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The hits just keep on coming. First it was COVID-19, then PPP, then back to work protocols, then flooding in mid-Michigan, and now civil unrest. We will all remember 2020 as one of the most unusual and challenging years of our banking careers. Who would have thought we would see boarded up branches with National Guard vehicles parked outside of them to keep crowds away? You keep rising to every challenge – and you find a way to provide great service to your customers no matter what the obstacle. It has been truly amazing to see the ingenuity and resourcefulness of our Michigan bankers as challenge after challenge has been thrown at them. Could we actually be getting accustomed to changing our business operations quickly and effectively to meet ever changing business requirements? I think you have clearly demonstrated the answer is “YES.”

The PPP loan forgiveness cycle is about to go into full swing. Your bank will be challenged again with a great amount of work to process the PPP loan forgiveness requests. We will continue to keep you advised of the latest developments with the program. We are glad the House and the Senate made needed changes to the program. We will continue to push along with the ICBA on the Treasury and the SBA to establish a short form loan forgiveness document along with setting a loan threshold for the quick verification process for loans under $350,000 and we will settle for $150,000 if we have to. I am personally very thankful for Kate’s work on the PPP program for Michigan banks. Sarah and Carole also did a great job on the back to work recommendations they put together for Michigan banks. I am very fortunate to have the pleasure of serving your banks needs as part of this great team at the CBM.

You have shown Michigan bankers can compete with any other entity and win. Our focus on customer care and communication has really stood out during the crisis and with the PPP program. Local decision-making clearly matters and it allows you to be more nimble and more effective serving the needs of your community. We always knew it was true – now the Michigan business community and politicians know it too. Michigan banks have stood tall and were there for their communities during the crisis. Only 34% of Michigan CUs participated in the PPP program and those that did barely waded in the water. The Crain’s article on PPP loan forgiveness really shined the light on the disparities in performance even with those CUs that did make PPP loans.

Oxford Bank was featured in the article with over $265 million in PPP loans for business owners in need in SE Michigan. Lake Trust CU, a multi-billion dollar CU operating in multiple states, did a paltry $13 million. While I am enjoying myself dumping on CUs I might as well add this to the pile. We participated in back to work groups DIFS set up for banks and CUs. The CUs in the group were pretty clueless about all of the requirements for getting back to work safely. We had over 70 banks on our HR conference call sharing best practices for back to work strategies and all of the banks had a lot more info and safe practices than any of the CUs in the DIFS work group. And that was two weeks before the DIFS work groups got going. Too bad the outside world is not more aware of the striking differences in professionalism and capability. Thankfully they got to see it in action in the PPP program – where Michigan banks shined.

We are glad most of the stay at home restrictions are being lifted in June. Our Michigan businesses have been closed for too long and they need to ramp up again in a safe and sound manner. The CBM was open all through the crisis but we cancelled most of our training and events. We are now starting everything back up again. We will start training events in late June. We have some great credit training and our “Tomorrow’s Banker” program will be outstanding for the bankers who are making a difference in your organization. A complete list of the training events are listed in this edition of the Community Spirit magazine. We will also restart our rollout of the outstanding 401k program we have
put together for Michigan banks with Empower. A number of banks have reviewed the program, and all have given it favorable reviews. We worked for over a year to bring you the best 401k option we could find, and many of our member banks are making the commitment to the program. Your bank should take a look at how it will help you take great care of your most valuable asset – your employees.

We will be hosting our Upper Peninsula Banking event at the Holiday Inn in Marquette kicking off with a golf event at Greywalls on Tuesday, July 28th and winding up at noon on Thursday, July 30th. Greywalls is a bucket list golf course – if you have not played it, you are missing out on one of the most challenging and beautiful golf courses in America. We will have excellent presenters for the day and a half of sessions and have gone to great lengths to make sure this is a very meaningful event while at the same time making sure all health and safety protocols are closely followed. Every bank in the state can attend the event in the UP – so please join us. We had a great event last year and this year will be even better. Many of you have told me you need to spend some time with your fellow bankers in person – well this is your opportunity. Lake Superior might even be warmed up a bit by late July. Sign up right away as we will likely limit this event to 50 people to ensure we are able to comply with social distancing requirements.

Our convention is going to be held at the Grand Traverse Resort from September 23rd to the 25th. We have been working with the Grand Traverse Resort to make changes to the convention to make sure we have a meaningful event while maintaining all appropriate health and safety protocols. We will have to make some changes to the usual schedule and events – so it might be a bit different from the past. The convention will still be exceptionally informative and provide plenty of time to socialize but with smart practices in mind. You know I love a good time in TC so it will be a great event. We will once again honor exceptional bankers with our “Best of Community Banking Award” and our “Rising Star Award.” The “Best of Community Banking Award” is given annually to a bank President/CEO who is nominated by their board, their employees, or their peers for their exceptional service to their bank, their community, and to our industry. You all deserve the award this year – but one outstanding banker will be selected. The “Rising Star Award” is for a bank officer below the rank of president or CEO who has shown they have the right stuff to be a future leader of our industry. Last year’s winners were Mark Kolanowski of Highpoint Bank and Tricia Brown of ChoiceOne Bank. This year’s winner might be you!! Please send your nominations to our attention prior to July 4th. We will also be giving out a special award this year – The Lifetime Achievement Award – to a person who has been a great advocate for our industry for many years. I will tell you all about it in our August magazine.

We would like to acknowledge two special bankers who were just recognized in the ICBA’s 40 Under 40. Shaunna Padgett of First National Bank of Michigan and Danielle Bull of Dart Bank. You can read all about them in the feature article in this magazine. Shaunna and Danielle are truly exceptional bankers and our industry has a very bright future with star performers just like them at banks across Michigan.

The last thing I want to tell you about is an exciting marketing concept we have been working on to highlight the success of Michigan banks. We have developed a marketing program around “Bank Local.” We worked with the LEAD Agency out of Grand Rapids to develop an exciting new marketing campaign our member banks can use to set themselves apart from the mega banks and the credit unions. We previewed it to our board last week and everyone liked the concept. We are debating if this is the right time to launch as Michigan and the country are feeling the financial effects of having everything closed-up for over two months. Some banks may hold off for a while, others want to get this program started in their market ASAP. Michigan banks have fostered a lot of community goodwill from your performance in the PPP program as you funded over 113,000 Michigan businesses and provided over $15.7 billion of badly needed funds to keep people employed. This campaign will allow
your bank to seize the moment if you choose to. It will tout the many advantages of banking local while taking some light-hearted humorous swipes at mega banks and CUs in general. We will not call out any individual mega banks or CUs, but will call them out for their shortcomings in a general way.

I hope you get to enjoy your summer here in Michigan. We have all been through a lot in the last three months – we deserve a chance to relax and enjoy some time with friends and family – somewhere other than in our house. Our summer is short and it goes by in an instant. Make time to enjoy our beautiful state and relax a bit – you have earned it. I bought a Hobie fishing kayak last weekend and have already caught five nice bass in a few days. It is amazing how quickly you can leave your concerns and worries behind you when you are enjoying all our beautiful state has to offer. Enjoy your summer and I hope to see you in the UP in July!!!
Flourish
By Rebeca Romero Rainey, President and CEO of ICBA

Remember that childhood game follow-the-leader where one person directed, and the others walked in line? Well, it was not a favorite of mine, and I could never quite pinpoint why.

As I’ve moved forward in my career, I realized what bothered me: The leader in that game dictated the path, and others blindly followed suit. There was no room for creative collaboration or team dynamics. It was cut and dry: Either you were a leader and got to call the shots, or you were a follower and had to step in line.

That approach doesn’t line up at all with the reality of true leadership. A good leader listens and learns from their team, becoming stronger not by managing singularly, but by evolving concepts and direction based on group input. Leaders know that each individual’s strengths complement their own. Well-executed leadership is less about marching to your own beat and more about creating a well-choreographed team play.

That’s why I’m heartened this month as I look at our second-annual 40 Under 40 awards. These young professionals have expertise that makes them distinct from one another, but they share a common quality: They are rising leaders. They are strengthening the nature of community banking by bettering themselves, their teams and their organizations. And, they are doing it with gusto—by focusing on coming together for a greater good, for the strength of their communities.

This contagious enthusiasm is also why I look forward to our LEAD FWD Summit each year. As of this writing, we’re not certain if this year’s event in September will take place in-person or virtually. But we do know it will continue to assemble ambitious, results-oriented community bankers as they expand their leadership journeys. Young professionals recognize LEAD FWD as the key event at which to learn the strategies and insights that will shape the future of community banking.

As we look to the future, we’re still faced with a world of uncertainty, courtesy of COVID-19. Yet, despite the challenges over the past few months, we have led our communities toward prosperity. By going beyond what’s required of us in navigating the Paycheck Protection Program (PPP) and disbursing Economic Impact Payments (EIPs), we have dug deep in supporting our communities. From blood drives and business donations to loan forgiveness and the renegotiation of contract terms, community banks have supported their customers in creative ways.

That’s because we advance our communities not by controlling the path, but by ensuring our customers’ voices are heard. They know they can rely on us when it’s most needed. I’d say that’s the sign of a true leader.

Where I’ll be this month
I’ll be continuing to connect with community bankers nationwide and champion their leadership via digital channels.

Connect with Rebeca @romerorainey
from the chairman

From the Top
By Noah Wilcox

My senior year in college, I took a business law class that doled out a daunting assignment: Put a stake in the ground and say where you’re going to be at age 35 and how you’re going to get there. At that time, I was pretty unsure how my career would unfold, but I guess instinct kicked in, and I wrote about becoming president and CEO—and possibly chairman—of our family bank. Well, I wasn’t chairman at 35, but I was president and CEO, which speaks directly to what planning, drive and determination can do.

“Our decisions go far beyond dollars and cents and extend to finding ways to contribute to the greater good.”

Yet, while that exercise may have set the wheels in motion for my career as a community banker, having the opportunity to work side-by-side with my grandfather is what clinched it. At a pretty young age, my grandfather instilled in me an understanding not of what we do as community bankers, but why we do it. I can remember being eight years old and going on collection calls with him, and they were compassionate, trying to help people who were struggling to pay their bills. Through his example, he taught me that community banking is about taking care of people—the families in our community. That personal connection to something bigger than myself was vital to me “coming home” to the community bank.

The sheer amount of passion and compassion that goes into community banking makes for a pretty unique business model, one I daresay we’ve all been balancing lately with COVID-19. In today’s landscape, that foundation my grandfather set remains all the more important to helping our communities get back to vibrancy. We’re still running businesses, but for all of us, our decisions go far beyond dollars and cents and extend to finding ways to contribute to the greater good.

And I see that same spirit of practical altruism reflected in the young leaders emerging today. You need look no further than this month’s 40 Under 40 awards to see community bank leaders growing to become the anchors of communities that they will help to evolve and flourish in the coming years.

Generationally speaking, I feel like we’re getting back to our roots. My grandfather, a proud part of the Greatest Generation, set the stage for me, but we are standing on the precipice of that potential once again. This generation of emerging leaders brings a new level of humanity and activism to their work, so let’s continue to inspire them to act for the greater good, just as my grandfather did for me!

My Top Three
My top pieces of advice for rising leaders:

1. Roll up your sleeves and help out your staff; it’s about the collective team.
2. Find a mentor to inspire you.

Connect with Noah @NWWilcox
Whether it’s designing an employee benefits program, filling the gaps in your business insurance coverage, creating a holistic well-being strategy, or providing insight into the right home and auto insurance to protect your family, Kapnick specialists can find the best solutions for your unique needs.

Expect more from a broker. Expect an expert.
Contact us for customized insurance solutions designed by our experts especially for your needs.
It is fitting that we come together this year to celebrate an achievement few reach, no matter the industry, celebrating 125 years in business. Thumb has been providing customers with honest, fast, efficient service as their hallmark since 1895. They have weathered depressions, recessions, housing crises, and pandemics, and are still proudly serving their customers today.

In 1895 in Pigeon, Michigan, Farmers Bank of Frank W. Hubbard first opened its doors. In 1906, Pigeon State Bank opened in the same town and a few short years later they merged, and kept the name Pigeon State Bank until 1970. It was then they became Thumb National Bank & Trust Co. During all those years, and still today, they have been counted on to provide their local community members and businesses, with traditional banking products. They take great pride in the personal involvement in the communities they serve, which has expanded to Cass City in 1978, Caseville in 1989, Bay City in 2003, and Bad Axe in 2016.

Thumb Bank and Trust products have continued to combine traditional products with state of the art innovative technology to meet the needs of all their customers. They have highly skilled and dedicated employees that work hard to earn, and keep, the confidence and trust of customers. The Board of Directors and bank shareholders are local people that represent the communities Thumb Bank and Trust serves. Thumb employees have watched generations of customers come to the bank and have enjoyed seeing their children grow into adults and begin to have families of their own.

“For 125 years Thumb Bank & Trust has been a “Community Comes First” organization in all the communities that we serve,” said David McCormick, Chairman of the Board, Thumb Bank & Trust. “Our board, officers, and employees take great pride in ensuring everyone in the areas that we work, live and raise our families in has a bank they can depend on.”

“Some of my most special memories during my banking career was watching families move into houses we have financed, raise their children, and then be able to watch the adult children move into houses of their own,” shared Michael LePage, Thumb Area President and 36 year employee of the bank. “When I sit back and think about how Thumb Bank and Trust has helped so many achieve the American dream, it is truly humbling.”
In 2017 Thumb National Bank & Trust Co. became Thumb Bank and Trust but their focus has not changed. They continue to take pride in making local decisions that affect local people in the communities they serve.

“The relationships we have with our customers are based, first and foremost, on trust,” said Benjamin Schott, CEO of Thumb Bank and Trust, “Each of our employees understands the significance this involves. We all plan to be here for the next 125 years and the foundation for longevity and our continued success begins each morning when we start our workday.”

Navigating through challenging times has never caused the mission of the bank to change its course, and the past several months have reminded all employees and bank customers of just that. For the safety of the bank employees, and the community, Thumb quickly adapted by keeping their bank drive-thru’s open, and ensured customer needs were met by appointments, as needed. Mobile banking communications were reinforced, customer training provided, and the staff didn’t miss a beat.

When the SBA PPP funds became available to lend to small businesses in the community Thumb was ready. They have provided over 200 loans to ensure small businesses are able to stay afloat during this crisis. “In many ways, we feel like a family, taking care of the families.” Schott shared, “It is an honor to be CEO of a bank with such a storied history.”

Thumb is preparing to re-open their lobbies and once again, welcome customers back into their bank. LePage, who also oversees branch administration, has been working closely with senior management to implement a safe re-opening of branch lobbies shared, “We are taking a conservative approach to re-opening branches to ensure a safe environment for both our employees and customers. We are confident it will be a smooth process.”

Thumb is planning a wonderful celebration this year when they are able to share this milestone with the members of their community. Congratulations to each and every employee of Thumb Bank and Trust. What a wonderful achievement.
ICBA – 40 Under 40: Emerging Community Bank Leaders

The ICBA has published the second annual 40 Under 40: Emerging Community Bank Leaders in their June issue of Independent Banker magazine. The list recognizes up and coming community bank innovators and influencers who represent the future of the industry. The Community Bankers of Michigan would like to congratulate Shaunna Padgett of First National Bank of Michigan and Danielle Bull of Dart Bank who were both recognized this year.

Shaunna Padgett, 37
Vice president and strategic and operating manager
First National Bank of Michigan
Kalamazoo, Mich.

Shaunna Padgett carries the unofficial title of First National Bank of Michigan’s “go-to, can-do” person. No task is off limits for Padgett. She worked to upgrade products and services at the community bank to remain competitive, and she is developing and implementing a three-, five- and 10-year plan. Her initiative, efficiency and productivity have not gone unnoticed by leadership. Padgett has been identified as part of the community bank’s succession plan.

Danielle Bull, 39
Vice president and controller
Dart Bank
Mason, Mich.

Danielle Bull came to Dart Bank from a larger regional bank to promote community banking and make a grassroots impact. Bull dedicates herself to training and supporting her team both personally and professionally. She leads by example, spearheading several projects to help meaningfully understand the bank’s numbers. Outside of work, Danielle has been a member of Sparrow Foundation’s Women Working Wonders for more than 13 years.
Kicking the Can
Congress and the Fed are on a spending spree.
by Jim Reber

If you ultra-busy community bankers have been able to catch some of our policymakers commenting on the waves of fiscal and monetary stimulus rushing toward the U.S. consumer, what you heard essentially translated into an elaborate game of Kick the Can. Please note that I said “elaborate” and not “elegant.”

Here are some popular sound bites from these commentaries: “The amount of debt that we’re adding up is a matter of genuine concern.” “We are deploying these lending powers to an unprecedented extent, enabled in large part by the financial backing from Congress and the Treasury.” “Our country’s highest priority must be to address this public health crisis.” All of which sound good, and each of which are undoubtedly true. As is this: We’re going to have one large bill to pay sometime in the future.

It came from Foggy Bottom
In barely a six-week period in March and April, we saw three different bills enacted, each providing assistance to individuals and the domestic economy. The three have an aggregate price tag of about $2.8 trillion. Congress and the administration have not yet advanced any bright ideas about how this spending is actually going to be repaid.

For context, here is some color on what $2.8 trillion entails:

*It’s equal to the annual gross domestic product of France.
*It’s greater than any annual U.S. budget up until 2008.
*It’s twice the amount of all the individual income tax payments in the U.S. in 2017.

And more may be in store as the government tries to keep our economy from completely shutting down. Still, to summarize, we’ve just taken a big jump in deficit spending to finance our way of life until we can go back to our normal routines.

Fed’s bag of tricks
Not to be outdone, the Federal Reserve has supplied a set of monetary responses and more to come. Some of these moves have not only rebuilt its colossal balance sheet but have far surpassed its previous buying binges. As of the end of April, its total assets were up to around $6.6 trillion. That number never exceeded $4.5 trillion even during the succession of quantitative easings (QE) in the past decade.

Of course, we learned last time that the counterweight to the buying spree is the increase in reserves in the banking system. The finance textbooks will tell you that an increase in the money supply will cause prices to rise, as inflation is the residue of “too much money chasing too few goods.”

But since inflation never really picked up during the prior rounds of QE, and since it sure looks like monetary stimulus is currently needed to keep the economy from collapsing, deficit hawks have completely thrown in the towel at the present. Thirty-year Treasury bonds with yields below 1.50% have further empowered lawmakers to borrow-and-spend, and we’ll figure out how to finance it later.

What’s of value
The list of Fed activities is too lengthy to go into much detail, but let’s just say it is taking its role as Lender of Last Resort quite seriously. It has invested in, or provided financing to, several investment sectors that it had never done so in the past. This includes corporate bonds and municipal loans.

More fundamental to community banks is that it has again cut overnight rates to just about zero and has invested in a lot of mortgage-backed securities (MBS). This includes more generic MBS like the 30-year...
fixed rate pass-throughs, but it has also increased its holdings of 15-year pools and, for the first time, bought multifamily MBSs. The Fed’s objective is to enhance liquidity in that space, and it appears to be effective. Between mid-March and mid-April, prices on many of these pools rose by almost three points (3%), while Treasury notes with comparable durations were essentially flat.

Not that anything in this market is going to have nominally attractive yields, but there are some pockets of relative value. MBSs that the Fed are not buying, such as jumbo pools and collateralized mortgage obligations (CMOs), have not yet followed the prices on the Fed’s pools. The aforementioned liquidity facility to support municipalities is concentrated on short (two years and less) duration credits. Therefore, longer (e.g., more than 10 years) munis should remain the highest yielding sector that’s of interest to community banks.

I think we’d agree that we’re not having an especially fun time at the present, but it surely appears to your correspondent that our policymakers are using all the toys in their sandbox. Some of these will hopefully prove to be popular (and effective) at maintaining sufficient activity in the financial sector until normalcy returns. Then we can all look forward to dealing with the extended-play game of Kick the Can 2020.

**Jim Reber** ([jreber@icbasecurities.com](mailto:jreber@icbasecurities.com)) is president and CEO of ICBA Securities, ICBA’s institutional, fixed-income broker-dealer for community banks.
The COVID-19 pandemic presents community banks and fintechs with opportunities to create change. It’s a pivotal moment, underscoring the importance of leadership in innovation, and community banks and fintechs are rising to the occasion.

Take, for example, the operational and technological challenges community banks are facing related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act’s ICBA-advocated Paycheck Protection Program (PPP). Community bankers are looking for smart, innovative solutions to address pain points, and they are finding them in fintech partnerships.

Many fintechs are adapting to the crisis by altering the trajectory of their businesses and business models so that they can better support community banks.

Tom Freston, cofounder of MTV, said it well: “Innovation is taking two things that exist and putting them together in a new way.” We are watching this play out with community banks and technology providers through their partnerships as they take existing services and solutions and combine them in new ways.

As community banks reimagine the branch experience and their interactions with customers, they are using digital tools to connect with employees working remotely and, in some cases, host meetings with key customers. Community banks are also getting creative in their sponsorship of community events while adhering to social distancing guidelines. In one instance, a community bank showed its support of local businesses by sponsoring a digital tour of a nearby restaurant.

Innovative approaches to stay connected may sound simple, but they demonstrate how community banks are stepping away from legacy behaviors to rethink and retool their business models. For many, the challenges and solutions presented by the crisis will serve as a catalyst for change and a platform for further innovation. Community banks have an opportunity to evolve their digital platforms and reevaluate everything from customer engagement to internal processing and back-end servicing solutions, and they should make the most of it.

The crisis we’re facing is not a one-and-done event that we rush to put in the rear-view mirror so that we can go back to business as usual. Rather, we need to reflect on the lessons learned and leverage the tools and resources we’ve discovered and utilized during this difficult time. Coming out of this, community banks should see a natural evolution of capabilities that they can embrace to create sustainable behavior and business models for the future.

During these unprecedented times, ICBA is here for you as a partner and an extension of your community banking family. We must lean on each other. When it’s over, we will walk away from this with shared knowledge and experiences that we can put to use.
It was only a few short months ago, and the ICBA Convention held in Orlando, Florida this past March was a terrific event. Michigan community banks were well represented at the event with 16 banks in attendance, over 40 bankers and Michigan associate members who traveled down to the Gaylord Palms to collaborate, enjoy a variety of sessions, and the most current industry information available. Shelby State Bank, Mayville State Bank, Lakestone Bank & Trust, Union Bank, Commercial Bank, Isabella Bank, Blissfield State Bank, Kalamazoo County State Bank, Charlevoix State Bank, Highpoint Community Bank, Central Savings Bank, Eastern Michigan Bank, First National Bank of St. Ignace, Mercantile Bank and ChoiceOne Bank were all in attendance.

There is truly something for everyone at these events, from a variety of educational and training sessions covering everything from BSA, Information Technology, Human Resources, Liquidity, Finance, and much more. The exhibit hall included many of CBM’s preferred partners and literally hundreds of bank vendors with new and innovative products and services for bankers to consider. One of the partners who attends each year is Computer Services, Inc. (CSI), who is also a CBM preferred partner. Every year they offer the opportunity for attendees to win a four-wheeler and the competition is fierce. “We were excited to provide our ATV as a prize at the recent ICBA convention and want to congratulate our winner, Mike Burke from Lakestone Bank & Trust in Lapeer, Michigan. CSI’s Troy Cook and I are grateful for the relationships we have with Michigan bankers and look forward to our continued partnerships throughout the state,” shared Rick Burne, CSI Business Development Director. Mike is pictured on the right with CSI employees who are equally pleased he was able to win!

One of the biggest nights of the event is the ICBA PAC Auction, which raises the majority of the PAC money for the ICBA each year. This year, as we navigate through the downstream effects of the COVID-19 crisis, this will be more important than ever. The general sessions were informative and provided all the attendees to take the content and clearly focus on the year ahead. The entire event was memorable and enjoyable. For many who were under stay at home orders almost immediately upon the return from the trip, this was truly a wonderful opportunity to visit with old friends and colleagues, and for some, even a visit with Minnie and Mickey.

We hope all the CBM members have Hawaii on their calendars for 2021 and look forward to seeing everyone there!
Post COVID – Navigating Bank Insurance: Things to Think About Now

Still in “stay at home” lockdown? Still social distancing? Still “no gatherings”? Things are opening up around the state and country - they have to, and as we start to recover a bit, we have learned some things about bank related insurance areas that we can build on as we move forward.

There are three insurance areas affected by the shutdown of the economy that we would suggest should be reviewed.

Lender Placed Insurance

The stronger the economy, the more consumers purchase and maintain their collateral insurance. When borrowers maintain insurance on their vehicles and home, the less lender placed insurance is required. The converse is also true – a weak economy leads to more lender placed insurance.

The effects on the economy will be long lasting, perhaps especially as it relates to borrower’s ability to make payments and maintain insurance. While there have been some moratoriums on cancellation of insurance policies for nonpayment, and forbearance of loan payments, this has not been consistent across insurance companies, state insurance departments or GSEs.

With the sustained positive economy up to this point, activity regarding borrowers not maintaining insurance on collateral has been very light. This area of bank operations would not have demanded much attention. Few cancellations of insurance received in loan servicing and very little staff time required. THIS IS RAPIDLY CHANGING! Activity in loan servicing around lender placed insurance will be intense and confusing. **Now is the time to re-evaluate lender placed processes, internal procedures and partner vendor capability and systems.**

If you have not recently examined internal processes and procedures or vendor systems, there are several drivers that would suggest expending some efforts in this area:

Compliance:

Third party vendor risk management guidelines on vendor review and evaluation;

CFPB insurance changes and requirements. Several changes have been mandated over the last 12-24 months, such as requiring different claim deductibles based on loan balance. There are vendors that are not aware of this and/or do not have systems to manage.

Regulator focus on customer letter cycle and coverage placement. These are very specific. Without automated systems to manage and produce audit reports, this may create a significant compliance risk as well as unnecessary time and expense. As a result of the economic shutdown and the effects on loan servicing and lender placed insurance, we expect even more heightened audit activity in this area.

Servicing expense:

FTE staff time and expense. We are aware that there are banks that still try to manage borrower collateral insurance communication manually. If automated systems for managing collateral insurance are not in place coordinating internal process and procedures to deal with cancellations, borrower letter cycles, and management of force placed insurance, this can quickly become a time consuming and expensive servicing expense. As the level of cancellations increases, borrower letter communications and physical placement of insurance coverage will surely significantly increase soon.

If you have questions or concerns in any of these areas, or would like to discuss, please contact CBM. **We can assist as needed with evaluating current insurance coverage, internal processes and procedures for efficiency and compliance, and vendor and system evaluation.**

(continued on next page)
Bank Insurance - Bond, D&O, P&C and Cyber coverage

We are not seeing any wording changes to insurance policies in response to COVID-19 at this point. There is some concern in the industry as to areas such a business interruption. Some things have proven to be beyond the scope of insurance, such as flood, terrorism etc. and have been addressed by government backed programs. Pandemics may very well fall into this category.

We are seeing carriers exit certain lines of coverage, most recently Finsecure, a Berkley company, exiting mortgage impairment and lender placed coverages. We expect to see more.

There have been media representations indicating that policy exclusions will prevent successfully collecting under bank insurance coverages and they are not entirely accurate. While there are policies that do have exclusions for pandemics, not all do and there is ambiguity with some policy verbiage. There are also areas in the policies that may provide coverage, such as defense costs. It is important that you:

Contact your representative to discuss your policy coverages and how they might respond to potential claims;

Notify your representative immediately of anything that could possibly result in a claim;

Accumulate accurate data in any area that could possibly result in a claim.

Bank insurance renewal rate increases on Bond and D&O are occurring. We've also noticed fewer to no 3 year terms being offered if there is expiring bank insurance scheduled for renewal. In this tightening environment it is critical that renewal information be provided in a timely fashion. Of course, like virtually all industries, the insurance market is changing procedures in many areas over concerns with effects of the pandemic.

Now, more than ever, we believe that in this environment insurance representation is critical. Representation that has access to all markets and that specializes in bank related coverage. And even more importantly, has the scale and capacity to adequately represent your bank's best interest in the marketplace.

Employee Benefits

As state mandates are lifted countrywide there will be emerging risks and liabilities associated with hiring, re-hiring and re-acclimating telecommuting employees into physical work locations with COVID-19 risks along with increased cyber exposures from online scams.

Workplace claims are surfacing, and there has been an uptick in negligent supervision/management claims centering on safety, an increase in wrongful termination charges related to whistleblowing and safety conditions and discrimination claims relating to hiring or re-hiring and disability accommodations.

These potential liabilities will increase substantially as more workers return to work and are exposed to the virus, refuse to return to work for health and/or safety reasons or file claims related to recently passed federal and state statutes. The CDC just published detailed guidelines for reopening businesses and other organizations which is a good place to start.

This is a time for senior management of the bank to be addressing COVID-19 from a human resource perspective, if it hasn't already been done.

Now is a good time to interview agents and discuss these and other human resources areas and employee benefits with representation that could provide options, both immediate as well as long term.

For a discussion in any of these areas, contact Kate Angles at CBM - 517.336.4430 or kateangles@cbofm.org, or Jim Harvin - 517.351.4158 or jharvin@jlhassociatesllc.com.
CRAFTING COMMUNITIES
GROWING CUSTOMERS

Marketing fundamentals may not be flashy, but for 40 years they’ve helped RJM craft communities and grow customers for hundreds of clients. From schools to community banks, knowing your customers has never gone out of style. Let’s get back to basics — understanding the customer and crafting your community. It’s something worth investing in.

Est. 1980 — Celebrating 40 years
As Michigan and the nation struggled with the economic and social ramifications of the Coronavirus pandemic through a difficult late winter and spring, a process continued to play out that had been set in motion over a decade ago. Born from the global financial crisis of 2007-2009, a federal monetary policy known as the “ample reserves regime” has modified the way that banks handle their reserve requirements. Over the course of the past decade, policy changes made by the Federal Reserve Board have resulted in banks now holding a larger amount of funds in their reserve balance accounts at the Fed than ever before. This shift away from the earlier funds policy paradigm, which had used a leaner, closer-to-the-edge-of-demand policy that focused on banks’ intraday payment needs, means that banks now hold what Fed policy-makers deem to be “ample reserves.”

This policy directive was intended to allow the Fed to manage the overall supply of reserve funds primarily through adjustments to the Federal Funds Rate (FFR), rather than through a combination of rate adjustments and Fed involvement in the funds markets – and it appears to have worked. As of March 2020, over 2,500 depository institutions maintained an aggregate account balance of about $150 billion at the Fed to satisfy reserve balance requirements.

So it was, that while the nation’s attention was understandably diverted elsewhere, the Federal Reserve Board published in the Federal Register two Interim Final Rules and Requests for Comment, one in March 2020, and the other in April 2020. These two Final Rules amended the Federal Reserve Board's Regulation D (12 C.F.R. § 204.1 et seq.), and move the Fed’s ample funds approach into the next phase of its implementation.

Having implemented the ample reserves regime following the dark days of the global financial crisis, the previous reserve policy (which imposed reserve requirements of 0%, 3% and 10% on different portions of a Bank’s total net transaction accounts) was no longer needed to ensure an ample supply of reserve funds. In March 2020, when it became clear that the Coronavirus pandemic was going to place an enormous strain on the economy, the Fed was spurred to move up the implementation date of its new policy to help free up funds that would otherwise have been held in reserve. On March 15, 2020 the Federal Reserve Board announced that it had reduced reserve requirement ratios for all three funds tiers (funds up to the exemption amount ceiling; funds in the low reserve tranche; and funds above the low reserve tranche) to zero percent (0.0%), effective March 26, 2020. As noted in the Interim Final Rule published in the Federal Register on March 24, 2020 (85 FR 16525-16526):

> For many years, reserve requirements played a central role in the implementation of monetary policy by creating a stable demand for reserves. In January 2019, the FOMC [Federal Open Market Committee] announced its intention to implement monetary policy in an ample reserves regime. Reserve requirements do not play a significant role in this operating framework. In light of the shift to an ample reserves regime, the Board has determined to reduce the reserve requirement ratios to zero percent effective March 26, 2020. This action eliminates reserve requirements for thousands of depository institutions and will help to support lending to households and businesses.

With the effective elimination of the three-tiered reserve requirement – all three tiers are now at 0.0% – another Regulation D requirement that had been in effect for many years, the six-transfer-per-month transaction limitation imposed on savings deposit accounts was no longer needed. To effectuate this change, the Federal Reserve Board published its second Regulation D Interim Final Rule in the Federal Register on April 28, 2020 (85 FR 23445-23448). This Rule was retroactive to April 24, 2020 (the Comment period runs through June 29, 2020). As noted in the Interim Final Rule:

> As a result of the elimination of reserve requirements on all transaction accounts, the retention of a regulatory distinction in Regulation D between reservable “transaction accounts” and non-reservable “savings deposits” is no longer necessary. In addition, financial disruptions arising in connection with the
novel coronavirus situation have caused many depositors to have a more urgent need for access to their funds by remote means, particularly in light of the closure of many depository institution branches and other in-person facilities.

This change was accomplished by amending the definition of “savings deposit” in § 204.2(d)(2) of Regulation D. The modified definition eliminates all of the language that had previously established the so-called six-transfers-per-month limitation. The new definition now reads, in pertinent part:

(d) ** *

(2) The term “savings deposit” also means: A deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or as a money market deposit account (MMDA), ** *

* * * and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor may be permitted or authorized to make transfers and withdrawals to another account (including a transaction account) of the depositor at the same institution or to a third party, regardless of the number of such transfers and withdrawals or the manner in which such transfers and withdrawals are made.

Because the new rules were immediately effective, the Board determined it would be helpful to provide guidance in the Interim Final Rule in a “frequently asked questions” (FAQ) format, all of which are being added to the Board’s “Savings Deposit Frequently Asked Questions” section of their website (www.federalreserve.gov/supervisionreg/savings-deposits-frequently-asked-questions.htm). Some of the FAQs focus on reporting requirements, while others address matters of implementation.

FAQ 1 makes it clear that suspension of the six-transfer limit is at the discretion of the bank:

Q.1. Does the interim final rule require depository institutions to suspend enforcement of the six convenient transfer limit on accounts classified as “savings deposits”?

A.1. No. The interim final rule permits depository institutions to suspend enforcement of the six transfer limit, but it does not require depository institutions to do so.

FAQ 4 addresses the so-called “reservation of right” provisions, which allow banks to require at least 7 days’ advance notice of intention to withdraw funds, which remains a key distinguishing feature of a savings deposit:

Q.4. Does the interim final rule have any impact on the “reservation of right” provisions set forth in § 204.2(d)(1) of Regulation D?

A.4. No. The interim final rule does not have any impact on § 204.2(d)(1) of Regulation D. The “reservation of right” continues to be a part of the definition of “savings deposit” under the interim final rule.

FAQs 6 and 7 address two common questions about language contained in deposit account agreements:

Q.6. Suppose a depository institution has account agreements with its “savings deposit” customers that require the depository institution to enforce the six-transfer limit. Suppose further that the depository institution would like to amend those account agreements so that the depository institution no longer has a contractual obligation to enforce the six-transfer limit on its “savings deposit” accounts. Does the interim final rule require the depository institution to amend those agreements in any particular way?

A.6. No. The interim final rule does not specify the manner in which depository institutions that choose to amend their account agreements may do so.

Q.7. If a depository institution chooses to suspend enforcement of the six-transfer limit on a “savings deposit,” must the depository institution change the name of the account or product if the account or product name has the words “savings” or “savings deposit” in it?

A.7. No. The interim final rule does not require depository institutions to change the name of any accounts or products that have the words “savings” or “savings deposit” in the name of the account or product.

These two FAQs make it clear that banks have the latitude to amend their deposit account agreements – or not – using language of their own choosing, and that use of the terms “savings” or “savings deposits” in connection with
any particular savings account that is no longer required to impose transfer limitations is not an issue. This position reinforces the fact that this change, if and when implemented by a bank, is unequivocally beneficial to account holders because it gives them increased access to their funds.

It is important to note that the two Interim Final Rules are potentially subject to change in response to feedback received during their respective Comment periods (the first of which, for the change to the reserve requirements, expired on May 16, 2020). Consequently, when developing any modifications to policies and procedures in response to these changes, compliance personnel and those in charge of deposit accounts should bear in mind that further changes may occur. Nevertheless, affected personnel should familiarize themselves with both of the amendments to Regulation D, the remaining FAQs released with the April 28, 2020 Interim Final Rule, and any new FAQs that the Board might post to their website.
Is Your Portfolio Protected?

Protecting the assets in your community bank portfolio is an important part of risk mitigation, as uninsured collateral can lead to negative outcomes for you and your customers. That’s why Community Bankers of Michigan (CBM) has partnered with Seattle Specialty (a division of National General Lender Services) to provide lender-placed insurance (LPI) solutions that provide you with insurance protection while empowering you to manage the customer relationship.

Seattle Specialty delivers compliant insurance products through our self-service technology platform e-Trac Express to over 2,000 financial institutions. Our solution includes benefits such as:

- LPI coverage for hazard, flood, commercial, auto and other forms of collateral
- Easy, on-demand access via e-Trac Express to
  - Add or cancel LPI coverage
  - Print prewritten letters to send to customers when proof of traditional insurance is not available

To learn more about how Seattle Specialty’s solution can mitigate your risk, contact CBM at info@cbofm.org or call 517.336.4430.
Sparta, MI and Lapeer, MI – ChoiceOne Financial Services, Inc. (Nasdaq: COFS) ("ChoiceOne"), the parent company of ChoiceOne Bank, announced the successful completion of its previously announced consolidation of Lakestone Bank & Trust into ChoiceOne Bank.

“We are pleased to complete this combination of ChoiceOne Bank and Lakestone Bank & Trust,” said ChoiceOne CEO Kelly Potes. “Our teams have worked incredibly hard over the last 14 months to combine our banking operations and make this transition as seamless as possible with limited disruption for our customers. Because of our separate, but similar markets, the consolidation presents many efficiencies and new growth opportunities in our expanded network across Michigan.”

In March of 2019, ChoiceOne announced the merger agreement with County Bank Corp., then the parent company of Lakestone Bank & Trust. On October 1, 2019, County Bank Corp, was merged into ChoiceOne after receiving regulatory and shareholder approvals. Doubling in size as a result of the merger, ChoiceOne is now an approximately $1.4 billion-asset bank holding company with 29 offices in West and Southeastern Michigan.

“We now look forward to our pending acquisition with Community Shores Bank Corporation as we move closer to achieving our vision to be the best bank in Michigan,” said Potes.

On January 6, 2020, ChoiceOne and Community Shores Bank Corporation ("Community Shores") announced the signing of a definitive merger agreement pursuant to which ChoiceOne will acquire Community Shores. On May 14, 2020, ChoiceOne received approval from the Federal Reserve Bank of Chicago, acting under authority delegated by the Board of Governors of the Federal Reserve System, to complete the merger. Completion of the merger is subject to certain customary closing conditions, including, among others, receipt of the requisite approval by Community Shores’ shareholders.

“Our acquisition of Community Shores is a tremendous opportunity for our customers, communities, employees and shareholders and complements our vision to be the best bank in Michigan,” said Potes. “Joining forces with Community Shores is a natural geographical and cultural fit for ChoiceOne. It allows ChoiceOne to extend our footprint into Muskegon and Ottawa Counties and enhance the commitment that both Community Shores Bank and ChoiceOne Bank have to our West Michigan customers and communities.”

Upon completion of the Community Shores acquisition, the combined company will create an approximately $1.5 billion-asset bank holding company with 33 offices in West and Southeastern Michigan, making it the 12th largest bank holding company in Michigan based on asset size. ChoiceOne expects to consolidate Community Shores Bank into ChoiceOne Bank in the second half of 2020.

“Naturally as community banks, our teams excel at customer relations and community service,” said ChoiceOne President Michael Burke, Jr. “Together with our excellent management teams and similar cultures, we have leveraged our best technology, most innovative services and lucrative products, and the most efficient operations from each bank to secure our infrastructure and enhance our growth going forward. Now spanning Southeast and West Michigan, ChoiceOne will offer our customers and our communities the best of the best.”
Social Engineering Scams

Social engineering scams, such as fraudulent instruction, continue to affect consumers and businesses alike. In a bank’s case, fraudulent instruction occurs when an employee is tricked into transferring money from a customer’s account to somewhere else because a fraudster has stolen the customer’s identity and convinced the bank through emails or phone calls to move the funds. By following the best practices below, you can help prevent fraudsters from making your bank a victim.

• **Train your staff.** The No. 1 way to prevent fraudulent instructions is to have a well-trained staff that follows procedures, verifies a customer’s instructions by calling the customer at a pre-determined number, and questions things when they don’t look right. Your staff should understand not only the procedures but also why they are important. Train your staff not to deviate from procedures by taking shortcuts.

• **Deliver good customer service, but make customers prove who they are.** Don’t hand the customer answers. In a recorded call we listened to, a bank employee was trying very hard to give the customer excellent customer service but did so at the expense of the real customer. To questions such as “Are you still at 123 Main Street?” and “Is your phone number still 555-5555?” the crook simply had to acknowledge that the information was correct. Staff should require customers to authenticate their personally identifiable information rather than acknowledge what is on file.

• **Know your customer.** If a bank employee thinks a wire request is unusual for a certain customer, they should be empowered to dig further. We had one claim where an 80-year-old customer requested a $750,000 draw from his home equity line of credit to be wired to Australia. When asked what the transfer was for, the purported customer said he was buying a rock quarry. Unusual requests should spark increased due diligence.

• **Escalate suspicion.** Train your staff to share suspicious calls with others on the team. Just because one customer service representative wouldn’t complete a transaction doesn’t mean another attempt won’t be made. It is important to talk among yourselves. These fraudsters are diligent, so bank employees must be, too. A consistent pattern exists: Crooks don’t stop at just one attempt. They will keep calling back until either they get caught or there is no more money.

• **Make the call.** If a customer says they can’t be reached at the phone number on file, call it anyway.

• **Be suspicious of bad grammar.** Beware of urgency, poor grammar, the word “kindly,” and sentences that don’t make sense or use improper words.

If an employee prevents a fraudulent transaction from occurring, spread the news and celebrate that success. Share the fraudster’s emailed instructions, discuss what was suspicious about them and post examples of other fraudulent instructions. This helps front-line team members remember that attempts to use social engineering tactics to generate fraudulent transactions are real and constant. Bank employees must remain vigilant.

“Travelers is committed to managing and mitigating risks and exposures, and does so backed by financial stability and a dedicated team – from underwriters to claim professionals – whose mission is to insure and protect a company’s assets. For more information, visit www.travelers.com or talk to your independent insurance agent about social engineering coverage.”

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Technology That’s Right for the Times

For community banks, 2020 has been “interesting” to the extreme – causing an abrupt shift in business priorities, bringing unexpected interruptions and prompting bankers to pivot their focus to immediately helping small business customers with PPP loans, all while still preparing for critical concerns such as shoring up liquidity and managing portfolio credit risk.

QwickRate® has been helping community banks address challenges like these for decades by creating time-saving solutions, typically only available to bigger banks, and making them affordable and easy to access. This article provides a perspective on what community banks are experiencing right now, and how they’re using technology – QwickRate’s CD Marketplace and IntelliCredit™ solutions in particular – to navigate today’s unprecedented situation.

Adding non-brokered CD funding

Since the great recession, historically low interest rates have given businesses an incentive to incur more debt and tap existing credit lines. As a result, community banks focused on having diversified funding sources at the ready. When the COVID-19 outbreak shocked the government into unprecedented relief for small businesses, the banks’ quest for immediate liquidity became even more acute.

For over 30 years, the QwickRate CD Marketplace has served as a dependable source of non-brokered institutional funding and investing. Banks rely on QwickRate to extend their deposit-generating capabilities -- to fund loan portfolios, avoid repricing local deposits or satisfy regulators’ requirements to diversify liquidity. Now the surge in Paycheck Protection Program loans and other factors have prompted institutional subscribers to maintain a more active presence in the Marketplace. In fact, participation has been robust in March and April and the same is expected for May and June.

Urgency, of course, is paramount for distressed businesses that can’t make payroll and bankers who want to provide immediate help. This makes QwickRate’s online Marketplace more than merely convenient. It speeds direct connections to institutional investors in all 50 states, while automated QwickTools™ condense process time and eliminate the need for endless faxes and phone calls. Rate-setting tools are also available to help banks better manage the cost of funds.

Focusing on emerging credit risk in the loan portfolio

No one knows the extent of the current COVID-19 crisis. However, it’s a given that residual – and likely very deep and prolonged – credit quality issues will be left for the banks to manage. One lesson learned in the last crisis, proven by empirical data, was that those who were late in identifying their weaknesses always incurred greater losses.

Last year QwickRate introduced IntelliCredit, a new division led by industry credit specialists, to deliver a technology solution that would help bankers better identify emerging credit risks in their portfolios. The ability to spot impending problems at the earliest opportunity, before credits meet the Criticized/Classified threshold, is key to effectively mitigating portfolio credit risk. The IntelliCredit Portal assesses credit degradation at both the individual loan and portfolio levels. Further, the tool can segregate and monitor portfolios affected by COVID-19, not unlike any other concentrations or loan sub-types. This takes credit risk management from chronicling the past to probing the future!

IntelliCredit enables banks to make loan review an integral component of day-to-day credit risk portfolio management. Designed for internal loan review processes or third-party vendor reviewers, Smart Loan Review efficiently uses real-time portfolio analysis to deliver samples that reflect broader credit portfolio performance. It also features real-time clearing of exceptions.

Throughout the ebb and flow of changing economic conditions, QwickRate has offered community bankers a growing family of technology solutions to serve their best interests. For more information, contact Ricki Dagosta at ricki.dagosta@qwickrate.com or 800.285.8626.
How Will the Pandemic Change the Bank Branch Experience?

I am fairly sure that, by now, you don’t need me to tell you the coronavirus pandemic is having a huge impact on your business and your community. From our perspective, we believe this crisis will also have both long- and short-term impacts on how we design bank facilities to maintain safety while continuing to serve customers. At this moment, we do not know how long this may last or how drastic the measures may become to stop the spread of the disease. However, what all companies will have in common post COVID-19 is a renewed focus on creating spaces that are safe, healthy and embrace wellness, but allow for social distancing as needed. We are likely to see changes in how spaces are configured and a greater reliance on technology to help maintain the personal touch of customer relationships. Some of these changes will be short-term fixes, while others may become permanent.

Changing Space Needs

Customers will expect banks to make public spaces as safe as possible before they will feel comfortable returning. While it is not completely clear what “safe” means, we can assume you’ll see a continued use of hand sanitizers and spaces will need to be designed to allow more social distancing between customers and staff.

Bank branches will likely become more like cruise ships with a proliferation of hand sanitizing stations available for customers and staff. We now know that frequent and thorough hand washing and sanitizing helped reduce the rapid spread of the disease, so they will be everywhere: as you enter and leave the facility, in the transaction area and in break areas.

Although they have been around for decades, drive-throughs have become a way to offer contactless transactions in response to the pandemic. Many banks have closed their lobbies and shifted all transactions to drive-throughs to continue serving customers safely. Although the drive-throughs have been a life saver for community banks during these times, it might be time to rethink the drive-throughs and add the two-way video capabilities to make the drive-throughs even more personal and allow that remote face-to-face personal transaction.

The latest trend in branches has been the concept of open transaction counters and open lobby spaces.

The smaller open workstation, or cubical, may temporarily go by the wayside as we have learned the value of “social distancing,” and the need for at least six feet between employees in the work setting. That is much easier to accomplish when you have individual offices, but becomes problematic in open, workstation spaces. You may begin to see the advent of temporary glass dividers, larger cubicles and individual workspaces. If you have teller lines or PODs, maybe for the time being, you staff every other station, or one staff member for each POD, and install plastic or plexiglass sneeze guards at the occupied stations.

Another trend we see increasingly is the bigger, more open lobby areas. Having this additional space will make it easier to maintain some distance from other patrons and create a queuing line with floor treatments that show how close, or far, we need to be from each other. Notice that we indicated floor treatments versus “tacky” or “stuck-on” decals randomly placed in the lobbies. In your existing branches or spaces treat this situation as a design element and do it tastefully.

(continued on next page)
Industry news + information

In addition to the concept of man-traps with metal detectors that have become commonplace in some geographic areas, we may see temperature screening or even some form of UV disinfecting become commonplace for customers and employees as they enter your facilities.

And what about the self-serve coffee urns or coffee cups and stirrers we may make available for our customers waiting in the lobby? This is a value-added service that you can provide to your customers and we would not suggest these going away, but how can you make it a safer condition? Possibly the addition of wipes or latex gloves, at these locations could be a safe and hygienic addition to those areas.

We may also consider doing away with assigned offices or desks. Offices with assigned seating or assigned to specific personnel, the desks have been proven to harbor as many germs as a toilet. That is because cleaning crews are typically instructed not to touch anything on a person’s desk, and therefore the desks go uncleansed. If offices are assigned to specific personnel, it is important to mandate a clean desk policy before the staff leaves for the day, or implement the unassigned environments (hoteling offices) with a daily clean desk policy, the desks can be cleaned every night and are more sanitary. Offering a variety of office furniture layouts and options, in lieu of traditional office configuration encouraging face-to-face conversations across a standard three-foot-wide desk, can also promote social distancing.

Another consideration would be to provide different waiting areas with different types of seating for your customers. Instead of the traditional waiting area set up with four to six chairs, couches, or fixed seating arrangements, create smaller separated waiting areas with different furniture arrangements that encourage and promote customers from congregating in the same space, and promote the social distancing as a design element.

Changing technology

The sudden shift to “contactless” transactions spurred by the pandemic will likely have a lasting impact on the industry. Customers who have been slow to adopt online and mobile banking technology likely have started using these tools and may not return to branches. Although it is our belief that people will still return to the branches, because people still want to interact and deal directly with people when it comes to their financial transactions, it is important that community banks offer a variety of options, both mobile and personal.

In addition, some non-front-line bank staff that have been moved to remote work might never return. Both changes will increase the need to ensure technology is in place to support new staff and customer needs while maintaining the high-touch service that community banks are known for. With the possibility of more customers interacting with your bank remotely, the long-discussed branch transformation is likely to accelerate, with branches becoming places where deeper, more advisory and consultative conversations happen in place of simple transactions.
Another technology innovation that might offer benefits to personal transactions is the use of Interactive Teller Machine (ITM). These allow personal interactions via two-way video and avoid the direct personal contact with significantly less risk of potentially spreading disease. Customers will appreciate the individual attention ITMs can offer while maintaining social distance with the use of two-way video and voice communication. Many consumers who were reluctant to use an ITM may be more interested now especially in drive-throughs and possible walk up vestibules.

One aspect that is sure to change is how we approach high-touch areas of the workplace. The desire, if not need, is to reduce the number of touch points in our work environments. A new technological addition to many banks is the use of a touch screen for information or transactions, such as the ITMs referenced above. These screens may now need to be fitted or equipped with an antibacterial coating that would repel any type of virus or bacteria clinging to the screen. There are currently materials used in hospital construction that could be used to create something like this. The same thing can be said for ATMs wherever they are deployed. Do we provide a disposable cover that goes over the keys after every transaction? Do we provide sanitizers or disposable latex gloves at each ATM/ITM and require customers to use before and after their transactions? Or, is there some form of disinfectant mist spray or ultraviolet light that could be applied from the device after each transaction? Some of these items would need to be addressed by the equipment manufacturers but are something that should be considered or addressed, or your organizations may have to develop your own new forms of hygiene at these types of devices.

**Designing for a Post-Corona World**

In addition to what is noted above, there are steps you can take when designing or remodeling a facility to reduce the risk of spreading disease. These include:

- **Specifying “smart” materials:** We can use materials that are easy to maintain, resist mold and promote good indoor-air quality. Many products now integrate antimicrobial coatings onto interior finishes such as flooring, door hardware, faucets, window shades, paint and furniture. We can also leverage materials that are inherently antimicrobial, such as copper.

- **Increasing ventilation:** HVAC systems that recirculate air and provide so many air changes per hour within a given facility are common. Going forward, we must consider ways to ventilate more with outdoor air to dilute airborne contaminants and lower transmission opportunities.

- **Maintaining optimal humidity:** Because viruses survive better in low-humidity environments, tweaking your HVAC systems to obtain an optimal range of 40 to 60 percent humidity is an action that can be taken immediately. For older buildings, portable humidifiers offer a quick solution.

- **Optimizing natural sunlight and capitalizing on the ultraviolet light,** make your building open and let that natural sunlight penetrate the space, and which also creates an open and inviting atmosphere to your facilities.

- **Leverage hands-free tools, automation and voice activation:** Limit the need to touch things in the work environment and reduce exposure to germs will be key areas of focus. We already have incorporated workplace automation elements including lighting systems, sensor-activated faucets and toilets, water dispensers and smart window shades.

- **Implementing screening procedures at building entries:** Consider integrating screening technology such as Infrared Fever Screening Systems (IFSS) or temperature checkpoints at building entries. It will be necessary to enforce stay-at-home polices when individuals are ill.

We are not really sure how long this crisis may last, and many of the things we have discussed above may already be implemented by the time you read this, but “business as usual” will never quite be the same. If you have questions or have ideas to share, we are happy to talk. Good luck as you navigate these changes, and together we can get through this and provide better and safer environments and workplaces for all of us!

Jeff Klump is the founding member of K4 Architecture + Design. Celebrating 20 years in business, K4 is an Architecture, Interior Design, Graphic Design and Construction Services firm specializing in the financial, corporate office, retail, health care, education and multi-family sectors. Jeff has more than 25 years of comprehensive architectural and program management experience, leading over 1500 projects.
legislative focus

Be In The Know: Executive Order 2020-110

Acting under the Michigan Constitution of 1963 and Michigan law, the governor has ordered:

1. All businesses or operations that require their employees to leave the homes or residences for work must:
   a. Develop a COVID-19 preparedness and response plan, consistent with recommendations in Guidance on Preparing Workplaces for COVID-19, developed by the Occupational Health and Safety Administration ("OSHA"). Within two weeks of resuming in-person activities, a business’s or operation’s plan must be made readily available to employees, labor unions, and customers, whether via website, internal network, or by hard copy.
   b. Designate one or more worksite supervisors to implement, monitor, and report on the COVID-19 control strategies developed under subsection (a). The supervisor must remain on-site at all times when employees are present on site. An on-site employee may be designated to perform the supervisory role.
   c. Provide COVID-19 training to employees that covers, at a minimum:
      1. Workplace infection-control practices, the proper use of personal protective equipment, steps the employee must take to notify the business or operation of any symptoms of COVID-19 or a suspected or confirmed diagnosis of COVID-19 and how to report unsafe working conditions.
      d. Conduct a daily entry self-screening protocol for all employees or contractors entering the workplace, including, at a minimum, a questionnaire covering symptoms and suspected or confirmed exposure to people with possible COVID-19.

(continued on next page)
e. Keep everyone on the worksite premises at least six feet from one another to the maximum extent possible, including through the use of ground markings, signs, and physical barriers, as appropriate to the worksite.

f. Provide non-medical grade face coverings to their employees, with supplies of N95 masks and surgical masks reserved, for now, for health care professionals, first responders (e.g., police officers, fire fighters, paramedics), and other critical workers.

g. Require face coverings to be worn when employees cannot consistently maintain six feet of separation from other individuals in the workplace, and consider face shields when employees cannot consistently maintain three feet of separation from other individuals in the workplace.

h. Increase facility cleaning and disinfection to limit exposure to COVID-19, especially on high-touch surfaces (e.g., door handles), paying special attention to parts, products, and shared equipment (e.g., tools, machinery, vehicles).

i. Adopt protocols to clean and disinfect the facility in the event of a positive COVID-19 case in the workplace.

j. Make cleaning supplies available to employees upon entry and at the worksite and provide time for employees to wash hands frequently or to use hand sanitizer.

k. When an employee is identified with a confirmed case of COVID-19:
   1. Immediately notify the local public health department, and within 24 hours, notify any co-workers, contractors, or suppliers who may have come into contact with the person with a confirmed case of COVID-19.

l. An employer will allow employees with a confirmed or suspected case of COVID-19 to return to the workplace only after they are no longer infectious according to the latest guidelines from the Centers for Disease Control and Prevention (“CDC”) and they are released from any quarantine or isolation by the local public health department.

m. Follow Executive Order 2020-36, and any executive orders that follow it, that prohibit discharging, disciplining, or otherwise retaliating against employees who stay home or who leave work when they are at particular risk of infecting others with COVID-19.

n. Establish a response plan for dealing with a confirmed infection in the workplace, including protocols for sending employees home and for temporary closures of all or part of the workplace to allow for deep cleaning.

o. Restrict business-related travel for employees to essential travel only.

p. Encourage employees to use personal protective equipment and hand sanitizer on public transportation.

q. Promote remote work to the fullest extent possible.

r. Adopt any additional infection-control measures that are reasonable in light of the work performed at the worksite and the rate of infection in the surrounding community.
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Thank you to the following new members for supporting the association and community banks with innovative products and services.

<table>
<thead>
<tr>
<th>ReliaShield</th>
<th>Clear Fortress Window Solutions</th>
<th>Vista IT Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>6213 Charlotte Pike</td>
<td>2289 Star Court</td>
<td>5282 East Paris Ave SE</td>
</tr>
<tr>
<td>Nashville, TN 37209</td>
<td>Rochester Hills, MI 48309</td>
<td>Grand Rapids, MI 49512</td>
</tr>
<tr>
<td>Doug Sash</td>
<td>Andrew Blanchard</td>
<td>Clay Reigler</td>
</tr>
<tr>
<td>1.949.573.6337</td>
<td>1.248.313.0849</td>
<td>1.616.281.5000</td>
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<tr>
<td>Dinsmore &amp; Shohl LLP</td>
<td>La Macchia Group</td>
<td>PWCampbell</td>
</tr>
<tr>
<td>900 Wilshire Drive, Ste. 300</td>
<td>157 N Milwaukee St</td>
<td>109 Zeta Drive</td>
</tr>
<tr>
<td>Troy, MI 48084</td>
<td>Milwaukee, WI 53202</td>
<td>Pittsburgh, PA 15238</td>
</tr>
<tr>
<td>James Reid</td>
<td>Angela Markwald</td>
<td>Erin Campbell</td>
</tr>
<tr>
<td>1.734.649.1313</td>
<td>1.414.223.4400</td>
<td>1.412.963.0100 ext. 360</td>
</tr>
</tbody>
</table>

ReliaShield
ReliaShield is a comprehensive identity theft service, specializing in plans to protect families, and individuals. In addition to monitoring your accounts, ReliaShield’s U.S. based team offers 24/7 customer service, $1 million in stolen funds and expense reimbursement across all plans, and full-service restoration if you become a victim. ReliaShield is the smart, affordable solution to identify theft protection.

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Clear Fortress Window Solutions
Clear Fortress is a family owned, small business located in Rochester Hills, Michigan. We are a full service design and installation company for window fashions serving southeastern Michigan. The product categories we represent include blinds, shades, shutters, drapery and window films. We also manufacture a patent pending, adjustable sneeze guard. For more information visit www.clear-fortress.com.

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La Macchia Group is a consultative design/build firm with expertise in strategic planning, space planning, real estate, branding and technology integration. As an end-to-end partner, La Macchia Group has a track record of delivering exceptional customer experiences and solid ROI. Since 2002 the company has been wholly focused on the financial services industry and has completed over 400 projects nationwide.

Vista IT Group
Vista IT Group is a global supplier of IT hardware and services. Located in Grand Rapids, Michigan, we inventory close to $8 million worth of data center hardware and components. We provide managed IT services, along with consulting, planning and implementation of any IT scope or project. We’ve served Michigan since 1986. To learn more about us, visit www.vistaitgroup.com.

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PWCampbell, widely known and respected in the financial services industry, is a fourth generation, family-owned retail services and design/build firm. Founded over 100 years ago, we offer a full range of quality facility planning, demographic research, creative retail branding, merchandising, technology solutions, interior design, design & furniture coordination, architectural and construction services. PWCampbell’s all-inclusive, turnkey management process provides the knowledge and expertise to develop and implement engaging, impactful and scalable solutions for every sized project, on time and within budget.
Community Bankers of Michigan Associate Member Products and Services Reference List

Thank you, Associate Members!! When Michigan’s community bankers are looking to do business, they look to CBM Associate Members first. They are ready to serve you with their top-notch products and services designed to help banks succeed.

Our Associate Plus Partners, offering members special discounts, are also listed separately.

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Crowe LLP
Doeren Mayhew
Heber Fuger Wendin, Inc.
Heintzelman Accounting Services
Maynards Industries USA, LLC
Plante Moran
Rehmann

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Spry

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PWCampbell
Thompson-Phelan Group, Inc.
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**ATM/Debit Cards**
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SHAZAM

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**Employee Benefit Services**
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SAVE THE DATE!
September 23-25, 2020  –  CBM Annual Convention & Trade Show

We are looking forward to seeing everyone in late September at our Annual Convention and Trade Show at the Grand Traverse Resort & Spa, Traverse City, Michigan. We will keep you informed and updated if any changes occur as we work through this pandemic together.

Associate Membership News
Thank you to our associate members who are saving money and bundling their membership with the Community Bankers of Michigan, sponsorships of events and our convention, advertising in the Community Spirit magazine, and much more. We appreciate your support of the CBM and Michigan community banks.

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POST-PANDEMIC INCIDENT ASSESSMENT

How strong was your financial institution’s response to the COVID-19 pandemic? It’s a question every FI should be asking.

It’s more than giving yourself a pat on the back for staying open. It’s breaking down the critical functions of crisis management to understand what tasks were accomplished well and which ones fell short of expectations. This allows you to improve your plan for future incidents.

This Post-Pandemic Incident Assessment will guide you through the discussion function-by-function. As you review each item, consider the effectiveness of each control/response to uncover gaps in your plan. For this Gap Analysis ask:

- Was there a plan in place to execute this action/respond to this scenario?
- Was this plan used?
- If used, was this implemented in a timely fashion?
- Was it implemented correctly?
- Were there any gaps in the effort?
- In retrospect, was this action/area necessary?

Following risk management principles, be sure to quantify the effectiveness of each control to make it easy to understand the strengths and weaknesses of your pandemic response.
## CRISIS MANAGEMENT FUNCTIONS & CONTROLS

<table>
<thead>
<tr>
<th>Functions</th>
<th>Controls</th>
</tr>
</thead>
</table>
| COMMUNICATE              | • Activating plans  
                          • Declaring a disaster  
                          • Establishing a command center  
                          • Internal communications  
                          • Establishing liaisons with external parties (including critical vendors)  
                          • External communications |
| ASSESS                   | • Initiating an event log  
                          • Event log contents |
| PLAN                     | • Effectiveness of procedures  
                          • Credit quality monitoring (consumer & commercial)  
                          • Capital adequacy  
                          • Geographical diversity  
                          • Firm-specific decision-making in response to emerging issues |
| MONITOR & MEASURE STAFF  | • Availability  
                          • Back-up performance (internal & external staff)  
                          • Work-from-home (WFH) employee performance |
| INTERNAL RESOURCES       | • Sourcing/resource gaps (technology)  
                          • WFH opportunities  
                          • WFH deficiencies  
                          • WFH access issues |
| INFORMATION SECURITY     | • Malicious external events  
                          • Gateway access |

A more complete version of this exercise, including management considerations for control effectiveness and detailed guidelines for scoring control effectiveness, is included in Ncontinuity, Ncontracts’ business continuity planning application that automates and simplifies the process of creating, testing, and maintaining a holistic business continuity plan (BCP). Ask for a demo today!
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### 2020 Webinar Schedule – July and August

February 2020 to current date 2020 webinars are available as a recorded version. A full listing of all webinars is available on our website [www.cbofm.org](http://www.cbofm.org). Current webinars can be listened to live or via digital download 2 days after the webinar has aired.

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<th>Speaker(s)</th>
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<td>7/7/2020</td>
<td>HR Compliance: Lessons Learned from Massive HR Failures</td>
<td>Diane Pape Reed, CU Doctor</td>
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<tr>
<td>7/8/2020</td>
<td>Annual Training for the Branch: BSA, Identity Theft &amp; Regs CC, D, E &amp; DD</td>
<td>Deborah Crawford, Gettechnical Inc.</td>
</tr>
<tr>
<td>7/9/2020</td>
<td>Top 10 Consumer Loan Documentation Mistakes</td>
<td>Dawn Kincaid, Brode Consulting Services, Inc.</td>
</tr>
<tr>
<td>7/22/2020</td>
<td>Responding to Garnishment &amp; Levy Demands</td>
<td>Elizabeth Fast, Spencer Fane LLP</td>
</tr>
<tr>
<td>7/28/2020</td>
<td>Beneficial Ownership Rules for Business Accounts &amp; Loans</td>
<td>Susan Costonis, Compliance Consulting and Training for Financial Institutions</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Speaker/organization</td>
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<td>7/30/2020</td>
<td>Handling Consumer Complaints &amp; Disputes</td>
<td>Mary-Lou Heighes, Compliance Plus, Inc.</td>
</tr>
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<td>8/4/2020</td>
<td>Maximizing Recoveries on Charged-Off Loans</td>
<td>David A. Reed, Reed &amp; Jolly, PLLC</td>
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<td>8/12/2020</td>
<td><strong>Growth &amp; Transformation Series:</strong> Leveraging LinkedIn for Lenders</td>
<td>Eric C. Cook, WSI Internet Consulting</td>
</tr>
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<td>8/13/2020</td>
<td><strong>Cyber Series:</strong> Layered Cybersecurity: Finding the Best Strategy for Your Bank</td>
<td>Aaron Daniels, Infogressive, Inc.</td>
</tr>
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<td>8/18/2020</td>
<td>Effective &amp; Compliant Pre-Employment Background Checks</td>
<td>David A. Reed, Reed &amp; Jolly, PLLC</td>
</tr>
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<td>8/19/2020</td>
<td>Collections &amp; Right of Set Off in Commercial Lending</td>
<td>Elizabeth Fast, Spencer Fane LLP</td>
</tr>
<tr>
<td>8/26/2020</td>
<td>Cutting-Edge Consumer Payments: Beyond PayPal &amp; Venmo</td>
<td>Erin Fonte, Hunton Andrews Kurth LLP</td>
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<td>8/27/2020</td>
<td>Liability with ACH Death Notification Entries (DNEs) &amp; Reclamations</td>
<td>Michele L. Barlow, PAR/WACHA</td>
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Most webinars are scheduled from 2:00-3:30 PM Central Time unless otherwise indicated. Please check the brochure copy to confirm the time.

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Community Bankers for Compliance 2020

Community Bankers of Michigan is pleased to once again sponsor the annual Community Bankers for Compliance Program (CBC). Presented by Young & Associates, Inc., the CBC Program continues to be the longest running compliance training program in the country.

The CBC Program will allow your bank to stay up-to-date on the ever-changing bank regulations, and will give guidance for structuring and maintaining your in-bank compliance program. Bankers who are responsible for regulatory compliance can discuss issues and exchange ideas with other community bankers.

Membership to the CBC Program consists of the following:

- **Quarterly Seminars.** A compliance seminar is provided each quarter. The topic is selected based on the most recent industry and regulatory developments which may have an impact on community banks. Each person attending the program will receive a detailed manual, written in full narrative, that they can take back to the bank as a reference and training tool.

- **Monthly Newsletter.** The *Compliance Update* newsletter is sent to program members each month. It provides an update of compliance issues that impact community banks.

- **Compliance Hotline.** Members of the program may call the Young & Associates’ toll-free number or visit their website for compliance questions that arise on a daily basis. Young & Associates has many qualified compliance professionals available to answer your questions. This service ensures that your bank is just a phone call away from the information you need in order to answer your compliance questions.

- **CBC Members Only Web Page.** This web page is reserved for banks that are registered members of the CBC Program. In it you will find timely information and tools provided by Young & Associates, Inc., that can be used to enhance the regulatory compliance function at your bank.

**2020 CBC Dates**

*August 20th*

*November 12th*

All sessions are held at Eagle Eye Golf Club, Bath, Michigan

It is not too late to enroll your bank for 2020! Membership fees can be prorated. For a detailed brochure and to enroll, please visit www.cbofm.org

Questions??? Contact CBM at 517.336.4430 or info@cbofm.org
Interested in continuing to grow the talent necessary to keep your bank independent well into the next generation? Look around your organization. Is there talent you wish you had? Is there talent you have and hope to keep? For the talent you have, is there room for further development?

Like other industries, it’s the circumstance we all face as community bankers in Michigan. This program, jointly developed by the Community Bankers of Michigan and Catalyzer, Inc. intends to address these and future needs as community banking continues to evolve. In fact, the research says:

- Learning and development opportunities are among the top five drivers for recruiting from an employee perspective (Towers Watson 2014 Global Workforce Study).
- 41% of millennials would change jobs for better professional development programs (2017 Gallup State of the American Workplace Report).
- In the next 10-15 years, all working Baby Boomers, those born between approximately 1946 and 1964, will be at or near retirement age. Yet, over half of smaller businesses in the US have no succession plan, meaning they are not purposefully preparing their teams for future requirements (USA Today, August 2018). In fact, 85% of banks sell due to succession challenges (IBAT, 2019).
- Further, the talent necessary to sustain and grow our community banks is harder and harder to find. That “war for talent” can be won. But in the meantime, we must take advantage of the talent we already have. Importantly, we must grow it to meet future community banking needs as the industry continues to evolve.

This program is intended to help. And a little more research...according to Korn-Ferry, “the earlier leadership development starts, the quicker the compound interest of those programs starts to accrue.”

**PROGRAM OUTLINE**

<table>
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<th>1. Four, quarterly, 4-6 hour modules (all modules negotiated in sequence):</th>
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<td>• Emotional Intelligence and Habit Development</td>
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<tr>
<td>• Communicating Like a Boss in Our Community Banking Environment</td>
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<tr>
<td>• Positive, Interpersonal Accountability</td>
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<tr>
<td>• Coaching and Performance Feedback</td>
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| 2. Integrated reading and journaling program |
| 3. Sustained “think group” focused on business in the Fourth Industrial Revolution and the impact on community banking |
| 4. Sustained engagement by Catalyzer on related leadership and management topics |
| 5. Opportunity to collaborate on a team project related to Michigan-based community banking challenges |

**WHO SHOULD ATTEND**

Tomorrow’s leaders are those you are growing into near-term and future leadership roles. They may range from relatively new, high-potential employees to mid-to-senior level managers who want to expand their leadership skills and behaviors.

**PROGRAM DETAILS**

- PARTICIPATION: Each leadership training class is limited to 20 participants.
- CONTACT: info@cbofm.org for more information
Detroit Headquartered First Independence Bank
Chairman & CEO Kenneth Kelly Reflects During Bank’s 50th Anniversary

A group of more than two dozen prominent Detroit entrepreneurs, doctors, lawyers, educators and more saw a need to create economic stability within the community. The goal, to create a positive representation of economic opportunity and change to the Detroit community. With that vision, along with more than 2,000 investors, First Independence Bank was established. The idea to create this financial institution was one of the positive outcomes that emerged shortly after the 1967 riots in Detroit, one of our country’s most historic occurrences. The result of that collective strength has left a legacy that is still going strong today. The institution opened its doors 50 years ago on May 14, 1970. In 1980, the late Grammy Award-winning music producer Don Davis transitioned from the music industry to business and purchased controlling interest in the bank. Davis served as chairman until his passing in 2014.

“Detroit has always had a culturally impactful history and the recognition of the bank reaching 50 years is another building block of our history,” says Kenneth Kelly, chairman & CEO. “This current COVID-19 global pandemic has demonstrated the need for our collective strength unlike any other time in history. It is with that spirit that we say thank you to our customers, and stakeholders for their unwavering support over the last 50 years, which provides the foundation for our future.”

First Independence Bank is noted as the eighth largest African American owned banking institution in the country. It also remains one of two banks headquartered in the City of Detroit, as well as the only African American-owned bank headquartered in the State of Michigan.

County National Bank Shows Appreciation for Essential Workers

Hillsdale, MI – County National Bank (CNB) recently presented each employee of the Hillsdale County Medical Care Facility (HCMCF) with a gift of appreciation. CNB is providing a large, two-topping pizza for each employee and Cottage Inn of Hillsdale has added an order of InnStix and a 2-liter of their choice. We are excited about this partnership and this offer, because it will go a long way toward providing a meal for each employee’s family. The HCMCF staff can also redeem the offer at a time and date that works best for them individually.

CNB is aware that the Hillsdale County Medical Care Facility has been working very hard to meet the challenges of the recent COVID-19 pandemic. With so many patients and staff directly impacted, CNB was inspired to find a way to reach out and show our support for those who are working so hard in caring for the most vulnerable in our community. A number of ideas of how that appreciation could be demonstrated to the entire staff were presented and the HCMCF chose this option, as it was most likely to benefit both the employees and their families.

When County National Bank opened our doors in 1934, we made a commitment to be a true community bank. Over 85 years later, we can proudly say that CNB is still deeply dedicated to our communities. We sincerely appreciate the sacrifices of the HCMCF and their commitment to continuing to provide needed services to our families, friends, and neighbors.
County National Bank Shows Appreciation for Area Nurses

Hillsdale, MI – County National Bank (CNB) recently celebrated International Nurses Day with gifts of appreciation for 1,600 area nurses. CNB showed support for the nursing staff at five area hospitals by providing various individually-wrapped treats for each nurse at Hillsdale Hospital, Henry Ford Allegiance Health, ProMedica Bixby, ProMedica Herrick, and Oaklawn.

CNB is deeply appreciative of the steadfast and dedicated nurses who are working every day to serve our communities. We understand that nurses everywhere have been working very hard to meet the challenges of the recent COVID-19 pandemic. County National Bank wanted to recognize these committed professionals and show support for those who are working so diligently in caring for the most vulnerable in our community. We hope that these small tokens of appreciation will demonstrate our gratitude and lift the spirits of the recipients.

The State Bank Helps Over 1,200 Local Businesses with Paycheck Protection Loans

Fenton, MI – The State Bank announced that as of May 11, 2020, it has received approval for 1,212 SBA Paycheck Protection Program (PPP) Loans. The loans totaled just under $215 million, with an average loan amount of $177,318.

“We are incredibly honored to be able to serve as a lifeline for so many local businesses as they experienced a drastic decrease in business because of COVID-19,” said Ron Justice, President and CEO of The State Bank. “Our lending teams have made this their number one priority over the past several weeks, so that we can do everything in our control to help local businesses see a brighter future.”

In addition to lending through PPP, The State Bank has implemented these pandemic relief efforts to their customers and community:

- Access to an interest-free emergency loan of up to $1,000, with no payments due for 90 days and a 12-month repayment period
- A community support program where a total of $50,000 was donated throughout the month of April to 200 local members of the community
- Payment deferrals of up to 90 days or interest-only payments up to 180 days for all Small Business Association and commercial loans
- Relief from everyday banking and credit card fees
- Payment deferrals on mortgages and consumer loans
- Access by appointment, seven-days-a-week, to Wealth Management, Retirement, and Commercial Banking officers, to discuss longer-term financial strategies and the assistance
First National Bank Displays Power of Local Banking with COVID Relief Response

Howell, MI – At First National Bank, ‘the power of local banking’ is far more than a slogan. The local, community bank’s response during this COVID-19 pandemic is proof positive.

As of May 11th, nearly 500 greater Livingston County small businesses, now have over Fifty-Nine MILLION dollars available to keep their employees on the payroll through the Paycheck Protection Program (PPP) and their local, community bank – First National!

In addition, over 200 Livingston County families and businesses with the most urgent need have some breathing room. First National has worked with them and deferred their monthly loan payments for the next few months.

‘Our bankers worked incredibly hard through many late, late evenings and long weekends to ensure that our local business friends and neighbors received their fair share of forgivable PPP loan dollars. My heartfelt thanks go out to the First National team for all they accomplished in helping our local small business community at a time when they needed it most,’ stated Ron Long, president and CEO at First National.

Listen to what local business leaders are saying about First National’s efforts to assist them during this critical time.

Dr. Tianna Rooney, Owner of Perspectives Therapy Services in Brighton says, ‘I’ve banked with First National for over 5 years and they have always been there for me. They were really there for us this time making certain that my company got the help and resources it needed.

Perspectives has been able to continue providing high quality mental health services during this critical time to our local community in great part because of our relationship with First National.’

Unlike many institutions, First National was even able to assist a few in the community who were not currently First National customers. Like Tina Jackson, President and CEO of Workskills Corporation, ‘Ron Long and Marty Smith from First National Bank were fantastic when we needed help processing our PPP loan application. We would never have met the deadline and received funding had it not been for their exceptional team. Based on our experience, I would highly recommend First National to any business looking for a new local bank.’

Phil Utter, Board Chair at First National Bank, added, ‘Can you reach your bank’s board chair at 4 PM on a Saturday afternoon? That’s exactly what one of First National’s valued customers did… Concerned about their finances and commercial loan payment. I immediately got their loan officer involved and by Tuesday morning, the customer’s payments had been deferred for the next three months. Our entire board of directors is so proud of our bank and what our First National team has been able to do for the Livingston County community – At a time when we were needed most!’

As the only bank headquartered in Livingston County, First National takes great pride serving and being a leader in the greater Livingston County community. The COVID pandemic situation called for both and the bank has once again stepped up for their clients and our community.

Honor Bank Employees Donate $6,500 to Local Non-Profits with Caring Through COVID-19 Program

Honor Bank recognizes that during a state of National crisis, as a community bank our responsibility is to support our families, employees, customers and local businesses. With this in mind, Honor Bank offered $100 to each employee for donation to an accredited 501(c)(3) community non-profit of their choosing. Honor Bank had 100% participation with the employees and supported 28 local non-profits.

“Honor Bank exists to help improve the lives of our customers and communities,” said Honor Bank President Norm Plumstead. “One way we accomplish this is through our continued support of local non-profits, which are part of the backbone of service to our neighbors in this time of need.”
Like Father, Like Son: as Louis Bushey Retires from Northstar Bank Board of Directors, T.L. Takes His Place

Huron County, MI — After serving on Northstar Bank’s board of directors for 18 years, Louis Bushey announced his retirement. The board appointed his son, T.L. Bushey, as his replacement.

Louis Bushey is the founder of Bushey and Sons Farms and Bushey Enterprises. Bushey joined Northstar Bank’s board of directors just two years after the bank opened its doors. As a member of the board, his extensive knowledge of the agricultural industry helped shape the bank’s service model. His continued guidance and leadership have been a driving force in the bank’s success.

“Louis has been a valuable asset to Northstar Bank over the years, and I would like to congratulate him on his well-deserved retirement from our board,” said Debbie Cunningham, president and CEO of Northstar Bank. “We are fortunate to have T.L. take on Louis’s role. As a local business leader, he understands the dynamics of our local economy. We look forward to receiving his guidance and insights as Northstar Bank continues to grow.”

T.L. Bushey, Chief Financial Officer at Gemini Group, has over 33 years of financial experience and has been with Gemini Group since 2006. Prior to joining Gemini Group, he spent 19 years in public accounting working with agri-businesses. He serves on the board of directors of Gemini Group and Mainstreet Community Bank of Florida. Bushey is a member of American Institute of Public Accountants and Michigan Association of Public Accountants.

In taking his father’s spot on the board, T.L. will work with other directors and the management team to establish the bank’s long and short-term business objectives, adopt operating policies and ensure Northstar Bank is meeting the needs of the community.

Isabella Bank Commits $20,000 to the Great Lakes Bay Region Relief Efforts

Midland, MI – Michael Colby, East Region President of Isabella Bank has committed $20,000 to the relief efforts of the Great Lakes Bay Region. The dollars will support the residents directly impacted by the recent devastating dam failures and flooding in the area.

“Our area has seen significant impact as a result of the recent flooding. As a community bank, we recognize the importance of helping our communities and neighbors. We are proud to be a part of the efforts to rebuild our community. If you need support, please reach out to these wonderful organizations, or let us know,” stated Colby.

Isabella Bank designated $10,000 to The Flood Relief Project Fund through the Midland Community Foundation. The Midland Flood Relief Project Fund provides flood relief throughout Midland County, including those in Sanford, Bullock Creek, and the City of Midland. The mission of The Flood Relief Project Fund is to provide for disaster relief in Midland County with use determined by the Midland County long-term recovery group in consultation with the Midland County Emergency Manager.

Isabella Bank also designated $10,000 to the United Way of Midland County Rise Together Fund. The Rise Together Fund is designed to help equip the ALICE (Asset Limited, Income Constrained, Employed) population. This time is especially daunting and potentially devastating for those in the ALICE population. The Herbert H. and Grace A. Dow Foundation committed $500,000 in matching grant support, doubling efforts to help positively impact ALICE. This fund was created to help provide resources for the greatest needs in Midland County.
Community Connections

**County National Bank Steps Up to Help Small Businesses**

Hillsdale, MI – County National Bank (CNB) is taking proactive steps to respond to the needs of individuals and business customers directly affected by the pandemic. We stand ready to help our small business customers gain access to funds.

The Small Business Administration’s (SBA) Paycheck Protection Program (PPP) is a government initiative to provide desperately needed financial assistance to the small business community in response to the coronavirus pandemic. Banks and other financial institutions were asked by the government to serve as the delivery mechanism for this aid, and CNB has responded.

Following the SBA’s initial launch of the program, County National Bank provided 509 small businesses with $102 million in loans backed by the government to keep their workers on the job. Having seen the incredible demand for PPP loans, Congress appropriated an additional $310 billion towards the program. CNB welcomed this development, which offers even more small businesses a much-needed financial lifeline that will in turn help save millions of jobs. Since the release of the second round of Paycheck Protection Program funding, CNB has provided an additional 400 small businesses with $29.7 million in loans. In total, over 900 small businesses have been approved for over $131 million with the assistance and guidance of County National Bank.

County National Bank will continue to stand by small businesses and do everything we can to deliver this relief quickly and efficiently, saving jobs and limiting the economic damage from this pandemic. CNB was helping our customers before this crisis and we will continue to do so.

At County National Bank we recognize that each relationship is unique. It is important for us to listen, discuss and respond to each customer’s needs. This has always been our stance and has been our focus in recent weeks as we meet the needs of our customers.

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**The Dart Bank Promotes John Blossey to VP/Chief Credit Officer**

William Hufnagel, President and CEO of The Dart Bank, is pleased to announce the promotion of John Blossey to Vice President/Chief Credit Officer.

John served as VP/Sr. Credit Officer to Dart Bank for the last 3 years. John has over 15 years of lending and credit experience. He has a Bachelor of Science in Business Administration from Central Michigan University, with a double major concentration in Finance and Accounting. John also successfully completed the Michigan Bankers Association’s Perry School of Banking. Active in many non-profit and community service organizations, he has a passion for helping small and mid-sized businesses improve their financial literacy and has worked with many organizations to provide his expertise where needed.
ChoiceOne Bank, Lakestone Bank & Trust Processed 700 PPP Loans Valued over $100 Million

Sparta, MI and Lapeer, MI – ChoiceOne Financial Services, Inc. (Nasdaq: COFS) (“ChoiceOne”), the parent company of ChoiceOne Bank and Lakestone Bank & Trust, announced the Banks have processed over 700 Payroll Protection Program (PPP) applications with a value of over $100 million in April.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provides a variety of additional emergency relief programs for consumers and businesses, including the Paycheck Protection Program (PPP) guaranteed through the Small Business Administration (SBA).

“ChoiceOne Bank and Lakestone Bank & Trust are authorized lenders by the SBA to administer the Paycheck Protection Program,” said ChoiceOne Bank CEO and President Kelly Potes. “Together we processed over 700 Payroll Protection Program (PPP) applications for our small business customers. These loans have a value of over $100 million, which is significant considering this money goes back into our communities to help these businesses remain open and staffed.”

The Pine Ridge Bible Camp, a small, nonprofit business located in West Michigan, is one such business that was able to take advantage of a PPP loan to maintain the 100-acre Camp, offer some virtual programming and prepare for future camping activities. “The Paycheck Protection Program gave us a lifeline to survive to keep our full-time staff and maintain our Camp,” said Pine Ridge Bible Camp Executive Director Kevin Grifhorst. “If there is a silver lining to this pandemic, it has allowed us time to work on many of our cabins, grounds and facilities so the Camp will be in great shape when our campers come back, hopefully yet this summer.”

Preparing to celebrate its 75th anniversary next year, Pine Ridge Bible Camp is among many camps around the world that have been hit hard. Normally, the Camp offers spring retreats and field trips to businesses and schools, which were all cancelled. Because of the coronavirus pandemic, all gatherings including summer programs at the Camp are in waiting for the time when guests and campers can return safely.

“While larger banks struggled to process PPP applications during the first and second rounds of funding, our staff across the state worked hand-in-hand with our small business customers like Kevin at Pine Ridge Bible Camp,” said Potes. “Because we are a community bank, we know and understand our customers and therefore can work quickly to meet their needs.”

Isabella Bank Welcomes Keenan as Wealth Advisor in East Region

Mount Pleasant, MI – Michael Colby, East Region President of Isabella Bank, welcomes JoAnna Keenan as an Isabella Wealth Advisor. JoAnna will serve the trust and estate needs of the Great Lakes Bay Region.

“I am excited to have JoAnna join our wealth team. She has the personality, knowledge, and experience to help our customers and is a great fit to the Isabella Bank team. The Great Lakes Bay Region and Isabella Bank are fortunate to have JoAnna caring for their trust needs,” stated Colby.

Ms. Keenan is a graduate of Ferris State University and Cannon Financial Institute. She has 28 years of banking experience, spending 25 years in trust including investment management services, fiduciary, and estate administration. She is a member of the McLaren Bay Medical Foundation Board of Trustees and the Northeastern Michigan Estate Planning Council.
Chelsea State Bank Helps Chelsea Senior Center with PPP Loan

Chelsea, MI – During the coronavirus pandemic, Chelsea State Bank is able to assist many local small businesses with their Paycheck Protection Program (PPP) loans. The Chelsea Senior Center, a small, nonprofit business, is one such business that was able to take advantage of a PPP loan and keep many of their programs active, while adding new activities, even with stay-at-home orders.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provides a variety of additional emergency relief programs for consumers and businesses, including the Paycheck Protection Program (PPP) guaranteed through the Small Business Administration (SBA).

“Chelsea State Bank is an authorized lender by the SBA to administer the Payroll Protection Program,” explained Chelsea State Bank President Joanne Rau. “During April, our commercial lenders and support teams were able to complete over 300 PPP loans with a total value of over $40 million dollars. This was a very short period of time to complete both rounds of PPP funding. Because of their tireless efforts, we were able to provide quick turnaround while making the process as easy as possible for our customers.”

The Chelsea Senior Center has been serving the community for over 40 years. With over 1,000 members, the staff of seven (two full-time and five part-time) didn’t miss a beat when Governor Gretchen Whitmer’s stay-at-home order went into place.

Chelsea Senior Center Board of Directors Treasurer Ken Gietzen and Chelsea Senior Center Bookkeeper Marylee Fuchs simultaneously presented the PPP loan option to O’Reilly, and together they contacted Chelsea State Bank.

“We reached out to Chelsea State Bank and they immediately jumped onboard to help us,” said O’Reilly. “Our Commercial Loan Officer Jim Wolfington immediately got us through the process and even the Bank President Joanne Rau was calling to check and monitor our progress. It was remarkable. We started the process on a Wednesday and by the following Monday we had the funds in our account.

“When one of my counterparts at another local town’s senior center asked if we had looked into the program, I told her we already have our funds. They are with a larger bank and they were just sent forms and haven’t heard anything since. It definitely reinforces that we are partnering with the right people here in Chelsea.”

“We all pitched in to help our business customers,” said Rau. “It’s rewarding to know these funds are brought into our communities to keep our local businesses running during these difficult times. This is what community banking is all about and I am so proud of our Chelsea State Bank team.”

Chelsea State Bank and the Chelsea Senior Center have a lot in common. They are both locally grown to support the communities they serve. Chelsea State Bank has been serving individuals, families, farmers and small businesses for over 120 years. With two branch offices in Chelsea and one in Dexter, Chelsea State Bank’s lobbies are open by appointment while offering full-service banking from their drive-thru windows. In addition, the Bank offers online banking and mobile banking where customers can open checking accounts, apply for loans and deposit checks – all electronically.
“Banking with a local community bank means everything, especially during times like today,” said O’Reilly. “We always knew it was a strong partnership, but during these times it really hits home. The way they treated us and just really made it a priority to help us out showed their personal commitment to the seniors in our community.

“Chelsea State Bank knew our business and the services we offer to the community. They understand how our seniors depend on us and how important it is to keep going during these uncertain times. Because of our PPP loan, we are able to keep our full payroll and pay our rent – our center is within the old high school, so our rent helps the community, too! It’s a win win.”

“Our Board of Directors and our staff are all well aware of how Chelsea State Bank has really been our guiding light though all this and it is just the latest in a very long string of actions Chelsea State Bank has done for this community we are happy to call home,” concluded O’Reilly. “Once again, thank you to the Chelsea State Bank team from the entire Chelsea Senior Center team!”

“As a local community bank for over 120 years, the health and safety of our families and businesses have always been top priorities for us,” said Chelsea State Bank CEO John Mann. “When the PPP was first announced, as well as the second round of funding, we were buried with applications. We chose to focus on our smallest customers first because that’s where we felt the need was greatest and we didn’t want them overlooked. We want all of our customers to know we are here to help them. Because we are smaller and more nimble, we can act quickly, proactively, and decisively.”
community connections

Chelsea State Bank Announces Board, Bank Appointments

Chelsea, MI – The Board of Directors of CSB Bancorp and Chelsea State Bank recently announced the election of Chelsea State Bank President Joanne Rau to the Boards, and the reelection of Directors William B. Holmes, Vice President, Chelsea Milling Company and David M. Schaible, Retired President, Chelsea State Bank.

The Board of Directors of Chelsea State Bank also announced the promotions of Jessica M. Stubbs to Senior Vice President, Matthew Noggle to Assistant Vice President, Teresa Beegle to Compliance Officer and Stuart Mann to Commercial Loan Officer.

“I am very pleased to announce that Joanne has joined our Boards, and Bill and Dave are reelected for another three-year term,” stated Chelsea State Bank Chief Executive Officer John Mann. “I am equally pleased to announce our Bank promotions. We are fortunate to have these leaders in our Bank to drive excellent customer service with our commercial and agricultural loans as well as our overall operations. As the local community bank, our focus is always to take care of the individuals, families, farmers and businesses in our communities, especially during these uncertain times. I am proud to say our teams excel in meeting our customer and community needs.”

Joanne Rau
President Joanne Rau is elected to the Board of Directors of CSB Bancorp and Chelsea State Bank. Rau joined Chelsea State Bank as President in 2019 with 19 years of distinguished banking experience. Prior to joining Chelsea State Bank, Rau spent the last 15 years moving into executive positions at Fifth Third Bank (Cincinnati, Ohio) and most recently as Senior Vice President and Business Banking Executive.

Rau received her Bachelor of Business Administration from Eastern Michigan University. She is currently an Executive Committee Member of Ann Arbor SPARK, previous Power of the Purse Chair for United Way of Washtenaw, and previous board member and mentor of Winning Futures.

Jessica Stubbs
Chief Financial Officer Jessica Stubbs is promoted to Senior Vice President. Stubbs joined Chelsea State Bank in 2011 as Assistant Vice President and Compliance Officer. She was promoted to Vice President in 2014 and Chief Financial Officer in 2017. She is a Certified Public Accountant and has over 20 years of experience with financial institutions, beginning as a teller in a community bank and progressing to vice president. Stubbs also worked as an audit manager at an accounting, tax and business consulting firm.

After graduating from Albion College with a bachelor’s degree in Economics and Management, Stubbs earned her CPA license in 2013. In the community, Stubbs is the Treasurer of Christian Fellowship Bible Church. She is also a member of the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants.

Matthew Noggle
Matthew Noggle is promoted to Assistant Vice President. Noggle joined Chelsea State Bank in 2017 as a Commercial Loan Officer specializing in agricultural lending. Noggle has a lifetime of experience in farming including 17 years as a partner in a family-owned farm, and four years as a loan officer for the Bank of Colorado.

Graduating from Colorado State University, Fort Collins, Colorado, with a dual Bachelor of Science in Animal Science and Agricultural Business, Noggle also studied at the Institute of Agriculture Technology on the campus of Michigan State University,
Teresa Beegle

Teresa Beegle is promoted to Compliance Officer. Beegle joined Chelsea State Bank in 2016 as a Customer Service Representative. She was promoted to Loan Operations in 2018, and in 2019 was promoted to Compliance and Marketing Specialist.

Beegle graduated with an Associate in Business Administration from Jackson College in 2008. She will graduate with a bachelor’s degree in Business Administration from Siena Heights University, Adrian, in December. Beegle will also graduate from the Perry School of Banking, Lansing, in 2021.

Stuart Mann

Stuart Mann is promoted to Commercial Loan Officer. Mann began his career with Chelsea State Bank in 2015 as a Credit Analyst. He was promoted to Commercial Loan Representative in January 2020. Graduating from Western Michigan University, Kalamazoo, Mann has a bachelor’s degree in Finance.

Huron Valley State Bank Supports Open Door Outreach Center With a $500 Donation

Milford, MI – Huron Valley State Bank donated $500 to Open Door Outreach Center to assist with providing nonperishable food and ancillary services to Oakland County families in need. A donation in this amount will feed up to 1,500 families. A big check was presented at their facilities located in Waterford.

“In a time like this when food donations are desperately needed for the community and fundraising opportunities are not as readily available, the Bank is delighted to step in and help,” said Jack Shubitowski, President and CEO of Huron Valley State Bank.

“The current crisis has created many challenges for Open Door Outreach Center from canceling of events to purchasing more food than ever to feed those hungry in our community. What you do in a crisis matters. Huron Valley State Bank stepped up to the challenge, made it possible for us to purchase food, feed the elderly, the disabled and those impoverished. They are a community bank and about helping their community,” said Karen L. Myers, Executive Director Open Door Outreach Center.

“The community spirit is alive and well in our area and Huron Valley State Bank invested in it,” said Rik Kowall, White Lake Township Supervisor.

Open Door Outreach Center is a 501c-3 tax-exempt nonprofit organization. Their mission is to recognize the human dignity of all people and to provide emergency services of food, clothing and referral information to families in need. Open Door has two locations in Waterford. Their resale store provides funds for the outreach center, which includes clothing, odds & ends, books, consignment items, food and needed items for clients.
Local Bank Assists Small Business with PPP to Make Emergency Ventilators

Chelsea, MI and Farmington Hills, MI – During the global pandemic, Chelsea State Bank was able to assist R. M. Wright Company to quickly secure a Payroll Protection Program (PPP) loan to help the Company produce much needed ventilators working with neighboring Ford Motor Company.

When Chelsea State Bank first promoted the financial institution as the local community bank that helps families and small businesses to dream global and borrow local – they never imagined it would one day apply to a global pandemic.

“Since we are an essential business and we have continued to stay open and work, we were available to assist Ford Motor Company and GE Healthcare with their efforts to build ventilators to aid in the fight against the coronavirus pandemic,” said R. M. Wright Company President and Chief Operating Officer Michael A. Hamzey, Jr. “Ford and GE have committed to the federal government that they will build 50,000 ventilators in 100 days, beginning this week (April 13). We provided two different products for the ventilator they are manufacturing at the Ford plant in Ypsilanti, resulting in a multi-million-dollar order for our company... and it couldn't have come at a better time.”

Chelsea State Bank is an authorized lender by the SBA to administer the PPP. The first PPP authorized up to $349 billion in forgivable loans to small businesses, nonprofits, veterans’ organizations and tribal concerns to pay their employees during the COVID-19 crisis. Sole proprietors and self-employed individuals are eligible as well. Loan terms are the same for everyone.

Chelsea State Bank was one of the financial institutions actively working to operationalize the programs as quickly as possible to assist customers in maximizing their relief under the Act’s provisions. Chelsea State Bank began accepting applications for small businesses on April 3, and sole proprietors and self-employed on April 10. The SBA stopped accepting applications the morning of April 16.

“In a very short period of time, our commercial lenders and support teams were able to complete – in an astounding display of teamwork, dedication and long hours – over 175 Paycheck Protection Program loans with a total value of over $30 million dollars,” said Chelsea State Bank President Joanne Rau. “We accepted applications until the SBA closed down the application site. These are funds brought into our communities to keep businesses running during these difficult times. We were grateful to help our small businesses.”

Ford Motor Company took on the challenge to quickly pull resources from all over the global company to make ventilators in Michigan. Since these machines are very complex, Ford chose to make the model AE device, which is an older model that will work for COVID-19 patients. Ford chose this model because it is simple, portable and scalable – allowing them to get the units into hospitals quickly.

When Ford started looking for manufacturers to produce the ventilators, R. M. Wright Company came up as an exclusive distributor for Michigan for one of the products used in the design. With a relationship already in place with Ford and other manufacturers, and a neighbor to the Ford Ypsilanti plant, R. M. Wright Company became involved.
Having worked with many large banks over the years, the R. M. Wright Company decided it was time to look for a bank with a more personal approach to banking. “We’d been with larger banks – which is where my father met Mary Lee Penney before she joined Chelsea State Bank,” said Hamzey, Jr. “My father and I started to feel like it was time to change banks because we just weren’t getting a warm and fuzzy feeling from our previous banker. We’ve been with Chelsea State Bank for almost 10 years now. Steve Saules is our commercial lender and we feel comfortable with him because he understands us and our business. We also feel very much appreciated by Chelsea State Bank.”

“Our staff knows this is a significant project for us, and it came at a critical time – along with the PPP,” concluded Hamzey, Jr. “We are grateful to Chelsea State Bank and Ford Motor Company for this opportunity. These are uncertain times and there is no benchmark or roadmap. We are taking it day by day. We want to do the best for our employees and help get them through this rough time.”

In addition to promoting the bank as the local community bank that helps families and small businesses dream global and borrow local, Chelsea State Bank also wants consumers to know they are locally grown since 1897.

“As a local community bank for over 120 years, the health and safety of our families and businesses have always been top priorities for us,” said Chelsea State Bank CEO John Mann. “When the PPP was announced, we were buried with applications and chose to focus on our smallest customers first because that’s where we felt the need was greatest and we didn’t want them overlooked. We want all of our customers to know we are here to help them. Because we are smaller and more nimble, we can act quickly, proactively, and decisively. We are hoping a second wave of funding is approved soon.”
Hillsdale, MI – John R. Waldron, President and CEO of County National Bank (CNB), is pleased to announce the addition of three new officers and the promotion of two current members of the CNB team.

**Rachel Emery** has joined CNB as AVP - Branch Administration. Rachel brings a diverse background in banking with 25 years of experience, including from Teller, Client Service Manager, Staff Development Manager, Office Automation Manager, and Retail Bank Support Monitoring Analyst (Audit). Her most recent position prior to joining CNB was AVP – Financial Services Manager at First Federal Bank in Adrian. Rachel is a graduate of Spring Arbor University with a Master of Business Administration.

“Rachel Emery brings a valuable skillset to our CNB team through her advanced knowledge of operations along with her experience in front line sales and service, making her a perfect fit to successfully lead our community branch teams,” said Marcy Brown, VP of Retail Administration.

Rachel is active in her community, currently serving on the following boards: Sand Creek PTO, Adrian Area Chamber, Boys & Girls Club of Lenawee, and United Way of Monroe/Lenawee.

**Roger Ferguson** has been appointed to the position of 2nd VP – Commercial Loans. He is working in Lenawee County and is based at the Adrian branch office. Roger brings over 20 years of experience in commercial lending, most recently at TLC Community Credit Union in Adrian and previously at Old National Bank/United Bank & Trust in Adrian/Tecumseh. He graduated from Central Michigan University with a Bachelor of Applied Arts in Journalism.

“Roger has a great reputation in the Lenawee market as a commercial lender,” said Chris Clarke, VP – Senior Lender. “His great reputation and deep passion for community banking will be a great addition to our already strong Lenawee team, and will not only be extremely beneficial for our organization, but also for our customers and for our community.”

Roger currently serves on the Board of Directors for the Kiwanis Club of Adrian. He has also volunteered his time with several other organizations, including the Lenawee United Way, the Lenawee Community Foundation, and the Adrian College Entrepreneur Boot Camp.

**Stacey Clemens** has been hired as VP – Chief Risk Officer. Stacey is a 19-year banker with experience in the areas of compliance and enterprise risk management, and outsourced internal audit. She previously served as Compliance and CRA Officer for CNB from January 2012 to April 2015. Her most recent position was Chief Risk Officer with First Federal Bank of the Midwest.

Stacey is a graduate of the American Bankers Association (ABA) National Compliance School and ABA Graduate School of Compliance Risk Management. In 2010, Stacey earned the Certified Regulatory Compliance Manager (CRCM) designation.

“We are pleased to welcome Stacey back to the CNB team,” said John Waldron. “Her skills and expertise will be a great asset to County National Bank, as the regulatory landscape is ever changing and increasingly complex.”
Karena Mills has been promoted to VP – Chief Operating Officer (COO). With continued growth in assets, ever changing regulatory complexity, and expanding footprint, CNB has restructured several operational departments under the new position of VP – Chief Operating Officer (COO).

“Karena has been a valuable asset to County National Bank since joining us in 2016. She has shown great dedication to CNB, and has been instrumental to our continued growth and success. We are confident that she has the knowledge and experience to fulfill this new role with energy and integrity,” said Waldron.

Karena has spent more than 25 years of banking in the areas of Management, Operations, Finance, Accounting, and HR. She joined CNB in 2016 as VP – Lending Officer and is well suited for this role. Since 1992, her banking career includes many roles: executive trainee, senior accountant, vice president – human resources, vice president – finance, chief operating officer and chief financial officer.

Karena received a Bachelor’s of Business Administration from Adrian College, later completing the Graduate School of Banking and Financial Managers School at the University of Wisconsin and most recently the American Bankers Association National and Graduate Commercial Lending School at Southern Methodist University of Texas. Karena currently serves as the treasurer for the Jackson School of the Arts and also donates her time teaching tap dance at the school.

Kati Sellers has been promoted to Trust Operations Officer. Kati joined the CNB team in March of 2012 as a Commercial Loan Assistant and after transitions to Credit Analyst and Credit Analyst Specialist, she joined the Wealth Management team in September of 2016 as Trust Operations Assistant. Kati then moved into the role of Trust Operations Manager in 2017. In 2019, Kati was awarded the Certified Securities Operations Professional (CSOP) certification from the American Bankers Association, awarded to individuals who demonstrate excellence in the field of securities operations.

“I am very proud of Kati and the quality of work she produces for the Wealth Management team and our clients. She is a valuable team member and we look forward to her ongoing contributions to the team,” said Christopher Phillips, VP - Sr. Trust Officer.

Kati volunteers her time with the Hillsdale County Agricultural Council and takes part in several activities during the Hillsdale County Fair.
ChoiceOne Bank Announces Vice President Bonnie Koehn’s Retirement

Sparta, MI – With a successful banking career bridging over 20 years with ChoiceOne Bank, Bonnie Koehn, Vice President of Client Development, retired May 15.

“It is with mixed emotions that I announce Bonnie’s retirement,” said ChoiceOne Bank CEO and President Kelly Potes. “With a successful banking career encompassing 23 years of service with ChoiceOne Bank, Bonnie has seen great changes as we grew our community bank into West Michigan and now into Southeast Michigan. Bonnie has been a great partner with her clients and perspective businesses helping them to streamline their daily banking practices and uncover ways to help them realize and achieve their financial goals.”

Koehn has enjoyed a successful and fulfilling banking career with ChoiceOne Bank. She started with the ChoiceOne family at Sparta State Bank in the 70s. She left the Bank after six years and later returned for a 16-year career that now marks numerous achievements to add to her banking career memories.

In 2003, Koehn returned to ChoiceOne Bank in the Consumer Loan Department. Within a couple of years, Koehn started a series of promotions that would lead to a long and successful career at ChoiceOne Bank of doing what she loves – helping people. In 2006, she was promoted to Assistant Branch Manager of the Alpine Branch Office, Kent City Branch Manager in 2008, she became an Assistant Vice President in 2010, and Vice President Regional Manager in 2014. In 2016, Koehn was promoted to her current position, Vice President of Client Development where she blazed a new trail for Client Development; part of the Commercial & Business Development teams, with a strong focus on the client and their overall financial needs.

One of Koehn’s proudest accomplishments during her tenure at ChoiceOne Bank is her work with the H-2A temporary agricultural workers which led to ChoiceOne Bank receiving the National Community Bank Service Award for outstanding and innovative volunteer efforts in 2017. The Independent Community Bankers of America® (ICBA) presented ChoiceOne Bank with this award for broadening access to mainstream financial services for underserved communities, exemplifying what it means to be a community bank.

“Working with the H-2A workers are the most memorable times for me at ChoiceOne Bank, because it was all about the customer,” said ChoiceOne Bank Vice President of Client Development Bonnie Koehn. “Helping customers with banking services, when they never had the opportunity to bank before, was extremely rewarding to me. We now have a Growers program in place that helps our H-2A workers with their banking needs.”

Because ChoiceOne Bank is located in the heart of agricultural and farming communities, the Bank serves hundreds of locally owned farms that grow apples, blueberries, peaches, among other crops. Many farms employ seasonal help from Central and South America using the using the H-2A Visa program, resulting in an influx of unbanked and Spanish speaking consumers. These communities also have many Spanish speaking permanent residents struggling to get service in Spanish. Koehn was part of the committee that took the time to learn more about these agricultural communities and find ways to better serve them.

“We had a committee that took the time to learn more about the customers in our communities and how to better serve them,” said Potes. “The National Community Bank Service Award highlighted our commitment to our customers, local small businesses and neighbors. We were all honored to receive this award, and grateful to this committee for taking the time to find safer ways to serve this unbanked community.”

Koehn and her committee saw a need for an alternative to check cashing facilities charging ridiculous fees to cash checks and send money home. To address this, the Bank now provides direct deposit allowing the employee to withdraw smaller amounts. Employees are offered a free account with customized debit cards allowing withdrawals from Central and South America. As an alternative to a checking account, ChoiceOne partnered with a prepaid payroll card provider and negotiated reduced fees and waives all ChoiceOne ATM withdrawal fees for the cards. Each year, ChoiceOne processes nearly 100,000 payroll checks. Moving to an electronic payroll system now saves time and money for the employees and farmers.
community connections

At the same time, ChoiceOne established a Spanish Speaking Customer Service Line, dubbed the “Hola! Linea.” This is a direct number that rings bilingual employees and is answered in Spanish. It is available to customers that prefer speaking Spanish and used when a bilingual banker is unavailable.

Koehn is also proud of her work with nonprofits in Michigan. “When I thought about our vision to be the best bank in Michigan, I wanted to make sure we were the best bank for nonprofits, as well,” said Koehn. “I have a daughter who is a nonprofit professional and she helped me to understand the unique financial needs nonprofits have today. Now ChoiceOne has initiated several nonprofit partnerships in the Grand Rapids market and we are looking to expand these partnerships across Michigan.”

Responsible for forming a Nonprofit committee, Koehn brought a panel of nonprofits together to better understand their specific banking needs. This committee has created products and services tailored specifically to nonprofit small businesses. In addition, ChoiceOne Bank now hosts educational events for nonprofits with speakers aligned with this small business community.

“I have been lucky to serve the community at ChoiceOne Bank for more than 16 years,” said Koehn. “During my time with ChoiceOne, I have worked with thousands of customers to simplify their finances and meet their banking needs – both for their personal and business needs. I also had the opportunity to serve on the council for the Village of Sparta and take part in many community events. It’s been a memorable career. I am now looking forward to enjoying a more relaxing side of life with my husband Rick.”

“As we work through the challenges our Michigan families, businesses and communities face today during the coronavirus pandemic, we have taken serious measures to keep our customers and employees safe,” said Potes. “While we have online and mobile banking available, all of our branch offices are open by appointment as well. We have also been working diligently with our customers on many fronts including counseling, deferred loan payments and the Payroll Protection Program (PPP). In fact, Bonnie delayed her retirement so she could help us process over 700 PPP loan applications for our small business customers including our nonprofits.

“We take our mission is to provide superior service, high-quality advice and show our utmost respect to everyone we meet seriously,” said Potes. “At the end of the day, it is how we treat one another that sets us apart. Bonnie has always demonstrated her commitment to our ChoiceOne teams, customers and the communities we serve throughout her career at ChoiceOne Bank. We will miss her dedication and caring spirit. We wish Bonnie and her husband Rick a happy and healthy retirement.”

The Dart Bank is Pleased to Welcome:

William Hufnagel, President and CEO of the Dart Bank is pleased to announce the addition of Dana Ferguson as Vice President/Deposit and Payments Strategist and Jeffrey Hicks as Vice President/Commercial Relations Officer.

Dana Ferguson has over 30 years of banking experience, including a previous 7 years worked with Dart Bank. She is a 2016 graduate of the Perry School of Banking. Dana is excited to be back at Dart Bank with many previous co-workers, and to be once again working in her hometown of Mason.

Jeff Hicks has over 24 years of banking experience building relationships with business owners and leaders as a commercial banking officer. Jeff received his Bachelor’s degree from Alma College in Business Administration and MBA from Michigan State University in Integrative Management. Jeff is a 2019 graduate of Leadership Lansing and has served on various community boards. He currently serves on the advisory board of the Entrepreneur Institute of Mid-Michigan and as Treasurer of the Whitehills School Association.
1st State Bank Announces the Promotion of Three Officers

Saginaw, MI – Jim Milroy, President & CEO of 1st State Bank, is proud to announce the following promotions:

**Todd Gregory** has been promoted to Executive Vice President & Chief Lending Officer. Gregory joined 1st State Bank in 2017 as Senior Vice President, Business Lending Manager and has 20 years of banking experience. In February, 2020 Todd added oversight responsibility for the 1st State Bank branch system, mortgage lending, marketing and public funds.

**Jim Papajesk**, Chief Credit Officer, has been promoted to Executive Vice President. Papajesk is responsible for monitoring and managing the Bank’s overall credit standards. Papajesk started with 1st State Bank in 2006 as a Business Lender and has over 25 years of experience in business banking.

**Anne Smith** has been promoted to Assistant Vice President. Smith joined 1st State Bank in 2006 as a personal banker and has managed the Main Office since 2007. Along with managing the Main Office, Smith oversees business credit cards services and branch staff training. Smith has 30 years of banking experience.

Upper Peninsula State Bank Announces Plans to Open Office in Marquette

Upper Peninsula State Bank is pleased to announce its plans to expand to Marquette County. The bank recently purchased property located at 1016 W. Washington St. in Marquette (former location of Burger King restaurant) and has plans to build a full-service banking office to serve the greater Marquette area. The bank has strong ties to Marquette and has frequently been asked about opening offices in that market. They also announced that they have hired Andy Herro to be their Marquette County Community Bank President. Mr. Herro is an experienced, well-connected banker who for the last five years of his banking career has been working in the Marquette area. He is looking forward to joining Upper Peninsula State Bank where he will be able to offer all banking products and services.

Upper Peninsula State Bank President and CEO, David Williams stated, “Marquette is a thriving community and we are excited about bringing our full complement of banking services to the great citizens of this area. These include commercial, mortgage, and consumer loans, a full array of deposit products, e-banking services, and brokerage services – all with a client and results driven focus.

Mr. Herro was equally excited to join the Upper Peninsula State Bank team. “I’ve watched and studied Upper Peninsula State Bank for quite some time. They are consistently recognized as a top performing bank in the state but more importantly, the people and culture are an ideal fit for me. We have a shared vision for Marquette County and truly believe in the customer-centric banking model. It’s great to be joining a bank that continues to grow with a sole focus on Upper Peninsula communities.” Williams went on to state “Mr. Herro has a phenomenal track record and high level of energy that fits well with our banking mindset. We’re excited to work together and bring our brand of banking to this wonderful community.
United Bankers’ Bancorporation, Inc. Welcomes New Board Members

Bloomington, MN – Brian Nicklason, Chairman of United Bankers’ Bancorporation, Inc., is pleased to announce the appointments of Mike Johnson and Curt Johnson to United Bankers’ Bancorporation, Inc. (UBBI) and United Bankers’ Bank (UBB) Board of Directors.

Mike Johnson brings more than 25 years of professional experience in security risk management. In his role as Director of Graduate Studies for the Master of Science in Security Technologies degree program at the Technological Leadership Institute (TLI), Johnson develops, teaches and administers graduate level courses in security technologies innovation, management and leadership. He also participates in the development and delivery of customized short courses and professional development programs in response to industry needs. Before joining TLI, Mike served as CISO and Operations Risk Director at Bremer Bank and as an examiner with the FDIC.”

Curt Johnson has served as President and CEO of Cherokee Bank in Cherokee, IA since January of 2016. His more than 22 years in Iowa’s banking industry has included management experience as Senior Vice President at City State Bank in Norwalk and 19 years in various positions including Chief Risk Officer and President at Bank Midwest in Spirit Lake. Curt’s dedication to the banking industry involves board and committee positions with Iowa Bankers Mortgage Corp and the Iowa Bankers Association’s Finance and Management Committees.

In his community, Curt sits on the boards of the Western Iowa Technical Community College, Cherokee Country Club and Cherokee Area Economic Development Corp. Johnson is also active with Cherokee County Promise and Cherokee Rotary.

“Mike has gained broad skills in the areas of IT and information security risk management in a heavily regulated industry,” commented Dwight Larsen, President and CEO of United Bankers Bank, “Curt’s dedication to the Cherokee community and Iowa banking committees, makes him a perfect fit to UBB’s core values. We are honored to have Mike and Curt join our board. Their professional expertise and executive experience will provide key contributions to the strategic leadership of the UBBI board.
Offering credit cards expands your product lines and generates additional revenue.

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