the charges and a public hearing before a joint session of the General Assembly.

The bill would provide that the state banking board hear and determine all appeals permitted by law from refusals of the commissioner to grant incorporation certificates to bank or trust company organizers and from his refusals to allow relocations of banks or trust companies. Under the bill, the board would have 120 days, instead of the present 60, from the date of application to render a decision.

The bill would create "the State Division of Finance Fund" in the state treasury. Into this fund would go all fees for incorporation or for capital increases, all charges or assessments received by the commissioner, all fees, perquisites and money received by the division of finance or any of its salaried officers and employees for services rendered in official capacities and all accrued interest on funds held by the commissioner as trustee for owners of unclaimed deposits, dividends or interest. The bill would have the commissioner pay such interest to the collector of revenue annually on or before the close of each fiscal year.

**Property Tax Bill.** Representative Bild, in offering his bill, pointed out that no taxes are paid on property leased from banks because the lessees can't be taxed since they are not the owners of the leased property. He was backed up by Frank Antonio, St. Louis County assessor, who said he believes about \$3 million in personal property is not being assessed in his county because commercial banks are not taxed on property they lease or rent. He added that the state probably is losing \$35-40 million a year in personal property taxes for the same reason.

Someone pointed out that commercial banks pay 7% of their net incomes in taxes in the state, but Messrs. Bild and Antonio indicated this tax does not produce as much as would taxes levied on property owned by banks and leased or rented to others.

Senator Albert Spradling Jr., chairman of the Senate Committee on Banks, Banking and Financial Institutions, said that an in-depth study of financial institutions, including S&Ls, was needed before any action could be taken on the proposed bill. • •

## J. P. Dawson Elected President Of Citizens Bank, Grant City

**GRANT CITY**—John P. Dawson, former vice president and cashier of Citizens Bank, has returned to the bank as president, vice chairman and secretary of the board. He was with the bank from 1955 until 1969, when he resigned to accept a position with a Canadian mining firm. He has served as a director since 1957.



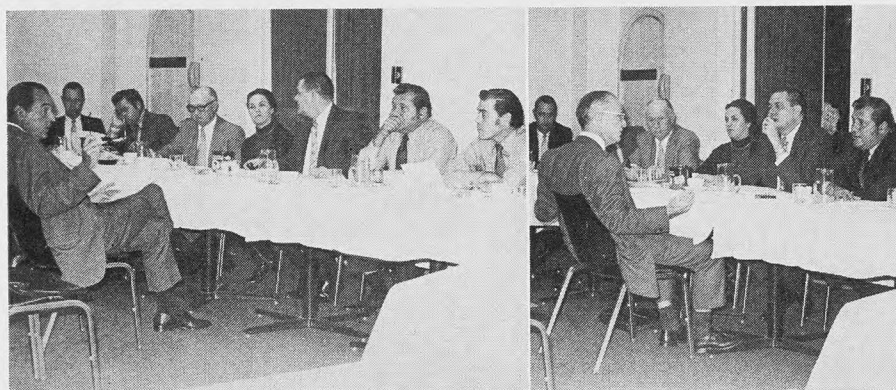
DAWSON

Mr. Dawson succeeds his father, W. M. C. Dawson, president since 1926, who was elected chairman replacing James T. Duncan. Mr. Duncan, who served as chairman since 1920, and his wife have resigned as directors.

Replacing Mr. and Mrs. Duncan on the board are David S. Kerns, vice president, and Michael R. Morris, assistant vice president.

■ **FLORISSANT BANK** has received permission from the Missouri Commissioner of Finance to open a drive-in banking facility. The facility, to have a lobby, inside tellers and eventually safe deposit boxes, is expected to open in late spring or early summer of 1972.

■ **BIG BEND BANK**, Webster Groves, has announced plans to open a drive-in facility in the Yorkshire Shopping Center. The facility will have four self-service drive-in islands and a walkup window and is expected to be completed in February.



**LEFT:** C. W. Culley, until recently Missouri banking commissioner, speaks on proposed bill affecting banking commissioner at joint meeting last month in Clayton of Senate and House banking committees. Mr. Culley is now sr. v.p., Bank of St. Louis. **RIGHT:** Rep. Frank Bild of St. Louis County advocates taxing property owned by commercial banks in state and leased or rented to others. Meeting was conducted by Sen. Albert Spradling Jr. (3rd from r. in left photo), ch., Senate Committee on Banks, Banking and Financial Institutions. He was assisted by Rep. Fred E. Copeland (2nd from l. in left photo), ch., House Committee on Banks and Financial Institutions.



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7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given.) Commerce Publishing Company, 408 Olive Street, St. Louis, Missouri 63102; Donald H. Clark, Harold R. Colbert, Wesley H. Clark, Johnson Poor, Ralph B. Cox, all of 408 Olive Street, St. Louis, Missouri 63102; Don J. Robertson, 987 Central Ave., Plainfield, New Jersey; Donald H. Clark Foundation, c/o St. Louis Union Trust Co., St. Louis, Mo.; Grinnell College, Grinnell, Iowa.
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9. For optional completion by publishers mailing at the regular rates (Section 132.121, Postal Service Manual) 39 U.S.C. 3626 provides in pertinent part: "No person who would have been entitled to mail matter under former section 4359 of this title shall mail such matter at the rates provided under this subsection unless he files annually with the Postal Service a written request for permission to mail matter at such rates."

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11. Extent and nature of circulation. The

average number of copies each issue during preceding 12 months are: (A) Total No. copies printed (Net Press Run), 7,017; (B) Paid circulation: 1. Sales through dealers and carriers, street vendors and counter sales, 0; 2. Mail subscriptions, 5,558; (C) Total paid circulation, 5,558; (D) Free distribution by mail, carrier or other means: 1. Samples, complimentary, and other free copies, 1,059; 2. Copies distributed to news agents, but not sold, 0; (E) Total distribution (Sum of C and D), 6,617; (F) Office use, left-over, unaccounted, spoiled after printing, 400; (G) Total (Sum of E & F—should equal net press run shown in A), 7,017. Actual number of copies of single issue published nearest to filing date: (A) Total No. copies printed (Net Press Run), 7,200; (B) Paid circulation: 1. Sales through dealers and carriers, street vendors and counter sales, 0; 2. Mail subscriptions, 5,390; (C) Total paid circulation, 5,390; (D) Free distribution by mail, carrier or other means: 1. Samples, complimentary, and other free copies, 1,210; 2. Copies distributed to news agents, but not sold, 0; (E) Total distribution (Sum of C and D), 6,600; (F) Office use, left-over unaccounted, spoiled after printing, 600; (G) Total (Sum of E & F—should equal net press run shown in A), 7,200.

I certify that the statements made by me above are correct and complete.

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# BMA Elects Duncan President At 56th Annual Convention



New BMA officers are: (from l.) Terence E. Renaud, 2nd v.p.; Buell G. Duncan Jr., pres.; Don Dix, treas.; and William N. Flory, 1st v.p.

AMERICANA HOTEL in New York City was the scene of the Bank Marketing Association's 56th annual convention September 26-30. More than 2,000 marketing professionals attended the convention, making it one of the largest in the association's history.

The new BMA president is Buell G. Duncan Jr., senior vice president, First National, Orlando, Fla. Other new officers include: first vice president, William N. Flory, vice president, Harris Trust, Chicago; second vice president, Terence E. Renaud, president and chief executive officer, Twin City Bank, North Little Rock, Ark.; and treasurer, Don Dix, senior vice president, Merchants National, Allentown, Pa.

National Bank of Detroit won the top honor in the BMA's fourth annual Golden Coin awards competition. The bank won the "best of show" trophy with its entry in the category for banks with total assets of \$1 billion or more. The entry outlined a program of social involvement with community groups that developed significant beautification programs in the low-income area of Detroit.

Bank of North Aurora, Ill., won a trophy in the category for banks with total assets of \$25 million or less. Its entry, "Opening a New Bank Unit," described a marketing plan for the opening and first three months of operation of a completely new unit bank in a town of 5,000 people.

Mid-Continent-area banks that won certificates of merit in the Golden Coin competition were: First National, Dothan, Ala.; Bank of Mississippi, Tupelo; Beverly Bank, Chicago; Merchants National, Mobile, Ala.; and Northern Trust, Chicago.

General-session speakers at the convention were: William Bernbach, chairman of Doyle Dane Bernbach Advertising Agency in New York—"The Unchanging World"; Franklin A. Thomas, president, Bedford Stuyvesant Restora-

tion Corp., and a director of First National City, New York—"Bedford Stuyvesant: An Experiment That's Working"; and Robert Townsend, author of the best-seller, *Up The Organization*—"Further Up The Organization."

As in past years, the convention featured dawn-duster breakfast meetings, departmentals and workshop sessions. Departmentals covered automation, advertising and sales promotion, product development, public affairs, planning, research, sales development and bank holding companies.

A featured speaker at the public affairs departmental was Ross Buell, vice president, public and government affairs, Wells Fargo Bank, San Francisco. He discussed "When's the Last Time You Did Some Marketing With Your Legislators?"

Mr. Buell suggested that bankers pay more attention to state legislatures and the effect of state legislation on the banking business. He said that while there is a tendency to regard Congress as the principal legislator in areas affecting banking, state governments are playing an increasingly important role.

Mr. Buell emphasized that bankers must seek ways to better understand the workings of government at all levels. He proposed that "there should be at least one person in every bank who has the responsibility for legislative and political affairs. Such a person should review, analyze and monitor, on a current basis, state and federal legislation and other governmental developments and disseminate information on these matters within the bank."

He continued, "I also feel that banks should encourage the development and implementation of programs concerned with employee political education and action."

Robert P. Keim, president, The Advertising Council, Inc., New York City, was a speaker at the advertising and sales promotion departmental. His

topic was "If I Were a Bank Advertising Officer—Again."

In his speech, Mr. Keim noted that a bank customer most needs banking services as he reaches new stages in his life. Some of these stages include marriage, renting an apartment, buying a car or house and planning for a child's education. Mr. Keim tagged these times in a person's life cycle "stages of susceptibility." He said, "They are the points where the customer's life cycle tells you he needs your services."

Mr. Keim continued, "If I were back in your business again, I would apply this 'stage of susceptibility' concept throughout the bank's entire marketing program. It focuses your advertising and sales efforts on your customer's timely needs and those are the moments of greatest marketing opportunity."

At a workshop meeting, John A. Mills, vice president of urban affairs, U. S. National Bank of Oregon, Portland, spoke on "Public Affairs—Banking's Social Obligation—In Conflict or Conjunction With Its Economic Obligation?"

In answering the question, "Does a bank have a social obligation to the community it serves?" Mr. Mills replied, "When a community flourishes economically, so does the bank in that community. When a community suffers from poverty, unemployment and moral and physical decay, so also does the bank suffer. Therefore, one of the many reasons for a bank to meet its social obligations is pure economic self-interest!"

The most productive areas in which banks can work to satisfy their social obligations are in the areas of greatest need, according to Mr. Mills, and these are jobs, housing education and minority enterprise.

He said, "We feel that if there were no deficiencies in these areas, most of our social problems would be whipped. We might well add two more fields of endeavor, drugs and environment."



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