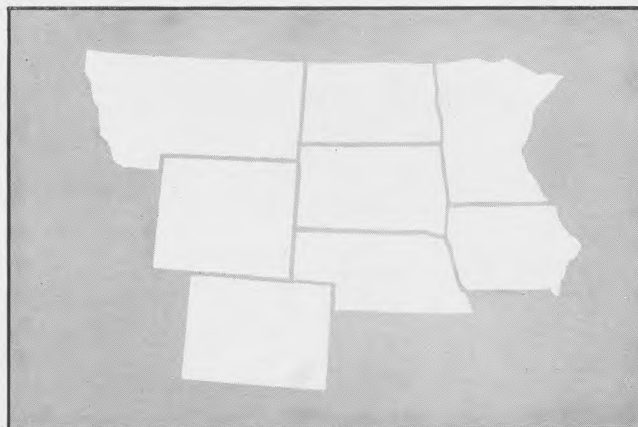


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 971

Des Moines, Iowa

May 23, 1966

"Tight Mortgage Market to Continue"

"No significant change in the present tightness of mortgage credit is likely in the near future."

This is the prediction made by Guy E. Noyes, senior vice president and economist of the Morgan Guaranty Trust Company, New York, who spoke before the National Mortgage Banking Conference in New York this month.

He noted that institutions which solicit the liquid savings of the public and invest those funds in long-term mortgages have only limited ability to make upward adjustments in the rates they offer savers. "If rates go up too far too fast," he said, "they are literally unable to compete for new savings and experience difficulty in holding the funds they already have. At this point a further escalation of market rates could produce a major shift - a dislocation if you like - in the flow of funds, which could have drastic and chaotic effects."

Mr. Noyes suggested that "the Federal Reserve Board is as well aware of this situation as anyone - perhaps better aware."

Strictly on the basis of the relationship between demand and supply in the economy, Mr. Noyes said, "a good case can be made for a change in monetary policy in the direction of restraint. The interests of sustained stable growth would certainly seem to be served by some slowing of the current rate of expansion of demand and

some relief from the price pressures that accompany it."

On an assumption of no change soon in the economic impact of Viet Nam, and no major move toward fiscal restraint, he reasoned, a slowing in the present pace of demand could come only from a tightening of monetary policy. While he warned of the hazards involved in forecasting monetary policy, he said that the structural problems which a significantly higher interest rate pattern would involve "would seem to me to act as a serious constraint on this course of action."

ABA Vice President Hits Moves to Restrict CD's

Jack T. Conn, ABA vice president and chairman, Fidelity National Bank and Trust Company, Oklahoma City, last week told delegates to the Texas Bankers Association convention in Austin that proposals to restrict commercial banks in the sale of certificates of deposit would make it impossible for banks to compete for deposits.

Predict Wisconsin Branch Bill Dead This Session

A grand jury investigation, reportedly centering around alleged illegal lobbying activities in connection with Wisconsin's branch banking bill, have contributed to the bill's demise in the state legis-

lature, according to legislative observers.

Proponents of the bill, who reported optimism earlier, are said to be pessimistic and opponents have stated flatly that the bill is dead.

NATIONAL NEWS

KANSAS CITY: Barret S. Heddens, Sr., 74, died recently after an extended illness. He retired in 1959 as executive vice president of First National Bank here. His son, Barret S. Heddens, Jr., is president of the bank.

MT. VERNON, ILL.: Neil E. Smith, formerly with Central National Bank and Trust Company, Des Moines, has been elected a director of the First National Bank and Trust Co. here. He serves in the capacity of vice president and trust officer.

NEW YORK: Harold M. Sherman, Jr., executive vice president, Morgan Guaranty Trust Company, died last month at age 60. He was the father of George W. (Bill) Sherman, assistant vice president, City National Bank and Trust Company, Kansas City.

ST. LOUIS: James E. Brown has been advanced from vice president to senior vice president of Mercantile Trust Company. He will continue to head the bank's correspondent department and will continue to have over-all responsibility for the bank's sales and marketing activities.

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IOWA NEWS

BURLINGTON: Tentative open house date for Farmers and Merchants Trust Company in new building will be June 1.

DES MOINES: Lee A. Shelton has joined Valley Bank and Trust Company as vice president in charge of commercial and industrial relations. He was a director and vice president of manufacturing for American Machine and Foundry in Des Moines (Western Tool).

DES MOINES: A week-long open house celebration began yesterday at Capital City State Bank's recently-completed building at East 5th and Locust streets.

GRUNDY CENTER: The Grundy National Bank has purchased a building just south of the city park for the purpose of constructing a new modern building on the site.

HAMPTON: Fred A. Keepf, vice president, First National Bank, has

been named industrial coordinator for the community of Hampton.

LANSING: Rodney D. Bloxham, Waukon, has joined the staff of the Kerndt Brothers Savings Bank in Lansing. He had formerly been associated with Farm Service Company and with Valley National Bank, Mesa, Arizona.

MARSHALLTOWN: The Marshalltown city council has refused, by a 6-1 vote, a request by the Security Savings Bank to rezone the area at the northwest corner of Olive street and South 2nd avenue to a business zone for location of a drive-in bank facility.

OTTUMWA: Tentative open house dates for new First National Bank Building will be Friday, May 27 for bankers and May 28-29 for the public. The bank will move to its new building on June 7.

OTTUMWA: Mrs. O. A. Clark, wife of the chairman of the First National Bank, died at age 59 on Thursday, May 12.

SPENCER: John W. Hopkins has joined the Clay County Bank as assistant vice president. He has been an examiner for the Iowa Banking Department. His father is president of the Webb State Bank.

NEBRASKA NEWS

FREMONT: The Comptroller of the Currency has approved an application made by First National Bank of Fremont for a detached facility within Fremont.

ODELL: Funeral services were



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held last Tuesday for William T. Stanosheck, chairman and president, State Bank of Odell, who died May 14 at the age of 78 years.

LINCOLN: Thomas J. Aron was elected president of the Nebraska Bankers Association at the annual convention here May 12. He is president of the Crete State Bank. Succeeding him as NBA vice president is Marion R. Morgan, president of First National, Elwood. Edward W. Lyman, president of the United States National Bank of Omaha was elected to a three-year term as treasurer. H. V. Osterberg continues as executive vice president, and W. H. Osterberg as secretary.

Total registration was 906. The NBA new public relations and advertising program was initiated with a short talk by Kermit J. Hansen, senior vice president of U. S. National Bank of Omaha, who is chairman of the NBA public relations committee.

Interest at the meeting was heightened by the fact that popular N. T. Tiemann, 41-year old former president of the NBA and president of the Commercial State Bank at Wausa, had won the Republican gubernatorial nomination two days earlier. He heads the state Republican ticket in the election this fall. Nobby and his wife, Lorna, were greeted on all sides by well-wishers at the convention and were

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given a standing ovation at the convention banquet.

OMAHA: Robert H. Storz, president, Storz Broadcasting Company, has been elected a director of The Omaha National Bank. Previously on the bank's board from 1939 to 1959, Mr. Storz is also a director of the Union Stock Yards Company.

MINNESOTA NEWS

ANOKA: First National Bank has received approval from the Comptroller of the Currency to move its headquarters from 121 East Main to 3rd and Jackson streets.

DANVERS: The State Bank of Danvers has increased the amount of its capital stock from \$50,000 to \$75,000 by stock dividend.

DULUTH: Billy Bye, former business manager of the Minnesota Vikings professional football team, has been named director of business development and public relations for the Northwestern Bank of Commerce here.

OWATONNA: In celebration of the completion of its new building and in observance of its 100th anniversary, The First National Bank held open house Friday and Saturday, May 20 and 21.

NORTH DAKOTA NEWS

STATEWIDE MEETINGS concerning the Uniform Commercial Code continue this week. Sessions were held last week at Grand Forks, Devils Lake, Minot, Williston and Dickinson. This week's series of meetings begins tomorrow (Tuesday) at Bismarck. The final two meetings will be held in Jamestown Wednesday and in Fargo Thursday.

FESSENDEN: The First National Bank has received approval from the Comptroller of the Currency for establishment of a separate facility in Fessenden.

WAHPETON: Richard D. Johnson

of Wyndmere will join Citizens First National Bank here effective July 1 as agricultural representative. Donald Holen, assistant cashier, will also continue as an agricultural representative.

SOUTH DAKOTA NEWS

ABERDEEN: J. S. Holdhusen, president of the Ipswich State Bank, was elected president of the South Dakota Bankers Association at their annual convention here. Walter Pailing, president, American National Bank & Trust Company, Rapid City, was advanced to first vice president and R. F. Petschow, president of the Corn Exchange Bank in Elkton was named second vice president. Full summary of happenings at the convention will appear in the June *Northwestern Banker*.

ABERDEEN: Ronald Kranig, formerly associated with the First State Bank of Cando, North Dakota, has joined the Aberdeen National Bank as assistant cashier.

VERMILLION: Selmer M. Dahl has joined Citizens Bank as an assistant cashier and installment loan officer. He had been employed by Western State Bank, Sioux Falls.

MONTANA NEWS

GREAT FALLS: C. F. Klaue has been advanced from cashier to as-

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sistant vice president and cashier by directors of the First National Bank of Great Falls. Mr. Klaue, a native of Great Falls, has spent his entire career at the bank, having joined the institution as a messenger in 1925.

COLORADO NEWS

BOULDER: The Federal Reserve Board, by a 4-to-1 vote, last week approved the application of Denver U. S. Bancorporation to acquire at least 50% of the voting shares of the Mercantile Bank & Trust Company, Boulder. Acquisition of the Mercantile Bank gives the Denver-based holding company five banks with more than \$488 million in resources.

DENVER: Plans to apply for a state bank charter for the proposed Montbello State Bank at Interstate 70 and Peoria street in Adams county were disclosed recently with the filing of a letter of intent with Harry Bloom, state bank commissioner. Organizers of the proposed bank are directors of the Aurora National Bank opened in August, 1963. The proposed bank would be near the Montbello subdivision opened recently for public inspection.

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Propose Liberalized Dividends for S&L's

The Federal Home Loan Bank Board has taken action to increase the availability of funds for investment in home mortgages and to lessen the reliance of the FHLB system on the capital markets, according to John E. Horne, chairman.

Liquidity requirements of savings and loan associations, he said, "will be reduced temporarily, provided the association undertakes to meet an equivalent amount of withdrawals from its own liquid resources."

The board's actions included the following:

Publication of a proposed amendment to liberalize the variable dividend regulation applicable to Federal associations as it refers to the issuance of savings certificates. Beginning July 1, a rate of up to 4-3/4% a year would be permitted on certificates of \$1,000 and multiples of \$1,000, retained for a minimum period of six months, instead of the present 12 months. Where associations had been permitted to pay up to 5% on certificates of \$2,500 or more retained for six months, the minimum certificate would be reduced to \$1,000, and multiples of \$1,000, as of July 1.

Proposals to amend its regulations pertaining to liquidity requirements, to authorize a reduction under certain conditions from 7% to as low as 6% of an association's savings accounts during the period from June 27 to November 1, 1966. If adopted, this amendment would be applicable in conjunction with a policy statement to be issued by the Board requiring that each member institution meet net withdrawals of 1% of its savings accounts from its own liquid-

ity before applying for withdrawal advances from its Federal Home Loan Bank.

LATE NEWS...

MAQUOKETA, IOWA: John Fagerland and Edward L. Tubbs have resigned as vice presidents of Jackson State Savings Bank here to purchase the other bank in town, Maquoketa State Bank. They will be the managing officers. M. J. Pooler, who sold his stock to the new owners, is leaving the bank but his future plans have not yet been announced.

VOLGA, IOWA: Controlling stock in the Volga State Bank has been sold by C. J. Orr, executive vice president and cashier, to the Central State Bank at Elkader, according to J. E. Shaffer, cashier of the Elkader bank. The Volga State will continue to operate in its present location as an office of Central State Bank. Mr. Orr is retiring from the bank to manage his insurance agency.

WHAT CHEER, IOWA: Martin Wood, Jr., 27, cashier, First State Bank, died last Wednesday afternoon of asphyxiation as FDIC examiners investigated the bank's vault cash. His death was ruled a suicide. A shortage of approximately \$7,100 was discovered after Mr. Wood left for lunch. His body was found later in the day in his automobile at Geode State Park. Examiners reported that the funds had been embezzled since approximately May 1.

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