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WITH WHITE GLOVE SERVICE

ICBA Securities® brokers provide you with custom opportunities to fit your banks individual investment needs. Our team’s primary focus is adding value by providing insight, analysis, and recommendations which are determined by our Performance Profile, a comprehensive study utilized by over 1,200 community banks. Our proprietary Risk Manager service can help identify your needs and determine which products and strategies will assist you in achieving optimum success to take your bank to the next level.

icbaSecurities.com
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### COMMUNITY CONNECTIONS

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Dear Members and Friends

The election season is over and now we all need to play our part in influencing the future path of events. Let’s start with an important local election right here at CBM. We are glad to welcome Gary Sharp of Old Mission Bank to the MCBS board. Gary is a well-respected community banker and he becomes the third member of our board from the Upper Peninsula which reflects CBM’s increased focus on this important part of our state. The CBM PAC, through your generous contributions and support, contributed to the campaigns of 32 candidates for the State House of Representatives and all but one were elected to serve the people of Michigan. On the national level we are working with the ICBA to get much needed regulatory relief for community banks. The outcome of the presidential election opens the door for meaningful yet responsible regulatory relief which is long overdue as the pendulum has swung too far toward excessive regulation in the last decade. The ICBA’s Plan for Prosperity represents an important first step in regulatory relief and now much more may be possible. The ICBA has also stepped up to the plate to defend community banks from the proposed expansion of credit union commercial lending capabilities. Please read Cam Fine’s article in October’s newsletter for more on this key issue.

I am pleased to report that the CBM board voted to support the ICBA in their lawsuit and provided $5000 in funds to help support the effort. Our ICBA state representative Mark Kolanowski has joined in the fight with the ICBA and has testified in this legal effort to stop unwarranted expansion of credit union commercial lending. I urge you, your board, and your bank to join in this effort and support the ICBA in this legal challenge to curb credit union overreach. You can make a contribution to the defense fund from corporate or personal funds, it does not have to come from a PAC.

We have been hard at work on the training front for our bankers. We partnered with the MBA and the FDIC to put on a workshop for our bankers here in Lansing. It was well attended and we received positive comments from the attendees. We just completed a series of roundtables across the state on CECL held in conjunction with the team at Rehmann. Liz Ziesmer and her colleagues did a great job helping our banks understand what they need to be doing now to get ready for the new requirements which begin in 2018 for larger banks and 2019 for all banks. We conducted five sessions across the lower and upper peninsula and we had over 100 attendees who took advantage of getting a jump on preparing their bank for the changes.

I would like to take this opportunity to wish you all a very happy holiday season on behalf of the staff and the board of CBM!!! We all have much to be thankful for and we can all be proud of the important work each of you do to make our communities better places to live and work for everyone!!!!

Happy Holidays

Mike Tierney

Michael J. Tierney
President & CEO

We are all celebrating the board’s decision to promote Mary Anne Czubko to Chief Administrative Officer of the CBM. Mary Anne has been the backbone of the CBM for over 20 years. Her efforts impact nearly every phase of our operation. She has been a tireless and extremely dedicated advocate for community banks and we are so glad she has been recognized for her many contributions on behalf of our banks and our associate members. Way to go Mary Anne!!
Here we go again. Another megabank scandal has stunned ICBA and the nation’s community bankers, who are working to ensure the negative backlash from outraged consumers and policymakers does not rub off on their local institutions. Not only did Wells Fargo violate the trust of its customers by opening as many as two million unwanted accounts, the top executives at the nation’s second-largest bank have generally refused to accept full accountability as Washington considers a policy response.

Although Wells Fargo’s now-retired chief executive, John Stumpf, has directed blame toward the 5,300 employees the bank fired for following its crooked sales practices (or else, paradoxically, be fired), his banking industry allies have responded by merely condemning dishonest or unethical behavior at “any bank, anywhere, any time.” But this fraud and its potentially industry-shaking regulatory aftermath cannot be laid at the feet of anyone other than the $2 trillion-asset institution that perpetrated it. It certainly shouldn’t punish or burden community banks that had nothing to do with the fraud.

Nevertheless, the Wells Fargo scam poses a grave threat to our industry. Community bankers have been down this road before, and it doesn’t end well. We have seen over and over how megabank misdeeds result in dramatic new regulatory demands—not on the perpetrators, but on us. Again and again, systemically risky institutions have made reckless decisions, harmed consumers and wrought a broad-brush policy response that trickles down on community banks.

So ICBA is working diligently to ensure that Washington policymakers and the American public clearly distinguish between community banks and systemically risky, too-big-to-manage institutions. In face-to-face meetings, written communications and media coverage, we have called on Congress and the regulatory agencies to avoid the kinds of overreaching laws and regulations enacted after the financial crisis, which disproportionately affected local institutions.

Furthermore, the Wells Fargo fraud should not inhibit the passage of bills containing tailored regulatory relief for community banks. Much-needed legislation inspired by ICBA’s Plan for Prosperity remains before Congress this very moment, and Wells Fargo should not be allowed to stall its momentum.

Washington can and must be able to differentiate between relationship lenders, who are held directly accountable to their customers, and the megabanks, whose impersonal, transaction-based business model too often exploits consumers and puts the financial system at risk. That is why, of course, ICBA has long advocated a system of tiered and proportional regulation based on an institution’s size and risk. With the Wells Fargo scandal putting immense pressure on policymakers to mount a regulatory response, this tailored approach to regulation has never been more important.

Just as community banks are accountable to their local communities, ICBA takes responsibility for exclusively representing community banks, not the megabanks that make our lives more difficult. Therefore, we will stand up for community banks every step of the way. We must ensure that we are neither tarnished by this scandal nor roped into an unwarranted and burdensome regulatory backlash. Instead, through tailored and proportional regulatory standards, we can fix what’s wrong with our banking system by strengthening what’s right with it—community banks.
from the chairman

On Bad-News Banks
By Rebeca Romero Rainey, Chairman of ICBA

Disheartened and upset. I used those words to describe how I felt about the Wells Fargo scandal when I was recently interviewed by CNBC’s Steve Liesman. While at the Federal Reserve Bank of Kansas City’s forum for minority bankers, I told him that it was so upsetting to think that anywhere in America consumers could be taken advantage of like that.

When Liesman asked if something like this could happen at a community bank, I immediately said, “No, it would not happen at a community bank, and that’s the difference.”

I explained that at my community bank, I’m an active part of the community and that we work hard to build trust and relationships with our customers. I also know that if something like this were to happen at a community bank, that bank and its executives would be held strictly and personally accountable for overseeing a culture that allowed such abuses to happen.

Yet again, here amid the chaotic news cycle, we see a bright line that distinguishes the large systemically risky megabanks like Wells Fargo from the thousands of community banks across the country. It’s unfortunately events like these scandals that show everyone just how different our business models and playing fields truly are.

But community bankers have the upper hand, if we only play our full hand. We have the customer relationships, we have a time-tested business model that works, we have the sterling reputation all on our side. So let’s take those positives and counter the bad megabank news with our message—the community bank message.

ICBA is with you every step of the way. After all, distinguishing “community banks” from merely “banks” is what your national association is all about. That’s why ICBA exists, because it serves community banks and only community banks. That’s also why ICBA has created marketing and communications resources designed for community banks. ICBA’s Go Local initiative is a perfect example of educating consumers about the power of local community banks. The initiative ultimately helps consumers connect the dots between community banks and how they help their local customers and communities thrive.

Think of Go Local in terms of the farmer’s market movement. Does an apple taste better from a local farm or from one seven states away? We all know that answer, and community banking is the same. It’s much sweeter to know your banker and know where your money is going. Is it going to fund big-box businesses seven states away, or is it going to a local entrepreneur who wants to open up a business on Main Street? We all know where we stand.

I encourage you and your customers to spread the Go Local community bank message, if you aren’t already. Make “local” part of your narrative. Local matters. Community banks matter. We are different. It’s times like these when we need to communicate and explain just a little more.

Consumers are listening and they want alternatives to the bad-news banks. Let’s give them a ray of hope in the banking world. Let’s give them community banks.

Rebeca Romero Rainey is chairman and CEO of Centinel Bank of Taos, in Taos, N.M. Follow her on Twitter at @romerorainey.
It’s no secret that your customers’ habits have changed due to the convenience that technology now provides. Where people bank has evolved from the branch to the website to a mobile application, but are you still providing them with the same opportunities and services online that they would receive in a physical branch? We have created a guide for you to assess your digital assets.

“If I can do business with you while never stepping into a branch office, I will be a customer for life.”
- 2016 CBM Conference, summarizing the attitude of millennials.

Your website is a 24-hour branch, making products and services accessible to anyone, at any time. Customers want to do more than check their account balance online. They also want to apply for a mortgage, credit card, consumer loan or home equity line of credit. Only 1/3rd of CBM members we’ve looked at allow customers to do the basic action of opening an account online. This drastically limits new customer acquisition and will cause a loss in current customers to other financial institutions who allow them to do a full range of banking online.

Why Bank with You?
Give users what they really want to know – why they should bank with you versus your competitor. Think beyond bullet points. Tell a story, not just interest rates. Highlight your specialties and give your expert knowledge. Remember, to be most effective your website should be fluid, changing as customers’ needs change. By providing focused and useful information, you are building trust and positioning your brand as a credible resource for other industry related information. More importantly, you’re building the foundation for future business.

Do you prompt customers to open an account, to learn more about a product or to sign up for a newsletter? You may not physically see customers, but you should still be actively engaged with them. Guide users through your website, making suggestions with bold calls to action that standout and can be differentiated from other text.

Can you answer yes to these three questions:
1. Do you provide enough information to educate customers about all the financial questions they may have?
2. Are you leveraging your content in a more creative and interesting way than competitors?
3. Is your website customer-centric, easily navigating customers to the pages they want?

If you answered no to any of these, you are diminishing your brand’s value in the mind of your customer. Improve your positioning by implementing a content marketing strategy that evaluates what your customers are doing on your website and what they wish to do or find. Set goals and track analytics to see how your changes have effected your customers’ web actions.

Marketing at every point of contact is crucial to growth and development.
Create a comprehensive marketing plan that includes website, mobile app, branch, out of home promotions and events. The plan should be unique to each, while connecting to a central theme that’s brand specific. Doing so ensures a consistent message is received and enhances the customer’s experience, increasing awareness, discovery and use of services.

A mobile app itself is not the solution.
Mobile banking has quickly become the preferred way to bank, which means decreased traffic to your website. This is alarming because an app can’t take the place of your website. Your website provides more information to acquire customers and inform current customers, while mobile apps are designed specifically to engage existing customers. Both platforms are important for the customer conversion and retaining process. Although each platform is tailored for different uses it is still important that they are uniform. The mobile app is transactional; the website is informational and the branch is personal. They need to be interconnected to achieve customer satisfaction across the board.

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Consistency is key.

You've probably heard that one before. However, creating a seamless experience for users who go from your app to your website is vital for successful online banking. The solution: linked conversions with click-thru functions. To put it simply, your app should have the capability to direct users to a correlating landing page on your website for more information. Ask your app developer if you can place a banner ad or marketing message within your app to drive traffic to a desired page on your website.

Your customer, the final say.

You have goals for your customers, they have their own objectives. You need to create a digital strategy that addresses your customers’ objectives and achieves your goals. Set aside time to evaluate your digital assets; are they useful to the customer? Do they help achieve your business goals? Simple steps to take include: checking to see if your website is responsive, track the usage of your mobile app, ensure the layouts are clear and calls to action are obvious and enticing, keep your site ADA compliant and always keep the customer's experience as the focus.

With over 75% of customers applying online it’s critical to make these customer-facing changes. Don’t lose out on new customers – many you may not even realize – due to an outdated website. When evaluating your website keep in mind that two out three people who try to open an account online are not able to complete their applications and only 53% are able to put funds in their account.*

*statistics courtesy of The Financial Brand 2016
OCC Central District Update

District Overview
Blake Paulson, Deputy Controller
Toney Bland, Senior Deputy Controller

- District profile and performance
  - Increased discussion on de novo banks; no movement beyond discussion
  - Supervised banks reduced by 50 to 433 over last 2 years, primarily due to consolidations/mergers
  - Recognition of community bank regulatory burden, trying to reduce number of examiners in banks whenever possible. Onsite time this year reduced 30%-50%.
  - Problem banks reduced from 21 to 7 over past 2 years – largest volume in Illinois
  - 40% of unprofitable banks also located in Illinois
  - Focus on overall bank governance – reviewing strategic planning focus: long term technological, risk, and efficiency plans

- Common Examination Findings
  - Credit previously largest MRA area of concern, governance has eclipsed – currently almost 50% of the 940 concerns cited in district
  - Michigan currently 95 MRAs; technology, governance, capital markets 47% of total, credit 42%
  - Michigan banks - see shifting focus on IT and risk from credit

- Current and Emerging Risk
  - Operational Risk Concerns: Information Security; business continuity plans; vendor management
    - Operational risk primarily third party management (must maintain knowledge especially when outsourced) and cyber security (lack adequate controls)
  - Credit Concerns: MIS/Reporting; Collateral Valuations/Support; ALLL Methodology
    - Credit Risk continues in underwriting (adequate documentation), concentrations (commercial buildings) and Ag lending

- 2017 Focus areas
  - Continue on items outlined above and include compliance: bank secrecy, culture (reputational risk), and compliance management programs
  - OCC shared they have no plans to increase scrutiny on bank incentive based programs as a result of Wells Fargo events. Based on extensive discussion on topic, CBM recommends all community banks review their incentive programs, customer complaint procedures, and governance surrounding account opening processes

Legislative Update
Carrie Moore, Director for Congressional Relations

- CFPB Court Ruling may motivate both sides of political aisle to create commission before year end
- Wells Fargo fallout impacting multiple areas and legislation is likely as a result. This has been one of the primary topics of discussion over the past month. Concern additional regulatory focus on deposit, incentive, documentation and management oversight. Legislation discussed (and in some cases already drafted) in areas of bank size (break up the big banks), eliminating forced arbitration and mandating separation of CEO and COB
- Fintech has been discussed and likely attempts will be made to document and legislate as this area continues to evolve

CECL
David Calvert, Office of the Chief Accountant

- First and primary question to be answered by banks; what is my entity type? This will determine effective dates for implementation
• CECL designed to be scalable – it is not a one size fits all solution
  o Banks may choose an estimation method that works for the size and complexity of the bank, be wary of vendors offering one solution for all
  o Allows various methods of calculation
• Ensure all banks today:
  o Read the standard, begin to draft a plan
  o Develop a multi-disciplinary team to address, do not rely on the accountants to handle all
  o Start collecting data; many core systems may have ability to collect all necessary data – identify any holes and begin to collect now as able
  o Ensure consideration of capital adequacy as you begin to formulate plans
• Recommendation banks do NOT:
  o Wait until 2019 to begin process
  o Begin any form of soft adoption
  o Artificially inflate ALLL to smooth impact

Recommendation prior to finalizing plans joint calls with bank, accountant and OCC to ensure consistent message and ensure transparency.

If you have any questions or would like additional information regarding either the OCC Conference or the FDIC Workshop, please contact CBM at 517.336.4430, or info@cbofm.org.

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You can bank on Sally.

Your brand makes a promise. Since 2004 Sally Peters has worked closely with community banks to strengthen their brands — internally and externally — with marketing results and an emphasis on customer service that keeps your promise.

Sally’s holistic approach to branding will elevate your bank’s stature with your customers and your community. Call or email to talk with Sally about what she can do for you.

517.332.0157
sally@sapetersmarketing.com
sapetersmarketing.com
Corporate Governance and Strategic Planning – Kristyn Ross, Risk Examiner, Detroit MI

**Governance**

- **Board of Directors** should select and retain competent management, work with management to establish short and long term objectives, and ensure operating policies in place to achieve objectives in accordance with guidelines. Board should also monitor policy adherence, oversee performance, verify compliance and ensure community’s credit needs met.

- **Board of Directors** should also develop strategic plan, monitor adherence to plan, avoid preferential transactions and compliance with all provisions of Reg O.

**Strategic Planning**

- Sound strategic planning establishes purpose and direction of bank, communicates important ideals and values and helps to frame short and long term objectives.

- Ensure input from pertinent business lines and thorough risk analysis included in planning.

Succession Planning and Internal Controls – Rachel Durling, Senior Risk Examiner, Grand Rapids MI

**Succession Planning**

- Succession plan critical to ensure continued leadership in key positions, retain and develop knowledge for the future and encourage employee growth and development.

- 40% of Community Banks surveyed have CEOs age 60 and older.

- Successful planning mitigates impact on bank performance, identifies existing management strengths and weaknesses, develops internal talent and prepares bank for unexpected departures.

- Effective succession planning creates culture of high performance, strong leaders, continuously balances organizational growth with desire for personal growth, and leaves a solid legacy.

- Planning for shareholder succession is nearly as important as planning for management succession for many closely held banks.

**Internal Controls**

- Internal controls should ensure detection and/or prevention of materially inaccurate, incomplete, or unauthorized transactions, deficiencies in safeguarding of assets, unreliable financial and regulatory reporting and any deviations from laws, regulations or internal policies.

- **Board of Directors** responsible for establishing and maintaining an effective internal control environment.

Compliance Risk Assessments – Trena Isaacs-Carrier, Compliance Examiner, Lexington KY and Bill Doering, Compliance Examiner, Milwaukee WI

- Building solid risk assessment program benefits bank by formally documenting acceptable risk tolerance set by board, identifies applicable regulations and guidance, and outstanding residual risk of banking activities.

- Risk assessments should identify inherent risks and assess the ability of mitigating factors to maintain a residual risk acceptable to the Board.

- Development of a risk assessment early in the process provides value added benefits.

- When looking to introduce new products, make a product change or reviewing new ventures the board and management should ensure the following are addressed: Inherent risks, mitigating factors reducing the inherent risks and the assessment of the residual risk remaining. Attendees participated in multiple exercises to ensure comfort level defining each risk area.

- The FDIC also uses a risk assessment approach when reviewing bank performance identifying specific areas with increased residual risk and focusing their exams in those areas.

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Economic Update – Rob Vilim, Senior Financial Analyst, Chicago Region

- Moderate GDP growth expected to continue.
- Volatility in the global economy is supporting a strong dollar, putting pressure on US exports and manufacturing activity.
- Labor markets are slowly improving.
- Income growth remains weak, indicating potential ongoing slack in labor market, inflation remains below FOMC targets.
- Global forecasts expect weak growth in most developed countries.
- A closer look at Michigan:
  - Michigan and Rhode Island only two states to see population loss from 2005-2015
  - Job growth tops region growth; pace increasing year over year and is broad based
  - Northern Michigan labor markets struggling
  - Michigan’s unfunded pension liabilities are smaller than other states in region (KY, IL highest) but far above US average

Concentration Risk – Adam Smith, Risk Examiner, Elizabethtown KY

- Causes and consequences of recent bank failures were largely driven by credit losses on commercial real estate loans. They had also often pursued aggressive growth strategies using nontraditional riskier funding sources and exhibited weak underwriting and credit administration practices.
- Ensure review and group assets with similar risk factors such as: Industry, product line, type of collateral, repayment source, or other common risk factors.
- Identify funding concentrations by using similar methodology – identify: brokered deposits, large depositors, high-rate deposits, internet listed deposits, federal funds purchased, borrowings.
- Risk management program should include board and management oversight with supporting policies, procedures and risk limits, solid MIS to analyze, measuring and monitoring systems, risk stratification and vulnerability assessment, market analysis and contingency planning.
- FDIC advised a concentration page will be included with exams when concentrations exceeded or examiner determines inclusion is warranted.
Cross Sell Opportunities – Reported in Sept 30 PCBB Newsletter
Cross Sell ratios for banks typically range between 2.1 and 2.7. However, this number alone doesn’t readily show the underlying opportunities. Effective cross-selling is essential in retaining customers. Several studies show the more products a customer uses, the lower the likelihood they are to leave. Remember, too, the cost of acquiring a new customer is 7x more than retaining an existing one. Data mining for cross-sell opportunities should be a top priority at every bank.

Beware of Pushy Sales Tactics – Reported in Oct 12 PCBB Newsletter
The banking industry fully understands how perception taints even the innocent among us. The continuing fallout from Wells Fargo’s alleged deceptive sales practices is yet another example. In recent weeks, we have all seen a lot discussed in the press expressing concern over aggressive sales tactics industry wide. Many banks tie some portion of compensation to sales goals and cross sell. While there is nothing inherently wrong with this practice, given this issue will undoubtedly trickle down to community banks, we recommend all banks review their current sales practices. Document all process and shore up any holes so there is no question what you are doing. Ensure customers are aware they understand the products they are buying and how they will benefit them.

Be aware of potential sticking points that can derail even the most well-intentioned cross-selling efforts. Clarity is key. Ensure adequate governance over customer complaint procedures (written and verbal), code of conduct exists for front line staff and internal training and education is sufficient. Management must continually monitor for issues.

Banks should be prepared for increased regulation and review in these areas now that our politicians and regulators are circling the bandwagons. A good reputation is the cornerstone of any successful community bank.

Mobile Banking – Reported in Oct 13 PCBB Newsletter
Community bankers are being told to continue to stay current and attract millennials they must continue to offer mobile versions of more and more services: bill payment, statement view, fund transfer, balance check, ATM location and check deposit.

Consider a survey by the Dallas Fed that found fewer than 50% of community banks offer mobile deposit. This compares with almost 100% of larger banks. And consider who is using mobile deposit services. A recent Salesforce Research report found about 25% of millennials are completely reliant on mobile banking, another 25% are mostly reliant – 50% of millennials are mobile bankers.

There is no doubt mobile banking allows you to extend your network and attract younger customers. Keep enhancing your technology offerings as you move forward.

The number of US households without a bank account fell significantly in 2015, according to the National Survey of Unbanked and Underbanked Households released by the FDIC on October 20, 2016. Seven percent of households were unbanked in 2015. That was the lowest share in the survey’s history, from 7.7 percent in 2013 and 8.2 percent in 2011. The decline in the share of unbanked was broad. Rates among black and Hispanic households dropped by about 10 percent, households with low very low incomes and those headed by individuals without any college education dropped significantly as well.

The survey results illustrate the consequences of being unbanked in the United States. More than one-fifth of unbanked households reported saving for unexpected expenses or emergencies in the past 12 months. Of those who were unbanked and saved, 67.8% reported keeping their emergency savings at home, or with family and friends. This is a sharp contrast with the 88.2 percent of fully banked households depositing their emergency money in a bank account, where the funds are secure, guaranteed against loss, have the potential to generate earnings, and may be used for other purposes, such as securing access to mainstream credit.

For the first time this survey provides insights into the challenges facing households with variable month to month incomes. These households were more likely to be unbanked and more likely to use alternative financial services.
Concentration Levels – Reported in Oct 27 PCBB Newsletter

Data shows that commercial real estate (CRE) lending has rebounded to levels not seen since before the Great Recession. This trend has not gone unnoticed by regulators and their concern over CRE concentrations has been on the rise for some time. Regulators defined high concentration as CRE loans making up 300% or more of total capital and where growth had increased 50% or more during the prior 36 months. They also focused on construction and land development loans comprising 100% or more of total capital.

The 2016 summer edition of the FDIC supervisory Insights included an article about recent Matters Requiring Board Attention that had surfaced with special focus on the past two years. The report showed a disturbing trend. The percentage of loan-related MRBAs related to the risk of loan concentrations increased from 12% in 2014 to 24% in 2015.

Here are a few recommended areas to focus on:

- Establish, document and have proper board or committee approval for loan policies, underwriting standards, credit risk management and concentration limits.
- Establish a robust lending strategy including a process to assessing when that strategy should be changed in light of changing market conditions.
- Review your strategies to ensure capital adequacy is maintained.
- Maintain a loan loss reserve and procedure that is consistent with the level and nature of inherent risk in the portfolio. Ensure the board and management have metrics to identify, measure, monitor, and manage concentration risk.

Hopes for Sustained Small Bank Margin Expansion on the Horizon – Reported in Nov 1 S&P Global Market Intelligence

After seeing earning-asset yields decline over the last few years, small banks should finally see that pressure ease in the second half of 2016. While small banks’ net interest margins should decline in the next few quarters, margins should expand in the years that follow.

- S&P Global Market Intelligence is projecting a net interest margin of 3.67% for small banks in 2016, down from 3.71% in 2015, with that measure of profitability improving thereafter as rates rise.
- The report anticipates yields on loans and securities for this group of banks will pick up next year after bottoming in 2016.
- Judging from asset repricing disclosures, these banks have been increasing their exposure to securities that will reprice or mature soon, as well as to muni bonds.
- With short-term rates on the rise, small banks are arguably better positioned to fend off pressure on their securities yields than their larger counterparts, many of which are under regulatory pressure to hold lower yielding securities.

This outlook is subject to change, perhaps materially, based on adjustments to the consensus expectations for interest rates, unemployment or economic growth.

Affordable Mortgage Lending Guide – Reported Nov 3 by FDIC

On September 15, the Federal Deposit Insurance Corporation (FDIC) published a new guide and launched an online resource center to help community bankers learn more about single family housing projects offered by federal agencies and government sponsored enterprises. The Affordable Mortgage Lending Guide, Part I was released at that time.

The Affordable Mortgage Lending Guide, Part II: State Housing Finance Agencies describes programs offered by State Housing Finance Agencies across the country. This guide focuses on first lien mortgage products, down payment and closing assistance, mortgage tax credit certificates, and homeownership education and counseling programs that can facilitate mortgage lending by insured depository institutions. It also provides an individual summary of each State Housing Agency, listing programs offered and providing web links for easy reference by bankers operating in that state or territory.

Both publications can be found at the Affordable Mortgage Lending Center, an online resource center featuring data, fact sheets, and mortgage lending studies from the FDIC and other federal resources. The center also provides links that take the reader directly to the housing programs discussed in the guide. The third publication, Federal Home Loan Banks, will be available and posted to the lending center later in 2016.
Recruiting Customers – Reported in Nov 10 PCBB

Studies show capturing a new customer is 7x more costly than retaining an existing one; a 2% increase in customer retention has about the same impact as cutting costs by 10% and 68% of customers that leave say they did so because they perceived the company was indifferent to them. The following are tried and tested strategies for recruiting business customers.

1) Identify prospects. There are numerous databases that will provide a wealth of information about good prospects for a nominal fee.
2) Keep moving. People don't walk in branches very often anymore so you have to go where the customers are. Train your employees to walk down the street and knock on the doors of businesses.
3) Make it easy for customers. People don't do difficult anymore, so revisit everything you do through the lens of the customer. Senior management should focus on the customer and local competitors to tighten things up. Far too many bankers do this, and identifying inefficiencies can be uncovered through this process.
4) Look at digital services. Ensure your online platform is straightforward and easy to use. If your customer has to call and ask questions about how to use online services, you have dropped the ball in this area. Your website must be laid out so customers can use your services easily.
5) Have senior managers open accounts just like actual customers would. Knowing and understanding the process can uncover the glitches and is critical information. Shop competitors to determine how other institutions do this to emulate best practices.

By focusing on these tactics and other fundamentals, retaining customers and capturing new ones will be easier and allow you to outpace your competition.

Trouble in Mortgage Land – Reported in Nov 16

Wall Street Journal

A perfect storm is gathering in the commercial real estate debt market. Interest rates are going up at the same time defaults are rising, the result of loose lending before the financial crisis. Ten-year loans made in 2006 and 2007 are now coming due, and many borrowers can't pay them off. Now the market is bracing for new risk-retention rules that go into effect on Christmas Eve that require issuers of commercial mortgage-backed securities to hold at least 5% of the securities they create. “You couldn't have planned worse timing,” said Tad Philipp, director of commercial real estate research at Moody's.

Not surprisingly, some investment firms are getting out of the commercial loan securitization business as volatility and risk have increased.

Things don't look so great in the residential mortgage business, either. The recent spike in Treasury bond yields has driven up mortgage rates by nearly 50bps since last week's presidential election, pushing rates on 30-year fixed-rate mortgages above 4%. This could put a damper on mortgage refinances as well as purchase originations.

But the news isn't all bleak. The FHA said Tuesday that its capital reserve ratio for its portfolio on single-family homes has risen to 3.28%, compared to 3% in 2008, before the brunt of the mortgage crisis hit, and that its overall capital reserve ratio, which is required by law to stay above 2%, rose to 2.32% at the end of the September from 2.07% a year earlier. The FHA also said its ratio of seriously delinquent loans fell to a 10-year low.
New CBM Associate Plus Members shared the following:

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Reviewing your corporate retirement plan is a complex process. Many of our clients who have gone through this process have looked for an advisor who can help them assess and evaluate their overall plan environment – What’s working well? What could be improved? What services, fee structures, or even vendors are available to us? How can we effectively drive outcomes and enhance the retirement readiness of our plan participants? How do we get our arms around the inherent risks in the plan and the way it’s run, and minimize those for the plan fiduciaries?

CAPTRUST specializes in a holistic approach to retirement plan consulting that encompasses all areas of retirement plan oversight and as a result, can help you answer both the tactical and strategic questions that the Investment Committee has. Our firm was built on the premise that plan sponsors are best served by working with independent, fee-based advisors who maintain complete objectivity and work exclusively in the best interest of clients and participants. To learn how we can help you meet your goals and objectives for your plan, please contact Casey Pogodzinski at caseypogodzinski@captrustadvisors.com, 248.620.8100.

**NetGain Technologies**

NetGain Technologies is a 32+ year Information Technology Company, focusing for the last 15 years on a more strategic business model for our partners. Traditional information technology service models force community banks to pay a variable cost for support which is reactive. The model is most profitable when the community bank is paying for services over and over again. A managed service model allows for consistent operational expense and is most profitable when there are no services required. Inherently this model mandates our service excellence and delivers a best in class result. Our Technology One Source professional service offering banks up to approximately $1.5 billion in assets to scale their costs appropriately while achieving business mandated results. Our comprehensive plan allows community banks to get out of the technology management business and back into community banking. For more information, please contact Doug Harvey at dharvey@netgainit.com, 513.232.7791.

New CBM Associate Members shared:

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Dart Appraisal is an independent, nationwide Appraisal Management Company based in Troy, Michigan. With more than 20 years of experience, we understand that appraisal management is not one-size-fits all, and work closely with our partners to engineer a solution that meets their unique needs. Dart takes pride in having one of the more experienced appraiser panels in the country. All our appraisers are licensed and have over 1,000 appraisals experience, which translates to roughly 5–8 years of experience. Our proprietary system is integrated with most major LOS platforms, and we can design any customer integration necessary. We also believe at the end of the day, every business relationship comes down to people. Dart clients rank customer service as the top reason they work – and stay – with Dart. To learn how Dart can get your appraisal management process on target, please visit us online at www.DartAppraisal.com.

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Caponigro Public Relations Inc. is one of the nation's most respected public relations firms specializing in crisis communications, strategic crisis planning, news-media relations, media training, presentation/public-speaking training, executive coaching, social media, branding, and reputation management. Community banks use Caponigro PR for one or more of the following:

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- Working with the news media on behalf of the bank to obtain positive coverage and/or to help reduce the potential negative coverage in a crisis;
- Developing effective and persuasive messages to help brand the bank or reduce the negative effects of a crisis;
- Training the bank’s CEO or other personnel on how to most effectively come across in a news-media interview and/or public-speaking opportunity;
- Consulting with the bank's CEO and others on other branding needs and opportunities to help enhance the bank’s profile and reputation.

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AKEA Web Solutions LLC is a Michigan based web design company dedicated to seeing your business succeed in providing quality user experiences. They offer guidance and ongoing web support, featuring web design and development. Unlike traditional web design companies AKEA also provides accessibility management and facilitates strategic partnerships to improve digital visibility and drive more conversations.
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248-620-8100

**Community Bankers Insurance Agency** – Employee Benefits
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**Deluxe Corporation** – Check Printing – Bankers Dashboard
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For individual company contact information, please contact us at 517.336.4430 or visit www.cbofm.org.
Changes to Overtime Regulations
By Mike Kus, General Counsel and Media Spokesperson

SPECIAL NOTE
This article was written prior to a federal district court temporary injunction that blocked the Department of Labor from implementing the new federal overtime rules, the rules will not take effect on December 1st. Watch for future CBM correspondence for updates on the matter.

INTRODUCTION
On December 1, 2016, an overtime Final Rule promulgated by the Department of Labor (DOL) will take effect. This update to the Regulations relating to minimum wage overtime pay protections as contained in the Fair Labor Standards Act of 1938 was originally initiated by a directive from President Obama to the DOL in 2014. The DOL published a Notice of Proposed Rule Making in July 2015, and received almost 300,000 comments. After reviewing this material, the DOL announced in May 2016 that it would publish a Final Rule to update the overtime Regulations. All applicable employers must be in compliance by December 1, 2016.

FAIR LABOR STANDARDS ACT AND ITS REGULATIONS
The federal Fair Labor Standards Act (FLSA), 29 U.S.C. §201 et seq., governs the obligation to pay minimum wages and overtime pay, as well as child labor. This statute allows the Department of Labor to amend its regulations, so no legislative action or approval is needed for changes to the FLSA.

The Presidential Memorandum signed by President Obama directing the Department to update the Regulations was intended to modernize those Regulations defining which white-collar workers are protected by the FLSA minimum wage and standards. It was determined that the current salary levels were outdated. The white-collar overtime regulations were last updated in 2004. That update set the standard salary level for exemptions at $455 per week and $23,660 annually for a full-year worker.

The current Regulations no longer helped to separate salaried white collar employees who should get overtime pay for working overtime hours from those who should be exempt. It was anticipated that this update would make any exemptions easier for employers and workers to understand and apply. These revisions were also intended to help insure that in future years the Regulations would appropriately separate those workers entitled to overtime protections from those who may be exempt, based on more contemporary salary figures.

HIGHLIGHTS OF THE OVERTIME FINAL RULE
The overtime Final Rule focuses primarily on updating the salary and compensation levels needed for white-collar workers to be exempt. Specifically, the Final Rule:

1. Set the new standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest-wage Census Region, currently the South, which is $913 per week or $47,476 annually for a full-year worker;
2. Set the total annual compensation requirement for highly compensated employees (HCE), subject to a minimal duties test, to the annual equivalent of the 90th percentile of full-time salaried workers nationally, which is $134,004; and
3. Established a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles, and to ensure that they continue to provide useful and effective tests for exemption. The first update will take effect on January 1, 2020.

Additionally, the Final Rule amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level, as long as employees pay those amounts on a quarterly or more frequent basis.
DETERMINATION OF THE WHITE-COLLAR EXEMPTION
To qualify for exemption from overtime, a white-collar employee generally must:

1. be salaried, meaning that they are paid a predetermined and fixed salary that is not subject to reduction because of variations in the quality or quantity of work performed (the “salary basis test”);
2. be paid more than a specified weekly salary level, which is now $913 per week (the equivalent of $47,476 annually for a full-year worker) under this Final Rule (the “salary level test”); and
3. primarily perform executive, administrative, or professional duties, as defined in the Department’s regulations (the “standard duties test”).

Certain employees are not subject to either the salary basis or salary level tests (for example, doctors, teachers, and lawyers). The Department’s regulations also provide an exemption for certain highly compensated employees (“HCE”) who earn above a higher total annual compensation level ($134,004 under the Final Rule) and satisfy a minimal duties test.\(^3\)

STANDARD DUTIES TEST
The Wage and Hour Division of the DOL issued a publication providing “Guidance for Private Employers on Changes to the White-Collar Exemptions in the Overtime Final Rule.”\(^4\) This publication is intended to help private sector employers evaluate current practices and transition to the requirements of the overtime Final Rule. Not all salaried, white collared employees qualify for an exemption. Many salaried, white collared employees are entitled to a minimum wage and overtime. This publication attempts to clarify some of the confusion surrounding the “standard duties test.”

To qualify for an exemption, an employee’s primary job duty must involve the kind of work associated with exempt executive, administrative, or professional employees. These “standard duty tests” remain unchanged under the overtime Final Rule. In general, the tests are summarized as follows:

- Executive Exemption-- an employee's primary duty must be to manage an enterprise, or a customarily recognized department of the enterprise. Additionally, the employee must customarily and regularly direct the work of at least two other full-time employees or their equivalent, and have the authority to hire or fire other employees, or have the power to make significant recommendations as to a given employee's change of work status.
- Administrative Exemption-- an employee must have the primary duty of office or non-manual work directly related to the management or general business operations of the employer or the employer’s customers. Additionally, the employee's primary duty must include the exercise of discretion and independent judgment with respect to matters of significance (See 29 CFR 541.203).
- Professional Exemption-- there are several different kinds of exempt professional employees. These include “learned professionals,” “creative professionals,” teachers, and employees practicing law or medicine. Obviously, many businesses employ certain professionals who will not be affected by this overtime Final Rule.

Further analysis of the white-collar exemption criteria is complicated and beyond the scope of this article. For additional detailed guidance, the Wage and Hour Division’s website at www.dol.gov/whd is recommended. Further information is also available at www.dol.gov/overtime.\(^5\)

MICHIGAN WORKFORCE OPPORTUNITY WAGE ACT OF 2014
The Michigan Workforce Opportunity Wage Act of 2014 covers many employees in Michigan and contains provisions relating to certain aspects of employment including overtime, minimum hourly wages and compensating time. Section MCL 408.420 states that:

This act does not apply to an employer that is subject to the minimum wage provisions of the Fair Labor Standards Act of 1938 (29 USC 201 to 209), unless those federal minimum wage provisions would result in a lower minimum hourly wage than provided in this act.

Since the Michigan minimum wage is currently higher than the federal minimum wage, an argument could be made that this Act controls and the new federal overtime Final Rule would not apply. Our experience, however, with this issue has been that the Department of Labor’s position is that the Fair Labor Standards Act preempts this Michigan Statute in regard to overtime issues, and the DOL will assume jurisdiction.

(continued on next page)
RECOMMENDATIONS FOR EMPLOYERS

It is our recommendation that employers carefully review the salary levels and standard duties of all their employees. To conform to the new overtime Final Rule, employers may need to:

• carefully evaluate all compensation and total hours worked by all employees to determine if overtime pay is required;
• immediately make salary adjustments depending on individual circumstances to comply with the effective date of December 1, 2016;
• increase the salary of employees who meet the standard duties test, to at least the new salary level, to retain his or her exempt status;
• verify the overtime premium of one-and-a-half times the employee’s regular rate of pay is paid for any overtime hours worked;
• consider reducing or eliminating overtime hours where appropriate.

CONCLUSION

The actual application of the Fair Labor Standards Act (FLSA) and these new overtime Final Rules can be extremely complex. There may be numerous exceptions and exemptions for determining the status of specific employees as it relates to overtime compensation. Any employer who violates the FLSA may be liable to the affected employee for the amount of any unpaid minimum wages or overtime pay owed to them, as well as an equal amount in liquidated damages and reasonable attorney fees. This article is intended to be a general overview of basic changes to the overtime Final Rule. Legal counsel should be consulted for specific advice on compliance with the overtime Final Rule.

(Endnotes)

1 See 79 FR 18737 (April 3, 2014)
2 Federal Register, 29 CFR Part 541 (May 23, 2016)
3 See 29 CFR Part 541.00 et seq.
4 Published (May 18, 2016) by Wage and Hour Division, Department of Labor
5 See also current publication by Department of Labor “Overtime and Summary of Final Rule.”

Change in Michigan Law Eliminates Two Residential Mortgage Loan Disclosures Previously Required by Michigan Consumer Mortgage Protection Act

Recent changes to the Michigan Consumer Mortgage Protection Act have eliminated the requirement for lenders to furnish two Michigan-specific residential mortgage loan disclosures. However, in lieu of one of the eliminated disclosures, the law now requires that an existing federal loan disclosure be furnished for certain transactions not currently covered by the federal law.

Effective June 13, 2016, Michigan Public Act 44 of 2016 eliminated the requirement for residential mortgage lenders to furnish a document called the “Homeowners Bill of Rights” (which consisted of a list of ten rights of consumers in relation to a residential mortgage loan transaction). The form was previously required by M.C.L.A. § 445.1636.

Although § 445.1636 no longer requires lenders to furnish the Homeowners Bill of Rights, it instead requires lenders to furnish the “Special Information Booklet” (a/k/a the “HUD Booklet”) prescribed by RESPA and Regulation X (12 C.F.R. § 1024.6), which is already required in connection with closed-end purchase-money residential mortgage transactions. Under the revised law, Michigan lenders must now furnish the HUD Booklet in connection with closed-end term loans other than purchase-money loans, if the transaction will be secured by a 1-4 family residential property that is the borrower’s principal dwelling. (The requirement also applies to secured home improvement installment contracts and land contracts.)

Effective June 13, 2016, P.A. 44 also eliminated the requirement to furnish the “Consumer Caution and Home Ownership Counseling Notice.” This form was previously required by M.C.L.A. § 1637, which was repealed.

So, the good news is that two Michigan-specific disclosures have been eliminated. The trade-off is that lenders will instead be required to furnish a lot more HUD Booklets.
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1/25/2017
Understanding Proposed Changes to the FFIEC Compliance Rating System
Ann Brode-Harner, Brode Consulting Services, Inc.

DIRECTORS
7/14/2016
Director Series:
Board Oversight & Responsibility for ACH Risk
Mary Gilmeister, PAR/WACHA

9/22/2016
Director Series:
Director & Officer Liability: Rules, Risks & Trends
Jeffrey C. Gerrish, Gerrish McCreary Smith, Consultants & Attorneys

11/15/2016
Director Series:
What the Board Needs to Know to Manage IT
Randall J. Romes, CliftonLarsonAllen LLP

1/26/2017
Director Series:
Risk & Capital in Strategic Planning for the Board
Gary J. Young, Young & Associates, Inc.

FRONTLINE & NEW ACCOUNTS
6/2/2016
Business Accounts: Who is Authorized to Open, Close, Transact?
Mary-Lou Heighes, Compliance Plus, Inc.

6/28/2016
Skills & Tools for Improving Teller Performance
Ann Brode-Harner, Brode Consulting Services, Inc.

7/27/2016
Risks & Precautions for Endorsements & Other Negotiable Instruments
Mary-Lou Heighes, Compliance Plus, Inc.

8/10/2016
SPECIAL EDITION
Saving for Education: Coverdell & College Savings Plans
Frank J. LaLoggia, LaLoggia Consulting, Inc.

9/20/2016
ACH for the Frontline
Jen Kirk, EPCOR

9/29/2016
Clarifying Signature Card Confusion for Personal & Business Accounts: Compliance, Account Titling & Ownership
Mary-Lou Heighes, Compliance Plus, Inc.

10/26/2016
Opening Trust Accounts: Documentation, Signatories & FDIC Insurance Coverage
Linda Quick, Quick Training Solutions

11/3/2016
Notary Essentials & Legalities for Community Banks
Elizabeth Fast, Spencer Fane LLP

11/4/2016
SPECIAL EDITION
Nonresident Alien Accounts: W-8s, W-8BENs, BSA, Rules & More
Susan Costonis, Compliance Consulting and Training for Financial Institutions

11/17/2016
Recognizing & Responding to Elder Fraud: What Every Staff Member Should Know
Barry Thompson, Thompson Consulting Group, LLC

12/8/2016
Powers-of-Attorney In-Depth: Good Faith, Fraud & Fiduciary Capacity
Elizabeth Fast, Spencer Fane LLP

1/11/2017
Account Documentation Series:
Compliance & Due Diligence at Account Opening
Mary-Lou Heighes, Compliance Plus, Inc.

HUMAN RESOURCES
6/21/2016
HR Series:
Compliance & Legal Issues in Employee Screening Pre & Post Hire
Elizabeth Fast, Spencer Fane LLP

7/8/2016
SPECIAL EDITION
Understanding the New Overtime Rules Effective December 1, 2016: Critical Budgeting Issues & How to Determine the Appropriate Hourly Rate
Elizabeth Fast, Spencer Fane LLP

8/11/2016
HR Series:
Performance Management: Developing Future Leaders
Diane Pape Reed, CU Doctor
10/14/2016  
**SPECIAL EDITION**  
Countdown to the New Overtime Rules: How to Bring Your Bank into Compliance by the December 1, 2016 Deadline  
Elizabeth Fast, Spencer Fane LLP

10/18/2016  
**HR Series:**  
Essential HR Recordkeeping from Hiring to Firing  
Kay Robinson, Robinson HR Consulting, LLC

12/6/2016  
**HR Series:**  
Rewarding & Retaining the Best Employees  
Diane Pape Reed, CU Doctor

**IRA**  
6/7/2016  
Health Savings Accounts: Basics, Rules, Reporting, Tax Consequences & Health Care Reform Considerations  
Linda Quick, Quick Training Solutions

8/30/2016  
IRA Conversions & Recharacterizations: Understanding Requirements & Avoiding Errors  
Frank J. LaLoggia, LaLoggia Consulting, Inc.

11/30/2016  
Top 10 IRA Issues: Compliance, Reporting, Death & Distributions  
Frank J. LaLoggia, LaLoggia Consulting, Inc.

1/24/2017  
IRA & HSA Review & Update  
Frank J. LaLoggia, LaLoggia Consulting, Inc.

**LENDING**  
6/9/2016  
Commercial Appraisal Review: Income & Sales Comparison Approach  
Heidi C. Lee, Appraisal Review & Consultation

6/16/2016  
Loan Servicing Risks, Controls & Common Pitfalls  
Michelle Beard, Crowe Horwath LLP

6/22/2016  
Regulator Guidance of HVCRE: Issues, FAQs & Clarification of Basel III Standards  
Gary J. Young, Young & Associates, Inc.

6/23/2016  
**Call Report Series:**  
Preparing Call Report Basic Lending Schedules: Coding, Classifications & Loan Loss Allowance  
Amanda C. Garnett, CliftonLarsonAllen LLP

6/30/2016  
Understanding FCRA Permissible Purposes in Obtaining Credit Reports  
Steven Van Beek, Howard & Howard Attorneys PLLC

7/26/2016  
Understanding Letters of Credit: Rules, Responsibilities & Liabilities  
Elizabeth Fast, Spencer Fane LLP

7/28/2016  
Commercial Credit Grading: Methodology, Risk & Examiner Issues  
Tommy Troyer, Young & Associates, Inc.

8/17/2016  
**Call Report Series:**  
Understanding Call Report Regulatory Capital: Standards, Ratios, Risk Weighting  
Amanda C. Garnett, CliftonLarsonAllen LLP

8/18/2016  
The Application Process for the New Mortgage Lender: Mortgage Application 1003 Line-by-Line  
Bill Elliott, Young & Associates, Inc.

8/25/2016  
Complying with Final Military Lending Act Rule Changes Effective October 3, 2016  
Elizabeth Fast, Spencer Fane LLP
LENDING (CONT.)

8/26/2016
SPECIAL EDITION
Annual MLO Compliance Requirements & Auditing for SAFE Act
Ann Brode-Harmer, Brode Consulting Services, Inc.

8/31/2016
Protecting the SBA Guaranty Start to Finish
Janet Dery, Starfield & Smith, PC

9/1/2016
Consumer Loan Documentation
Ann Brode-Harmer, Brode Consulting Services, Inc.

9/8/2016
Essential Compliance Requirements for Lenders
Susan Costonis, Compliance Consulting and Training for Financial Institutions

9/9/2016
SPECIAL EDITION
HMDA Roadmap Part 1: Impact, Important Changes & Implementation Considerations for Lenders
Susan Costonis, Compliance Consulting and Training for Financial Institutions

9/15/2016
Writing Effective Credit Memos & Loan Narratives
Ann Brode-Harmer, Brode Consulting Services, Inc.

10/5/2016
SPECIAL EDITION
HMDA Roadmap Part 2: Operations Systems, Audit & Reporting Implications
Susan Costonis, Compliance Consulting and Training for Financial Institutions

10/11/2016
Steven Van Beek, Howard & Howard Attorneys PLLC

10/12/2016
Call Report Series:
Complying with Complex Call Report Lending Schedule Preparation
Michael Gordon & Alison Wester, Mauldin & Jenkins, LLC

10/13/2016
Indirect Lending: Rules, Rewards, Risks
Bryan W. Mogensen, CliftonLarsonAllen LLP

10/20/2016
Understanding Title Insurance Policies, Commitments & ALTA Endorsements
Elizabeth Fast, Spencer Fane LLP

10/24/2016
SPECIAL EDITION
Demystifying TRID Issues & FAQs for Construction-Only & Construction-to-Permanent Lending
Bill Elliott, Young & Associates, Inc.

10/13/2016
Indirect Lending: Rules, Rewards, Risks
Bryan W. Mogensen, CliftonLarsonAllen LLP

12/1/2016
The CFPB’s Four Ds of Fair Lending: Deceptive Marketing, Debt Traps, Dead Ends & Discrimination
Susan Costonis, Compliance Consulting and Training for Financial Institutions

12/7/2016
Call Report Series:
Improving the Call Reporting Process: Documentation, Efficiency, Accuracy, Common Errors & FAQs
Amanda C. Garnett, CliftonLarsonAllen LLP

12/14/2016
Loan Review: Consumer, Commercial & Real Estate
Ann Brode-Harmer, Brode Consulting Services, Inc.

1/10/2017
Top 10 HMDA Issues for 2016 Reporting: Checkup for March 1st Submission
Susan Costonis, Compliance Consulting and Training for Financial Institutions

1/19/2017
Loan Underwriting Basics: Interviewing, Credit Reports, Debt Ratios & Regulation B
Tommy Troyer, Young & Associates, Inc.

1/31/2017
Call Reports Update 2017
Michael Gordon & Kris Trainor, Mauldin & Jenkins, LLC

OPERATIONS

6/14/2016
ACH Rules for Deceased Accountholders & Federal Government Payments
Michele L. Barlow, PAR/WACHA

6/15/2016
SPECIAL EDITION
Comparing Regulation E Requirements with Visa & MasterCard Rules
Diana Kern, SHAZAM, Inc.

7/7/2016
Treasury Services: New Delivery & Service Models for Cash Management
David Peterson, i7 Strategies

7/20/2016
Countdown to Same-Day ACH: Deadline September 23, 2016
Shelly Simpson, EPCOR

8/4/2016
E-Mail Risks, Rules, Records & Regulations
Nancy Flynn, The ePolicy Institute
8/9/2016
Legally Handling ATM & Debit Card Claims Under Regulation E
Elizabeth Fast, Spencer Fane LLP

9/28/2016
Handling Dormant Accounts, Unclaimed Property & Escheatment
Elizabeth Fast, Spencer Fane LLP

10/4/2016
Avoiding the Top 10 Legal & Compliance Mistakes in the E-Statement Process
Nancy Flynn, The ePolicy Institute™

10/7/2016
SPECIAL EDITION
Conducting the 2016 ACH Audit
Jen Kirk, EPCOR

10/21/2016
SPECIAL EDITION
Overdraft Outlook: Litigation Lessons, Avoiding Violations & Best Practices
Steven Van Beek, Howard & Howard Attorneys PLLC

11/2/2016
ARCHIVED ONLY
Preparing Your Institution & Staff for an Active-Shooter Incident
William Gage, Countermeasure Consulting Group LLC

1/18/2017
ARCHIVED ONLY
Preparing Your Institution & Staff for an Active-Shooter Incident
William Gage, Countermeasure Consulting Group LLC

SECURITY & FRAUD
8/3/2016
15 Errors to Avoid When Conducting Internal Investigations
Barry Thompson, Thompson Consulting Group, LLC

9/2/2016
ARCHIVED ONLY
Preparing Your Institution & Staff for an Active-Shooter Incident
William Gage, Countermeasure Consulting Group LLC

11/29/2016
Annual Robbery Training for All Staff: Meeting Your Bank Protection Act Requirements
Barry Thompson, Thompson Consulting Group, LLC

1/17/2017
Identifying Fraudulent Transactions: Including Recent FinCEN Advisory on Email Fraud Schemes
Elizabeth Fast, Spencer Fane LLP

SENIOR MANAGEMENT
7/6/2016
Attracting & Retaining Key Management
Jeffrey C. Gerrish, Gerrish McCreary Smith, Consultants & Attorneys

7/12/2016
Modifying Existing Product Terms & Fees: Timing, Content & Requirements for Change-in-Term Notices
Steven Van Beek, Howard & Howard Attorneys PLLC

8/2/2016
Quarterly Emerging Leader Series:
Establishing New Product & Service Controls
Brian Vitale, Compliance Advisory Services

9/2/2016
ARCHIVED ONLY
Preventing Your Institution & Staff from an Active-Shooter Incident
William Gage, Countermeasure Consulting Group LLC

10/19/2016
Liquidity Funding Concerns in a Rising Interest Rate Market
Gary J. Young, Young & Associates, Inc.

11/9/2016
Quarterly Emerging Leader Series:
FFIEC Reporting & Guidance for CRA Compliance
Ann Brode-Harner, Brode Consulting Services, Inc.

12/15/2016
Branch Transformation: Strategies for Moving from Transaction Centers to Customer Engagement Centers
David Peterson, i7 Strategies

12/20/2016
Branan Cooper, Venminder

Director Series webinars are scheduled from 11:00 a.m. – 12:30 p.m. Eastern Time

Most webinars are scheduled from 3:00 - 4:30 p.m. Eastern Time unless otherwise indicated.

Please check the brochure copy to confirm the time.
Important Changes to CBM Webinars

As many of you already know, webinars are the most popular, convenient, and cost-effective training method for banks today. You may train as many people as you like for one price in the comfort of your own office or training room. There are no travel expenses or time away from the bank.

You may also know that CBM partners with Financial Education and Development, Inc. and the Community Bankers Webinar Network. In 2017, we will offer over 135 webinars. Beginning in December, Financial Ed will be assisting CBM in the marketing and registration processing of all webinars. This change will have many benefits for you and your bank.

Benefits to Your Bank

• You will be able to order recorded webinars with a free digital download from webinars held in the previous six months.
• Special series webinars and promotions will be offered at a discount to your bank.
• You will be able to manage your email preferences and receive only those emails pertinent to your areas of interest.
• You will be able to access webinar information and register online by visiting the CBM home page at www.cbofm.org, click Webinars.

Steps to Take to Receive Webinar Emails and Instructions

The following steps will help ensure that you continue to receive pertinent information about upcoming webinars and the necessary information should you register.

1. Please be sure your email system accepts (and does not reject) mail from the following email addresses:

   CBM@financialedinc.com
   CBMtraining@financialedinc.com
   webcasts@financialedinc.com

A simple way to do this is to add each of these e-mail addresses to your contacts folder and “safe senders” list. If you have an IT department, please forward this information to them so that the webinar information and instructions are not blocked by your firewall or spam filter. [If you do not have an IT Department, please add the domain financialedinc.com to your contacts folder, your “safe” or “approved” senders list in your email client (such as Outlook), and spam filter (such as McAfee or Securence).] Not sure how? Please contact CBM@financialedinc.com.

2. When you register for a “live” webinar, instructions will be emailed approximately one week in advance.

3. When you register for a “recorded webinar with a free digital download,” a link will be emailed the day of the live webinar. The link contains an audio/visual recording of the live webinar broadcast, including question and answer sessions. It also includes a PDF file of the handouts and the speaker’s email address so you may ask follow-up questions. The recorded webinar can be viewed anytime 24/7 beginning 6 business days following the live webinar. In addition, you will be given instructions to download the recorded webinar and keep it indefinitely. The recorded webinar must be downloaded within 6 months of the live program date.

4. If you pay by credit card, your statement will show Financial Education & Development, Inc. as the merchant name or transaction description.

   For questions, please contact CBM@financialedinc.com

Watch your email for detailed information on upcoming webinars!
2017 Community Bankers for Compliance Program – Enroll today!!!

Designed to provide the tools needed to effectively structure and manage an in-bank compliance program.

Quarterly seminars: February 15  May 16  August 15  November 28

While all banks strive to be in compliance, the regulatory requirements can seem to be overwhelming. Most community banks do not have the time or money to build elaborate compliance systems. To provide a cost-effective solution, CBM has teamed up again with Young & Associates, Inc. and Kus Ryan & Associates PLLC to offer the Community Bankers for Compliance program. Now beginning its twenty-eighth year, the Community Bankers for Compliance program is the most successful and longest running compliance training program in the country, providing a comprehensive, cost-effective approach to obtaining up-to-date information concerning bank regulations and practical techniques for maintaining your in-bank compliance program.

Annual program enrollment benefits:

- **Quarterly seminars:** Attendance at quarterly seminars featuring topics based on the most recent industry and regulatory developments which may have an impact on community banks. Seminars include a comprehensive manual, written in full narrative, that attendees can take back to the bank as a reference tool.

- **Monthly Newsletters:** The Compliance Update newsletter is sent to program members each month via e-mail.

- **Compliance Hotline:** Toll-free access to Young & Associates for answers to compliance questions that arise on a daily basis, and for answers to state-specific compliance questions CBC members can contact Kus Ryan & Associates PLLC.

- **CBC Members Only Web Page:** Access to the CBM Members Only Webpage for special and timely information and tools that can enhance the regulatory compliance function at your bank.

Again this year, CBM is offering several enhancement options to the basic CBC program described above. You can choose to register for the basic CBC program or you can choose to add on tiered enhancement options. Details on these enhancements and the basic program can be found in the 2017 Community Bankers for Compliance program brochure. Visit www.cbofm.org; Education – Compliance.

“The Community Bankers for Compliance program provides current, up-to-date, information and guidance on regulatory changes. I like the detailed manuals and handouts from each seminar. They have proven to be very useful.”

Joanne Wills, AVP/Compliance Officer
Tri-County Bank, Brown City

“I appreciate having a partner in compliance that understands the challenges and helps smaller banks with limited resources bear regulatory burdens.”

Niki McKellar,
Mayville State Bank, Mayville

“The CBC program is very useful and practical in the way it takes a regulation and breaks it down with theory, implementation and examples so a community banker can understand the complexity of the regulation. The monthly newsletters and compliance hotline are excellent resources for on-going support.”

Karen Vergosen, CRCM, 1st Vice President/Compliance/CRA Officer
First State Bank, St. Clair Shores.
**2017 Community Bank Webinar Series**
(Visit www.cbofm.org; click on Webinars for more information and to register.)

**Account Documentation Series:**

1/11/2017  Compliance & Due Diligence at Account Opening  
Mary-Lou Heighes, Compliance Plus, Inc.

3/22/2017  Opening Deposit Accounts Online: Rules, Risks & Best Practices  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

Dawn Kincaid, Brode Consulting Services, Inc.

7/13/2017  Closing or Changing Deposit Accounts for Consumers & Businesses  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

9/12/2017  Minor Accounts: Ownership, Documentation & Access  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

11/16/2017  Accepting Powers-of-Attorney on Deposit Accounts  
Elizabeth Fast, Spencer Fane LLP

**ACH Specialist Series:**

1/18/2017  Direct Deposit Tax Refunds: Posting & Exceptions  
Michele L. Barlow, PAR/WACHA

3/21/2017  ACH Rules Update 2017  
Jen Kirk, EPCOR

5/3/2017  Complex ACH Origination Issues for ODFIs: Compliance, Exceptions, Monitoring  
Jen Kirk, EPCOR

6/21/2017  Same-Day ACH: Preparing for Processing Debits, Effective September 15, 2017  
Jen Kirk, EPCOR

9/20/2017  RDFI Returns: 2 Day vs. 60 Calendar Days – Understanding the Difference  
Jordan Morell, UMACHA

11/14/2017  Federal Government ACH Payments: Reclamations & Garnishments  
Jen Kirk, EPCOR

**BSA Compliance Series:**

2/8/2017  FinCEN’s CDD Rules & BSA Compliance: Why Preparing Now for the Fifth Pillar is Critical  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

4/25/2017  BSA Compliance Hotspots: Regulators, Litigation, Policies & Procedures  
Ann Brode-Harner, Brode Consulting Services, Inc.

6/8/2017  New BSA Officer Training  
Bill Elliott, Young & Associates, Inc.

8/15/2017  Job-Specific BSA for Deposit Operations: SAR Monitoring, 314(a) Requests & CIP  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

10/24/2017  Job-Specific BSA Training for the Frontline: CTRs, SARs, CIP & More  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

12/5/2017  Job-Specific BSA Compliance for Lenders  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

**Director Series:** (All Director Series webinars are held in the morning)

1/26/2017  Risk & Capital in Strategic Planning for the Board  
Gary J. Young, Young & Associates, Inc.

Jeffrey C. Gerrish, Gerrish McCreary Smith, Consultants & Attorneys

5/11/2017  What the Board Needs to Know About Vendor Management  
Branan Cooper, Venminder
Director Series continued: (All Director Series webinars are held in the morning)

7/6/2017  Raising Capital as an Independent Community Bank
          Jeffrey C. Gerrish, Gerrish McCreary Smith, Consultants & Attorneys

9/27/2017  Rules & Trends in Executive Compensation
          Jeffrey C. Gerrish, Gerrish McCreary Smith, Consultants & Attorneys

11/21/2017 Required Compliance for the Board & Senior Management
            Dawn Kincaid, Brode Consulting Services, Inc.

Real Estate Series:

2/7/2017  Understanding TRID Tolerance Cures
          Steven Van Beek, Howard & Howard Attorneys PLLC

4/6/2017  CFPB Real Estate Loan Collection Rules for Mortgage Servicers & Your Bank
          Elizabeth Fast, Spencer Fane LLP

6/20/2017 Adverse Action in Mortgage Lending: Are You in Compliance?
          Ann Brode-Harner, Brode Consulting Services, Inc.

8/8/2017  Appraisals & Evaluations for Consumer Real Estate Lending:
          Interagency Guidance, Regulator Issues & FAQs
          S. Wayne Linder, Young & Associates, Inc.

10/11/2017 ARM & Balloon Payments: Clarifying the Confusion
            Bill Elliott, Young & Associates, Inc.

12/12/2017 Mortgage Loan Disclosure Timing Issues
            Steven Van Beek, Howard & Howard Attorneys PLLC

Regulation E Series:

2/2/2017  Handling Provisional Credit Under Reg E: Rules, Best Practices & FAQs
          Elizabeth Fast, Spencer Fane LLP

3/15/2017 Regulation E Requirements for Debit Card Error Resolution:
          Processing, Disclosure & Investigation
          Michele L. Barlow, PAR/WACHA

5/25/2017 How to Handle Unauthorized Electronic Fund Transfers Under Reg E
          Elizabeth Fast, Spencer Fane LLP

7/20/2017  Regulation E Fundamentals: Back to Basics
            Michele L. Barlow, PAR/WACHA

8/29/2017  Comparing Regulation E with Visa & MasterCard Rules
            Diana Kern, SHAZAM, Inc.

11/8/2017 Auditing for Regulation E Compliance
            Ann Brode-Harner, Brode Consulting Services, Inc.

Risk Management Series:

2/22/2017  Developing an Enterprise-Wide Risk Assessment
            Marcia Malzahn, Malzahn Strategic

4/12/2017  Developing a Risk-Based Compliance Audit for Your Loan Portfolio
            Susan Costonis, Compliance Consulting and Training for Financial Institutions

5/16/2017  Conducting an RDC Risk Assessment: Compliance Findings & Regulatory Guidance
            Jen Wasmund, UMACHA

8/16/2017  Conducting a Fair Lending Risk Assessment
            Bill Elliott, Young & Associates, Inc.

10/26/2017 Establishing or Maturing Your Vendor Risk Management Program
            Branan Cooper, Venminder

12/14/2017 ACH Risk Management & Assessment: Risks, Controls & Ratings
            Jen Wasmund, UMACHA
education

2017 Bank Secrecy Act Training
Mark your calendar!

Basic BSA Training
Thursday – February 16, 2017
CBM Training Center, East Lansing
Instructor: Adam Witmer, CRCM, Compliance Consultant with Young & Associates, Inc.
The primary focus of this one day program is to assure that all attendees understand the basic requirements for a sound compliance program based on the regulation and core examination procedures.

BSA/Anti-Money Laundering Conference
Tuesday – June 6, 2017
Eagle Eye Golf Club, Bath
Instructor: Adam Witmer, CRCM, Compliance Consultant with Young & Associates, Inc.
CBM is pleased to again offer the BSA/AML Conference, as presented by Young & Associates, Inc. This one day program is designed to focus on all applicable BSA activity over the last 12 months. The agenda for this annual conference is revised each year and typically includes, as applicable, an overview of FinCen Activity, recent enforcement actions, proposed regulatory changes, case studies, and an interactive round table discussion. This program helps to keep BSA personnel informed of industry trends, regulatory focuses, proposed rules, and other information relevant to the BSA professional.
COMMUNITY BANKERS OF MICHIGAN
UPCOMING EDUCATION AND TRAINING EVENTS

Community Bankers for Compliance Annual Program
Eagle Eye Golf Club, Bath

- 1st Quarter Seminar
  Wednesday – February 15, 2017
- 2nd Quarter Seminar
  Tuesday – May 16, 2017
- 3rd Quarter Seminar
  Tuesday – August 15, 2017
- 4th Quarter Seminar
  Tuesday – November 28, 2017

Basic Bank Secrecy Act Seminar
Thursday – February 16, 2017
CBM Training Center, East Lansing

CEO Leadership Network
Friday – March 3, 2017
Dart Bank, Mason Headquarters

ICBA National Convention
March 15 – 19, 2017
San Antonio, Texas

ICBA Washington Policy Summit
April 30 – May 3, 2017

BSA/Anti-money Laundering Conference
Tuesday – June 6, 2017
Eagle Eye Golf Club, Bath

HMDA Seminar
Wednesday – June 7, 2017
Eagle Eye Golf Club, Bath

Lender’s Comprehensive Guide to Mortgage Loan Compliance
June 27 & 28, 2017
Eagle Eye Golf Club, Bath

2017 CBM Annual Convention & Expo
September 13-15, 2017
Grand Traverse Resort & Spa, Traverse City

Mark your calendars!

CBM Annual Convention & Expo Future Dates

September 13-15, 2017
September 12-14, 2018
September 25-27, 2019

ICBA LIVE® NATIONAL CONVENTION

March 15 - 19, 2017
Henry B. Gonzalez Convention Center
San Antonio, Texas

Registration is Open!

Add some heat to your March and make plans to attend ICBA LIVE® 2017 in San Antonio, Texas. Explore the latest topics and industry trends, while mixing it up with peers deep in the heart of Texas. Learn more and register today –
www.icba.org/ICBALIVE17
Churchill Classic Donates to Cheboygan Youth Center, Inc.

The Churchill Classic committee recently donated $4000.00 to the Cheboygan Youth Center, Inc. Each year the Churchill Classic Trail Run committee selects a local charity or organization to benefit from the proceeds of the run.

“The committee decided that this year the money should go towards our local Youth Center. Deb Turnbull, along with her board of directors and student volunteers work very hard year round to ensure a safe and healthy environment for our youth. We are very happy to help in any way that we can,” stated Nancy Lindsay, Churchill Classic race director. “The race is a big undertaking and we couldn't do this without the committee, the many volunteers and our sponsors. This year’s sponsors, along with Citizens National Bank include: Little Traverse Primary Care, Durocher Marine-Division of Kokosing Construction Company, Tromble Bay Farms, Darrow Brothers Excavating, Ken's Village Market and Munro Helping Hands.

The race started in 2005 when former Citizens National Bank president and CEO Robert E. Churchill passed away after being diagnosed with cancer. The bank board of directors felt that a race in Mr. Churchill’s name was a way to pay tribute to Bob and donating the proceeds to local charities would leave a legacy for his family, and the community that he so strongly supported. To date, the race has donated over $38,000 to help programs in Cheboygan and the surrounding counties including the American Cancer Society, Cheboygan County Habitat for Humanity, Cheboygan Memorial Hospital Cardiac Wellness Center, 4-H Proud Equestrians, Together Lifting Children, Salvation Army, St. Thomas Food Pantry, The Lord's Kitchen, Northern Care Center, Women's Resource Center of Northern Michigan, Cheboygan County Humane Society Cheboygan County Council on Aging and Cheboygan County Boy Scout Troop 1240.
Northern Michigan Bank and Trust Announces Staff Additions and Promotions

The directors of NMB&T, Upper Michigan are pleased to announce the recent addition of five members to their executive team.

Raymond LaMarche hired as the CFO for Northern Michigan Bank and Trust brings extensive knowledge to the role gained from 21 years of experience in public accounting. Prior to NMB&T, LaMarche served as a partner at the firm of Anderson, Tackman & Company. He is a graduate of Lake Superior State University where he earned a Bachelor of Science degree in accounting and is a Certified Public Accountant. He is a member of the Escanaba Elks Lodge, St Anne’s Church and board member for Hannahville Ice & Turf Center.

Robert LaLonde joined Northern Michigan Bank as the Information Technology Officer in August. He has over 32 years of experience in multiple Business Intelligence platform design and development projects and data architecture design and implementation. Before joining NMB&T, he gained valuable experience in the local paper mill industry providing excellent customer service which will transfer well into the NMB&T team. He is a graduate of Michigan State University with a BS in Mathematics with a concentration in computational mathematics. He and his wife, Lisa are small business owners. They are avid Eskymo Fan Club members and Escanaba High School Band Boosters.

Becky Kestila, a new team member at the Ishpeming branch of NMB&T, is the Vice President of Mortgage loans. She has been in banking since 1978 working in all facets of the business. She has been in the lending area since 1978. Becky attended the Northern Michigan University School of Banking. Becky is very involved in several Ishpeming community committees and the administrative board for the Wesley United Methodist church. She is currently on the UP Health System – Bell advisory board, and an active member of the Ishpeming Lions Club.

Emily Bruce is now the Vice President-Lending Compliance Officer for Northern Michigan Bank and Trust, Escanaba. Emily brings 14 years of mortgage experience to her position with extensive underwriting experience gained from her previous employment. She currently holds the position of Wells Township Zoning Administrator and Treasurer. Emily has been heavily involved in community volunteering as the Livestock Superintendent for the Marquette County Fair.

Vicki Gerou has accepted the position of Vice President/Human Resources Director. She brings 28 years of governmental human resource experience to Northern Michigan Bank and Trust. Gerou is a graduate of Spring Arbor University with a Bachelors in Organizational Development and a Masters in Organization Management.

Lori Ring joins Northern Michigan Bank and Trust, Marquette Office as the VP Mortgage Loans and Banking. She has extensive banking experience of over 27 years in all aspects of the banking industry from teller, to Customer Service Representative, Loan Processor and Branch Manager. She attended Northern Michigan University and the Robert M. Perry School of Banking. She is a native of Negaunee and enjoys playing softball, and any and all activities with her two children. She is a Board member of the Negaunee Irontown Association.
community connections

The Dart Bank in Grand Ledge Welcomes New Manager

Peter Kubacki, President and CEO of The Dart Bank, is pleased to announce the addition of Nicole Perry as Grand Ledge Office Manager.

Nicole has been in the banking field for over 15 years. She has served as a Senior Customer Service Representative, Personal Banker, and Financial Center Manager. She has a Bachelor Degree in Business Management from Davenport, and a Master of Science in Human Resources from Central Michigan University.

Nicole has been active in the Chamber of Commerce, Junior Achievement, Meals on Wheels, Ronald McDonald House, Lansing Food Bank, Riverbank Run, and New World Flood.

The Dart Bank in Mason Welcomes New Manager

Peter Kubacki, President and CEO of The Dart Bank, is pleased to announce the addition of Ben Dowd as Mason Office Manager.

Ben has been in the banking field for over 14 years. He has a Bachelor’s Degree in Business Management, and a Bachelor’s Degree in Human Resources, both from Colorado Tech University.

Ben has been active in the Lansing community for the past two years, and prior to that the Saginaw, MI community. Ben is also currently on the Board of Directors of the Old Town Commercial Association.

Beach Promoted to Assistant Vice President Mortgage & Consumer Lending

Teresa Beach has been promoted to Assistant Vice President—Mortgage and Consumer Lending at First Federal of Northern Michigan (FFNM). As A.V.P. Beach will continue oversight of all the retail lending operations at First Federal.

Beach has worked for First Federal for 17 years. She started as part-time Customer Service Representative, and transferred to the Accounting Department as a Staff Accountant in 2002 where she assumed the additional responsibilities of our Secondary Market Operations. Beach also added Payroll Department responsibilities in 2007 and assumed supervisory responsibilities for Consumer Loan Operations in 2011. In 2013, Beach was promoted to Credit Analyst and again promoted to Manager—Mortgage and Consumer Lending in February 2015. Beach is a graduate of Alpena Community College with an AS in Accounting and Lake Superior State University with a BA in Accounting.

Holm Promoted to Mortgage Banking Manager

Kris Holm has been promoted to Mortgage Banking Manager for Northern Michigan Bank and Trust. She has been employed in the Banking industry for 32 years with the majority of her banking experience in the lending division and management. Kris graduated from Gwinn High School and attended Northern Michigan University seeking a Business Management degree. She is very active in the community and is currently a member of the Marquette Area Public Schools Booster Club, Association Manager for Marquette County USBC Bowling Association, Treasurer for Negaunee Club Soccer team, Treasurer for the Marquette High School Bowling Team and logs many volunteer hours on a weekly basis with Marquette Area Public Schools and other volunteer opportunities. Her hobbies include bowling, camping and spending time with family.
Bank of Ann Arbor Hires Executive Vice President

Bank of Ann Arbor is pleased to announce the addition of Erik Bakker, Executive Vice President, Trust & Investment Group Manager. In his new role, Erik will be responsible for the leadership and management of our Trust & Investment Management Group.

Prior to joining Bank of Ann Arbor, Bakker spent almost 30 years at JPMorgan Chase and its predecessor banks, most recently as Senior Vice President of the Midwest Business Banking practice where he managed a group of 450 bankers across seven states and a staff responsible for a $20 billion deposit portfolio and a $5 billion loan portfolio. Prior responsibilities included management of the commercial banking practice in the East Michigan/Northern Ohio market, managing director of the Automotive and Transportation Group, and various assignments in the corporate banking business.

“It is with great excitement that we welcome Erik Bakker to the Bank of Ann Arbor team. Erik brings remarkable professionalism and strong character, a high energy level, and well documented success at managing large groups of colleagues to high achievement levels. Our Trust and Investment Group is one of our strategic growth areas and we anticipate an extremely bright future with the addition of Erik,” said Tim Marshall, President and CEO of Bank of Ann Arbor.

Like most Bank of Ann Arbor colleagues, Bakker gives considerable time back to the community. His involvement in the community has included board participation at the Ann Arbor Summer Festival for ten years where he also served as a board chair and a member of the executive committee. He served a six year term on the Ann Arbor Hands On Museum board of directors, was a member of the Macomb County Innovation Fund investment committee, and is a Paul Harris Fellow at the Rotary Club of downtown Ann Arbor. Erik holds a BA and MBA from the University of Kansas.

“Bank of Ann Arbor has a wonderful history of commitment to its clients, the communities it serves, and its staff. I’m thrilled to be part of the team and I’m looking forward to building on its tradition of providing first-class financial products and advisory services in a personable, client-friendly way”, says Bakker.

Bank of Ann Arbor Hires Ypsilanti District President

Bank of Ann Arbor is pleased to announce the addition of Jeffrey McKelvey, Ypsilanti District President. In his new role, Jeffrey will be responsible for managing our community involvement efforts in the greater Ypsilanti area while working with the Ypsilanti team to provide banking and financial services to individuals and area businesses. Bank of Ann Arbor has enjoyed great success in the Ypsilanti market since opening a downtown office on East Michigan Avenue in early 2001.

McKelvey comes to Bank of Ann Arbor after spending the past nine years with JPMorgan Chase in a variety of roles within the organization. Most recently, Jeffrey served as a relationship manager with regional responsibilities in Detroit and a number of communities west of Detroit. He has exhibited excellent upward mobility as he started as a personal banker, transitioned to a small business specialist, and eventually promoted to a business banker before assuming his most recent role in 2013.

“Jeffrey is a great addition to not only Bank of Ann Arbor but to the Ypsilanti community. His experience in business development as well as his commitment to the growth and re-development of Detroit is exactly the type of accomplishments we want to see within our own community. Jeffrey has a long and successful history of helping his clients succeed and we are excited to welcome him to the bank and to the Ypsilanti community,” said Tim Marshall, President and CEO of Bank of Ann Arbor.

McKelvey graduated with a Bachelor of Business Administration with a concentration in entrepreneurship and management from Eastern Michigan University. He has also received his Graduate Certificate in Finance and is in the process of receiving his Master of Business Administration, also from Eastern Michigan University.

“It’s great to be returning to Ypsilanti, a city where I have a personal history. There is so much I would like to get involved with in this city which has such a rich culture, that it’s tough to know where to start,” says McKelvey.

Jeffrey is also a professional trumpet player and has studied with George Benson, Joe Magnarelli of the Harry Connick Jr. Big Band, and Patrick Hession, the lead player of the late Maynard Ferguson’s big band. He is an avid supporter of the arts, healthy living, and education around both.
Andrews Hooper Pavlik PLC Announces Merger with Ann Arbor Firm, Miller & Associates, P.C.

AHP Welcomes Eighth Office in Michigan
Andrews Hooper Pavlik PLC (AHP) is pleased to announce the merger of Miller & Associates, P.C. with AHP effective November 1, 2016.

Ann Arbor based Miller & Associates, P.C., is a one office certified public accounting firm with a staff of ten employees. The addition of the Ann Arbor office brings AHP to eight offices throughout the state of Michigan and over 150 staff members.

“The merger with Miller & Associates will be beneficial to both firms and our clients,” said AHP managing partner, William J. Mulders Jr., CPA, CVA, CGMA. “Miller & Associates is known for their focus on quality when serving clients, so our firms align very well with our client service philosophies. Ann Arbor is a great community and one we are very much looking forward to being involved in and offering our wide array of services”.

“We are excited to be joining the AHP team” said Paulette (Polly) R. Miller, CPA, CVA, President of Miller & Associates, P.C. “This merger allows us the opportunity to broaden our service offering to our clients, while maintaining the personalized client service they have been receiving from Miller & Associates”.

About Andrews Hooper Pavlik PLC
AHP was founded in 1993 with a mission to provide clients with the experience and resources of a large, progressive CPA firm while delivering traditional accounting and tax services at a locally accessible level. AHP now provides a full suite of professional accounting services to clients throughout Michigan and beyond, including investment planning, business and IT consulting and benefits administration. AHP also has offices in Auburn Hills, Bay City, Grand Rapids, Greater Lansing, Midland, Owosso, and Saginaw. AHP has become the firm of choice for businesses and individuals looking for professional advisors focused on their success. For more information, visit www.ahpplc.com.

About Miller & Associates, P.C.
For nearly 30 years Miller & Associates, P.C. has been committed to providing quality services to their clients at an effective cost and in a timely fashion. They have provided professional guidance to their clients in order to assist them in managing their business and personal finances more effectively. Many of their clients include individuals, professionals, restaurants, retail stores, insurance agencies, non-profit organizations, manufacturing companies, and many other service industries.

McQueen Financial Advisors Announces Office Relocation and Expansion
McQueen Financial Advisors has relocated to new and expanded facilities in Clawson, Michigan. “With the opening of business on Monday, October 17, the firm will have some much needed additional office space, room to grow, and facilities to conduct client seminars and training on topical matters to financial institutions,” according to Charles McQueen, President, McQueen Financial Advisors.

The new facilities are located at 1239 Anderson Rd., Clawson, MI 48017. The office is conveniently located off of Crooks Rd., once mile south of the Big Beaver Exit of Interstate I-75.

While the address has changed, the phone number, 248-548-8400, has remained unchanged.
Death Notices

Bob Main
Robert Joseph “Bob” Main, 58 of Pigeon, passed away Tuesday, November 15, 2016 at Scheurer Hospital in Pigeon. Born in Flint on June 19, 1958, he was the son of Marvin R. and Barbara J. (McAra) Main. He graduated from Ubly High School in 1976, and earned his Masters Degree in Banking from the University of Colorado. Bob worked with Bay Port State Bank for 24 years, and was currently serving as President and COO. Bob was a generous man and supported his community in many ways.

Richard Deneweth
Richard “Rick” A. Deneweth, of Traverse City, passed away peacefully at home on November 11, 2016. Rick was born September 4, 1957, in Grosse Pointe Woods, Michigan, to Edna (nee Rondina) and Raymond Deneweth. Rick served over thirty years in the business community, including as Vice President of Comerica Bank and Senior-in-Charge Emerging Business Department at Deloitte Haskins and Sells. Rick is survived by his best friend and loving wife, Connie (nee Pulte), sons Raymond James (RJ) and Christopher, and brother Ronald (Mary). Connie Deneweth is Chief Executive Officer of Traverse City State Bank.

All of us in the Community Bankers of Michigan family offer our deepest sympathies to the Main and Deneweth families.
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