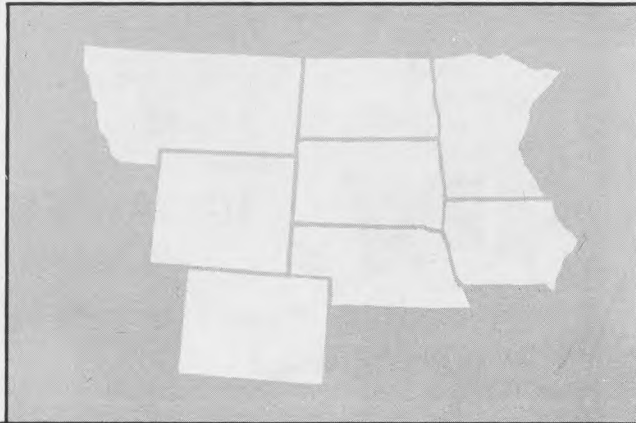


NORTHWESTERN Banker

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Des Moines, Iowa

March 11, 1968

ABA and Patman Clash on Student Loans

The American Bankers Association is urging Congress to approve five proposed changes in the private guaranteed student loan program. Three of the amendments were recommended by the Administration as a means of strengthening the program.

Testifying for the Association before the Special Subcommittee on Education of the House Education and Labor Committee, Executive Vice President Charles E. Walker reviewed the program's outstanding performance record during the first 18 months of activity, in which 685,000 loans with an aggregate dollar value of \$558 million have been extended by private lenders. He stated that "if the program is improved so as to make it fully sustainable, it has immense potential to make a most significant contribution to our nation's student financial needs," but warned that "unless the necessary improvements are made, we are not optimistic about the program's future."

One of the most serious defects in the program, accord-

ing to Dr. Walker, "is that lending institutions are suffering out-of-pocket losses in extending loans at the permissible 6% simple interest rate. Noting that lenders should be permitted to "break even in the extension of these student loans," he urged adoption of the system of placement and conversion fees recommended by the Administration.

Dr. Walker pointed out that the Higher Education Act of 1965 authorizes the increase in the permissible interest rate on Federally-insured loans to 7% per annum where the higher return to the lender is required for the successful operation of the program. He then offered interest-rate computations which showed that the inclusion of the maximum proposed fees of \$35 would seldom if ever exceed the 7% yield. "Thus," he said, "if the Congress approved the fee system recommended by the Administration, it would be merely reaffirming the policy enunciated in the 1965 Act with respect to the matter of return to lenders under the Guaranteed Student Loan Program."

Wright Patman, chairman of the House Banking Committee, is opposed to "drastic changes" in the student loan program. He refers to Dr. Walker as "the hired scrooge of the American Bankers Association" and he blames Joseph Barr, Under Secretary of the Treasury, and Dr. Walker for the "bankers' bonanza provision" in the bill.

Dr. Walker reminded the legislators that banks and other lenders were giving up much more profitable lending opportunities to take an active part in the student loan program. One reason banks have stayed in the program is because ABA leaders expressed confidence that the fee proposal was reasonable, had strong Administration support, and would probably pass the Congress, retroactive to June 1, 1967.

Repr. Patman contends that Dr. Walker had no basis for saying the fee proposal would be retroactive to June 1, 1967. He says that "Mr. Barr is leading the effort to get Dr. Walker off the limb before it is sawed out from under him."

The ABA official also supported Administration proposals (Continued on Page 4)

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Supreme Court Reaffirms Bank Merger Act of 1966

WASHINGTON—The United States Supreme Court by a 5-2 vote, has sent the antitrust suit against the Third National Bank, Nashville, Tenn., back to a lower court with instructions to apply more strict standards under the Bank Merger Act of 1966.

All seven justices participating in the case agreed that the August, 1964 merger by Third National of the \$45.8 million-deposit Nashville Bank and Trust Co. violated the Clayton Antitrust Act. In so doing, they reaffirmed the 1963 decision against Philadelphia National Bank which led Congress to rewrite the bank merger statute.

IOWA NEWS

CEDAR RAPIDS: The annual spring meeting of the Linn County Bankers Association will be held at the Town House Motor Inn on Thursday, March 14, starting at 5:30 p.m. Adjoining counties have been invited to join the Linn County group. Stan Barber, pres., Wellman Sav. Bank and pres., Independent Bank-



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ers Association, will be the featured speaker.

CENTERVILLE: Controlling interest in the Centerville Natl. Bank has been sold by W. K. Ervin to a group of directors of the bank, effective last Thursday. They are: Robert K. Beck, Vern T. Mott, Chester C. Carmer, H. B. Craver, Robert S. Malmberg, James G. Milani, Everett Wehrle and R. W. Greenleaf.

Mr. Beck has been elected chmn. of the board, and Mr. Malmberg has been elected pres. No other changes in personnel have been announced. Mr. Ervin will serve as an advisory director. All purchasers are local residents.

The bank at year-end had deposits of \$10,870,323 and loans of \$5,339,963. Capital is \$150,000; surplus, \$350,000, and undivided profits and reserves, \$493,158.

COUNCIL BLUFFS: After 42 years with the First Natl. Bank, Robert W. Turner resigned from the board. He headed the bank from 1926 to 1961. He will continue as chairman of the advisory board. He joined the bank in 1919 as a messenger.

DES MOINES: Funeral services were held last week for J. Roy Capps, who retired as v.p. of Central Natl. Bank & Trust Co., in August, 1958. He died in Asheville, N. C. where he had resided since retirement.

DES MOINES: The Iowa executive council has asked for an opinion from the attorney general as to whether or not they have jurisdiction on a hearing requested by Humeston businessmen and the Corydon State Bank on the banking board's approval to consolidate the banks at Lineville, Allerton and Humeston and move them to Corydon.

DUBUQUE: The First Natl. Bank has filed an application with the Comptroller of the Currency for permission to establish a parking lot facility at John F. Kennedy Road and Wacker Dr. in Dubuque.

HUMBOLDT: Donald W. Christensen has been promoted by the First Natl. Bank to a.c. and bank accountant. He was previously note teller.

KNOXVILLE: Thomas L. Tucker, who has been with a local real estate and insurance firm, has joined the Iowa State Sav. Bank.

LaPORTE CITY: William Cray of Waterloo has joined the LaPorte City State Bank as v.p. He formerly was associated with the Exchange State Bank, Lime Springs, and for the past few years he has owned and operated a real estate firm in Waterloo. Arden E. Melcher, who has been with the bank 22 years, has been the exec. off. since the resignation of Dale Auld last fall. Mr. Auld is now residing in Sedona, Ariz.

NEBRASKA NEWS

AURORA: The First Natl. Bank recently observed its 34th anniversary.

BEATRICE: W. E. Smith has resigned as mgr. of the thrifty loan dept. of the Beatrice Natl. Bank.

GRETNA: Marvin Killion, formerly



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v.p. & cash. at the Gretna State Bank, has been elected bank pres. Ronald H. Suhr has been promoted from a.c. to v.p. & cash. The bank's capital accounts have been increased from \$50,000 to \$100,000 by a transfer from surplus.

HASTINGS: E. James Haggart has been elected a.c. at the City Natl. Bank. He also will continue as ag rep.

HASTINGS: Articles of incorporation have been filed for the West Gate Bank, with proposed location in Westgate Shopping Center. Construction of the new bank building will begin within the month. Listed as incorporators are S. Edward Copple and Charles Pallesen, Jr., both of Lincoln.

OGALLALA: The Nebraska group of the National Association of Bank Women will hold its annual state meeting here April 25-27.

OMAHA: Michael H. Allely, Charles R. Johnson and Donald J. Kleffner have been advanced to data processing officers at the Omaha Natl. Bank. Jasper Bua, Felicia C. Gibson and George J. Raymond have been named new asst. oper. officers.

OMAHA: The Nebraska Bankers Association's Bank Management Seminar will be held on March 19 and 20 at the New Tower Motel.

OMAHA: Harold V. McLean, past pres. of the Omaha Chapter of the American Institute of Banking and employee of the U. S. Natl. Bank, has died in Mesa, Ariz., at the age of 73.

Robert J. Anderson, former teller of the U. S. Natl., has been elected v.p. & cash. of the West Greeley Natl. Bank at Greeley, Colo.

PAPILLION: The Clarke Bank has announced a \$100 per semester scholarship for one year of college will be given by the bank to any graduate in the top 35% of his class.

RIVERDALE: Mike Maul, a.c. of the Riverdale State Bank, has been named pres. of the Buffalo County Bankers Association.

SCRIBNER: Mrs. Gesina Steil, who has been associated with the First Natl. Bank for over 55 years, has been honored by having her name listed in "Who's Who of American Women."

WALTHILL: The First Natl. Bank celebrated the opening of its new bank building with an open house March 9.

MINNESOTA NEWS

CANNON FALLS: Edwin Jaspers, cash. of the First Natl. Bank, has been named to the bank's board of directors.

EAST GRAND FORKS: Tom Grassel, chief clerk at the Citizens State Bank since 1965, has been promoted to a.c.

MINNEAPOLIS: The Metropolitan State Bank have made the following changes: Morris A. Olsen, promoted from cash. to v.p. & cash.; Bernard L. Smith and James A. Olsen, from a.c.'s to a.v.p.'s.

NORTHFIELD: Leo V. Flynn has been named a.c. of the Northwestern State Bank.

NEW LONDON: Myron J. Johnson has been appointed a.c. at the Farmers State Bank. He comes to the New London bank from the Capital City State Bank of St. Paul, where he had been employed since 1956.

MANKATO: Robert A. Rylance, an employee at the First Natl. Bank since 1965, has been named a.c.

MONTEVIDEO: Richard E. Benson has been employed as an installment loan off. at the First Natl. Bank. He was previously loan off. for the Alan Plan Corp. in Des Moines.

ST. PAUL: Dr. Frank Ghertner, Jr.,

chief of staff at the St. John's Hospital, has been elected to the board of directors of the Minnesota State Bank.

SOUTH ST. PAUL: Forest Glewwe, a.v.p. of the Southview State Bank, has been promoted to v.p. & cash. He also has been named to the bank's board of directors. Mason Murch, Jr., has been promoted from a.v.p. to v.p.

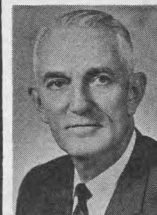
STILLWATER: The First Natl. Bank has installed a TV drive-in window on the bank's parking lot.

SOUTH DAKOTA NEWS

VERMILLION: Victor A. Jorgensen has been named a.c. at the Vermillion Office of the Natl. Bank of South Dakota. He joined the Natl. Bank of S. D. main office staff in 1963 and at the time of his transfer was asst. mgr. of the timepay dept.

COLORADO NEWS

DENVER: The South Denver Natl. Bank has announced three major changes in its key officers. Weldon B. Hamilton, formerly bank pres., has been elected chmn. of the board. He also is pres. of the Cherry Creek Natl. Bank of Denver. Charles B. Novak, formerly exec. v.p., has been elected pres., and Morris A. Day, previously v.p., has been elected exec. v.p.



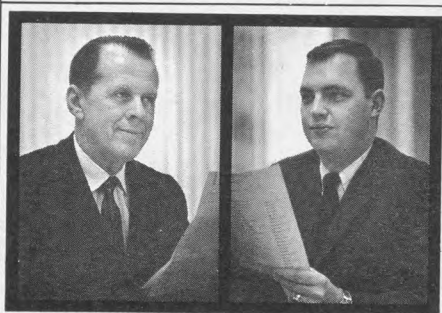
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NORTH DAKOTA NEWS

ALAMO: The American State Bank at Williston has opened a paying and receiving station here. Plans are being made for the construction of an \$18,000 one-story building in the spring. Until that time, business will be conducted in a trailer. Ronald Lund, employed by the Williston bank since December, will be mgr. of the Alamo station.

LANSFORD: The Lansford Exchange has become a facility of the American State Bank in Minot. C. L. McKeen, who has been operating the exchange since 1941, will be mgr. of the new facility. Temporarily, the new office will be located in the building used by the exchange, but new quarters are being sought.

ROLLA: Roger Petersen has joined the staff of the First Bank of Rolla as an employee in the time-pay dept. He comes to the bank from a position with a Hopkins, Minn. bank.

MONTANA NEWS

BUTTE: The Metals Bank & Trust Co. has changed its title to First Metals Bank & Trust Co.

WYOMING NEWS

CHEYENNE: Application for authorization of the First Cheyenne State Bank has been approved by the state bank examiner. The new bank, which will be the first state bank in Cheyenne since 1924, will be capitalized at \$350,000 and will be located in the vicinity of the municipal airport. Byron Hirst, Cheyenne attorney, will be pres. of the new bank.

Student Loans . . .

(Continued from Page 1)

to create a Federal "reinsurance program," under which the Federal Government would reimburse State agencies for 80% of the default claims paid by them, and to authorize an additional \$12.5 million in seed money to be paid to the State guarantee agencies on a matching basis.

Also receiving the Association's support were suggestions that the interest cost subsidy paid by the Federal Government be discontinued in the post-graduation period and that the college financial aid

officer be given a clearly authorized role in the program with respect to recommending individual student borrowing limits.

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