



Education Newsletter

NOVEMBER, 2013

The ICBND Education Committee is always looking for outstanding speakers, timely topics, and member suggestions for our sessions. Please feel free to contact any of our members on this committee:

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Human, After All by Camden R. Fine, President and CEO of ICBA



So where are we all heading? Or to a more important point, what are we becoming? The answer lies in the upcoming generations.

Perhaps no group of people has been polled, probed and analyzed more by marketers and social researchers than today's young adults. A lot has been said, overanalyzed and oversimplified about their values, attitudes, habits and aspirations. Much of this spotlight has shined on the so-called Generation Y, the second-largest cohort and potentially the group with the greatest purchasing power since the all-pervading baby boomers. Those in the Gen Y tribe, now 19 to 36 years old, have or soon will come of age personally, professionally and financially. Today, they account for over \$1 trillion of purchasing power annually, a figure that will grow exponentially.

Certainly, Gen Y's technology-tethered upbringing has strongly shaped their expectations and mindsets. Having little to no recollection of life without the Internet or smartphones, this first mobile generation has adapted almost nonchalantly to warp-speed revolutionary advances. Without questioning, these young people expect, in addition to vast digital troves of free information, anytime access to entertainment, customer service and commerce. Of course, all community

bankers today understand that effectively adapting to and managing continually evolving technology—whether in deposit taking, lending or payments—is integral to their institution's ongoing success. This is true for all customers, old and young, as it will be for those soon to follow.

Far from being a drag or a disadvantage, community bank technology is second to none. Community banks invest substantial effort, money and strategic thinking on technology and the future it's creating. Our institutions have and will continue to access all the innovations necessary to win the business and loyalty of the next generations. However, what isn't recognized enough is how the powerful combination of technology and the community bank relationship-based business model will best provide what the youngest consumers say they want.

For all their technological dependence, today's young adults still place tremendous value on and crave strong individual relationships. Bombarded with slick media messages throughout their lives, corporate brands, logos and sloganeering don't impress them much. They've been disillusioned plenty enough by the marketing wizards flailing behind the curtain.

Instead, particularly in their biggest personal and professional

matters, today's young people, who hold some of the strongest aspirations of any generation to become entrepreneurs and small-business owners, express a deep desire to connect with real people whom they can trust to help them sort out the ever-increasing complexities of their lives.

That means, once again, that a whole new generation of consumers is primed to be loyal community bank customers. But primed does not necessarily mean enlisted. As they must for every generation, community banks still have to reach out concertedly, prominently and persistently to tell their story. That story, one that involves both amazing technology *and* relationship banking, may need to be told in new forms and forums, but it has never been more relevant or resonant.

For today's newest and youngest consumers, far from the glib characterizations sometimes projected upon them, are not merely slavish drones of technology. Like our forefathers, like our sons and daughters, like us—they're only human, after all. And that's of course the best news of all for our increasingly high-tech future.

Camden R. Fine is President and CEO of ICBA. Reach him at cam.fine@icba.org.

On Going Mobile by Bill Loving, Chairman of ICBA



As a community banker, my customers always come first. And just like all community bankers, I make decisions based on what will be best for my customers. That's because what's best for my customers and community, in the end, is best for my bank. We, as community bankers, always aim to offer our customers the best of everything, and our technology is no exception.

That's why back in 2004 Pendleton Community Bank began offering its customers online banking, and then in 2010 we began offering mobile banking through an app for both iPhone and Android smartphones. To complement these delivery channels, we rolled out commercial remote deposit in 2009, and within the last 60 days we brought on consumer remote deposit capture. And let me tell you, the response from our customers from that latest addition was huge! We knew it would be a beneficial product, but we were truly blown away by how many of our customers of all ages were interested in using the service as soon as it rolled out—just another reason why you should

never assume anything.

Often our customers tell us what they want, and sometimes the highest demand comes from our least likely customers. I encourage all community bankers to take this into consideration as they evaluate technology and which products make sense for their customers.

Community banks are, as they say, "with the times," and we need our institutions to be seen as being technologically savvy. More and more, consumers see technology as an integral part of their overall banking experience, so it's important, if not imperative, that these services be part of a community bank's overall customer service strategy. It makes good business sense, and it all goes back to our mission of doing what's best for our customers and our communities.

The good news is that most community banks have products and plans in place to compete in this new age of banking. According to ICBA's 2013 Payments Survey, nearly 80 percent of community banks plan to offer mobile banking services by 2015. While that number is good, I

encourage those that aren't part of that 80 percent to consider what this type of technology can do for their business and, most importantly, their customers.

I realize the cost of fraud expenses and risk mitigation associated with introducing new technology can be daunting to risk-averse community bankers, but I assure you that the opportunities outweigh the cost and potential headaches. It's all part of our job nowadays, and community bankers are up for the challenge.

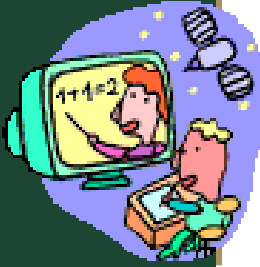
I encourage community bankers to take a look at ICBA's 2013 Payments Survey on the association's website. See how your community bank stacks up, and if you find that you have questions or just need more information, feel free to give ICBA's staff a call or send them a note. They will be more than happy to help you find more ways to make your customers' community banking experience even better, as we all learn how technology and payment offerings continue to be a big piece of that overall puzzle.

*Bill Loving is the President/
CEO of Pendleton Community
Bank in Franklin, WV*



November/December Telephone - Webinar Seminars

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| Nov 5: | Business Signature Cards & Resolutions: Entities, Authority & Documentation | Vendors, Foreclosures, Debt Forgiveness & More |
| Nov 6: | FDIC Records & Related Email Retention Rules | Dec 3: Compliance Series: A Fresh Look at Robbery Preparedness |
| Nov 7: | Mobile Payments for Community Banks: Impacts, Choices & What to do Next | Dec 4: Call Report Preparation: Introduction to Call Reports |
| Nov 13: | Commercial Loan Annual Credit Reviews | Dec 5: Consumer Debt Resolution Series: Avoiding Liability in the Collection Process |
| Nov 14: | Director Series: Documenting Your Strategic Plan Years 1, 3, & 5: Meeting Examiner Expectations | Dec 6: SBA Lending Update: Revised SOP 50 10 5(F): Effective January 1, 2014 |
| Nov 19: | What You Need to Know About Guarantors, Co-Signers, Personal Guarantees & Joint Applications | Dec 10: Compliance Update on Nonresident Alien Accounts: Opening, Tax ID Numbers, IRS Issues & More |
| Nov 20: | Simplifying the Compliance Function: Tools, Checklists & Reporting to Keep You on Track | Dec 11: Handling IRA Required Minimum Distributions & Roth Distributions |
| Nov 21: | Fair Labor Standards Act: Dos & Don'ts of Exempt & Non-Exempt Pay Issues | Dec 12: Documenting Your Required Information Security Program |
| Nov 25: | New CFPB Mortgage Servicing Rules Effective Jan. 10, 2014: What Community Banks Must Do to Comply | Dec 17: 12 Steps to Effective Expense Control: Practical Techniques for Cutting Costs & Increasing Profits |
| Nov 26: | Form 1099 Reporting: Third-party | Dec 19: Regulation E Versus ACH Rules: Which One Prevails |



2014 Webinar Schedule Announced!

ICBND is continuing their partnership with Financial Education & Development, Inc. to offer you the Community Banker Webinar Network sessions. We hope you will be as excited as we are about our lineup. It is filled with timely, powerful topics for every banker.

The topics are carefully selected with strong new topics, and successful topics from previous years. The presenters are well-respected, professional, knowledgeable, industry experts. The 2014 webinars reflect today's dynamic banking environment so you can obtain the "must know" information that you need at your convenience.

This year we have scheduled two new series in addition to our popular current series:

- ACH Professional Series
- Risk Management Series

As in the past we will continue to add "SPECIAL

EDITIONS" as late-breaking issues and regulations warrant. We expect to add several more webinars due to the pending regulations that are out there now.

The following is a tentative monthly schedule. A full listing will be mailed with our November/December Community Banker that will break down the seminars by date and also by category:

Auditing/Accounting:

- Auditing Your Loan Portfolio: Consumer, Commercial & Real Estate
- IT Audit for Community Banks
- Health Care Reform 2014-2015: Overview, Status & Impact
- Auditing Social Media: Planning & Risk Control Matrices
- Recent Accounting Developments & Future Issues

- Conducting the 2014 ACH Audit
- IRS Reporting Requirements; 1098s, 1099s, TINs, Backup ? Withholding & More

Collections:

- Real Estate Collections Under the New CFPB Mortgage Servicing Rules
- Successful Skip Tracing Tools & Techniques for Locating Your Customer and Recovering Collateral

Compliance:

- Required Compliance for the Board & Senior Management, Including BSA
- Imaged Documents: What to Keep, What to Destroy, What Holds Up in Court
- Trust Compliance in Opening Accounts & Lending
- Flood Insurance Compliance 2014: Guidance, Issues & FAQs
- Regulatory Compliance for Lenders, Including BSA
- CRA Compliance, Update &



2014 Webinars Continued...

- FAQs
- Regulatory Compliance for the Frontline, Including BSA
- Compliance Officer Training: Will Your AML/BSA/OFAC Program Satisfy Examiner Scrutiny
- Wire Transfer Compliance
- Red Flags for ID Theft, Bribery & Privacy
- Safe Deposit Boxes: Compliance, Legal Issues, Delinquencies & Death
- Regulatory Compliance for Deposit Operations Including BSA
- Vendor Compliance Issues: Risk Management, Contracts, & Accounting
- Bank Protection Act Robbery Preparedness for All Staff
- Advertising Compliance: Website, Print, TV & Radio

Directors:

- UBPR Peer Group Analysis for Directors
- Fiduciary Responsibilities for New Directors
- 10 Commandments for Dealing with Regulators
- Making the Transition to Paperless Board Packages & Reporting: Electronic Access, Tablets & E-Board Process
- The Role of the Board in the Examination Process
- Developing an Effective Succession Planning Strategy for Management & the Board

Frontline/New Accounts

- Opening Accounts for Minors: Compliance, Ownership & Access Issues
- Risks & Precautions for Endorsements & Other Negotiable Instruments
- Business Accounts: Who is Authorized to Open, Close, Transact
- Head Teller Development: Improving Teller Performance
- Completing the CTR Report

- Line by Line
- Completing the SAR Report Line by Line
- Clarifying Signature Card Confusion—Personal & Business Accounts: Compliance, Account Titling & Ownership
- Everything You Need to Know About Regulation CC: Compliance, Placing Holds, Substitute Checks & Clearings
- Opining Accounts for Nonprofit Organizations
- Human Resources:
- Essential HR Recordkeeping from Hiring to Firing
- Conducting an HR Audit: Compliance Risks, Audit Areas, & Best Practices
- Compliance & legal Issues in Employee Screening: Pre-Hire & Post-Hire

IT

- Expanding Your Required IT Risk Assessment Program
- Email Archiving & Encryption: New Rules & Best Practices to Minimize Risks
- Patch Management—The Art & Science of Keeping Software Current
- Mainstreaming Mobile Remote Deposit Capture: Adoption, Deployment, Operations & Risks
- Ensuring Data Security: What You Need to Know Now
- Regulatory Implications of FFIEC Authentication Guidance
- How to Reduce IT Risk Assessment Time by 70% & Still Satisfy Examiners & Your Board
- Social Media Update: Facebook, LinkedIn, Twitter & YouTube
- Mobile Payments: What You Need to Know Now, What You Need to Do Next
- Incident Responses: Before,

During & After a Data Breach

IRA:

- IRA & HSA Review & Update, Including DOMA Implications
- Processing IRA Rollovers & Transfers
- Traditional & Roth IRA Reporting Responsibilities: Requirements, Issues & Answers

Lending:

- Commercial Appraisal Review: Income Versus Sales Comparison Approach
- What is That Personal Tax Return Telling Me? Part 1: Form 1040, Schedules B, C & D
- Construction to Permanent Lending Under the New CFPB Mortgage Rules
- Escrow Account Compliance: Rules, Best Practices & Examiner Hot Buttons
- The ALLL in Troubled Debt & Foreclosed Asset Restructuring
- What is That Personal Tax Return Telling Me? Part 2: Schedules E & F
- Understanding Asset/Liability Management Concepts
- Loan Origination in the Current Regulatory Environment: Improving Compliance, Costs & Turnaround Times
- Call Report Revisions & Updates
- Management Loan Risk Using FICO Score Monitoring & Credit Mitigation Models
- Basic Commercial Loan Underwriting: Analysis, Qualifying Applicants & Decision Making
- Ability to Repay—Are You in Compliance with the New CFPB Rules
- Interpreting Economic



2014 Webinars Continued...

- Indicators in Agricultural Loan Portfolio Management
- Appraisals & Evaluations for Consumer Real Estate Lending: Interagency Guidance, Regulator Issues & FAQs
- Introduction to SBA Lending
- How to Avoid Lender Liability Claims: Compliance, Regulatory Issues & Best Practices
- Reporting Your Customers' Credit: Understanding the Increasing Regulatory Requirements
- Call Report Preparation: Basic Lending Schedules: RC-C & RC-K
- Self-Employed Borrower Tax Implications Under the New CFPB Income Verification Rules
- Steps to SAFE Act Registration, Renewal & Compliance
- Consumer Loan Documentation
- Mastering Business Development Part 1: Results-Driven Foundational Skills
- Avoiding HMDA Reporting Mistakes
- Call Report Preparation: Advanced Lending Schedules & Issues: ORE, Participations, TDRs, Commitments, Insiders
- Mastering Business Development Part 2: Proven Techniques for Handling Objections, Gaining Referrals & Promoting Your Bank
- Writing Effective Credit Memos & Loan Narratives
- Understanding Title Insurance Policies & Endorsements
- Are You Protecting Your SBA Guaranty
- Commercial Loan Grading: Methodology, Credit Risk & Examiner Perspective
- Managing the Force-Placed Flood Insurance Process
- Turning Financial Statements into Useful Ratios & Trends
- Your Bank's Loan Review Program: Meeting Risk Management Needs & Regulatory Requirements
- Call Report Preparation: Balance Sheet Schedules: RC, RC-E, RC-F, RC-G, RC-K
- Filing UCC Financing Statements: Getting it Right
- Supporting Documentation for the ALLL
- Denied Loan Requirements: Consumer, Commercial, & Residential
- Self-Examination for Fair Lending Compliance
- Operations:**
- Handling Dormant Accounts & Unclaimed Property
- Managing E-Sign, E-Statements & E-Disclosures
- Tax Refunds: ACH Postings, Exceptions & Bank Liability
- ACH Rules Update 2014
- Responding to Official Demands for Customer Funds: Subpoenas, Garnishments, Summonses, Levies
- Implementing the New ACH Security Framework Requirements by December 31, 2014
- How to Legally Recover Unauthorized ACH Withdrawals After the NACHA Return Deadlines
- Overdraft Protection Review, Update & Issues
- Regulation E Requirements for Debit Card Error Resolution: Processing Disclosure & Investigation
- Medallion & Signature Guarantee Rules & Risks
- Federal Government ACH Payments: Reclamations & Garnishments
- Detecting & Preventing a Corporate Account Takeover
- Electronic Business Records: 7-Step Strategy for Effective & Compliant Record Management
- Your Depositor Has Died: Now What
- Handling ACH Exceptions & Returns
- Security/Fraud**
- Your Assets Have Gone Mobile—Have Your Security Plans Kept Up
- Conducting the Annual Physical Security Review
- The New Security Officer: Responsibilities, Best Practices & Skill-Building Tools
- Senior/Risk Management**
- Expanding Your Required IT Risk Assessment Program
- Fee Income 2014: Challenges, Issues & What's on the Horizon
- Creating a Social Media Policy & Strategy That Everyone Can "Like"
- Sub Chapter S Conversion in Community Banks: Issues & Answers
- Mobile Device Risks & Compliance Rules: Managing Your Bank's BYOD & COPE Policies
- Regulator Issues in Interest Rate Risk: Current Trends, Shock Analysis & Best Practices
- Loan Pricing Strategies for Community Banks
- Stress Testing for Enterprise Risk Management
- The Importance of Developing a Capital & Contingency Plan
- Countdown to Basel III: Deadline for Community Bank Compliance: January 2015
- Defining Risk Management Officer Expectations & Responsibilities
- Expanding Loan Portfolios & Improving Loan Profitability Using Credit Migration Modeling

LOOK WHAT IS COMING IN 2014:

- *Enterprise Risk Management Focus Groups
- *Community Bankers for Compliance Program
- *Certified Frontline Program
- *Basic Personal & Business Tax Return Analysis
- *Advanced Personal & Business Tax Return Analysis
- *Key Ratio Analysis
- *And much, much more...

Upcoming Live Sessions and 2014 Save the Dates

Enterprise Risk Management Focus Group

ICBND has started a focus group directed at the topic of Enterprise risk Management (ERM). This group will be structured with ERM topics and facilitated discussion will be led by Mary Peter, Director of ERM at Eide Bailly. **The next session will be held on Tuesday, November 12, 2013** at the Eide Bailly Office at 4310 17th Ave South, Fargo. Please pre-register for this free session on the ICBND website: www.icbnd.com. There will be another meeting on January 14 and February 11, 2014. Details for these meetings will be announced at a later date.

2014 Community Bankers for Compliance Program

We are once again pleased to offer the annual Community Bankers for Compliance Program with Young & Associates, Inc. This program is the most successful and longest running compliance training program in the country. It will provide your bank with up-to-date information on the ever-changing bank regulations as well as guidance for structuring and maintaining your in-bank compliance program. In addition, it provides a forum where those responsible for regulatory compliance can discuss issues and exchange ideas

with other community bankers. The Young & Associates Hotline is available to our program members for no additional cost to answer your compliance questions that arise on a daily basis. **The 2014 sessions will be held in Bismarck on March 18-19 and September 16-17.** Watch your mail for annual registration and renewal information for this valuable program.

Basic Personal & Business Tax Return Analysis

Bank personnel are required to obtain and properly interpret tax returns for both commercial and consumer lending purposes. The objectives of the seminar consist of the following:

- Review the basic structure of the personal 1040 federal tax return and schedules
- Use analysis techniques to prepare a personal cash flow from information gleaned from the 1040
- Discuss updates in the current tax code and how they affect the bank's clients
- Describe how the 1040 tax return can be used to market the bank's products and services
- Discuss the structure of a C Corporation, S Corporation, and Partnership including the LLC tax return
- Analyze business tax returns and prepare cash

- flows for these entities
 - Draw additional information from the business returns including assessment of the company's risk factors, and
 - Discuss updates in the current tax code as they apply to businesses.
- This valuable session will be held in Bismarck on April 11, 2014** and will be followed up by the **Advanced Tax Return Analysis Session on May 8, 2014, also in Bismarck.**

Spring and Fall Certified Frontline Sessions

We are bringing Jenny Nolan back!!! Jenny's spring session received the highest reviews that any of our Frontline sessions have ever received. Unfortunately because of an untimely spring snowstorm this year—many had to cancel out at the last minute. **Jenny will be back to do a different session with our Frontline group April 21-24, 2014.** The fall session will concentrate on opening and documenting deposit accounts. **Bryan Fetty with Young & Associates will join us once again for this session held on September 22-25.**

Key Ratio Analysis
Ratios, ratios, and more ratios! What do they really mean? Many financial professionals including bankers use financial ratios

Upcoming Live Sessions and 2014 Save the Dates

on a regular basis. At this seminar you will learn a “five-step” analysis plan including liquidity, activity, leverage, operating performance, and cash flow analysis which will clarify and unify this often confusing financial subject. Upon completion, you will be able to better negotiate with your business clients as well as other financial professionals.

The session will also include a review of “spreading” a financial statement using the Moody’s risk Analyst software in order to analyze

key ratios. It will also include the bankruptcy (Z-score) predictor and sustainable growth models.

This beneficial session will be held in Bismarck on June 5, 2014.

Don’t forget to mark your 2014 calendar for our **47th Annual Convention and Exposition**. It will be held at the Ramkota Hotel in Bismarck on **August 17-19**. We are just starting the planning process, so if you have any suggestions for speakers, topics, entertainment, or extra curricular activities...please

feel free to email Wendy Ruud at wendyr@icbnd.com.

The Education Committee will be meeting the beginning of November to discuss the complete lineup and will be adding more live seminars. Keep an eye on our website for up-to-date information on all our educational offerings. As always we love to hear from you...our members...as to what you want us to cover in 2014!



ICBND, Together with Bismarck State College and North Dakota State University Announce The ICBND School of Agricultural Lending

ICBND is very excited to work with Bismarck State College (BSC) and North Dakota State University (NDSU) to offer our members a new school on Agricultural Lending. The school will be held at BSC and will have a two year curriculum. Each year will be one week long. The 2014 Session will be held June 23-27.

ICBND is currently working with a committee of community bankers and university instructors from BSC and NDSU on creating the school curriculum. Year One will include but is not limited to:

- Tax Returns—what information can I glean from the borrowers’ tax return and how do I use it

- Balance Sheets
- Qualifying Equipment, Land and Livestock Values
- Cost and Cash Values
- Cash Basis vs. Accrual Basis
- Cash Flow
- Income Statements
- Profit and Loss Statements
- Risk Management
- Understanding the Goals of the Borrower—Psychology
- Communicating with Your Borrower—The Ag Customer Language
- And much more!

In Year Two we will concentrate on:

- Appraisals
- Documentation
- Securing your Collateral—UCC Filing
- Loan Structuring
- Regulations and Compliance

- What are Examiners Looking For
- Farm Programs
- And much more!

Instructors will be from BSC, NDSU, industry leaders and fellow community Ag Lenders who have been in the business of agricultural lending for many years.

We want to stress that this is not just for the new Ag Lender, but for all Ag Lenders along with other commercial and consumer lenders, credit analysts, accounting personal and compliance.

Keep your eye out for more information on curriculum, schedules, instructors, housing, and registration costs after the new year.