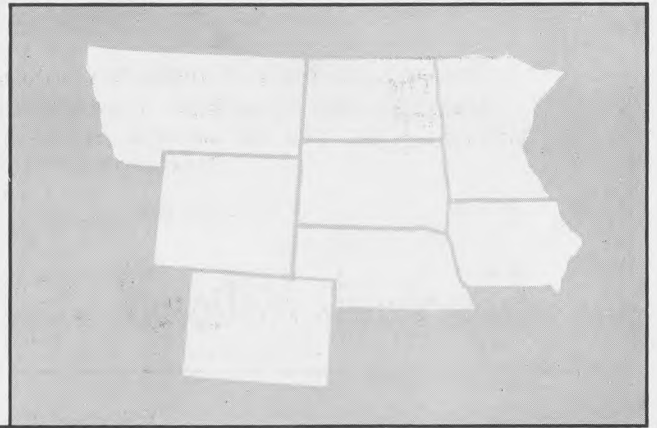


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1005

Des Moines, Iowa

December 5, 1966

Credit Unions to Seek Home Mortgages

For the first time, long-term first mortgage power will be sought for Federal credit unions in the 1967 legislative program adopted by CUNA International, the association of credit unions.

Although details of the mortgage lending proposal have not been formulated, the request is expected to be for authority enabling Federal credit unions to make 80% loans on family dwellings over periods ranging up to 30 years.

At present, the barrier to home financing by such credit unions is not a prohibition against mortgage lending activity, but the general five-year maximum maturity limit on loans made under the Federal Credit Union Act.

Approximately 15 states presently have laws specifically permitting state-chartered credit unions to engage in home mortgage lending. Four other states specifically prohibit such lending on the part of state-chartered credit unions. The remaining states' statutes are silent regarding the matter.

In addition, the program calls for renewed efforts to obtain legislation which would liberalize the borrowing privileges of Federal credit union officials, increase the unsecured loan limit from

\$750 to \$1,500, require Federal credit unions to establish education committees and enable Federal employees to purchase credit union shares through voluntary payroll deduction plans. Similar proposals were included in bills introduced in the 89th Congress but were not acted upon.

Another proposed amendment in CUNA International's legislative program is to switch the basis for reserves at Federal credit unions from capital to loans outstanding. Others are to give Federal credit unions authority to purchase notes of liquidating credit unions, grant quarterly dividends, invest in central credit unions, expand the size of credit committees and broaden the loan approval power of loan officers.

Federal credit unions are presently required to set aside reserves against losses on bad loans amounting to 20% of net earnings for each dividend period prior to the declaration of dividends. Once the reserve equals 10% of total shareholdings, no further transactions are necessary so long as the 10% ratio is maintained.

The recommended change in the basis for reserves, from capital to loans outstanding, in effect would reduce the amount of funds

many Federal credit unions must maintain in reserves. It is therefore seen as providing additional capital for use in making loans.

FHA Allows Sale of Carpet On Family Home Mortgages

A major change in policy by the Federal Housing Administration has enabled builders to include wall-to-wall carpeting in single family dwellings sold under the FHA's long-term financing.

The agency, which resisted such a change in policy for more than a decade, has permitted the financing of wall-to-wall carpeting under mortgages on multi-family properties in respect to living units as well as halls and foyers.

To implement its new policy, the FHA informed its field offices recently that it would accept wall-to-wall carpeting as finished flooring in both new and existing houses.

NATIONAL NEWS

HOLLYWOOD, FLA.: The 55th annual convention of the Investment Bankers Association of America ended Friday at the Hollywood Beach Hotel here. Attendance at the meeting totaled approximately

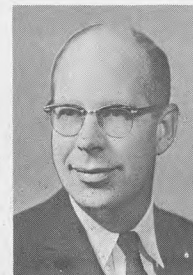
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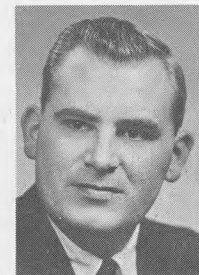
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IOWA NEWS

Best Savings Bonds October Since 1961

Sales of Series E and H savings bonds in Iowa during October were the highest for any October since 1961. Total sales amounted to \$8,159,737, giving the state a 10-month total of \$98,502,725 -- 89% of its 1966 goal.

National average for the period was also 89%.

Fourteen additional Iowa counties exceeded quotas in October, for a total of 22 counties now over quota.

Iowa County leads the field with 124% of its quota. Close behind is Guthrie County with 123%. Jackson and Van Buren Counties have recorded sales amounting to 116% of quota.

DES MOINES: Continental Western Life Insurance Company, organized

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**DROVERS
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here in June, has announced an offering of 1,333,336 shares of stock at \$3 per share. Western Mutual Insurance Company is one of the organizing firms.

LeCLAIRE: The newly-chartered LeClaire State Bank recently opened its doors for business. The new bank replaces the LeClaire Office of the Farmers Savings Bank, Princeton, which had served the area for 31 years. Although the same quarters will be used in LeClaire, Glen H. Suiter, president, reports that plans are being made to construct a new bank building. Mr. Suiter is also executive vice president of the Farmers Savings Bank in Princeton.

OTTUMWA: Carl E. Gustaveson, father of Chuck Gustaveson, regional creditor superintendent for a five-state area for National Fidelity Life Insurance Company, died recently in Ottumwa. The younger Mr. Gustaveson, whose promotion to his present post was announced in the November issue of the *Northwestern Banker*, is well known to midwestern bankers.

RED OAK: Winfield G. Mayne, 26, cashier, Montgomery County National Bank, has been named president-elect of the Red Oak Chamber of Commerce.

VENTURA: Robert H. Isensee, president of United Home Bank & Trust Company, Mason City, announced last week purchase of the stock of H. A. O'Leary and Lawrence L. Bless in the Ventura State Bank. Mr. O'Leary, a Mason City resident, will continue as president and director of the Ventura bank. Mr. Bless has retired from

the Ventura bank as cashier, effective November 30, and also from the board of directors. Mr. Isensee was elected to succeed him on the board. Mr. Isensee and United American Investment Company purchased the stock. They also own the First State Bank at Britt, and Mr. Isensee owns and is chairman of Coralville Bank and Trust Company at Coralville.

WEST UNION: Open house will be held by the Farmers Savings Bank in its new building Friday and Saturday, December 9 and 10, according to Adrian Rademaker, executive vice president and cashier.

Area bankers will view the structure December 9 and the public will be invited to inspect the facilities December 10.

The bank was moved from Clermont earlier this year and maintains an office in Clermont.

NEBRASKA NEWS

OMAHA: Frank Stastny retired November 30 after working more than 46 years at the Omaha Branch of the Federal Reserve Bank of Kansas City. Beginning his career in May, 1920, he worked in the check collection, money and securities custody departments. At the time of his retirement, he was manager of securities custody.

OMAHA: Bruce I. Smith has been appointed an assistant trust officer of The Omaha National Bank, it was announced last week by Morris F. Miller, president. He joined the bank's estate and trust division this fall. During his three years at George Washington University in Washington, D.C., where he received his law degree, Mr. Smith was an aide to Nebraska Senator Carl Curtis and worked for the U. S. Senate.

MINNESOTA NEWS

DULUTH: John R. Oltmanns and Warren B. Kregness have been elected officers of the First American National Bank of Duluth. Mr. Oltmanns has been named an officer in the correspondent banking department and Mr. Kregness has

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OCTOBER 24, 1966

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Supplement to *Northwestern Banker* of December 5, 1966

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SECURITY NATIONAL BANK

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been made an officer in the com-
mercial loan department.

NEW PRAGUE: William L. Topka
has been elected executive vice
president of the First National
Bank. George Benesh has been
promoted to cashier.

PIPESTONE: A native of Pipe-
stone, Richard J. Roesler, has
been named executive vice pres-
ident of the First National Bank
of Menasha, Wis. Mr. Roesler has
had 12 years' experience in bank-
ing and bank examining.

ROSEAU: The Citizens State Bank
of Roseau has increased its sur-
plus account from \$200 000 to
\$300 000. Capital and surplus now
total \$500,000.

NORTH DAKOTA NEWS

DICKINSON: The First National
Bank of Dickinson recently held
open house in the new building it
earlier had occupied. Mrs. E. A.
Nachtwey is president of the
bank which now is housed in a
unique building. It includes a com-
munity room capable of seating
300 persons, a Dow-Jones report-
ing service, a huge community
plaza and a fireplace in the lobby.

FARGO: Leo Hoss, 58, assistant
cashier, First National Bank,
Fargo, died recently. Mr. Hoss
had been associated with the bank
since 1930.

GRAFTON: An "open house bo-
nanza" was held recently at The
Grafton National Bank, marking
completion of an extensive re-
modeling program.

HATTON: Grand opening of the
new Farmers and Merchants Na-
tional Bank was scheduled to be
held last Saturday.

OAKES: The First National Bank
of Oakes recently celebrated its
80th anniversary of service to the
community. The event was noted
with an all-day open house last
month.

SOUTH DAKOTA NEWS

SIoux FALLS: Richard R. Brown,
president, Brown Drug Company,
has been elected a director of the
First National Bank of Sioux Falls.

BULLETINS...

CHICAGO: Robert Lough has been
advanced from senior vice pres-
ident to president at Drovers Na-
tional Bank, succeeding Leo R.
Gruber, who died suddenly Novem-
ber 19 of a heart attack. Stephen O.
Brattleaf and John F. Keeley have
been named senior vice presidents.
Both were vice presidents.

NEW YORK: William S. Ogden has
been elected senior vice president
in charge of the Chase Manhattan
Bank's business in Latin America.



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In The December Issue Of ... The NORTHWESTERN BANKER

In perfect tune with the Holiday
Season, *Northwestern Banker* pre-
sents "Christmas Ideas for Bank
Programs" in its colorful December
issue. The article discusses ideas
employed by several banks and
their special means of observing
the Holidays.

"From 'Pin Money' to Big Busi-
ness," an exclusive feature pres-
entation, explains how egg pro-
duction has been stepped up in
northern Iowa with the use of
modern equipment and merchan-
dising and financing techniques
developed by a major midwest
poultry firm.

"How Do You Rate in Your
Community Relations?" That's the
title of a third provocative feature
article in the December issue of
Northwestern Banker. It provides a
view of bankers, as seen by the
public, as interpreted by Al H.
Haakenson, president of Austin
State Bank, Austin, Minn.

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NATIONAL NEWS

(Continued from front page)

1,300, according to Albert Pratt, senior partner, Paine, Webber, Jackson & Curtis, Boston, and IBA president.

H. Lawrence Bogert, Eastman Dillion, Union Securities & Co., New York, was elected president of the association Thursday. Francis R. Schanck, partner, Bacon, Whipple & Co., Chicago, was named first vice president.

Thomas E. Morris, assistant vice president, United California Bank, Los Angeles, was named the winner of the 1966 essay competition sponsored by the IBA as part of its Institute of Investment Banking conducted in cooperation with the Wharten School of Finance and Commerce.

KANSAS CITY: Harold Donovan, who joined the Federal Reserve Bank of Kansas City a week after he was graduated from high school in 1918, retired November 30, after more than 48 years' service to the institution. Mr. Donovan's varied career included being locked in a vault when a robbery and his bank examination coincided in 1964 in Wheatland, Wyo.

NEW YORK: Everett Kennedy, second vice president, Chase Manhattan Bank, returned from Paris last week to rejoin District 7 in the U.S. Division (Correspondent) which works with banks in Iowa, Nebraska, Kansas, Missouri and Colorado.

Mr. Kennedy had been working in the operations area of the Chase branch in Paris.

NEW YORK: Elliott Averett has been elected senior executive vice president of The Bank of New York. He has been appointed the senior commercial banking officer. His responsibilities will continue for the combined institutions following the completion of the merger with Empire Trust Company.

ST. LOUIS: American Express Company last week announced that the Mercantile Trust Company and First National Bank in St. Louis have joined its new credit card plan.

Under a recently-signed agreement, the two banks and American Express Company will offer a jointly-sponsored credit card carrying a minimum \$2,000 line of credit plus all privileges of the existing American Express credit card.


Bank Merger Act Passes Court Test

A Federal judge, in the first test case of the 1966 Bank Merger Act, recently approved the merger of the Third National Bank of Nashville and the Nashville Bank and Trust Company. U.S. Judge William E. Miller said the 1964 combination of the two banks did not violate anti-trust laws as claimed by the Justice Department.

The decision was the first full-scale bank merger ruling in the nation since the passage of the act which gives the Comptroller of the Currency authority to determine whether bank mergers violate anti-trust measures.

In addition to providing the first victory under the 1966 act, the court also gave judicial stand-

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ing to the Comptroller's wrestling with "stagnating" bank doctrine.

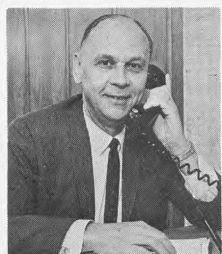
However, the court rejected two other key arguments of the Comptroller and the defendant banks involving (1) the "relevant geographic market" against which the merger is to be assessed and (2) the appropriate "line of commerce" involved in the merger.

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