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Offers 2 Incentives to Home Mortgages

Following are excerpts from an address by Harold V. Gleason, president and chief executive officer, Franklin National Bank, New York, proposing two incentives to ease the home mortgage situation. The speech was delivered before the recent Mortgage Conference of the Long Island Real Estate Board in Garden City, N. Y.

A bill on which public hearings are now being held by Senator Proxmire would provide for government money — between \$2.5 billion and \$5 billion — to be pumped into savings institutions through the Home Loan Bank System. In effect, the federal government would borrow money at more favorable rates and loan these funds to savings institutions who would then be able to make home loans at acceptable rates.

However, there is equally good reason for also providing the Federal Reserve Banks with funds to be channelled through commercial banks into home mortgages. One might go on to ask why should insurance companies not be given equal opportunities?

In our well-intentioned eagerness to shore up an ailing mortgage market by directly tapping federal funds for such purposes,

we may not realize the implications of this step. It could well be the beginning of an abdication of the role as financial intermediaries between the saver and the home mortgage market. Granted that this is only the camel's nose and that the times are unusual, but from all the projections of families and their housing needs, the times are apt to remain serious. Do we really want to turn the tent over to the camel? Can we be sure that a Congress that provides the funds won't want to supervise those funds through a new bureaucracy as overseer?



I suggest that there is another step that might well be examined. Turn back to our history of how the federal government provided incentives rather than funds in the home mortgage market. What we need is some method that will restore the inherent attractiveness of the home mortgage as an investment for individuals' savings.

I propose that Congress explore the feasibility of providing such incentives. One method, for in-

stance, might be to provide home mortgages with tax exempt or partial tax exempt status. This might be coupled with elimination of the tax on savings interest received by individuals.

The first action could enormously increase the incentive of all financial institutions in every state to invest in the housing market by increasing the attractiveness of effective rates. The other would increase the incentive of individuals to save at financial institutions. The government will not suffer a tax loss since the elimination of the income derived from a tax on savings accounts will be more or less offset by the lower interest charge deductions claimed by home mortgage holders. Abuses and tax loopholes could be controlled by appropriate measures. Loans to municipalities and home owners should receive the same priority and be subject to the same regulations.

Both these proposals would enormously brighten the prospects for the next decade when the housing situation will be most critical. Housing developments will receive serious consideration from all types of lenders, including commercial banks, because (1) depositors will have a greater incentive to save; (2) fi-
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Iowa Banking Department for a parking lot office at Highway 14 north of Highway 30.

MECHANICSVILLE: Larry B. Block of Hudson has been named assistant cashier and loan officer at the Mechanicsville Trust and Savings Bank. He was formerly employed at the Hudson State Bank.

NEVADA: Jerry Rhodes has been named cashier of the Nevada National Bank, effective October 1. Mr. Rhodes fills the vacancy created by the resignation of LeRoy Hansen.

POSTVILLE: John Shover, cashier and farm representative at the Citizens State Bank has resigned, effective the end of this year, to accept a position as executive vice president and cashier with the First National Bank at Barry, Ill. He has been with the bank since 1961.

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IOWA NEWS

BURLINGTON: A parking lot facility at West and Roosevelt Road here has been approved by the Iowa Banking Board for Burlington Bank and Trust Company.

CLARINDA: Open house was held yesterday, September 28, at the Citizens State Bank in its new building.

CLARION: R. L. Davison, president and trust officer at the First National Bank, has announced the appointment of William D. Sundell to the bank's staff. Mr. Sundell was previously associated with the sales division of AGRICO Chemical Company of Humboldt.

CORYDON: Richard O. Focht has been named farm representative at the Citizens State Bank. He has previously been employed as farm representative at the Wilton Savings Bank at Wilton Junction and also

was formerly engaged in farm management in the Webster City area.

GLENWOOD: An office at Pacific Junction has been approved by the Iowa State Banking Board for the Glenwood State Bank.

HEDRICK: Open house was held Saturday at the new building of the Hedrick Savings Bank.

LE MARS: Paul Trauffer, vice president of the Le Mars Savings Bank, has retired after 56 years with the bank. He joined the bank in 1913, first serving as a teller, later as assistant cashier and then vice president. He has been a director for 45 years.

LUANA: Services were held recently for Earl F. Miller, president of the Luana Savings Bank for the past 25 years. He died at the age of 72.

MARSHALLTOWN: Security Savings Bank has received approval from the

NEBRASKA NEWS

The following dates and locations have been announced for the 1969 Nebraska Bankers Association Group Meetings: October 7—Group 6, Scottsbluff; October 8—Group 4, McCook; October 9—Group 5, Kearney; October 14—Group 3, Norfolk; October 15—Group 2, Columbus; October 16—Group 1, Lincoln.

BELLEVUE: A group headed by Walter W. Clark has filed a second application for a charter for the proposed Southroads Bank with the Nebraska Department of Banking. The first application was denied in September, 1968. The proposed bank, to be capitalized at \$500,000, is to be located on space 10, lower level, Southroads Shopping Center, 1001 Fort Crook Road, Bellevue. Hearing on the application has been set for December 10 at 9:30 a.m. in Court Room 2, Room 2414, Capitol Building in Lincoln.

COLUMBUS: John M. Peck, formerly a loan officer with the Omaha National Bank, has joined the staff of



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the First National Bank and Trust Company here and has been elected a vice president.

OMAHA: Fred Pfaff, vice president and general sales manager of U. S. Check Book Company, underwent back surgery last week in Methodist Hospital. He is expected to return to his home at 691 J. E. George Boulevard by this weekend. He will be recuperating at home for several weeks.

SHELTON: Controlling interest in the First State Bank here has been sold by A. J. Hallas, Omaha bank executive and principal stockholder, to Bryan Jensen and son, Tom. Mr. Hallas will continue on the board at the bank. He is also chairman of the board at the First National Bank of Schuyler and a director at the Stockyards National Bank, Omaha. The senior Mr. Jensen has had extensive bank interests in central Nebraska, dating back to 1939. His son, who will soon begin work at the bank here, has been employed at the Adams County Bank, Kenesaw.

ILLINOIS NEWS

CHICAGO: Allen P. Stults has been advanced from president to chairman of the board at the American National Bank & Trust Company and will continue as chief executive officer. As chairman, he succeeds Robert E. Straus, who will continue as chairman of the executive committee. William B. Ericsson has been named president of the bank. Stefan S. Anderson, who has been a group vice president, has been elected executive vice president, the position Mr. Ericsson held. Mr. Anderson joins Howard J. Johnson, executive vice president and head of the trust department.

CHICAGO: The Amalgamated Trust & Savings Bank has filed an application with the FDIC to establish a

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motor facility at the southwest corner of Van Buren and Dearborn Streets here.

ELGIN: The FDIC has approved the application of the Larkin Bank for federal deposit insurance. Forrest Golliher is bank president.

GIBSON CITY: The Comptroller of the Currency has issued a certificate to the First National Bank here to change its title to the First National Bank and Trust Company.

GLENVIEW: The FDIC has approved application of the First Trust and Savings Bank to establish a motor facility in the Glen Oaks Shopping Center here.

HARVARD: Application to exercise trust powers has been approved by the FDIC for the First State Bank of Harvard.

PARIS: Application of the Edgar County National Bank and Trust Company to establish a parking lot facility at 212-214 North Main Street here has been approved by the Comptroller of the Currency.

SCHAUMBURG: The FDIC has approved application to exercise trust powers for the Schaumburg State Bank.

MINNESOTA NEWS

ST. PAUL: William Krausmann has joined the Northwestern National Bank of St. Paul as manager of the installment banking department, ac-



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ording to John McHugh, president. Mr. Krausmann has been associated for the past 14 years with the Community Credit Company.

WAYZATA: Robert D. Brown, executive vice president of the Park Plaza State Bank, St. Louis Park, has been named president of the First National Bank of Wayzata, effective October 1. Mr. Brown had been with the Park Plaza bank since 1960. Prior to that time, he was vice president of the Chicago Lake State Bank.

COLORADO NEWS

DENVER: Central Bank and Trust Company has announced three of-

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ficer promotions. John Lawrence, a staff member since 1960, and Jay Maddox, who joined the bank in 1964, have been named trust officers. Dale Brooks, who has been with the bank since 1959, has been promoted to assistant vice president.

DENVER: John Evans, Jr., widely known Denver businessman, has been named to the executive committee of the First National Bank of Denver.

DENVER: Henry D. Williams, president, Arkansas Valley Bank, Pueblo, newest member of the Denver U. S. Bancorporation group of banks, has been elected a Bancorporation director.

DENVER: Western National Bank has broken ground for its new building at the southeast corner of West Alameda Avenue and South Federal Boulevard, according to Garry Sinner, president of the bank.

WYOMING NEWS

RAWLINS: Charold S. Ahl, vice president, First National Bank, recently celebrated his 45th year with the bank. Mr. Ahl, who joined the bank as assistant cashier in 1924, plans to work three more years before retiring.

Home Mortgages...

(Continued from Page 1)

financial institutions in all 50 states would have the benefit of another tax-free community investment.

As to the interest of financial institutions in building of our communities, you need not be reminded that this goal for all our citizens is to our own best interest. If the housing situation is indeed critical and a solution is sincerely desired, then it is time we act in unison by passage of realistic workable housing solutions.

Blaming the bankers is an old

fashioned sport. Let's combine today's thinking with today's solutions to get tomorrow's homes built. I, for one, don't want to be on the scene 10 or 15 years from now when my own children ask me why we failed them.

WANT ADS

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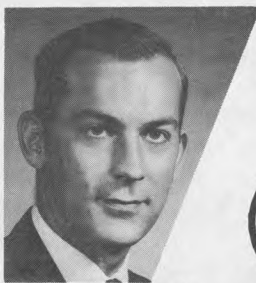
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