

NORTHWESTERN Banker Newsletter

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Whyel Urges Voluntary Credit Control

Declaring that "the hurricane in all our economic forecasts has been inflation," ABA President-Elect George L. Whyel last week stated at the Iowa Bankers Association convention in Des Moines that "housing is facing such enormous problems that some economists and financial advisers have begun to suggest a radical cure—a cure that may be worse than the disease. These advisers contend that the only way to channel additional funds into housing is through some kind of credit allocation program."

Mr. Whyel is vice chairman of the Genessee Merchants Bank and Trust Company in Flint, Mich., and is scheduled to become ABA president at the 100th annual convention in Honolulu on October 23.

In his Iowa convention address he said, "The warning signals are clear ... last month the Fed endorsed a set of lending guidelines drafted by its advisory council ... the first time the Fed has ever released any of the council's recommendations." Chief among these was one pertaining to housing, he noted.

He said implications of the recommendation are clear—lending institutions are expected to revitalize the housing industry, as well as banks continuing to meet the

"legitimate needs of consumers and businesses." If banks don't figure a way to undertake a kind of voluntary credit allocation program, Mr.



George Whyel

Whyel stated, one will be worked out for them by interests outside the financial industry.

Claiming it is not now profitable for banks to put more funds into housing, and perhaps even imprudent, Mr. Whyel reviewed ABA recommendations made at the administration's mini-summit on housing last month. The proposal was in three basic categories, he said: short-term solutions designed to meet immediate problems, basic changes in financial structure to enable lenders to compete more equitably for funds during periods of inflation, and steps we must take to curb inflation—the basic cause of our ills today.

Short-Term Solutions

Short-term aid to housing, he stated, would include modification

of usury ceilings, with the federal government using every reasonable means of encouraging states to repeal or liberalize these statutes; elimination of VA and FHA mortgage interest rate ceilings; lifting of the FHLMC loan limit from \$35,000 to \$55,000 immediately; some kind of tax exemption on personal savings and time deposits; possibly variable CDs and variable rate mortgages; standardize conventional mortgages; update building codes, and encourage mobile home production. Banker thinking on these and other short-term solutions must be communicated to individual legislators, he said.

Financial Structure Changes

In the area of financial reform, Mr. Whyel feels the Financial Institutions Act under consideration by the Senate "represents our best opportunity to eliminate the rigidities that now exist in our financial system. This Act includes a proposal to eliminate FHA and VA ceilings on mortgage interest rates and a recommendation that thrift institutions be permitted to make construction loans for residential buildings without a permanent mortgage take-out."

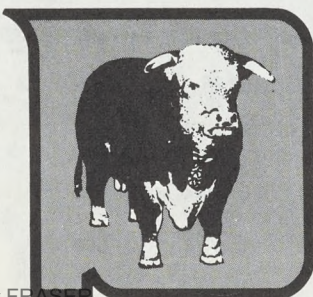
In addition, he added, "Title VII of the Act would authorize a tax

(Turn to back page, please)

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Iowa News

DES MOINES: Jack L. Campbell, Jr., president, Humboldt Trust & Savings Bank, was elected president of the Iowa Bankers Association at the 88th annual convention held here last week. A total of 4,725 registered.

Dale DeKoster, president, Waterloo Savings Bank, was elected vice president of IBA, and Robert Brenton, president, of the Brenton Banks, Inc., Des Moines, was named treasurer. Neil Milner continues as executive vice president.

The 1975 convention will be held in Des Moines, October 26-29. A complete report of the 88th annual convention will appear in the November magazine issue.

CROMWELL: The Cromwell State Savings Bank has been closed by order of the Superintendent of Banking, Cecil W. Dunn, effective October 10, 1974. Deposits of the bank are insured by the FDIC. The Superintendent has tendered his appointment as receiver to the FDIC as provided for in Section 524.1313 of the Code of Iowa. The bank has been closed as a result of a recent examination where it was determined that unsafe and unsound banking practices were in existence.

DES MOINES: The Comptroller has approved a branch for National Bank of Des Moines (Brenton) at 419 Walnut Street in downtown Des Moines.

DURANT: Henry Hansen, chairman of Liberty Trust & Savings Bank, is recovering from a broken hip in St. Luke's Hospital, Davenport.

FORT DODGE: Tim Trees has been named head of a new farm management department at the First National Bank, according to Earl J. Underbrink, president.

FORT DODGE: Robert D. Clawson, senior vice president of The State Bank, has been elected to the bank's board. Mr. Clawson, who serves as the bank's agricultural representative, joined the bank in 1961.

MAQUOKETA: The eastern Iowa chapter of the Bank Administration Institute will meet at the Maquoketa Country Club on Wednesday, Oct. 16. Social hour begins at 5:30 p.m. followed by dinner at 6:30.

PELLA: Howard K. Knutson has been elected president and director of the Pella National Bank and will assume full-time duties on December 1. Mr. Knutson formerly was vice president and director of the First National Bank of Clinton. He replaces J. G. Leahy, who has not announced future plans.

Nebraska News

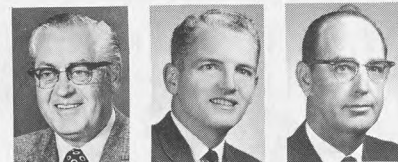
At a press conference in Omaha last Thursday, Richard E. Adkins, president of the Nebraska Bankers Association, revealed that NBA members have given overwhelming approval to proceeding with further development of a Nebraska Electronic Transmission System (NETS). After presentation of the NBA NETS Project Study Committee report to the six group meetings in Nebraska last month, members were asked to vote by mail ballot on whether the association should now proceed. Ballots were mailed to Peat, Marwick, Mitchell & Co., Omaha, and the

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CPA firm gave the certified vote to NBA officials last week.

Of the 448 banks in the state, votes were received from 319, or 71% of the membership. There were 272 'Yes' votes, 38 'No' votes and nine ballots not marked or incorrectly marked. Of those voting, 85% favored further development.

In meetings last Wednesday night and Thursday morning prior to the press conference, the NBA executive council decided that "the next phase of development basically will cover two areas: 1. Legislative and regulatory changes which would be needed to permit deposit and withdrawal functions at electronic terminals outside of bank facilities. 2. Design of standards and programs for the electronic equipment which would eventually handle those functions."

The NBA legislative council will propose legislation for approval by the executive council and presentation to the state legislature.

The NBA has retained First Data Resources of Omaha for design development and this firm will provide a project coordinator.

Mr. Adkins revealed that preliminary discussions have taken place with surrounding state bankers associations regarding their interest in a joint venture. These states have been invited to consider taking part in the further development of the system and its costs.

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IMPERIAL: Henry E. Ley, director of banking, has issued an order of approval to the Farmers and Merchants Bank to conduct a trust business.

OMAHA: An all-day seminar for middle management positions is being offered to area bankers Thursday, Oct. 17, from 8:30 a.m. to 4:30 p.m. at the New Tower Motor Court. The workshop is available to all American Institute of Banking members and will be conducted by James E. Allen, director of Management Education Services, Des Moines, Ia.

OMAHA: Jim Johnson, formerly with Omaha National Bank, is now executive vice president of Mid City Bank.

OMAHA: Richard E. Ericksen has been promoted to cashier of the First National Bank. Sara L. Hastings and R. Louise Borders have been promoted to operations officers.

Minnesota News

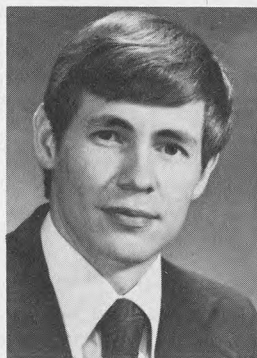
HIBBING: A. M. Castle, president of the First National Bank, has announced the promotions of Richard J. Hansen to assistant vice president and controller and Eileen Mickelson to auditor.

LAKEVILLE: Walter G. Andrews has sold controlling interest in the First National Bank of Lakeville to Gerald Helgeson, John Morrison and Donald Helgeson.

MINNEAPOLIS: The Comptroller has approved a facility for Midland National Bank at 300 South 6th Street.

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OAK PARK HEIGHTS: A charter has been issued to the Oak Park Heights State Bank, 5995 Oren Avenue North and the bank opened for business on October 7 with \$200,000 in capital; \$200,000 in surplus and \$100,000 in undivided profits. Keith F. Bedford is the bank's president and Robert Ronnie is vice president and cashier.

Illinois News

CHICAGO: Willard R. Deetjen was named comptroller of Northwest National Bank of Chicago, according to Fred W. Heitmann, bank president.

Colorado News

GLENDALE: A hearing will be held November 21 at 9 a.m. in Room 320-E of the State Capitol on the application to establish the First Bank of Glendale. Incorporators and stockholders include Arthur C. Hyde, Aspen; John B. Wogan, Jr., Raymond L. Friedlob, Martin T. Hart and Paul W. Powers, all of Denver.

Wyoming News

LOVELL: Rep. Harold E. Meier of Lander is the new president of Western National Bank here. Mr. Meier and C. P. Johnson, a banker

from northern Chicago, Ill., recently bought controlling interest in the bank from Mr. and Mrs. Wynn Terwilliger. Mr. Johnson is president of Colonial Bank and Trust in Chicago. Mr. Meier will serve as chairman and Mr. Johnson vice chairman.

WHEATLAND: Ronald L. Davis has joined the First National Bank as vice president. Previously he was senior vice president of the American National Bank in Cheyenne.

North Dakota News

MADDOCK: Controlling interest in the Farmers State Bank here has been purchased by Bill Roeszler, formerly of Bottineau. He is serving as president of the bank. Vice president and cashier is Gene Neumiller. Mr. Neumiller was cashier at the Towner County State Bank of Cando. Former president George Heitmann has retired and now holds the position of chairman of the board. Mr. Roeszler previously was manager of the State Bank of Bottineau.



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MOHALL: Ted Foss, 29, has joined the Citizens State Bank as agricultural representative.

VALLEY CITY: The James River chapter of Bank Administration Institute will meet at the Eagles Lodge here on Wednesday, October 9. Social hour begins at 6 p.m. followed by dinner at 6:30. Henry N. Ness, senior vice president and agricultural representative, Fargo National Bank and Trust Company, will speak on farm credit.

CREDIT CONTROL.

(Continued from page 1)

credit on the income from residential mortgages for all lenders."

Curbing Inflation

In the public sector, Mr. Whyel said, anti-inflation steps would include more responsible fiscal policy—limiting money supply to rate of growth of early 1960's, review of taxation to remove outmoded tax relief programs, stimulate individual savings, using funds to best public interest.

"In private industry," he went on, "there are a number of critical areas, particularly in transportation, where radical deregulation might improve our economy's productivity."

Tradeoffs must be considered, too, he said—e.g., control of noise

pollution vs. enduring noise for greater productivity and an end to inflation.

Bankers have an important role to play, Mr. Whyel said, and others outside banking will be watching. He said "we must review our loan portfolios to make sure we are giving top priority to non-speculative areas, such as housing and industry"—a system of priorities to increase the economy's productivity. This will require close screening of loans to weed out non-productive areas. Some bankers have done this, he noted, and funneling funds into agriculture "certainly deserves high priority."

"The message for bankers is clear," Mr. Whyel concluded. "If we don't set up our own credit allocation priorities—and make them work—others will do it for us. If we don't voluntarily develop written credit policies, policies based on the needs of the economy as well as our own institutions' need for profit, we may be required to do so in the very near future. The choice is up to us. For the sake of our economy and our industry, we must make the right decision."

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