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Patman Urges Home Financing Probe

Investigative hearings on home mortgage financing may be launched soon by the House Banking Committee in the wake of a decision by the Nixon Administration to raise the maximum interest rate that may be charged on government-backed mortgage loans.

The hike announced by Housing and Urban Development Secretary George Romney and Donald E. Johnson, administrator of the Veterans Administration, pushed the maximum rate on FHA and VA loans from 7.5% to 8.5%.

House Banking Committee Chairman Wright Patman (D., Tex.) called for a Congressional investigation of the action, which he labeled "a calculated effort of the Nixon Administration to close out low-income and moderate-income housing programs through round after round of interest rate increases." Rep. Patman indicated he would ask his committee to probe the increase in the framework of a broad investigation of home mortgage financing, after Congress reconvenes January 19.

Mr. Romney claimed the full percentage point increase in the maximum FHA-VA rate "will help hold the line against a further drying up of mortgage funds from regular sources."

He said the action was taken "reluctantly," but pointed out that "the realities of the marketplace do not permit further delay." The 7.5% ceiling went into effect last January 24 and since then, Mr. Romney said, "market yields on most types of investments have risen by more than one percentage point."

Further defending the Administration action, Mr. Romney said the nation is in the midst of its "most severe" housing shortage since the end of World War II. "Even the massive amounts of direct support to the mortgage markets through the Federal National Mortgage Association and the Federal Home Loan Bank Board have not been sufficient to sustain housing production at the levels needed."

Rep. Patman, however, charged that hiking the FHA-VA ceiling to 8.5% "is the height of irresponsibility when viewed against the Administration's failure to offer even the most meager alternative to the great mass of the American population that cannot afford homes bearing 9% mortgages." He said the 9% figure includes the 1/2% fee charged for FHA insurance.

"The Administration raised the interest rates fully aware that

most families with incomes less than \$13,000 a year would be priced out of the housing market," he said.

Because of the Administration's attitude toward housing, Rep. Patman said Congress must face up to its responsibility "to act swiftly to provide alternative means of financing homes for these families."

The House Banking Committee chairman said he would call for an early re-examination of proposals to have the Federal Reserve System purchase large blocks of housing mortgages at interest rates not exceeding 6%. He said the Fed should make available between \$10 billion and \$20 billion to assure recovery of the housing market.

He noted that similar proposals failed in the closing moments of the first session of the 91st Congress last month, but said a switch of 30 votes in the House would have changed the outcome.

"I am convinced that the House would have approved this measure had the members realized that their constituents would be forced to pay a 9% interest rate in a few short days." Rep. Patman said.

He also said he would urge early consideration of other mea-

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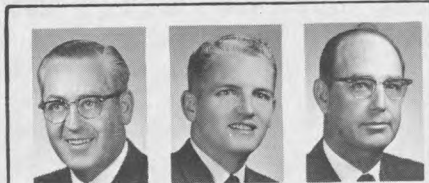
IOWA NEWS

DES MOINES: Andrew E. Rogers, formerly loan and operations officer at the New London State Bank, has been appointed assistant vice president, West Des Moines State Bank.

DES MOINES: Donald H. Jordahl, vice president and cashier at the South Des Moines National Bank, has been elected to the bank's board of directors.

DES MOINES: Don Martin, formerly farm manager for Iowa State University and manager of the Agricultural Stabilization and Conservation Service office in Nevada, has been named agri-business relations director for the Plaza State Bank here.

EAGLE GROVE: David A. Rouse, vice president, Eagle Grove State Bank, has been named to succeed I. H. Schroeder as bank president.



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George Dimakos has been named assistant vice president.

MATTOON: James W. Singer, Jr., of Kirkwood, Mo., has been elected executive vice president of the Central National Bank here.

OAK PARK: Benjamin P. Douglass has been elected vice president in charge of accounting operations at the Avenue State Bank. George Q. Evans has been named cashier, and C. Wilbert Schaper has been elected assistant cashier.

PEORIA: The Illinois Bankers Association will hold its 22nd annual **Installment Lending Conference** on **January 14-15** at the Hotel Pere Marquette here. Registration will begin at 8 a.m. Wednesday, January 14, in the hotel's upper lobby. An "early bird" party will be held at 5 p.m. on Tuesday, January 13. The conference will be adjourned at noon, January 15.

SOUTH DAKOTA NEWS

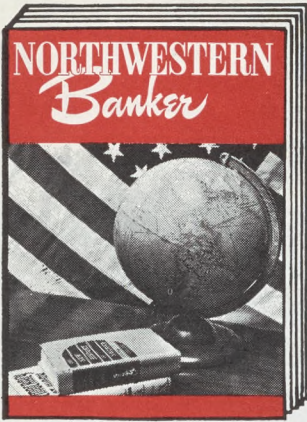
SIOUX FALLS: James J. Murphy of Brandon has been elected assistant cashier of the National Bank of South Dakota here. He began his banking career in the timepay department of the bank a year ago.

WESSINGTON: Controlling interest in the Bank of Wessington has been purchased by the Huron Investment Corporation. The bank was sold by Don Bohr, cashier, several months ago to R. W. Hanten of Denver, Colo., who in turn sold the controlling interest to the Huron corporation. No personnel changes have been announced.

NORTH DAKOTA NEWS

BISMARCK: LeRoy Gilbertson of Larson has joined the Bank of North Dakota as a mortgage loan officer. He formerly worked for Minot Fed-

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eral Savings & Loan Association and later was with the state of Wisconsin as a tax appraiser.

FARGO: Two promotions and two newly elected officers have been announced at the First National Bank & Trust Company. Conrad J. Greicar moved up from assistant trust officer to trust officer. Gary L. Johnson and Hilbert Pfeifer have been elected assistant trust officers. George W. Schwartz has been elected assistant vice president and agricultural representative.

MINOT: Arnold L. Braaten, executive vice president at the First National Bank, Bozeman, Mont., has been elected president of the Union National Bank here, succeeding John H. Hoeven, who has been named president of the First Western State Bank, Minot. Mr. Braaten also has been elected chairman and director at the bank.

COLORADO NEWS

BOULDER: John C. Rudolph of Chicago has been named new president of the Boulder National Bank, succeeding Clarence V. LaNier, who has resigned. Mr. Rudolph was formerly vice president and senior loan officer of the First National Bank of Blue Island in suburban Chicago.

DENVER: Ralph Kruck has been elected vice president of the installment loan department at the Cherry Creek National Bank. He was formerly assistant vice president. Jerry A. Johnston and Mrs. Eva Shipp have both been promoted to assistant cashiers.

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DENVER: Theodore D. Brown, executive vice president-elect of the First National Bank of Denver, has been named to the board of directors and executive committee of the First National Bancorporation, Inc., succeeding Russell T. Tutt, who resigned because of his participation in Affiliated Bankshares of Colorado, Inc., which recently received permission to become a competing registered bank holding company. Mr. Tutt also has resigned as a director of the First National Bank of Denver. Bruce D. Alexander, president of the First National Bancorporation, Inc., has been named to replace him on that board.

DENVER: Charles T. Smith has been named operations officer for Northeast Colorado National Bank. He joined the bank in 1965, transferring from the Colorado National Bank.

LAKEWOOD: Three promotions have been announced at the Lakewood Colorado National Bank. Morris W. James has been named assistant vice president; Darrel D. Lewis, loan officer, and Leonard L. McCormick, marketing officer.

NORTH GLENN: The board of directors of the First National Bank of North Glenn has voted to transfer \$75,000 from undivided profit to

surplus, bringing total surplus to \$227,500. Richard M. Brown also has been named assistant cashier at the bank. He joined the bank in April last year.

WYOMING NEWS

CASPER: Lew Elliott has been named installment loan officer at the Security Bank & Trust Company. He came to Casper in 1965.

CASPER: The 16th annual Credit Conference of the Wyoming Bankers Association will be held in Casper February 19-20, according to Frank H. Miller, chairman of the WBA Credit Conference Committee. Registration fee is \$37.50 per couple; \$22.50 per single.

KEMMERER: Toini Koski has been promoted from assistant cashier to vice president at the First National Bank. Mrs. Koski has been with the bank since 1923.

RIVERTON: John R. Benesch has been promoted from executive vice president to president at the American National Bank. He joined the bank in 1963 and had been serving as executive vice president for nearly a year. A. Davis Martin, Jr., president of the A. D. Martin Lumber

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Kansas City, Missouri

Company, has been named to the bank's board of directors.

SHERIDAN: Daniel S. Ingraham, vice president of the Bank of Commerce, was honored by the bank last month following his decision to receive benefits of the bank's retirement plan. Mr. Ingraham will retain his post as vice president at the bank and will serve in an advisory capacity. He will continue some of his activities as a livestock inspector and consultant and will maintain an office in the bank. He has been with the bank since 1946. John C. Muller has joined the bank as an agricultural loan officer. He has been employed at the First National Bank of Living-

ston, Mont., for the past two years.

MONTANA NEWS

GREAT FALLS: Adrian O. McLellan, president and director of the First National Bank, has been elected a director of Montana Power Company, succeeding Errol F. Galt, who has retired following 16 years of service. Mr. Galt is a retired president and chairman of the board of First National and is now consultant to the First Systems, Inc., of the First Bank System of Minneapolis.

HELENA: William A. Cordingly, publisher of the "Great Falls Tribune," and Richard C. Rubie, chairman of the board of Montana Bancorporation, have been named to two-year terms on the board of directors of the Helena branch of the Minneapolis Federal Reserve Bank.

Home Financing Probe...

(Continued from Page 1)

sures providing additional alternatives for home financing. He referred specifically to measures that would set up a \$2 billion fund for direct Federal lending at 6% interest, establish a National Development Bank patterned after the former Reconstruction Finance Corporation and encourage increased investments in home mortgages by pension funds.

Rep. Patman said he planned to give these measures priority treat-

ment before the House Banking Committee.

Turning to the FHA-VA rate hike, Rep. Patman speculated that the Administration would justify its action by claims that it would provide more housing and eliminate discount points on FHA-VA loans.

"These are the oldest and the most fallacious arguments that could be used in support of this unnecessary interest rate increase," he charged. "There is absolutely no evidence that high interest rates bring more housing. It is a fact, undisputed by any housing economist, that interest rate increases price the lower income groups out of the housing market."

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