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The IBC’s mission is to provide high-quality educational programs in a timely manner to you and your employees with all levels of banking experience. We believe that the knowledge gained through these programs can result in success for you, your employees and your bank.

### 2018 IBC Training Schedule

#### IBC On-Site Conferences

| Intermediate Commercial Loan Documentation Seminar | Wednesday and Thursday, November 7-8 | 7979 East Tufts Avenue, Denver |

#### 2018 Webinar Schedule

##### Auditing & Accounting

- **Auditing for HMDA Compliance, Including Data Collection Rules**
  - Thursday, December 6
- **Call Report Series: Improving Efficiency in Call Report Preparation: Documentation, Accuracy & Common Errors**
  - Tuesday, December 11

##### Collections

- **Consumer Debt Series: Proper Repossession Notice & Sale of Non-Real Estate Collateral**
  - Thursday, November 8

##### Compliance

- **Analyzing Common TRID Compliance Violations**
  - Thursday, November 1
- **New HMDA Partial Exemption: Analysis, Implementation & Answers**
  - Friday, November 2
- **Compliance Series: Robbery Preparedness: Requirements & Proven Strategies**
  - Tuesday, November 27
- **Cyber Series: Compliance Questions & Issues in Deploying Mobile Remote Deposit Capture**
  - Wednesday, December 5
- **Auditing for HMDA Compliance, Including New Data Collection Rules**
  - Thursday, December 6
- **Filing the New SAR Form, Deadline January 1, 2019**
  - Friday, December 7
- **BSA Officer Reports to the Board**
  - Thursday, December 20

##### Director

- **Board Secretary Basics: Agendas, Meeting Records and Board Package Assembly**
  - Friday, November 9, 9:00-10:30am

* Please note: Director Series is presented from 9:00 – 10:30am

##### Frontline and New Accounts

- **Compliance Series: Robbery Preparedness: Requirement & Proven Strategies**
  - Tuesday, November 27
- **Improving Teller Performance: Head Teller Development**
  - Tuesday, December 4
- **Filing the New SAR Form, Deadline January 1, 2019**
  - Friday, December 7
- **Your Depositor Has Died: Actions to Take & Mistakes to Avoid**
  - Wednesday, December 12
- **Closing or Changing Deposit Accounts for Consumers & Businesses**
  - Wednesday, December 19

##### IRA

- **IRA Series: Top 10 IRA Rollover Mistakes**
  - Tuesday, November 20

##### IT

- **Cyber Series: Compliance Questions & Issues in Deploying Mobile Deposit Capture**
  - Wednesday, December 5
- **Managing * Mitigating Card-Not-Present Fraud**
  - Wednesday, November 28
<table>
<thead>
<tr>
<th>Lending</th>
<th>Date</th>
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<tbody>
<tr>
<td>Analyzing Common TRID Compliance Violations</td>
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<td>New HMDA Partial Exemption: Analysis, Implementation &amp; Answers</td>
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<td>Lending to Churches &amp; Other Nonprofit Organizations</td>
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<td><strong>Consumer Debt Series:</strong> Proper Repossession, Notice &amp; Sale of Non-Real Estate Collateral</td>
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<tr>
<td>How to Obtain &amp; Perfect a Security Interest in Unconventional Collateral</td>
<td>Tuesday, November 13</td>
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<tr>
<td>Mortgage Lender Training Part 3: Mortgage Life-of-Loan: Decision-Making, Appraisals, Post-Closing Requirements</td>
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<td>Your Borrower Has Died: Actions to Take &amp; Mistakes to Avoid</td>
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<tr>
<td>New Focus on In-House Real Estate Evaluations</td>
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<td>Dealing with Joint Signers in Consumer &amp; Real Estate Lending</td>
<td>Thursday, December 13</td>
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<tr>
<td>Commercial Appraisal Review: Income &amp; Sales Approach</td>
<td>Friday, December 14, 9:00 – 10:30am</td>
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<tr>
<td>Managing the Force-Placed Insurance Process</td>
<td>Monday, December 17</td>
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<tr>
<td><strong>Marketing</strong></td>
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<tr>
<td>Cash Management: How Sales, Operations &amp; Technology Can Collaborate to Generate More Fee Income</td>
<td>Thursday, November 15</td>
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<td><strong>Operations</strong></td>
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<td>ACH Liability &amp; Warranties for ODFIs: Reducing Your Exposure</td>
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<td><strong>Security &amp; Fraud</strong></td>
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<td><strong>Senior Management</strong></td>
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Mark your calendars for these upcoming 2019 events and conferences!

Monday, February 25  Day at the Capitol, Denver
Thursday and Friday, April 4 and 5  Ag & Natural Resources Conference, Denver
Wednesday, May 22  Ag Credit Analysis Workshop, Denver
Wednesday – Friday, September 25 – 27  Annual Convention, Vail

2019 Webinar Schedule available in November.
IBC has been a leader in webinar training for more than a decade and is committed to superior customer service. Webinars are designed for most positions in a community banks from the frontline to the board room. Speakers are industry experts with long-term, real-life, hands-on experience. Benefits of participating in an IBC webinar include:

- Easy to use, time effective, cost effective, convenient, interactive
- Current and hot topics delivered by experienced speakers
- Take-Away-Toolkit (consists of an employee training log and a quiz to measure staff learning)
- Webinar series specifically developed for: for ACH Specialists, BSA Specialists, C-Suite Executives, Call Report Personnel, Consumer Collection Specialists, Credit Analysis & Underwriting Professionals, Directors, Frontline Personnel, IRA Specialists, Mortgage Lenders, and Regulation E Specialists

**AUDIT & ACCOUNTING**

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<tr>
<td>1/16/19</td>
<td>Call Reports 2019 Update</td>
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<tr>
<td>5/2/19</td>
<td><strong>Call Report Series:</strong> Call Report Basics, Including Balance Sheet, Income Statement &amp; Related Schedules</td>
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<tr>
<td>6/13/19</td>
<td><strong>Call Report Series:</strong> Preparing Call Report Lending &amp; Allowance-Related Schedules</td>
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<tr>
<td>7/2/19</td>
<td>ALLL Supporting Documentation: Current Rules &amp; Future Expectations Under CECL</td>
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<tr>
<td>7/23/19</td>
<td><strong>Call Report Series:</strong> Call Report Regulatory Capital, Including Key Changes &amp; Other Schedules</td>
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<td>8/20/19</td>
<td><strong>Call Report Series:</strong> Introduction to Call Report Loan Classifications</td>
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<tr>
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<tbody>
<tr>
<td>9/4/19</td>
<td>Auditing E-Policies &amp; Procedures: Risks, Rules &amp; Records</td>
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<tr>
<td>9/10/19</td>
<td>Conducting the 2019 ACH Audit</td>
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<tr>
<td>9/17/19</td>
<td><strong>Regulation E Series:</strong> Auditing for Reg E Compliance</td>
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**COLLECTIONS**

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<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>1/28/19</td>
<td>Real Estate Loan Collection Rules for Lenders &amp; Mortgage Servicers</td>
</tr>
<tr>
<td>4/18/19</td>
<td><strong>Consumer Collection Series:</strong> Your Borrower Filed Bankruptcy, Now What?</td>
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<tr>
<td>5/21/19</td>
<td><strong>Consumer Collection Series:</strong> Repossession Practices, Compliance &amp; Limitations</td>
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<tr>
<td>6/19/19</td>
<td><strong>Consumer Collection Series:</strong> Effective Debt Collection Techniques &amp; Strategies</td>
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**COMPLIANCE**

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<tr>
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<td>Flood Insurance Compliance Update &amp; FAQs</td>
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<td>3/19/19</td>
<td>Advanced BSA Officer Training: In-Depth Risk Issues &amp; Difficult Situations</td>
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<td>4/2/19</td>
<td>UDAAP: Consumer Complaint Monitoring &amp; Avoiding Harm</td>
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<td>5/8/19</td>
<td><strong>BSA Series:</strong> Job-Specific BSA Training for Lenders</td>
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<tr>
<td>6/4/19</td>
<td><strong>BSA Series:</strong> Job-Specific BSA Training for Operations</td>
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<tr>
<td>7/16/19</td>
<td><strong>BSA Series:</strong> Job-Specific BSA Training for the Frontline</td>
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**2019 WEBINARS**

Affordable Professional Training When and Where YOU Choose!
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<td>E-Compliance Rules, Policies &amp; Best Practices for Email, Web, Mobile &amp; Social Media</td>
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<tr>
<td>9/19/19</td>
<td>New Compliance Officer Boot Camp</td>
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<tr>
<td>10/3/19</td>
<td>New BSA Officer Training Part 1: Compliance, Risk Assessment, CTRs, Exemptions, Forms &amp; Regulator Expectations</td>
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<tr>
<td>10/17/19</td>
<td>New BSA Officer Training Part 2: Reviews, SARs, CDD, Technical Aspects &amp; Real-Life Scenarios</td>
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<tr>
<td>11/13/19</td>
<td>Year-End Compliance Checklist</td>
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<td>11/20/19</td>
<td>BSA Special Risks: Policy, Law Enforcement &amp; Regulator Issues</td>
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<tr>
<td>3/28/19</td>
<td>Board Reporting Series: Red Flags in Board Reports</td>
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<td>6/10/19</td>
<td>Community Bank Mergers &amp; Acquisitions Simplified</td>
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<td>6/26/19</td>
<td>BSA Series: Job-Specific BSA Training for the Board</td>
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<tr>
<td>9/25/19</td>
<td>What Directors Should Know About CECL, ALLL &amp; the New Credit Impairment Standards</td>
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<tr>
<td>3/27/19</td>
<td>Handling Power of Attorney &amp; Living Trust Documents on Deposit Accounts &amp; Loans</td>
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<tr>
<td>4/9/19</td>
<td><strong>Teller Training Series:</strong> Accurately Completing the CTR Line-by-Line</td>
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<td>4/11/19</td>
<td>Notary Essentials &amp; Legalities</td>
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<td>5/14/19</td>
<td><strong>Teller Training Series:</strong> Managing Dual Control &amp; Cash Limits</td>
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<td>6/25/19</td>
<td>Living, Grantor &amp; Family Trust Accounts: Common Problems in Account Opening &amp; Lending</td>
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<td>7/1/19</td>
<td>Managing Accounts &amp; Records for Nonresident Aliens: Opening, Identifying, Monitoring &amp; Tax Reporting</td>
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<tr>
<td>7/24/19</td>
<td>Opening Accounts Online: Rules, Risks &amp; Best Practices</td>
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<td>8/29/19</td>
<td>Opening Donation, Memorial &amp; Other Accounts for Nonprofit Organizations &amp; Corporations</td>
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<td>9/12/19</td>
<td>Managing Minor Accounts: Withdrawals, Transfers, CDD, Closing &amp; Best Practices</td>
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<td>10/9/19</td>
<td>Head Teller Training: Maximizing Teller Performance</td>
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<tr>
<td>10/16/19</td>
<td>POD Account Documentation, Compliance, Beneficiaries &amp; Closing</td>
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<td>10/22/19</td>
<td>Medallion &amp; Signature Guarantee Risks, Rules &amp; Best Practices</td>
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<td>10/30/19</td>
<td>Personal Accounts: Ownership, Authorization, Titling &amp; Documentation</td>
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<td>11/6/19</td>
<td>Closing or Changing Accounts for Consumers &amp; Businesses</td>
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<tr>
<td>12/10/19</td>
<td>Business Accounts: Who is Authorized to Open, Close, Transact?</td>
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<td>6/12/19</td>
<td>Essential HR Recordkeeping from Hiring to Firing</td>
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<td>9/24/19</td>
<td>Hiring in the Digital Age: What Every HR Manager Needs to Know About Social Media</td>
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<td>1/17/19</td>
<td>IRA &amp; HSA 19 Update, Including Tax Reform Considerations</td>
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<td>IRA Series: Handling IRA Required Minimum Distributions &amp; Roth Distributions</td>
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<td>IRA Series: Processing IRA Rollovers &amp; Transfers</td>
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<td>8/6/19</td>
<td>IRA Series: IRA Reporting, Common Issues &amp; Error Resolution</td>
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<td>8/27/19</td>
<td>IRA Series: Top 10 Most Misunderstood IRA Issues: Turning Confusion into Confidence</td>
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<td>3/11/19</td>
<td>Synthetic ID Fraud: What It Is, How It Works &amp; Real-Life Scenarios</td>
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<td>4/23/19</td>
<td>Hacking the Weakest Link: The Role of Staff in Maintaining IT Security</td>
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<td>5/15/19</td>
<td>Hot Issues in Cyber Compliance</td>
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<tr>
<td>6/27/19</td>
<td>Card Data Security: PCI-DSS Risk, Readiness &amp; Compliance</td>
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<tr>
<td>8/15/19</td>
<td>FFIEC Cyber Security Risk Assessments: Policy, Recent Findings &amp; Recommendations</td>
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<td>9/18/19</td>
<td>Mitigating a Data Breach: Forensics &amp; Incident Response</td>
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<td>9/26/19</td>
<td>Emerging Trends &amp; Developments in Online, Mobile &amp; Digital Channels</td>
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<td>8/14/19</td>
<td>What Are Those Business Tax Returns Telling Me?</td>
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<td>9/11/19</td>
<td>Mortgage Lending Hot Spots Series: Appraisal &amp; Evaluation Guidance on Collateral Valuation</td>
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<tr>
<td>10/7/19</td>
<td>Mortgage Lending Hot Spots Series: Demystifying Rules for TRID Tolerances</td>
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<td>10/24/19</td>
<td>Commercial Loan Annual Credit Review</td>
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<td>11/12/19</td>
<td>Mortgage Lending Hot Spots Series: Uniform Residential Loan Application (URLA) Line-by-Line, Required February 1, 2020</td>
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<tr>
<td>11/21/19</td>
<td>When a Borrower Dies: Rules, Procedures &amp; Liabilities</td>
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<td>12/11/19</td>
<td>Dealing with Joint Signers in Consumer &amp; Real Estate Lending</td>
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<td>12/17/19</td>
<td>Securing Collateral: How to Complete &amp; File UCC-1 Financing Statements</td>
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<td>3/6/19</td>
<td>Federal Requirements for Tech-Based Marketing: Websites, Social Media, Robo Calls &amp; More</td>
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<tr>
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<td>12 Key Elements of an Effective Digital Marketing Strategy</td>
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<td>Top 10 Compliance Mistakes in Advertising</td>
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<td>Record Retention &amp; Destruction Rules: Paper &amp; Electronic</td>
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<tr>
<td>2/5/19</td>
<td>ACH Specialist Series: ACH Tax Refund Exceptions, Posting &amp; Liabilities</td>
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<tr>
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<td>Right of Setoff on Deposit Accounts &amp; Loans: Legal Issues</td>
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**LENDING**

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<tr>
<td>1/9/19</td>
<td>Credit Analysis &amp; Underwriting Series: Regulator Issues &amp; Update for the Credit Analyst</td>
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<tr>
<td>1/15/19</td>
<td>2018 HMDA Submission Due March 1, 2019 Part 1: Identifying Reportable Loans, Data Integrity &amp; FIG Analysis</td>
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<tr>
<td>1/23/19</td>
<td>2018 HMDA Submission Due March 1, 2019, Part 2: Requirements, Clearing Edits, Exempt Fields &amp; More</td>
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<td>Determining Cash Flow from Personal Tax Returns After 2018 Tax Reform Part 1: Schedules A, B &amp; C</td>
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<td>Credit Analysis &amp; Underwriting Series: Analyzing Financial Statements for the Credit Analyst</td>
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<td>1/31/19</td>
<td>SBA Lending 19 Update: Guidance on the Latest Changes to Policies, Procedures &amp; Documentation</td>
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<td>Determining Cash Flow from Personal Tax Returns After 2018 Tax Reform Part 2: Schedules D, E &amp; F</td>
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<td>Required Compliance for Commercial Loans Secured by Real Estate</td>
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<td>3/26/19</td>
<td>Credit Analysis &amp; Underwriting Series: Global Cash Flow Analysis for Underwriters &amp; Credit Analysts</td>
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<td>4/17/19</td>
<td>Flood Insurance Compliance for Commercial Lending: Unique Issues &amp; Case Studies</td>
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<td>4/22/19</td>
<td>Top 20 Questions About Completing the TRID Loan Estimate &amp; Closing Disclosure</td>
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<td>4/25/19</td>
<td>Advanced Credit &amp; Risk Management in Agricultural Lending</td>
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<td>Escrow Account Shortages, Surpluses &amp; Deficiencies</td>
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<td>Troubled Debt Restructuring: Identifying &amp; Accounting for Impaired Loans</td>
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<td>Developing &amp; Delivering an Effective Loan Presentation</td>
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<td>Advanced Commercial Loan Documentation</td>
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<td>Mortgage Lending Hot Spots Series: Construction-Only &amp; Construction-to-Permanent Lending</td>
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<td>Introduction to SBA Lending</td>
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<td>From Prospect to Customer: Skills &amp; Tools for Successful Business Development</td>
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**SECURITY & FRAUD**

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<td>Developing the Right Strategic Plan for Your Bank</td>
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**Preferred Providers**

IBC Preferred Providers are selected by bankers just like you, so give them special consideration when considering their proposals for your bank! To learn more about IBC’s Preferred Providers contact the IBC at 303.832.2000. Please note: IBC endorses the listed companies but not all products offered by the company.

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<tr>
<th><strong>Contact:</strong></th>
<th><strong><a href="mailto:msupples@bbwest.com">msupples@bbwest.com</a></strong></th>
<th><strong>303.291.3700</strong></th>
<th><strong>Grow your customer relationship with mobile payments technology; highly competitive unbundled pricing; quick approvals and startups and high-touch training and support from Bankers’ Bank of the Wests’ Merchant Services Program.</strong></th>
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<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:charles.allor@deluxe.com">charles.allor@deluxe.com</a></strong></td>
<td><strong>719.599.4466</strong></td>
<td><strong>Massive buying power and inventory expertise to help you consolidate, simplify, and save. By consolidating buying power you receive the best prices on the items you need. Use a single source to management inventory, a customized automated online ordering system and more!</strong></td>
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<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:trip.conway@harlandclarke.com">trip.conway@harlandclarke.com</a></strong></td>
<td><strong>303.242.1926</strong></td>
<td><strong>Harland Clarke, a leading provider of best-in-class solutions, serves more than 11,000 financial institutions nationwide. Harland Clarke offers: Payment Solutions (checks, card services, forms, etc.); Integrated Multichannel Marketing Services and Security Solutions.</strong></td>
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<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:sthomas@ibtapps.com">sthomas@ibtapps.com</a></strong></td>
<td><strong>512.616.1100 ext. 110</strong></td>
<td><strong>IBT’s Core Processing platform enables you to meet the specific challenges of the marketplace efficiently and effectively. IBT’s Core Processing with i2 Suite is the right way to do business for you and your customers, reducing costs, improving efficiencies and enhancing compliance.</strong></td>
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<tr>
<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:jjianuzzi@ihelplan.com">jjianuzzi@ihelplan.com</a></strong></td>
<td><strong>610.234.0592</strong></td>
<td><strong>iHELP loans help families cover the gap between the cost of college and other forms of financial aid a family receives. The iHELP Refinancing loan helps families combine multiple federal and private student loans into a fixed-rate or variable rate loan with one easy and affordable payment monthly.</strong></td>
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<tr>
<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:cbjohnson@oncourselearning.com">cbjohnson@oncourselearning.com</a></strong></td>
<td><strong><a href="http://www.icba.org/servicesnetwork">www.icba.org/servicesnetwork</a></strong></td>
<td><strong>866.843.4222</strong></td>
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<tr>
<td><strong>Contact:</strong></td>
<td><strong>Ryan Schremmer</strong></td>
<td><strong><a href="mailto:ryan.schremmer@sbscyber.com">ryan.schremmer@sbscyber.com</a></strong></td>
<td><strong>605.923.8722 x 416</strong></td>
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<tr>
<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:kitchen@spglobal.com">kitchen@spglobal.com</a></strong></td>
<td><strong><a href="mailto:claire.kitchen@spglobal.com">claire.kitchen@spglobal.com</a></strong></td>
<td><strong>S&amp;P Global combines exclusive analysis and in-depth data in real time for the banking, financial services and insurance industries. From bank branch data and government assistance programs to executive compensation and league tables, S&amp;P is the final word in business intelligence on financial institutions.</strong></td>
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<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:btate2@travelers.com">btate2@travelers.com</a></strong></td>
<td><strong>720.200.8465</strong></td>
<td><strong>Offering a wide range of customized insurance protection, Travelers SelectOne® for financial institutions is designed to respond to the most recent trends in banking.</strong></td>
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<td><strong>Contact:</strong></td>
<td><strong><a href="mailto:lauren.gonnella@vantiv.com">lauren.gonnella@vantiv.com</a></strong></td>
<td><strong>513.900.4661</strong></td>
<td><strong>Turn your card program into a growth opportunity. With 40 years in payments and card processing, we can quickly relieve you of the regulation and compliance burden. In the end, working with Vantiv is a low risk, high return proposition because of our payments expertise and proven results. Vantiv drives the IBC’s 46 location ATM surcharge-free network.</strong></td>
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- **Eide Bailly, LLP**  303-770-5700
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#### IBC Preferred Providers
Here at ICBA, we’re in full innovation mode this fall, so it’s only appropriate that the November issue be dedicated to technology.

As I’ve traveled around the country this year speaking with many of you at state conventions and ICBA events, you’ve heard me say that ICBA is focused on three pillars: community bank advocacy, education and innovation. That’s because these areas are critical to community banking in both the near term and the future. In particular, innovation will be the key to sustaining and growing our businesses.

As I put on three hats—consumer, community banker and president and CEO of ICBA (in no particular order), I see three specific opportunities for innovation.

As a consumer, I welcome innovation because, for the most part, I know it will bring convenience, ideally saving me time and money. As a community banker, innovation excites me because it provides new opportunities to continually enhance how we serve our customers. And finally, as ICBA’s president and CEO, I know innovation gives our nation’s community banking industry a great opportunity to retool ourselves by tailoring our products, services and solutions to meet and exceed customer’s constantly evolving expectations. And we’ll do all of this while continuing to provide the relationship banking experience and local focus that our customers expect.

To help community bankers achieve this, ICBA recently partnered with The Venture Center to launch the ThinkTech Accelerator: the first community bank-focused fintech accelerator.

This means that you and your team will have direct access to early-stage fintech companies that are focusing exclusively on community bank product development. These companies will be mentored and eventually vetted by community bankers, so they’ll get to know community banks’ wants and needs directly. Themes for the ThinkTech Accelerator include next-generation lending, artificial intelligence and machine learning, blockchain, payments, advanced analytics and big data, regulatory compliance tools, cybersecurity, authentication and streamlining the customer experience.

Exciting, right? Speaking of exciting, ICBA is investing in these fintech accelerator finalists, so we have a major stake in making sure we find the right fit for community banks. These providers will present their solutions to community banks at the ThinkTech showcase at ICBA Community Banking LIVE 2019 in Nashville, scheduled for March 18-22, so you’ll have an early opportunity to work with them. I can’t wait to see what they bring to the table. I know the consumer, community banker and leader in me is looking forward to everything that this partnership will bring to startup entrepreneurs, community banks and, ultimately, the customers and communities we serve.

Where I’ll Be This Month

Most of my time will be spent in ICBA’s D.C. office, working with staff, meeting with policymakers and seeing community bankers at ICBA’s Breaking Barriers event.

IBC welcomes new associate members:

Promontory Fulfillment Services LLC,
Third Party Resources Inc. (3PR), and
Valuetec Financial Equipment LLC
As voters head to the polls this month, it is comforting to know that community bankers have laid a solid foundation for ourselves in the political sphere. With so many important issues at stake on Election Day, ICBA and the nation’s community banks have done everything in our power to advance policies that will benefit localized lending and economic growth.

Our advocacy efforts extend well beyond campaign season. We have a Government Relations team in Washington that is second to none. And due to our industry’s sterling reputation, community bankers have proven to be our own best advocates.

In numerous meetings with members of Congress in their districts during the August recess and in recent weeks, community bankers have brought our most pressing policy priorities directly to lawmakers. Meanwhile, community bankers nationwide have used ICBA’s Be Heard Action Center to contact policymakers on issues ranging from the Subchapter S tax deduction and fair lending to the Bank Secrecy Act and more. These messages from community bankers make a real difference in Washington, so keep them coming.

We’re directly engaging constituents as well. ICBA recently delivered tens of thousands of mailings to the constituents of 13 pro-community bank members of Congress to increase awareness of their critical role in the passage of the S. 2155 regulatory relief law and other policies benefiting Main Street communities. (See this month’s Checks & Balances section for more on that project.)

These examples help to show the culture of advocacy that we’ve developed—and need to preserve. At ICBA Community Banking LIVE in March, I challenged everyone in that convention hall in Las Vegas to go back home, identify other bankers who are not involved, and show them how easy and rewarding it is to be heard in Washington. We must be both advocates and mentors to preserve our franchises.

That’s why I was so pleased to attend ICBA’s recent advocacy training session in Pittsburgh. There, nearly 30 community bankers from several states learned advanced techniques to more effectively communicate with policymakers. This kind of education will pay long-term dividends as our policy battles continue.

Our mission is to create and promote an environment where community banks flourish, which we accomplish through teamwork at the national, state and local levels. While I am comforted on this Election Day by our many policy accomplishments, we cannot be tempted to rest on our laurels. Community bankers must ensure that we stay fully engaged in the policymaking process today, next year, and for generations to come.

Connect with Tim @TimZimPgh

Did you know?

ICBPAC—the only federal PAC dedicated exclusively to representing community banks—contributed $1.9 million to more than 300 federal candidates and committees for the 2015-16 election cycle.
Community banks fuel their local economies, provide essential services to key sectors of the national economy, and empower everyday people to turn their dreams into reality. As a service organization focused on furthering the interests of community banking, we work to keep independent banks relevant and viable in the ever-changing financial services industry.

And so we are honored to partner with an organization that has advance the interests of Colorado’s community banks for 45 years: the Independent Bankers of Colorado.
Happy Birthday IBC!

45 Looks Good on You!
By Maelynn Lewis, IBC Administration Director

Community bankers from across Colorado, as well as numerous associate members and vendors from around the country attended our 45th Annual Convention—Come Celebrate with Us! A Birthday Party! Our Annual Convention took place in September at the beautiful Vail Marriott Mountain Resort. More than 145 bankers representing 50 banks were in attendance! It was a fabulous gathering and our more than 275 guests had a marvelous time. We appreciate the support of our community bank members, associate members, speakers, sponsors, and exhibitors!

We thank the following dedicated IBC Board and Convention Committee Members for their assistance in helping plan our Annual Convention: Chuck Johnston, North Valley Bank; John Sneed, FMS Bank; PJ Wharton, Yampa Valley Bank; Jay Rickstrew, Alpine Bank; Lauren O’Connell, O’Connell Consulting Group; Bud Hollenkamp, BKD, LLP; Angie Weed, The Eastern Colorado Bank; Ed Merritt, Jr., The Dolores State Bank; Tony Thompson, Alpine Bank Basalt; Joan Lawson, Farmers State Bank of Calhan; Ashley Burt, Gunnison Bank & Trust; and Ernie Panasci, Stinson Leonard Street.

Wednesday

The Eagle Vail Golf Club proved to be a fun and challenging course for our golfers. It was a fabulous day packed full of sunshine and fun! A number of events were sponsored at the tournament.

Four teams mastered the course with enough skill (and luck) to win the tournament:

**Flight One**

**First Place**
Kyle Heckman, Flatirons Bank
Jeff Benson, Bankers’ Bank of the West
Christian Otteson, Shapiro Bieging Barber Otteson
F. John Podvin, Jr., Shapiro Bieging Barber Otteson

**Second Place**
John Sneed, FMS Bank
Spencer Aberly, iHELP Student Loan
Jeff Restad, Bell Bank
Tracy Peterson, Bell Bank

**Flight Two**

**First Place**
Norm Arends
Adam Fiedor, GLC Advisors
Shawn Eidson, INTRUST Bank N.A.
Quinton Smith, INTRUST Bank N.A.

**Second Place**
Byron Bateman, Cache Bank & Trust
Jeff Dove, Cache Bank & Trust
Eric Budreau, Eide Bailly
Paul Harrison, Bankers’ Bank of the West

Congratulations to our 11 hole contest winners!  

Continued on next page
Our Opening Reception kicked things off Wednesday evening. Thirty-eight exhibitors filled the exhibit hall and 27 outstanding sponsors supported our 45th Annual Convention. Everyone enjoyed great food, lively conversations, and so much more!

Thursday

John Sneed, IBC President and CEO and President, FMS Bank, called the IBC’s 45th Annual Business Meeting to order Thursday morning.

Under our By-Laws, President-Elect Megan Harmon, Branch President and Chief Operating Officer, The Eastern Colorado Bank, succeeds John as IBC President for the 2018-2019 term. Congratulations Megan! John is now Chairman of the IBC. The IBC Board and Active Member Banks unanimously approved PJ Wharton, CEO and President, Yampa Valley Bank, to the position of IBC President-Elect for the 2018-2019 term. Congratulations PJ!

John passed the gavel to Megan, She proceeded to take center stage to present her agenda for the upcoming year. We look forward to Megan’s guidance and enthusiasm!

We thank Aaron Stetter, ICBA Executive Vice President, Policy and Political Operations, for his pointed, timely, and passionate ICBA federal legislative update.

The results of the IBC’s District Director Elections were announced. The following board members were successfully re-elected to serve an additional three-year term: District B, Ed Rarick, President, High Plains Bank Flager; and District C, Lora M. Rose, Chief Financial Officer, The State Bank, La Junta. With the election of PJ Wharton as our new President-Elect, this leaves a Director vacancy in District D to be filled, along with the vacancy in District A with Brandon Berkley finishing his second term as an IBC Director.

Continued on next page
Barbara Walker, IBC Executive Director, recognized Brandon Berkley, President, Berkley Bank, and Chuck Johnston, President, North Valley Bank, for their dedicated service and leadership while serving on the IBC Board of Directors. Brandon has served on the Board and as a member of the IBC Government Relations Committee since 2010 and Chuck’s most recent term on the Board began in 2011.

Barbara also recognized outgoing IBC Chairman Harry Devereaux, Guarantee Bank, for his 11 years of dedicated service to the IBC and the community banking industry.

Barbara announced the recipients of the 2018 IBC Legislator Awards: Senator Bob Gardner – Legislative Excellence; Representative James Coleman – Spirit of Independence; and Senator Jack Tate – Champion of Main Street. These supporters of community banks and of the communities we serve will receive their awards in late September and early October, at IBC member banks located within their districts.

Debra Fine’s, The Art of Small Talk, Inc., The Fine Art of Building Business Relationships presentation was a perfect way to kick off the education portion of our Convention. Debra provided everyone with methods on how to have a meaningful conversation, how to end a conversation, and how to kill a conversation.

Our first round of break-out sessions followed Debra’s presentation.

- An Update on the Treatment of Marijuana Related Businesses, Including Industrial Hemp Under the Farm Bill presented by F. John Podvin, Jr., Shapiro Bieging Barber Otteson LLP
- Tackling Cybersecurity: A community banker and a regulator call the plays by Joseph Miller, Federal Reserve Bank of Kansas City and Anne Benigsen, Bankers’ Bank of the West
- Take Action: The Vital Role of Community Bank Advocacy presented by Joshua Habursky, ICBA
- Winning the Game of Business by Engaging Your Team presented by Chris DiLorenzo, The James Paul Group

Next up – Recognition Luncheon! Barbara Walker recognized Megan MacHatton, Vice President, FirstBank, for her outstanding academic achievement at The Graduate School of Banking at Colorado. Based upon first and second year projects and exam grades, Megan was the top performing Colorado community banker! Megan will receive a $1,000 scholarship toward her final year at The Graduate School of Banking at Colorado. Congratulations Megan!

Continued on next page
In addition, Barbara also recognized the recipients of the IBC’s $1,000 High School Senior Scholarships. Each awardee receives a one-time $1,000 scholarship. **Makayla Huffman**, sponsored by The First National Bank of Las Animas, is the recipient in the bank employee child category and is attending Adams State University. **Jonathan Gertner**, sponsored by Bank of Colorado, is the recipient in the bank customer category and is attending the University of Colorado at Colorado Springs. We wish Makayla and Jonathan all the best in their academic endeavors.

**In Special Recognition of IBC Leadership Community Bankers**

In November 1973, the presidents of IBC’s 34 founding member banks gathered in Denver to sign a document that was called the Declaration of Independence to form the IBC. In 1993, on the IBC’s 20th birthday, **Ivan Fugate**, President of founding member North Valley Bank and IBC’s first Chairman of the Board, recalled that IBC was formed for those who believe the people of Colorado are best served by a diversified financial system of independently chartered local banks in every community. Ivan passed away in 2010. Forty five years after our founding, IBC’s purposes live on to advocate exclusively for and support the community banking industry.

During our 45th Convention, the IBC recognized the community bankers who founded IBC and who have served in leadership roles with the IBC and ICBA. Several of these community bankers joined us for our celebration. And the Spirit of Independence of those who have passed, remain in our memories with gratitude.

**Bill Mitchell**, President, Bankers Bank of the West, which was formed in 1980 and is the second independent bankers’ bank formed in the United States, is IBC’s longest serving leadership banker. Bill has been an IBC officer or director for 21 years. During this time, Bill also served as an ICBA leadership banker for 17 years as a committee member and on ICBA’s Bankers Bank Council.

**Chuck Johnston**, President, North Valley Bank, has served as an officer and director of the IBC for 17 years. Chuck was elected to the IBC Board in 2003, and served as an IBC Officer, as well as Chairman of our Education Foundation, and as a member of several IBC committees through 2008. He returned as our ICBA State Director in 2011 for six years, while also serving on ICBA’s Board and committees for 10 years. North Valley Bank, the oldest independent bank in the North Denver Metro area and chartered in 1963, is one of IBC’s Founding Member Banks.

**Dale Leighty**, Chairman, First National Bank Las Animas, which was established in 1901, is IBC’s longest serving state and federal leadership banker. Dale has a total of 32 years of service to the IBC and ICBA. Dale began his role as an IBC officer and director from 1986 through 1992, and has to this day continued his leadership involvement with ICBA with 26 years of national service. **Richard Jorgenson**, who passed away earlier this year, was a past President and Chairman of First National Bank Las Animas, and was an officer and director of the IBC in 1977 and from 1980 through 1983.

**Harry Devereaux**, former president, Home State Bank, is a third generation community banker who has served the community banking industry for over 40 years. And he has served as an Officer and Director of the IBC for 11 years. Home State Bank was also one of the Founding Member Banks of the IBC 45 years ago. Harry’s dad, Jack Devereaux, owned and served as a director of community banks for over 60 years in Montana, Wyoming and Colorado. In 1958, Jack was President of the Wyoming Bankers Association. And he served as an officer of the IBC for three years in the early 1980s. Harry’s grandfather was also a community bank director for over 30 years in South Dakota. The Devereaux family has over 100 years of combined service to the community banking industry.

Founding member, The Bank of Denver, was organized by **George F. Rock, Jr.** in 1953. After their father died, brothers **Gene and George Rock** took over operations of the bank. Gene Rock served as an IBC officer and director from 1980 through 1984. His brother George passed in 2006. The Rock family’s third generation of community bankers **Linda Rock Kreutz and Lori Radcliffe** joined us for our 45th Convention.

**Dick Ducic**, former President of then Bank of Basalt, served as an IBC officer and director from 1977 through 1981, and again as a director in 1986 when he was President of First National Bank Cedaredge. We welcomed Dick to our Convention.

Past IBC Officers and Directors also joining the IBC for our 45th celebration—**Jim Sower**, former President and Chairman, Pine River Valley Bank; **Allan Tormholen**, High Country Bank, and former Vice President, Canon National Bank; **Tom Olson**, CEO Points West Community Bank; **Brett Legg**, President, The Eastern Colorado Bank; **Tom Havens**, President, Rocky Mountain Bank & Trust; **Doug McClure**, Chairman, Rocky Mountain Bank & Trust; and **Les Mergelman**, former President, Olathe State Bank.

Continued on next page
Our Canvas and Cocktails guest/spouse program was a tremendous hit! Everyone enjoyed casual conversation while painting their masterpieces! Thanks to expert direction and tips from Lauren at Alpine Arts Center, everyone loved their finished work of art!

Thursday afternoon concluded with eight outstanding breakout sessions.

- Behind the Numbers: An In-Depth Look into Recent M&A Activity by Christian Otteson, Shapiro Bieging Barber Otteson LLP; and Adam Keefer and Caspar Bentinck, both of Sandler O’Neill + Partners;
- The Tax Cuts and Jobs Act on C Corps, S Corps, and Individuals by Joe Press and Charlie Garrison of Fortner Bayens Levkulich & Garrison, P.C.;
- The Inside Game – How Attitude, Thoughts and Beliefs Affect Staff and Bank Performance, presented by Connie West, The James Paul Group;
- Interest Rate Risk by Ricky Brillard, ICBA Securities/Vining Sparks;
- Shareholder Liquidity Options: M&A is Not the Only Way by Adam Fiedor and Michael Richter, GLC Advisors & Co.;
- Current Colorado Commercial Credit Trends presented by HD Jacobs, S&P Global;
- Cybersecurity Conversations Executives Need to be Ready For presented by Nick Podhradsky, SBS Cybersecurity; and
- Overview and Conversation with U.S. Small Business Administration presented by William Manger and Dan Nordberg U.S. Small Business Administration.

Our Thursday evening events were splendid! Attendees had a grand time visiting with vendors and bidding on silent/live auction items during our reception. A special thank you to Norm Arends, for being our auctioneer.

We couldn’t have done it without you! Because of your generosity, we were able to raise more than $4,800 for the IBC’s high school student scholarship competition. Thank you to everyone who donated and purchased items!

After a delicious dinner, Lannie Garrett and her band did not disappoint! Their Patsy DeCline Show brought down the house! Laughter could be heard throughout the resort.

Continued on next page
A cybersecurity panel comprised of: Chad Pfeif, Legacy Bank; Tony Perry, Park State Bank & Trust; Cole Hewitt, Yampa Valley Bank; and Chris Hill, Bankers’ Bank of the West began Friday morning. Anne Benigsen, Bankers’ Bank of the West, served as the panel moderator. The panel shared insights from and challenges faced by those in the IT/IS position at the bank, tackled tough questions from the audience, and provided thoughts on how to manage your next IT/IS regulatory exam.

Eric Cook, WSI, had the honor of concluding our convention. Eric’s high-energy Community Banking and the Amazon Effect presentation provided information about how community banks need to promote their products and services, how to make the account opening experience easier, and how to have a social media presence.

Thanks to Our Exhibitors!

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We’ve begun planning our 46th Annual Convention celebration!
Mark your calendars now!

We look forward to seeing you at the
Vail Marriott Mountain Resort!
MACHATTON AWARDED IBC DARRYL BIGGERSTAFF SCHOLARSHIP

CONGRATULATIONS AND CONTINUED SUCCESS!

By Maelynn Lewis, IBC Administration Director

Based on first and second year projects and exam grades at the Graduate School of Banking at Colorado, Megan MacHatton, Vice President, FirstBank, was the top performing Colorado community banker. She will receive a $1,000 scholarship towards her third year at the Graduate School of Banking at Colorado.

Megan MacHatton is a Vice President with FirstBank where she has been since 2011. Megan’s primarily responsible for consumer and commercial lending, business development, and personnel management at two branches in the West Metro region of Denver. From 2014-2016, Megan managed the Learning and Development for FirstBank which included enterprise-wide projects such as the implementation of a Learning Management system and a new Management Training Program. Prior to joining FirstBank, Megan was a high school math teacher in Denver Public Schools and Philadelphia Public Schools for five years. Megan has served on the board of the Center for Financial Training Western States, as well as the Development Committee of the Ralston House in Arvada. She has two children and lives with her husband in Lakewood. Megan graduated from University of Georgia in 2006 where she earned a Bachelor of Science in Finance and a Bachelor of Arts in Speech Communication. She graduated in 2008 from the University of Pennsylvania with a Master of Education degree. FirstBank is a founding member of the IBC.

Fremont National Bank was one of the 34 founding IBC member banks. Darryl Biggerstaff served on the IBC board from 1974 through 1976 and served as an elected officer from 1976 through 1979. Darryl co-founded Empire National Bank in Canon City in 1974, which changed its name in 1985 to Canon National Bank. Community banker and civic leader, Darryl Biggerstaff passed away in 2005. The Biggerstaff family remained an integral part of Canon National Bank. In 2015, the IBC received word that the Biggerstaff family generously donated $50,000 to the IBC to establish the Darryl W. Biggerstaff Community Banker Scholarship Fund for IBC member banker continuing education.

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September 7, 2008 is the mortgage finance industry’s date of infamy. It’s now been a full decade since the secondary market siblings, Fannie Mae and Freddie Mac, have been in legal custody of the Federal Government. For many community banks, that date was the tipping point of a tortuous era of poor loan demand, sketchy credit quality, weak yields and paltry margins. Not to mention Dodd-Frank.

Now, however, things look much better for the economy in general, and community banking in particular. There are many indicators that demonstrate how the industry’s fortunes have turned, perhaps the most visible of which is, wait for it, earnings. For all of 2017, FDIC-insured institutions reported net income of $163 billion, which was a near record. In just the first six months in 2018, these same institutions have reported $116 billion in net income.

**Not been made whole, yet**

Several other macro-indicators of banking industry health have ebbed and flowed over the last 10 years. One of these popularity with portfolio managers is understandable, since these securities are highly liquid, easily pledged, carry a low 20 percent risk weighting, and their credit quality is considered to be one small rung below that of the U. S. Government’s.

And, their supplies are dwindling. Both of these GSEs have been told by congress to decrease their debt loads, and at this point have only about 40 percent of the outstanding borrowings compared to 2013. In aggregate, the investment sector known as “agency securities” has shrunk by about 40 percent in the last decade, as FHLB borrowings also remain well below their 2008 peak. Add to this the finite quantities of mortgage securities and municipal bonds, and we have a fixed-income market that is very stable from the standpoints of liquidity and incremental yield spreads.

**Trending up**

About the only negative for community banks in the current zeitgeist is that their investment portfolios have declined in value. What I hasten to remind investors is this represents a would be housing prices. Nationally, single-family residential costs peaked in mid-2006, and much of the Great Recession can be traced to the collapse of the housing market several years later. Prices fell, on average, over 27 percent and bottomed out in 2012. Since then, housing values have recovered, and are now at all-time highs, but are still only about 11 percent ahead of where they were 12 full years ago.

As housing prices have improved, so have Fannie Mae’s and Freddie Mac’s fortunes. The two government sponsored enterprises (GSEs) both continued to post losses through 2011, and taxpayers provided capital draws to keep them solvent. Both have been profitable for the last seven years, and have more than paid back the draws, but as of yet, they are still operating with next to no capital, since the Treasury continues to sweep their earnings into its own coffers.

**Go-to for investors**

Still, they remain vital to both the housing industry (over 80 percent of mortgage loans are owned or guaranteed by Fannie or Freddie), and to community bank investors (around 40 percent of their bond portfolios are issued by them). Their myriad of opportunities. First and foremost is that the bond portfolio’s yield is about to go up. Getting there may take some time, as many banks’ liquidity stockpiles are low, but remember that’s a reason that bank earnings are at record levels.

More immediately, bond swaps that remove some below-market yields and replace them with higher yielding investments can speed up that process. Your tax accountant would be pleased, as you’d effectively be deferring the payment of income taxes into future periods. Periods during which, hopefully, industry profitability will remain strong.

So, in summary, community bankers are enjoying the fruits of their efforts. These efforts include sound business practices, wise investing and steadfast advocacy. Here’s hoping for another decade of success for community banking.

Jim Reber is president and CEO of ICBA Securities and can be reached at (800) 422-6442 or jreber@icbasecurities.com.
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MANAGING MULTI-COMMUNITY MARKETING

By: Andrew Trainor, Regional President, Legacy Bank, IBC Director for District C

It’s no surprise that the five diverse Southern Colorado communities Legacy Bank serves provide an almost endless flow of community service opportunities. At the same time, our branches in those markets are responsible for adding more customers and expanding the use of our growing menu of commercial and consumer products and services. I’m certain that there are other IBC members who face similar multi-market situations and all of us realize that our success dictates that we must be good corporate citizens and respected businesses while being judicious in how we invest our resources.

Our belief is that all of our community service activities must meet certain standards and should extend well beyond just writing checks to organizations for dinner tables, though at times that may be appropriate. Our strategy has been to identify strong needs within a community that may or may not be the focus of existing groups. Because our branch managers know their communities better than anyone, the service projects implemented in each one are largely under their direction.

Across all branches, our day-to-day and long term operations are guided by the principles described in two phrases liberally included in our communications ... My Home, My Business, My Bank and Strength, Trust and Service. By applying these principles when evaluating community service and business opportunities we can achieve relevancy and consistency in how we support each market. Our belief in education, health care and economic strengths is a key factor in evaluating these opportunities.

To appreciate the breadth and scope of our situation consider the fact that we have branches in Wiley (pop 400) Lamar (pop 7,000) Canon City (pop 16,000) Pueblo/Pueblo West (pop 130,000) and Colorado Springs (pop 465,000) The community needs and business potential in each of these markets are clearly different. Here are some examples of how we have approached the needs of each market.

Wiley and Lamar

Wiley and Lamar are two small, agriculture-based communities 10 miles apart but approximately 100 miles from Pueblo, the nearest city of any size. We believe that many of the farms that surround these communities and utilize our banks reflect the national averages when it comes to succession. Agrelacy, an organization formed to bring awareness to farm families and agribusiness owners about the importance of preparing for the future of the farm, notes that 80 percent of farm owners plan to transfer control to the next generation but only 20 percent have a plan to do so. To help address this situation locally we worked with the Colorado State University extension office to develop and host a free seminar on the topic.

Some issues like farm succession are long term but other community needs can be life or death. Wiley residents can now be air transported, if necessary, to the nearest hospital or medical facility by the AirMedCare Network alliance without incurring any out of pocket expense. This is because Legacy provided the funds for the community to contract for this service with this alliance of affiliated air ambulance providers.

Canon City

Canon City, with 16,000 residents, is located 30 miles to the west of Pueblo. Much of the community’s economy is drawn from several Department of Corrections facilities as well as a variety of tourism options related to the Royal Gorge, which is the path of the Arkansas River. This includes the Royal Gorge Bridge and Park featuring the highest suspension bridge in North America, The Royal Gorge Route Railroad, near by white water rafting on the Arkansas and the Winery at Holy Cross Abbey.

One of the area’s fall highlights each year is the annual Rim-to-Rim 5K, 10K and half marathon races. Legacy is one of the community businesses that sponsors this event which generates funds support Starpoint services which serves children with cognitive and physical challenges and their families.

Canon City is located in Fremont County and we also sponsor the Fremont Hall of Fame induction ceremony which the local campus of Pueblo Community College hosts each year to honor individuals who have been named to the Hall of Fame. The induction raises funds for the Pueblo Community College Foundation which provides scholarships for Fremont and Custer County students who are attending the Fremont campus.

Local high school sports fans are following the progress of the 2018 Canon City High School Tigers football games on local radio thanks to the Legacy sponsorship of the team’s game broadcasts.

Pueblo / Pueblo West

With a population of 130,000, Pueblo and Pueblo West have all of the social service needs of a medium sized metropolitan area.

Pueblo Community College (PCC) offers area residents a wide range of academic degree and certificate programs. However, personal or financial obligations sometimes require students to withdraw from the school. To encourage them to return and pursue their education, the PCC Foundation created the Return to Earn program to provide scholarships to students who had to leave PCC before graduating but want to re-enroll and complete their studies. Legacy is among the area businesses that provide grants to this program through the Colorado Opportunity Scholarship Initiative which matches those grants.

Our customers and others are welcome at the monthly “Lunch and Learn” health care seminars conducted at our branches by nurses from Pueblo’s Parkview Hospital who also provides free blood pressure screening. Across town, Legacy funds helped provide a new garage for Corwin Hospital’s Flight For Life helicopter and crew.
We are also a sponsor of Pueblo’s nationally recognized Center For American Values which honors America’s Congressional Medal of Honor recipients and hosts educational programs for community organizations and schools focused on those same values. The Center and Legacy also co-sponsor the local Boys and Girls Club Student of The Month award and invite those young people to receive their honor at one of the Center’s events.

Recognizing that the pride of a community is based on a collection of many relatively unknown factors, we helped launch Pueblo Proud a FaceBook Group Page to which members are invited to post about a wide range of events, achievements and individuals about which the community can be proud. Posts to the page have highlighted a local woman who is a producer for an Emmy nominated web series, another who is an NFL strength coach, the Pueblo Library District’s selection as the best in Colorado and the fact that the Pueblo Economic Development Corporation has attracted more than 9,000 jobs to the community since its creation.

Each year, the two-day Global Leadership Summit, held in the Chicago area features nationally recognized speakers on a variety of leadership topics. It is also broadcast live to 450,000 people in 135 countries in 60 languages through hundreds of locations. Believing that the leadership community in Southern Colorado will benefit from attending, we have elected to fund a local broadcast site for the Summit in Pueblo.

**Colorado Springs**

Our newest market is a city of 465,000 with a diverse economic base. In 2004 the Colorado Springs Business Journal hosted its first Women of Influence award program honoring women leaders in the area. In appreciation of this effort to recognize successful women, Legacy Bank became the presenting sponsor of this event in 2017. Thirteen women are recognized through this program each year and one receives the Legacy Award. In an effort to further leverage the program and preserve the thoughts and accomplishments of these women, the bank conducts podcast and video-taped interviews with them.

Every year, Colorado Springs Rotary Clubs through a partnership with Legacy recognize approximately 400 outstanding scholar-athletes from high schools throughout the Pikes Peak Region. Twenty-five medallion winners are selected, one for each of the recognized sports and the top male and female athletes are named Rotary Champion Scholar-Athlete of the Year and receive a $5,000 college scholarship.

The above examples are by no means all of the community service projects we support. At last count we were pleased to have participated in more than 300 programs throughout our markets. As we grow within our current markets and add new markets we fully intend to expand our role in these communities to live up to our credos, My Home, My Business, My Bank and Strength, Trust and Service.

Andrew Trainor can be reached at atrainor@elegacybank.com for further information.
ARE EMPLOYEES YOUR GREATEST CYBERSECURITY RISK OR ASSET?

HOW ADEQUATE EMPLOYEE TRAINING SAVES BANKS AND CREDIT UNIONS TIME AND MONEY

By Jeff Kelly, Vice President of Governance, Risk & Compliance, OnCourse Learning, IBC Associate Member

Leaders of financial institutions of all sizes realize the need to protect hardware and software. They often forget they can turn a company’s greatest asset — its employees — into its greatest risk without adequate, and ongoing, training.

Weakest cybersecurity link

Many cyberrisk experts say the weakest link in the management of cyberthreats is employees who have not been trained to identify and respond to potential or successful attacks. All it takes is one weak link or one ill-advised click to expose a business to cybercriminals. This could expose customers’ personal identifying information and the company’s proprietary secrets to attacks by criminals. In addition, ransomware attacks or denial of service attacks have the potential to paralyze a small business’s operations and cost more than just remediation expenses.

Waiting until something happens to address cybersecurity is too late.

This means effectively training your employees to recognize and appropriately respond to a cyberthreat or intrusion is critical.

On average, it takes U.S. companies 206 days to detect a breach, according to the February 2018 IT Governance USA Blog article, “How long does it take to detect a cyberattack?” The longer it takes to detect, the more expensive the cost is to remediate, according to the same article. Once an attack has penetrated an organization’s frontline defenses, it is critical to identify it quickly to limit the damage and associated costs. The best way to do this is with well-educated employees who know the signs and how to report the suspected breach.

Cybersecurity training best practices

Implementing an effective cybersecurity training program does three things for employees:

- Teaches the importance of learning about cyber threats (personally and professionally)
- Teaches how to identify attempted and successful attacks
- Teaches how to respond to a potential threat or attack

A successful cybersecurity training program combines foundational education with regular reinforcement and remediation, as follows:

- Foundational training sets a base of knowledge around the big-picture threats, associated risks and establishes the importance and buy-in from the learner
- Reinforcement training focuses on key objectives to reinforce the importance of vigilance as well as keep the risks and red flags fresh in employees’ minds.
- Remediation training should follow an employee’s failure to effectively identify and report or prevent an attack. This training should address the specific aspects of cybersecurity overlooked by the employee to help them better understand those issues.

While the marketplace is flooded with cybersecurity content, it can be difficult to weed through and determine which providers offer the most up-to-date, accurate and effective training. With the pace at which these threats evolve, training content must remain fresh. A cybersecurity-targeted course provides detail on red flags in the threat environment, which evolves quickly and requires frequent updates to keep a staff alert to the latest cybercriminal tactics.

Most professionals are aware of the rapidly evolving tactics cybercriminals employ to infiltrate organizations and accomplish their ill-intended acts. This rapidly changing risk ensures challenges for businesses attempting to mitigate against these criminals. However, simple cyberattack tactics remain successful against many organizations who still lack adequate defenses, according to the Aug. 2, 2018 ComputerWeekly.com article: “Gorgon Group shows simple cyberattacks remain effective.”

To protect operations, employee productivity and customer information, an investment in effective training by financial institutions ensures team members understand the importance of their role in cybersecurity and how to properly identify, respond to and report red flags.

Author bio: Jeff Kelly is vice president of governance, risk and compliance for OnCourse Learning Financial Services, a leading provider of governance, risk and compliance training for the bank, mortgage, credit union, gaming and nonbank financial services industries. Kelly has more than 10 years of experience in the banking sector.

OnCourse Learning Financial Services is a full-service education and regulatory compliance provider in the banking, credit union, MSB, mortgage, insurance and gaming industries. To learn more about how OnCourse Learning can help your organization remain compliant, please email Craig Johnson at cjohnson@oncourselearning.com or by calling him at 803-238-1010.
GOT GOALS?

ACHIEVE THEM FOR YOUR BEST 2019

By Connie West, Regional Vice President, The James Paul Group, an IBC Associate Member

Goals, Plans, Massive Action! The route to success.
So, you’ve had your strategic planning session and you’ve set your goals.
Now it’s time to figure out how to reach them with a solid plan and then put the plan into action.

As you’re developing that plan, the first step is to break the goal down into monthly and then daily goals. Small, easy to chew bites. Depending on the goal, that might be as simple as a math problem, for example, dividing up the number of total accounts to be gained in the year among the branches and then by the number of people contributing. Or it might be as complicated as a full analysis of the prerequisite pieces that must be put into place first, like developing a new product, which would require competitive analysis, product pricing, systems confirmation and development, a marketing campaign, and staff training. Each of these is a sub goal in your plan.

No matter what the goal, once the plan is developed, tasks must be assigned for each step in the plan. Who’s going to take the action? Is it an individual or team? When will the task begin / end? Do they have the needed skills to be successful? Or is an upgrade in skills needed? People achieve goals, “the bank” does not. Each person is an important piece of the puzzle.

Do you feel each member of your staff, no matter what their roll, understands how they can affect the goals of the bank? If not, why not? In order to contribute, everyone must know what their role is in the bank’s success. They need to understand their importance and they need to feel important. They need clear expectations of their results. It’s not about just going through the motions to check it off the list, it’s about the result of the action. Taking action is very important of course, because thinking about it doesn’t make it happen, action does; but when it comes to reaching goals, the action must be the right one, done the right way, at the right time, leading to results. Each individual must contribute.

THAT is what gets “the bank” to the strategically planned goals.

Contact Connie West at The James Paul Group, cwest@jamespaulgroup.com, or toll free at 877-584-6468 to explore how empowering your people with the right skills, attitude and level of engagement can help your bank have the best 2019 possible!

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CONGRATULATIONS BRETT WYSS

GRADUATES FROM THE GRADUATE SCHOOL OF BANKING AT COLORADO’S EXECUTIVE DEVELOPMENT INSTITUTE OF COMMUNITY BANKERS

Brett Wyss, President and CEO, Integrity Bank & Trust, recently graduated from The Graduate School of Banking at Colorado Executive Development Institute for Community Bankers® (EDI). EDI is a rigorous 19-month leadership development program for up-and-coming executive officers of community banks.

EDI combines hands-on leadership development training with sophisticated bank management strategies to position community bank executives for long-term success.

Brett Wyss, Integrity Bank & Trust, fourth from the left.
The most effective way to attract and retain customers is to understand them. But what are banking customers’ expectations, and how can financial institutions utilize their input to form relevant banking strategies?

To find out, CSI commissioned an online survey, conducted by global market research firm The Harris Poll, of more than 2,000 U.S. adults age 18 and above. Through the survey, consumers gave us valuable feedback on their digital and in-branch banking experiences.

Here’s what they had to say.

I Am Satisfied with My Bank’s Digital Offerings … for Now

According to the survey, 86% of all Americans say they are happy with the current digital banking offerings available through their bank. This number varied only slightly when broken down into age and socio-economic groups, with respondents ages 65+ at the highest satisfaction rate of 89%.

“To see such widespread similarity is noteworthy here,” says Bob Meara, senior analyst with Celent’s banking practice. “It’s not just the millennial who has expectations of a really whizz-bang digital experience.”

True, the younger crowd—their ages 18-34—came in slightly lower, at 82%. For millennials, digital access to banking services has resulted in their constant use, and digital interactions are where these potentially lifelong customers are won or lost.

And, there remains that 10% of Americans who say they’re not satisfied with their digital banking experiences. A small number, to be sure, but it is pause for reflection.

Eric Cook, digital strategist with WSI, agrees: “Those who were not satisfied with their financial institution’s digital capabilities already left for another (likely larger) bank that could support them.”

If that’s the case, banks shouldn’t rest on their laurels, but continue to ensure that their digital banking solutions rise above the rest, allowing flawless connectivity no matter the channel or device.

When I Visit a Branch, A Single Employee Should Have All the Answers

According to CSI’s consumer survey, 85% of Americans want all their branch needs met by a single banker, at the initial point of contact. This number jumped still higher for certain demographics, with 92% of women age 65+ expecting this to be a reality.

“This experience needs to be delivered via educated banking professionals—enter the ‘universal banker’—who have been crossed-trained in all areas of the bank to provide a seamless, holistic experience for the customer,” says Cook. “This banker needs to be empowered by the right tools on the back end, such as AI and predictive technologies, to help prepare them for the right conversations with the right customers at the right time.”

We’re talking far beyond the routine here—toward a key factor in branch optimization—the staff.

“It’s not a new idea, but there’s still debate around how do we really do it well,” says Meara. “Universal bankers cost more to acquire, train and compensate, so if we staff branches that way and they’re still processing lots of teller transactions, then that’s a waste of money. The human capital considerations are where banks wrestle with implementing universal bankers.”

Clearly, based on the survey results, banks should be heading toward branch optimization with staff and technology.

Anticipate My Needs, and Offer Me a Solution

CSI’s consumer poll found that 83% of Americans want advice from their institution toward reaching their financial goals. This proportion reached slightly higher, at 87%, for those whose household income is $100K or higher.

This should come as welcome news to financial institutions, and serve as a call to arms in the race for profitability.

“The one area where I see the biggest opportunity from a service and differentiator perspective is the expectations of the customer that the bank proactively offers the right mix of financial products and services,” says Cook. “So many consumers don’t know what they don’t know, so they won’t be coming into branches and asking for some of the services that will help them, not because they are not interested, but because even the customer likely does not know what’s best for them.”

Using solutions like business intelligence and CRM software, banking employees can provide proactive recommendations through a real-time view of the customer’s footprint, including relevant transactions and appointments (e.g., mortgage inquiries).

Further, personal financial management (PFM) tools help customers track their expenses and progress toward goals, empowering them to manage their budgets and plan long-term

Continued on next page
objectives. And for younger customers, offering financial tips or classes taught by a staff member or other knowledgeable professional is an opportunity to deeply engage them in a way they prefer.

**The Tip of the Iceberg**

Understanding your banking customers is the key to fulfilling their wants and needs. So, when consumers voice their opinions, bankers should listen intently.

But, we’ve hardly scratched the surface here; to get the full results of our survey, including insight on security, social media and digital payments, download the entire Executive Report: CSI Consumer Poll 2018.

Steve DuPerrieu is vice president of channels and analytics for CSI. In his role, he provides leadership for CSI’s delivery channel strategy, which includes digital banking, payment services, business and analytics software, and branch/retail delivery solutions. Steve is also a board member for the Association for Financial Technology (AFT).
ICBA Bancard

Your solution for faster payments

ICBA Bancard leverages the buying power of more than $23 billion in annual sales volume to help community banks effectively deliver the payment products and services their customers demand.
REAL ESTATE DEVELOPMENT LENDING IN COLORADO: THE USE OF SPECIAL DISTRICTS FOR REAL ESTATE DEVELOPMENT IN COLORADO AND LENDER RISKS AND CONSIDERATIONS (PART 1 OF 2)
By Jeffrey E. Erb, Esq. – Seter & Vander Wall, P.C., IBC Associate Member

Introduction

Real estate development in Colorado is an expensive business. Developers need to secure the land, subdivide, and obtain entitlements for development, and they must also pay for the infrastructure needed to serve new homes or commercial buildings. These expenses are incurred before the developer realizes any return on investment through the sale of the property.

Many real estate developers borrow money for some of the initial stages of development and create special districts to finance public infrastructure improvements needed for the development.

The use of special district financing for real estate development is commonplace in Colorado. As of August 2018, the Colorado Department of Local Affairs listed 2,269 active special districts in the state. Of these, 1,640 are metropolitan districts providing a variety of debt financing and governmental services.

This article will address the following topics: (1) what is a special district and how is it used; (2) what are lender considerations when considering a development loan on a project with a special district; and (3) what issues may arise for bank-owned real estate that is located in a special district?

What is a Special District and How is it Used?

A special district is a local government primarily governed by Title 32 of the Colorado Revised Statutes. A special district is not like a homeowner’s association, which is typically organized as a private, not-for-profit entity.

The most common special district used and formed by real estate developers is a metropolitan district, which is a type of special district that is authorized to finance and provide governmental services. Special districts provide a variety of governmental services on a local level, ranging from the construction, operation and maintenance of basic improvements such as streets, water and wastewater systems, to public amenities for the community such as parks, recreation centers, and trail systems. Special districts may also provide more narrowly focused services, organized as water districts, sanitation districts, and park and recreation districts.

Similar to other governments, special districts exist to promote the health, safety and welfare of the public. Special districts have the power to tax and impose fees, are subject to Colorado sunshine and open records laws, and must follow Colorado election laws and rules for electing its governing board of directors.

A special district’s ability to provide federal and state tax-exempt funding for the construction and operation of public improvements is a substantial benefit to a real estate developer. To qualify for tax-exempt treatment, the financed improvements must be public in nature and may include water, sewer, storm water detention and retention ponds, streets, curbs and gutters, and park and recreation improvements. Special districts cannot be used to fund privately owned improvements.

There are two primary ways a special district provides funding for public improvements. First, the real estate developer privately engages contractors to design and construct the public improvements, paid for directly by the developer. As development progresses and the taxable value of the property increases, the special district may purchase the public improvements from the developer, financed with a bank loan or tax-exempt bonds, which are secured by the “full faith and credit” of the special district (i.e. the district’s taxing power). The special district repays the notes or bonds with revenues collected from the imposition of taxes and fees on the property in the district. Through this process, the real estate developer is “reimbursed” for the costs of the public improvements by the special district.

Second, a special district may hire its own contractors to design and build the improvements, paying for the costs with existing tax and fee revenue or with borrowed funds from the issuance of tax-exempt notes or bonds. The ability of the special district to directly contract for the construction of the improvements is dependent on its financial ability to pay for construction or pay debt service. As a result, this method is usually restricted to a special district where at least some development has already occurred, causing an increase in taxable property values.

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1 This number is for active Title 32, Article 1 special districts, which includes metropolitan, water, sanitation, and park and recreation districts.
2 There are other types of districts used for purposes similar to special districts, including general improvement districts, which are governed by Title 31 of the Colorado Revised Statutes.
3 These types of special districts are organized under Article 1 of Title 32, Colorado Revised Statutes.
**Lender Considerations**

When a real estate developer creates a special district to finance the costs of the public improvements for a development project, the special district and the real estate developer often enter into an agreement detailing the requirements for the district’s eventual acquisition of the completed public improvements. The basic premise of these agreements is a commitment by the special district to acquire and pay for public improvements from the developer, subject to satisfaction of certain criteria applicable to public improvements.

Since the public improvements are often funded by a construction loan to the developer, there may be an opportunity for the lender to collateralize the right of the developer/borrower to receive payment for the public improvements from the special district. This can be an important piece of collateral in the event the developer defaults on the construction loan because the special district may be able to purchase some or all of the public improvements, thus returning some of the loan amount to the lender.

Securing the developer-district purchase agreement as collateral for the loan is especially important if the developing real property is collateral for the lender’s development loan. One development project in Larimer County, Colorado created problems for the lender when the original real estate developer, after defaulting on its construction loan and losing ownership of the property to its lender, later sought payment from the special district for the costs of public improvements, with no intention to use these funds to repay its lender for the deficiency. Ironically, the lender that held the property was paying the property taxes that would fund the payment to the developer for the infrastructure that was constructed with the lender’s loan funds. Fortunately for the lender, it was able to recover some of these funds, but only after lengthy and expensive litigation.

In addition to agreements to purchase infrastructure, fees for water taps, sewer taps, and other services are often required to be paid prior to development. In some cases, real estate developers choose to pre pay these fees to preserve their ability to develop the property in the future, or to protect against paying higher fees in the future. Pre-paid fees represent a valuable asset that may serve as additional collateral for a development loan.

The potential for additional financial security represented by a special district should not be ignored.

For more information, contact Jeffrey E. Erb, Esq.
CREATE AN INTERNAL AUDIT WITH MORE VALUE

In this time of constant change and organizational disruptions, the cost of a breakdown of even one internal control in a high-risk area has the potential to be quite significant. Think about the potential impact of a control not functioning as intended within your revenue collection function, treasury or controller departments. But how do you monitor your internal controls in both an effective and efficient manner? Your internal audit function is likely the best tool you have for monitoring whether your controls are in place and functioning as intended.

Benefits of Internal Audit

The benefits of a strong internal audit function go well beyond mitigating breakdowns in controls that may have significant financial and operational impacts on your organization:

- Regardless of an organization’s size, regulatory or oversight entities expect those charged with governance (such as a City Council) and management to be responsible for ensuring an effective internal control system, including an internal audit function.1 Ideally, an internal audit function should report directly to those charged with governance and not an executive function.
- The preparation and use of a documented risk assessment that is updated with each change in internal controls and linked directly with your annual internal audit plan ensures your internal audit time and resources are spent in the most economical and efficient manner, and that you are getting the most value.
- As introduced, an independent internal audit function, reporting directly to governance, gives you greater (but not foolproof) confidence in your controls. Internal audit personnel provide a level of objective evaluation that other management functions may not.
- Internal audit testing and observations can help to identify inefficiencies and duplication in processes.

Options to Fit Your Organization

A strong internal audit department can take one of many forms, depending on your size, shape, and available resources:

- Outsourced – The entire internal audit cycle is outsourced to a third party. You’ll have access to industry expertise and best practices, variable costs replace fixed staffing costs, and independence is ensured. Current personnel’s time can then be allocated to core functions where they can provide more value.
- Co-sourced – A third party works with your internal audit personnel to provide additional hours or special expertise, as needed. Your organization will still have access to best practices.
- Internal – Your internal audit personnel complete all internal audit functions. The benefit of utilizing internal personnel includes familiarity with the organization and its policies and procedures, no engagement letters/contracts, and ongoing communication with management. A third party may still advise your internal personnel or review its plan on a regular basis providing a report on effectiveness to those charged with governance.

The costs resulting from a breakdown in controls have the potential to be higher than the costs of maintaining a strong internal audit department. Developing a strong, risk-based internal audit function will help you to monitor your internal controls and resolve the fear of the unknown. ■

1Interagency Policy Statement on the Internal Audit Function and Its Outsourcing

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Purpose:
We recognize our military veterans have the skills and discipline to be small business owners and can serve their customers, employees and community as well as they served our country. Our VALOR Loan program was created for them—to support military veterans and Gold Star Families with access to affordable capital to start and grow small businesses in Colorado.

Who can apply:
Any honorably discharged US military veteran or Gold Star Family member (surviving spouse or child) who is a Colorado resident, plans to start or grow a business in Colorado, and is unable to obtain bank financing.

Loan Amount: Up to $500,000

Loan Rate: 8.49% max (2% discount from standard CEF rates)

Origination Fee: 1.5%

Loan Term: Up to 10 years with interest-only period of up to 6 months

Loan Uses:
Working capital, equipment, inventory, property improvements, business purchase, commercial real estate

Loan Process:
Online application on CEF website with underwriting and approval following standard CEF guidelines.

How to apply:
Referral by military branch, banks, SBDC or apply directly at: coloradoenterprisefund.org/apply-for-a-loan-now/

For more information, please contact:
Mike Jensen | Senior Loan Officer | Army Veteran—Iraq
720.473.4068 | mike@coloradoenterprisefund.org
coloradoenterprisefund.org
A LENDER’S GUIDE TO EFFECTIVELY MANAGING OUTSIDE COUNSEL

By David A. Laird, Partner, Moye White LLP, IBC Associate Member

While hopefully not common, it happens: A lender engages outside counsel and the results are not as expected. The fees racked up were more than anticipated, the results were unforeseen, or the lender and its counsel just were not able to get on the same page. Sometimes, the problems are much bigger. The result may leave the client worse off than it was before the engagement.

This article is designed to help lenders manage their outside counsel in order to achieve a more effective relationship and predictable results. There is also a bit of self-interest in this article as well. I am a lawyer and I want my clients to be happy. Ultimately, the goal is to promote effective relationships between lenders and their counsel for the benefit of all. Below is a list of “do’s” and “don’ts” for managing your outside counsel:

- **Do Set Expectations.** We work for you, not the other way around. However, sometimes what the client wants, and what the attorney believes the client wants, are two different things. Work with your attorney to make sure she understands the assignment, the result you seek, and the timeline.

- **Do be open to alternatives.** While it is certainly important that the lender be clear in its instructions, sometimes the attorney has alternative ideas (based on past experience) that may be more efficient or yield better results. Keep an open mind. However, at the end of the day, most final decisions are yours.

- **Don’t hesitate to ask for alternative fee arrangements.** Lawyers understand that their clients want predictability. To that end, many tasks can be performed for a flat fee or on an unbundled basis. Most lawyers are generally open to alternative fee arrangements where possible.

- **Do appoint a point person.** If there are multiple people involved in the engagement (such as multiple lenders or underwriters), appoint one to speak on behalf of the group. This will result in a smoother and less expensive engagement.

- **Do tell your attorney how you want them to communicate with you.** Do you prefer emails or calls? Do you want regular status reports? Do you want every last communication forwarded to you or do you just want the big picture on a periodic basis? Also, let us know your “office hours,” so we know when and how best to communicate with you.

- **Do tell us your game plan.** If your goal is to settle your lawsuit, let us know. If your goal is to “take ‘em to court,” let us know. If your goal is to not upset a longstanding relationship despite an underlying dispute, let us know.

- **Don’t forward communications from your attorney to others.** The attorney-client privilege is a fundamental aspect of the attorney-client relationship. It allows the attorney to have free and open communication with his client without the worry that those communications will be used against the client in the future. However, if you reveal those communications to others, the privilege is waived. This most often takes the form of a client forwarding an email from counsel to an outside party or including outside parties on emails with counsel. Don’t do it. Often, the best bet is to communicate with counsel in person or on the phone. Likewise, don’t reveal your attorney’s strategy to others, as it is likewise protected.

- **Don’t expect your attorney to know what you haven’t told her.** Sometimes, attorneys get part of the story, formulate a plan, and then as the deal approaches the finish line, new information is revealed which alters the landscape. Withholding information usually is not intentional. Instead, the client may believe certain information is not relevant to the assignment or it just may be forgotten. It is best to have a sit-down conversation with your attorney at the outset to get all of the “cards on the table.” This will result in a smoother and more efficient project. What we don’t know may very well hurt you.

- **Do, trust your lawyer to get you prepared.** This is particularly important if you are getting ready for a hearing or a deposition. It is not wise to “wing-it” to save on attorney fees. There can be dire consequences if you are not prepared. If your lawyer doesn’t take the time to prepare you, get a new one.

- **Do educate us.** Lawyers love to learn. We want to understand your language and your business. It will also make our advice more on-point and economical.

- **Don’t tolerate absence of communication from your attorney.** Attorneys must regularly communicate with their clients. All too often, we hear of clients not knowing the status of their matter. That should not be acceptable to you.

In summary, the key to an effective attorney-client relationship is clear and open communication. Attorneys are helpful tools in the operation of your business, and when used appropriately, can help navigate challenging projects and manage risk.

David A. Laird can be reached at (303) 292-2900; david.laird@moyewhite.com for further information.
Have you recently been through an audit or exam and received a recommendation to develop Data Flow Diagrams? Have you recently completed a Cybersecurity Assessment using the FFIEC’s Cybersecurity Assessment Tool (CAT) and noticed that the creation of Data Flow Diagrams is a CAT Domain 4: External Dependency Management requirement under the Assessment Factor of “Connections”? Creating Data Flow Diagrams is a Baseline Cybersecurity Maturity control, meaning that all financial institutions are expected to have them.

If either of these exercises left you confused and wondering what you’re supposed to do next you’re not alone. Financial institutions are struggling to develop and even determine the importance of developing a Data Flow Diagram (DFD).

What is a DFD?
Quoting directly from the “Network Components and Topology” section of the FFIEC Operations Handbook (2004): “Management should also develop data flow diagrams to supplement its understanding of information flow within and between network segments as well as across the institution’s perimeter to external parties. Data flow diagrams should identify:

- Data sets and subsets shared between systems;
- Applications sharing data; and
- Classification of data (public, private, confidential, or other) being transmitted.”

The “Network Components and Topology” section of the FFIEC Operations Handbook also discusses Network Diagrams, so no one should be faulted for incorrectly assuming their Network Diagram counted as a Data Flow Diagram. However, a DFD is a completely different requirement than a Network Diagram and serves a different, but very useful, purpose. Let’s break DFDs down a little bit.

A Data Flow Diagram should:
- Supplement an institution’s understanding of information flow within and between network segments as well as across the institution’s perimeter to external parties.
- Identify data sets and subsets shared between systems
- Identify applications sharing data
- Highlight the classification of data being transmitted

Why Data Flow Diagrams are Important
Keep in mind that the FFIEC CAT requirement for DFDs falls into Domain 4, which covers Vendor Management. Why would the requirement for a DFD fall into the Vendor Management category? The answer is pretty simple: financial institutions are now more reliant than ever on vendors to perform day-to-day operations. More information is being stored, transmitted, and processed outside of your network than inside. And the big question here is this: do you know where your data is going once it leaves your network?

How to Start Creating Your Data Flow Diagrams
The crux of the DFD problem is most institutions don’t know where to start. Having already defined what a DFD entails, the next step is to identify which vendors are storing, transmitting, and processing your data outside your network. One of the most effective ways to begin creating a DFD is to look at your critical business processes, which you should (hopefully) have identified as a part of your Business Impact Analysis.

Let’s take wire transfers as an example. It’s important to step-through the flow of each process and identify where your customer information is being sent. There are typically numerous ways to initiate a wire transfer, whether it be in-person, over the phone, via email, or through a business online banking platform. Where does your customer information go after the request is initiated? Which entities or vendor does it pass? Where does it end up? This line of questioning will lead you to the DFD answers you seek.

Start by creating Data Flow Diagram(s) that depict:
- The actors involved at different steps in a critical business process, as identified in your Business Impact Analysis (including people, technology, third parties)
- Whether or not that actor stores, transmits, or processes customer information
- The points at which customer information enters or exits the institution’s network perimeter
- How the information flows between each actor through the course of the business process

Following this model your Data Flow Diagram(s) will:
- Help you understand where your customer information is flowing across the institution’s perimeter to external parties (notably absent here are network segment flows; feel free to add those if you’d like, but one could argue they are covered in Network Diagrams)
- Identify to which external parties customer information (the data set discussed above) is being transmitted
- Identify applications, systems, and vendors sharing your customer information

Data Flow Diagrams need not be difficult. In fact, a good DFD should help your institution have a much better understanding of where your data is actually going once it leaves your network and who is touching it along the way. Simply ensure you’re consistent in your approach and ensure it’s well grounded in solid risk assessment data (Business Impact Analysis / IT Risk Assessment).

For additional information please visit us at www.sbscyber.com and let us know how we can help!
Example Financial Institution
Data Flow Diagram
Wire Transfers

1A: In-Person Customer
1B: Phone Call
1C: Email
1D: Commercial Customer

1. Initiation of Wire

2A: In-Person initiation requires signature of customer on Wire Transfer Form
2B: Phone and Email initiation requires call-back at pre-determined phone number + pre-determined wire code
2C: Initiation of wire through Business Online Banking (BOB): requires auto-verification via SMS/call; sent directly to Wire Department

3: In-person, email, and telephone wires are accepted by the branch location, then sent to Wire Department for processing.

4: Verified wires are received by Wire Department for processing, then input or uploaded into Wire Transfer System

5: Wire Transfer System performs OFAC / balance checks

6: Approved Wires post to CBS

7: Federal Reserve Bank

7A: Verified and approved Wire sent by Wire Department to Fraud Analysis Application for fraudulent activity analysis

8: Federal Reserve creates a file with wire confirmation numbers and sends this file back to the Institution

9: Wire Department: Sends verification to branch of origin.

Correspondent Bank serves as a backup Wire processor for the Fed; testing occurs annually

Recipient

Internal Network

Core Banking System

Fraud Analysis Application
FEATURING DEBIT IN DIGITAL PAYMENTS:
WHAT DOES THE FUTURE HOLD?
EXAMINING THE FUTURE OF DEBIT FOR FINANCIAL INSTITUTIONS
Rob Casterline, Director FI Product Integration at Worldpay, IBC Preferred Provider

Financial institutions can only hope to increase debit card transaction growth if digital payments become the focus. Mobile and online purchases account for 11% of all retail transactions in 2016, and that number is only going to increase. Now is the time for financial institutions to develop a strategy for digital issuance that includes promotion of debit cards.

E-commerce shopping is on the rise and it accounted for $619 billion spent in 2017. E-commerce is any transaction conducted through a mobile device, and the industry is surging. E-commerce growth has been attributed to the success of Amazon and other online retailers. According to a recent Mercator Advisory Group, 54% of consumers who made an online purchase checked out with a card on file. As consumers make more purchases online, they will rely on the most convenient forms of checkout. Making purchases with a card on file or through a mobile wallet will increase as technology demands it, through more streamlined processes. Mercator’s data shows that cardholders prefer to use credit cards for online purchases as they believe credit cards are safer and provide more rewards for usage.

Debit cards can be given the utmost security if it is used in a digital wallet, which offers encryption of payment credentials and are paired with a user password or a biometric identification. For example, many smartphones use fingerprints or facial recognition to authorize a payment. To ease cardholders’ minds when it comes to debit card security, implementing a few tactics can help. Offer same-day or next-day provisional credit, promoting the use of card controls that sends cardholders an alert when an online purchase is made, and providing open lines of communication between the financial institution and the cardholder in the case of an disputed claim.

Another beneficial tool for fighting online debit fraud is to use a debit card with motion code. Motion code is a new technology that has a constantly changing CVV code that prevents the use of a lost card or stolen card data. Debit cards with motion code are more expensive than traditional chip cards, but they provide the security and peace of mind that your financial information is protected.

Person to person payments have unknowingly eased cardholders into using their debit cards for digital payments, as P2P payment applications promote debit cards as the primary source of transactions. The natural progression is for cardholders to transition their debit cards into a digital wallet, and with the right motivation from financial institutions, that would soon be a reality.

As you can imagine, the earliest adopters of the digital payments landscape are a young generation with higher-income than previous generations. Creating a customer base with this generation will help to increase loyalty as the digital market grows and competition escalates. As their age and buying power increases, the use of digital wallets will increase and become commonplace. Getting your debit card in their digital wallet now will pay off in the future as it will ensure debit growth among that generation.

Mobile wallets and digital payments are only going to increase, but it’s not too late for financial institutions to start devising a strategy to encourage the use of their payment products, especially the inclusion of their debit cards in cardholder’s digital wallets or as their primary card on file. Online e-commerce transactions are growing, particularly via mobile devices as merchants are making these purchases easier through the use of mobile wallets and card on file options. While fraud will always be a problem, financial institutions can educate their cardholders on the benefits of digital wallets or cards with rotating CVV codes. This will be especially helpful for cardholders who cite security concerns as the reason for not exploring these digital channels.

As always, communicating the convenience and security of digital wallets is the best message to send to wary cardholders. Promoting usage in general will help to get slow adopters more comfortable with the technological advances within the industry. To learn more please contact us at 866.622.2201.
The Colorado Fresh Food Financing Fund (CO4F) provides financing to grocery stores and other forms of healthy food retail to improve fresh food access in Colorado. The program is funded by four local foundations including the Colorado Health Foundation, Piton Foundation, Kaiser Permanente, and The Colorado Trust. The program is administered by Colorado Housing and Finance Authority (CHFA). Per project, loans up to $1.5 million are available with favorable interest rates and terms. Limited grant funding is also available. Since launching in 2013, CO4F has invested $5.3 million to support 27 fresh food retailers, one Community Development Financial Institution (CDFI), the Colorado Enterprise Fund, and has leveraged $14 million in public- and private-sector financing.

CO4F has supported a diverse mix of project types in rural and urban communities throughout Colorado. Project examples include newly constructed grocery stores, new stores in existing real estate, store renovations and equipment upgrades, and innovative fresh food business concepts. Eligible projects must increase fresh food access in underserved markets, serve a low- to moderate-income customer base, demonstrate business capacity, and provide economic development benefits to its surrounding community. All recipients must accept Supplemental Nutritional Association Program (SNAP) benefits.

CO4F recently closed a $1.5 million loan to support a new Save-A-Lot grocery store in Denver’s Montbello neighborhood.

“CO4F was a huge part of this because it filled half of the gap financing we needed to make the store possible. It was very instrumental,” said John Leevers, President of Leevers Supermarkets, Inc., which owns Save-A-Lot and several other locations throughout Colorado. The Save A-Lot store in Montbello serves as the area’s only nearby full-service grocery store with an onsite butcher and scratch bakery.

Denver Food Rescue launched a social enterprise grocery delivery service in 2017 with support from CO4F. This innovative retail concept called, Abarrotes Bondadosa, received a $30,000 loan and $20,000 grant from CO4F to help recruit a full-time director and CEO for the program, and procure refrigerated delivery vehicles.

“We are excited to offer a program like this in our communities where there is a lack of access to adequate food,” said Ricardo Rocha, Director and CEO of Abarrotes Bondadosa.

In Western Colorado, CO4F provided a $408,000 loan to support a brand-new 22,000 square foot grocery store serving the town of Ignacio.

“Being longtime area residents and business owners, we knew how important this new store would be to our town. The CO4F financing helped bring Farmers Fresh Market to life, and it’s gratifying to provide our shoppers with a variety of fresh food options,” said Farmers Fresh Market general manager, Amos Lee.

A recent evaluation of CO4F reported that at businesses where CO4F has invested, 89 percent of customers surveyed feel they have better access to healthy food.

To learn more about CO4F, and its program details and requirements, please visit chfainfo.com/co4f.
IBC’s 24-ATM SURCHARGE FREE NETWORK!

The Independent Bankers of Colorado’s alliance of community banks offers your customers access to 24 surcharge-free ATMs throughout Colorado.

As a member of the Independent Bankers of Colorado, you waive surcharges to the customers of banks belonging to our network, while retaining the option to charge non-member customers who use your ATMs.

Our alliance means that community bank customers will remain with their community-based banks, yet be able to access a broad choice of surcharge-free ATM locations.

LOCATIONS

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<tr>
<th>Location</th>
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<td>Rocky Ford</td>
<td>The State Bank</td>
<td>301 North Main Street</td>
</tr>
<tr>
<td>Silverton</td>
<td>Citizens State Bank Ouray</td>
<td>1202 Greene Street</td>
</tr>
<tr>
<td>Wiley</td>
<td>Legacy Bank</td>
<td>220 Main Street</td>
</tr>
</tbody>
</table>

For information about how your bank can join our network, please call Lauren Gonnella Copeland at 513-900-4661 or lauren.gonnella@vantiv.com!
Growing a card portfolio can be challenging

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