

NORTHWESTERN Banker Newsletter

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Banks Lead In Home Financing

Banks are number one in financing and servicing the total shelter needs of America's families, the American Bankers Association reported recently.

Banks held over \$177 billion in loans and investments in accountable support of family shelter requirements at the end of 1973, said Paul J. O'Brien, chairman of the ABA Housing and Real Estate Finance Division and senior vice president of the Security Pacific National Bank, Los Angeles. This represents over one fourth the total of bank loans and investments that went toward housing in the United States.

Leading the financial industry as the nation's prime lender for construction of housing units, banks acquired \$13 billion in residential construction loans during 1973. This amount represents almost half of all construction loans written last year by all financial institutions.

Providing \$4 billion, banks again represented the major lender for home improvement loans at the end of last year.

The mobile home industry, which accounted for 44 per cent of all new single family dwellings sold in the U. S. last year, relied on banks as their major source of credit. As the cost of conventional housing goes up, mobile homes have become virtually the only kind of low-cost housing that is widely available to 40 per cent of the families in the country earning under \$8,000 per year.

At the end of 1973, banks had \$7.2 billion in mobile home loans outstanding, representing 57.5 per cent of all such debt,

the greatest share of the total financial community's commitment to the mobile home market.

An estimated \$4.2 billion was held by



banks for the purchase of land as of June 1973. This amount again represents the largest percentage of loans made for land purchases by major lender groups. The ABA estimates that half of that amount was loaned for residential land use.

"The total shelter needs of families require more than just the direct financing of construction and final mortgages," Mr. O'Brien said. "Also needed are services to make a house usable."

Mr. O'Brien noted that such private and municipal services as electricity, water and sewers, roads, hospitals and schools are all integral parts of a residential community

and are heavily financed by the banking community.

Additional information recently surveyed by the ABA reveals that banks hold \$90 billion in municipal securities, again the leader of such holdings in the financial industry. It is estimated that \$67 billion of that amount was issued to finance residential support facilities such as transportation, utilities, schools and public services.

Banks also lead the industry in providing credit assistance to the housing industry indirectly through the loans made to other financial institutions, such as savings and loan associations, mortgage bankers, life insurance companies and real estate investment trusts, totaling an estimated \$15 billion.

Additional support resources are committed through bank-owned mortgage companies, bank-sponsored real estate investment trusts, origination and servicing of mortgages and Guaranteed National Mortgage Association certificates.

Banks held over \$61.7 billion in residential mortgage loans at the end of 1973 and had an investment in obligations of federal government agencies involved in housing amounting to \$10 billion.

"Banks also lead in the amount of unsecured loans to contractors, building suppliers and other businesses engaged in housing construction, servicing and supply, which is not included in the above totals," Mr. O'Brien observed.

"When you consider all facilities and services needed to provide for adequate housing, banks represent the major housing financial resource," he emphasized.

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Boosts Prime Rate

A 10% prime rate has been posted by Bankers Trust, a 1/2 point boost to match the record late last year. Other large banks are generally expected to move up from 9 3/4% within a week.

IOWA NEWS

The following banks have filed applications asking permission to establish bank offices: United Home Bank & Trust Co., Mason City; Iowa State Savings Bank, Creston.

AINSWORTH: Following the recent sale of the Ainsworth State Bank, these new officers were elected: Wm. A. Krause, chairman and president, and Taunce Mathiason, executive vice president. Mr. Krause is vice president, Rite Oil Co., and lives in Hampton. Mr. Mathiason has moved from Miller, S. D., where he was loan officer at First National Bank. Directors include J. E. Goodenow, president, Wall Lake Savings Bank; Tony Gentle, Iowa Falls, president of Rite Oil Co.; Jack Pester, chairman, Pester Derby Oil Co., Des Moines; Mr. Krause, and Duane Van Horn, Rite Oil Co., Hampton.

CUMBERLAND: The Cumberland Savings Bank has appointed Clair South as insurance officer.

DES MOINES: A revised schedule of 1974 Iowa Group Meetings has been issued by the Iowa Bankers Association as follows:

Group	Date	Place
6	May 6	Des Moines
7	May 7	Newton
8	May 8	Davenport
4	May 9	Cedar Rapids
5	May 20	Council Bluffs
12	May 21	Okoboji
2	May 22	Fort Dodge
3	May 23	Clear Lake

DES MOINES: An application by the Brenton Bank & Trust Co. requesting permission to establish a bank office at 2500 Frederick Hubbell Avenue has been approved.

DES MOINES: Valley Bank & Trust Co. has received permission from the Comptroller of the Currency to convert to a national charter. The bank will change its name to Valley National Bank within about one month.

INDEPENDENCE: The Eastern Iowa chapter of Bank Administration Institute will meet Wednesday, April 17, at the Pinicon Hotel. Social hour begins at 5:30 followed by dinner at 6:30.

LeGRAND: Citizens Savings Bank of Gilman will open a branch office in LeGrand. Approval has been granted by the Iowa superintendent of banking and the Federal Deposit Insurance Corporation. The Waterloo firm of Robert Devoe Architects, Inc., has completed initial design work and the cost estimate is \$75,000. Work is scheduled for completion by August 24.

MARSHALLTOWN: A management conference for small businesses in the area



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will be held Wednesday, April 17, at the Thunderbird Restaurant. It is being sponsored by the Iowa Valley Community College District, Marshalltown Chamber of Commerce and the Small Business Administration.

MUSCATINE: J. Michael Deege will join the Central State Bank on or before June 1 as vice president and trust officer in charge of the trust department, according to John B. Rigler, bank president. He is a trust officer of the Central National Bank and Trust Company of Des Moines.

WASHINGTON: The Washington State Bank will hold an open house in its newly remodeled banking quarters on Wednesday, April 17, from 4:30-6:30 P.M.

WAUKON: Edward Lauerma, Jr., is the new executive vice president and cashier at Farmers and Merchants Savings Bank.

NEBRASKA NEWS

BROKEN BOW: The Broken Bow State Bank will celebrate the grand opening of its new banking facility Monday, April 22 from 1 to 5 P.M.

FREMONT: Kenneth D. Grant has joined the First National Bank and Trust Co. as marketing officer. For the past six years, he has served as an assistant national bank examiner in Sioux City with the U.S. Treasury Department, Comptroller of the Currency.

GRAND ISLAND: John P. Jorgensen has been appointed installment loan officer in the consumer loan department at Commercial National Bank.

HASTINGS: The Federal Reserve Board

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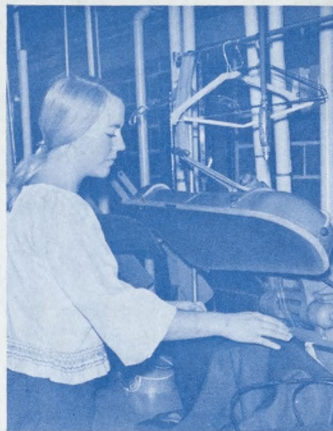
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has reported in Washington that it has unanimously approved the formation of the Hastings City National Co., a one-bank holding company which owns in excess of 98% of the City National Bank of Hastings. Glenn Yaussi, chairman of the National Bank of Commerce in Lincoln, has reported that upon proper registration of the Hastings City National Co. stock with the Securities & Exchange Commission, the stock will be offered to the stockholders of NBC Co. Upon acceptance of this offer by NBC Co. stockholders, City National Bank will become an affiliate of National Bank of Commerce and other banks in the Wonderful World of Banking.

MINNESOTA NEWS

The Minnesota Bankers Association (MBA) has announced plans for a 1974 series of Bank Staff Seminars (formerly Regional Staff Training — Public Relations Meetings) to be held at 20 locations throughout the state during 1974. The first will be April 22-25.

The schedule follows: Monday, April 22 — St. Olaf College, Northfield; Tuesday, April 23 — Kahler Hotel, Rochester; Wednesday, April 24 — Kahler Inn Towne, Albert Lea, and Thursday, April 25, Holiday Inn, Mankato.

The meetings begin at 4:30 p.m. with a discussion on the banker's service to the public, employee attitudes, customer relations, selling bank services, and banking education, followed by a 6:30 p.m. dinner and program highlighting customer relations and bank security.

BLOOMING PRAIRIE: Paul A. Habberstad has joined the Farmers & Merchants State Bank.

COTTAGE GROVE: The Park-Grove National Bank has changed its name to Mid America National Bank of Cottage Grove.

FOLEY: Steve Bartness, formerly of Elbow Lake, has joined the State Bank of Foley.

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Mark Christen
Correspondent Banking Rep.



Merchants National Bank

A BANKS OF IOWA BANK Cedar Rapids, Iowa 52401

LE SUEUR: A charter has been issued to Le Sueur State Bank and the bank opened for business April 8. Capital totals \$250,000, surplus \$125,000 and undivided profits \$125,000. L. V. Morgan is the president and James A. Stege is cashier.

WACONIA: Harley J. Poyzer has joined the First National Bank as vice president in charge of real estate lending replacing Loren H. Noeldner who transferred to the Klein National Bank in Madison. Previously he was employed by the Great Falls Federal Savings and Loan Association of Great Falls, Mont.

WADENA: Funeral services were held recently for Joseph A. Otte, 86, former vice president and director of the Wadena State Bank.

ILLINOIS NEWS

The 1974 IBA Marketing and Sales Conference will be held April 24-25 at the Holiday Inn, Decatur. Among the topics to be discussed are Automated Teller versus Seven Day a Week Banking — What's More Profitable?, Packaging — Designing Services for Customer Benefit and Bank Profit, and The Most Pertinent Subjects Facing Illinois Bankers. Registration begins at 8 a.m. and the business session at 9. The afternoon will consist of workshops.

MOLINE: R. A. (Dick) Shultz has resigned as president of the First Trust & Savings Bank of Davenport, Ia., to become president of the First National Bank here, succeeding G. D. Thompson, who will continue as chairman of the board.

MONTANA NEWS

The Montana Bankers Association will hold its 1974 Group Meetings May 2-11. All business meetings will start at 2 P.M., except group 3 in Polson will start at 9:30 A.M. All receptions will start at 6 P.M. and dinner at 7. Dates and places follow: Thursday, May 2 — Group 5, Montana Club, Helena; Friday, May 3 — Group 6, Tobacco Root Guest Ranch, Sheridan; Saturday, May 4 — Group 7, Ramada Inn, Billings; Monday, May 6 — Group 2, Town & Country Club, Miles City; Wednesday, May 8 — Group 4, GN Motor Hotel, Malta; Thursday, May 9 — Group 1, Elks Club, Cut Bank; Saturday, May 11 — Group 3, Elks Club, Polson.

NORTH DAKOTA NEWS

GRAND FORKS: The Red River chapter of Bank Administration Institute will meet Wednesday, April 17, in the Charleston Room at the Westward Ho Motel. Social hour begins at 6 and the meeting at 7 P.M. A spokesman from Northwestern Bell Telephone Company will speak on "The Proper Way to Handle Telephone Calls for Security Reasons and Proper Etiquette."



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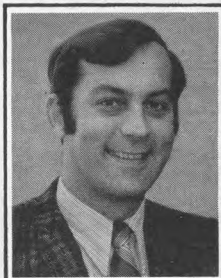
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SOUTH DAKOTA NEWS

ABERDEEN: James C. Lind has been elected assistant vice president of the Aberdeen National Bank. Mr. Lind joins the bank from the First Edina National Bank, Edina, Minn., where he was assistant cashier.

ABERDEEN: Tom Holdhusen has been named assistant manager and commercial loan officer of the East office of the First National Bank. Donald C. Anderson has joined the bank in the agriculture department.

VERMILLION: Tom Wagner has joined the United National Bank as installment loan manager. He previously was loan officer and assistant manager of the East office of the First National Bank of Aberdeen.

COLORADO NEWS

The Colorado Banking Board will conduct hearings on proposed charters for three new banks in the state. A hearing for the Village Bank, Pueblo West, will be held July 17. Proposed location is within a half-mile of the intersection of McCulloch Boulevard and Martinez Boulevard. A hearing will be held on May 23 on a charter for El Paso County Bank & Trust in Fountain with a proposed location within a half mile of U. S. 85-87 and Carson Boulevard. And, a hearing will be held July 18 for the charter of Garden Valley State Bank in Colorado Springs. The proposed location is 2860 S. Circle Drive.



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Correspondent Bank Division

The First National Bank of Saint Paul



ENGLEWOOD: Stephen M. Cannon has been promoted from assistant cashier to cashier at the Centennial State Bank. Betty J. O'Nele and Peter K. Sharpe have been elected loan officers.

PUEBLO: David J. Snyder, president of the Republic National Bank, has been elected chairman of the board. Mr. Snyder has been bank president since May of 1963.

WYOMING NEWS

WORLAND: Jim Hillberry has joined the First National Bank as loan officer. He formerly was manager of the Wyoming Employment Service office in Cody.

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