

THE OFFICIAL NEWSLETTER OF COMMUNITY BANKERS OF MICHIGAN • 2019 • ISSUE 5

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officers + directors

CBM 2019-2020

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president's corner

We are in recovery mode from the CBM Annual Convention in Traverse City. WOW!! What a great convention it was!!! We had record attendance of over 500 bankers and associate members at the largest annual banking event in the State of Michigan. It started with a huge crowd for the Directors' College which was up nearly 50% from last year. The weather cooperated for us and we all learned about the critical issues impacting Michigan banks. The bourbon bar was a huge success – I have never seen so many Yoopers present for a single event. We understand a lot of people have become big fans of Blanton's bourbon so we will be sure to have it available again next year. Many thanks to the bankers, associate members and sponsors who make the convention such a memorable event. We were glad to be able to celebrate 45 years of representing Michigan community banks discussing the most important issues impacting all of you.

Mark Kolanowski, President and CEO, Highpoint Community Bank, was selected as the "Best of Community Banking" for 2019. What a great banker he is!! Both his work family and his family were all on hand to celebrate. He truly represents all that is great about being a community banker. Be sure and read the article on page 27 announcing his award. Trish Brown from ChoiceOne received our inaugural "Rising Star Award" for her exemplary work at the bank and with financial literacy in the community. Trish and Mark make us all proud to be community bankers.

Jim North was elected as the new Chairman of the CBM. Jim has been a great leader and board member for us and he will be an outstanding chairman. We thank Bob Wolak for his service to CBM as our chair in 2019. Mike Burke, Shelley Comstock, and David Williams round out the executive team on the CBM Board. Kevin Collison will continue as the Chairman of the service company. Debbie Cunningham was elected to the service company board and we are delighted to have her join us.

We had a number of great sessions at the convention. It was packed with lots of content – and we made time for some fun too. Two things in particular that made a lasting impression on me were our com-

munity banker panel on "Rising to The Challenge" and Jim Platzer's presentation, where he shared how he had to "Rise to The Challenge" after losing his sight. Both of these were inspiring. Dan Bitzer, Shelley Comstock, Ron Long, Rick Dyer and Rick Nebel did an awesome job of sharing how they, their fellow employees, and their directors, "Rise to The Challenge" in their bank and in their communities every day. They were fabulous – and I cannot begin to describe all of the great points they had for our attendees. Jim Platzer – a person who "Rises to The Challenge" each and every day – closed out our convention. He was a very successful business executive and recreational pilot who developed macular degeneration and lost his sight – talk about a twist on the mid-life crisis. He did not let that stop him from continuing to pursue his dreams and making sure he lives a full life in spite of the challenge he faces. He has become a nationally acclaimed speaker and advocate for Leader Dogs for The Blind. What a wonderful spokesman for such an important organization. What he does to "Rise to The Challenge" is inspirational. He is so modest and charitable for a man who has accomplished so much. He donates a large part of his speaking fees to causes fighting blindness – so CBM was very happy to write that check. If our money can help another blind person overcome their challenge then it might be the best money we ever spent.



Michael J. Tierney
CBM President & CEO

We are heading to Washington, D.C. on a joint lobbying trip with the MBA in late October and we still have some room if you would like to attend. There are over 40 bankers and industry advocates going on the trip. We will meet with our Michigan Congressional Delegation and with our Senators. We will also have Clinton Jones from the FHFA speaking to us regarding GSE reform priorities, and Susan Foley from the Federal Reserve who will speak on the newly greenlighted faster payments project.

president's corner

Here in Michigan the Legislature is back in session and they have kicked it into high gear. We are watching and influencing more bills than we have seen in some time – the Expungement Bills (which would automatically wipe felonies away from criminal records), a mortgage origination bill, a payday lending bill, and a number of budget bills which have come from the budget standoff between the Governor and the legislature. There are ballot proposals that need to be watched and fought - especially the business tax proposal. Planned Parenthood, the Michigan Nurses Association and a number of other far left liberal organizations have joined forces to falsely claim that Michigan businesses only pay about 4% of Michigan taxes which is blatantly false and highly misleading - but why let the facts get in the way. The truth is Michigan businesses pay over 34% of Michigan's taxes. If they want more tax revenues I know where they can get it – tax the Credit Unions!!!!

You will be getting the annual PAC drive donation forms in the mail soon. We need **every bank** in Michigan to help support the CBM PAC so we can remain the most effective advocate for your bank. Your contributions to the CBM PAC have more than doubled in the past two years – thank you for your support. The momentum is clearly on our side. The banks that have supported the CBM have been awesome, but we need every community bank in the state to help support the CBM PAC. We only work on behalf of Michigan community banks so we are your only clear voice in Lansing and in Washington, D.C. We never have to balance the needs of mega banks or out-of-state banks with your needs – we have only “One Mission: Michigan Community Banks.” Next year is a presidential election year and there will be more pressure than ever by far-left radicals to push back on our hard fought legislative gains over the past few years. The banking world as we know it could change for the worst if the 2020 elections push the government to the far left in Washington, D.C. and in Michigan. We not only want your financial support, but we will need your time in 2020 too. This will be the year we will need you to come and meet with state and federal politicians to clearly lay out the needs

of your bank and our industry. Please “Rise to The Challenge” in 2020 – we need you!!!! Don't worry about not having experience with this – we will provide all of the background briefings and training you will need to be an effective voice for Michigan banks. We need your leadership to help really carry the message in 2020.

The CBM will be having a grand opening in December as we will be moving to a new location. We are moving one mile away from our previous office to 830 West Lake Lansing Road. The new office will give us more space for all of the new programs we have been bringing online for you, provide more parking, and even easier access to the freeways. You will be very happy with our new home – and please use it as your home away from home. If you are ever in East Lansing or just passing through you are always welcome at the CBM. We will have more conference rooms and more drop in offices in the new facility – so stop by and make yourself at home. We welcome the company.

Our next magazine will come out in December so let me close this column by wishing you all a very Happy Thanksgiving!! We are fortunate to live in a great state, and a great country. We have our issues in our state and in our nation – but we really need to count our blessings as we are so fortunate to live in the Land of the Free and the Home of the Brave!! Our economic conditions have been very good for the last two years or more and our banks have done very well. We have so much to be thankful for. I am thankful to work with a great staff here at CBM, and to have the very distinct honor and privilege to represent all of you. I am so lucky to be able to represent the industry I love, and to work with all of you - our bankers and associate members who I have the greatest respect and admiration for!!!

Happy Thanksgiving from all of us at CBM!!!!



rebeca's remarks

Flourish

By Rebeca Romero Rainey, President and CEO of ICBA

We're in a season of unprecedented industry change, particularly when we look at faster payments. In August, the Federal Reserve announced the launch of FedNow, a round-the-clock, real-time payments and settlement service. For the first time in more than 40 years, the Federal Reserve will be standing up a new payments system, the penultimate example of industry change.

“When community bankers join their voices, they are a powerful force, taking the industry to new levels.”

This new payments system has been a long time in the making. For years, ICBA has advocated for the Federal Reserve to play an operational role in real-time payments. Our message has remained consistent and our voices strong. The Fed must have a role in real-time payments for three reasons:

- 1. To guarantee access for all banks.** A Fed-operated real-time settlement system means there will be industry-wide access to real-time payments.
- 2. To ensure a level playing field for all banks.** Fed involvement will eliminate a monopoly in the service, creating healthy competition to the real-time service run by the nation's largest financial institutions.
- 3. To drive payments innovation.** Expanding access to real-time payments will incite innovation and ensure a cohesive market.

With FedNow, the Federal Reserve has responded to our requests—and we have you to thank for it. The countless hours you spent responding to the Fed's initial request for comment, crafting messages for your members of Congress, placing phone calls to the Fed and Congress, conducting meetings on Capitol Hill, and writing op-eds and blog posts ensured our victory. So, thank you for your efforts, and for all that you continue to do to support this important development in real-time payments.

But it's not the time to rest on our laurels. While we are celebrating this victory, we've also begun rolling up our sleeves to make this new system a reality. In the short term, the Fed has asked for input via its public request for comment. ICBA will be responding on behalf of community bankers, and we encourage you to consider a reply from your bank. We're offering resources to help support that effort through our advocacy team. Responses are due Nov. 7, 2019.

As we look back on this success and the continued triumphs to come, one fact remains crystal clear: When community bankers join their voices, they are a powerful force, taking the industry to new levels. We flourish in times of change, precisely because we're ready to embrace the potential that awaits.

Where I'll Be This Month

I will be meeting with the Council of State Community Bank Associations and then gathering with ICBA leadership bankers at our fall meetings in West Virginia.

Connect with Rebeca @romerorainey



Rebeca Romero Rainey
President and CEO
of ICBA



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Thank you to all who attended and supported the CBM Annual Convention and Trade Show!

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from the chairman

From the Top

By Preston Kennedy, President & CEO Zachary Bancshores, Inc., Zachary, LA

Back in the 1980s in my home state of Louisiana, we were faced with a lending crisis that coincided with an oil bust, real estate declines and bank closings. Regulators took a hardline approach back then, which led to very contentious relationships.

But that low point led to new beginnings. Today, community bankers have built a working relationship with regulators and legislators based on dialogue. Because of that, bankers benefit from a better appreciation of regulatory and legislative responsibilities, and regulators and lawmakers gain deeper insights into what we face on a daily basis.

“I look forward to the compliance and regulatory achievements to come.”

This open communication has landed us critical victories. Just look at the success we’ve had in working with Congress to roll back excessive regulatory burdens through S.2155 and procure significant tax relief for both C corporation and S corporation community banks via the Tax Cuts and Jobs Act.

But our work continues as we explore today’s most challenging compliance topics. Take cannabis banking. With the U.S. legal cannabis market valued at \$11.9 billion in 2018 and anticipated to expand at a compound annual growth rate of 24.1% from 2019 to 2025, the market is vastly outpacing financial services regulation and compliance. Community banks face significant hurdles in banking the legitimate businesses that are involved, and there needs to be a clear path for community banks to service these businesses—one without restrictive, arduous reporting protocols.

Community Reinvestment Act (CRA) modernization is another critical area of interest. We’re working with a 42-year-old regulation that feels unnecessary to community bankers. If we don’t reinvest in our communities, we don’t exist! As years have passed, this regulation’s fine print has created a lot of red tape and gray areas. ICBA is advocating

revisions that would provide greater transparency during the examination process and consistency in examination and supervision.

Finally, Bank Secrecy Act (BSA) and anti-money laundering (AML) reform is also atop the priority bucket. While community bankers see these topics as of utmost importance, the weight of excessive reporting needs to be lifted. Our hope is to work with policymakers and law enforcement to find a solution that reduces bank burdens but also increases the effectiveness of our efforts.

As I peruse this month’s issue, these themes pervade, and I read it with a renewed sense of optimism fueled by our recent successes. Together, we will spark change, and I look forward to the compliance and regulatory achievements to come.

My Top Three

The most significant regulatory and compliance advocacy priorities for community banks include:

1. Cannabis banking
2. CRA modernization
3. BSA/AML reform

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**ICBA Chairman
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Vendor Employees Gone Wild: Structuring Vendor Contracts To Guard Against Rogue Insiders & Cyber Threats

Michael Berman, Founder & CEO – Ncontracts

Capital One and its credit card applicants and customers haven't had the best year.

Earlier this year the Virginia-based bank announced that a former Amazon Web Services employee hacked into one of its databases and accessed the data of 100 million Americans and 6 million Canadians, which includes names, addresses, zip codes/postal codes, phone numbers, email addresses, birthdates, income, credit scores, and payment history.

Capital One expects the breach will cost the bank between \$100 and \$150 million, including customer notifications, credit monitoring, and legal costs.

It's not just the size of the breach or the fact that the "oversharing" hacker enjoyed bragging about her data heist publicly online that's got tongues wagging. It's also the Amazon connection.

Paige Thompson, the 33-year-old arrested and charged with computer fraud and abuse, worked as an engineer for Amazon in 2015 and 2016 in the same web services division where Capital One's database was hosted. Capital One noted that "a highly sophisticated individual was able to exploit a specific configuration vulnerability in our infrastructure" that Capitol One had built for Amazon to host. Capital One has since remedied the vulnerability.

Did inside knowledge of Amazon aid Thompson in accessing Capital One's data? Amazon says no, and that Thompson used information anyone could have uncovered, according to news reports.

Yet this situation raises important concerns about third-party vendors' employees. Employees of critical vendors have access to financial institutions' sensitive data and the systems that protect them. They play an important role in safeguarding data and are just as capable of causing a data breach as a financial institution's own employees. It's not just about behaving ethically—though that's a big part of it. It's also avoiding phishing and social engineering schemes that could introduce malware, ransomware, and other threats.

Best Practices for Vendor Employee Data Access

One of the most effective ways to guard against the threat of third-party vendor employees leveraging their inside knowledge and access to steal sensitive data is through a carefully written third-party vendor contract. That includes provisions that ensure vendors are following best practices for IT security and have strong controls, especially when it comes to employee data access.

The contract should ensure vendors have policies and procedures that require them to:

- **Limit access to data and keep careful records of who has it.** Not every employee needs access to your sensitive information. Vendor policies should require the maintenance of an accurate inventory of all employees granted data access. Those who leave the company or switch to a new project and no longer require data access should lose their credentials. Regular audits should ensure that every person on that list needs that access to do his job. This may seem like a basic tenet of IT security, but you'd be amazed how often a company forgets to cut off access. Though inappropriate access doesn't appear to be a factor in the Capital One breach, it can easily play a role in other breaches.
- **Encrypt data.** If possible, vendors should encrypt data so that even if someone gains access to it, they can't decipher it. Encryption and tokenization shielded Social Security numbers from Capitol One's hacker, slightly limiting the scope of the breach.

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- **Conduct penetration testing.** The purpose of penetration testing isn't just to see if outsiders can get in. It should also assess whether people with system access can get into areas they shouldn't. Employees often know the quirks and vulnerabilities in a system.
- **Follow the audit trail.** Logs should keep track of who accessed what data and when. These logs should also be reviewed for anomalies. While Capital One was able to confirm the breach through its logs, it only found out about the breach due to an anonymous email from an outside source three months after the breach occurred. A review of the logs could have caught the breach sooner.

Using the Contract to Limit Risk of Vendor Employee-Caused Data Breaches

Contracts can also ensure vendors are hiring and training employees who respect data security principles and help weed out potential bad actors.

Contracts should require vendors to:

- **Regularly perform background checks on their employees.** Make sure the term "background check" is clearly defined. It may include criminal records, terror watch list, credit reports, drug testing, or professional license verification. Also define "regular," and whether it's once a year, once every three years or some other period.

It's not enough just to conduct background checks upon hiring. Circumstances change. If someone had been looking to hire the Capital One hacker over the last month or so and done a social media search, he would have might have discovered she was engaged in criminal hacking.

- **Mandate security awareness training for vendor employees.** Employees need to be aware of the company's policies and procedures on security and compliance. Details make for a stronger control. Determine how often training will be conducted, what form it will take, and how it will be audited. Employees who know there are strong controls may be less likely to try to exploit vulnerabilities.
- **Training on the legal ramifications of handling data.** Employees should be made aware of relevant state, federal, and international data breach laws and regulations and the consequences of violating them. Determine if the vendor requires employees to sign secrecy, confidentiality, or nondisclosure agreements to protect your data. Find out how often this information will be reviewed. Signing a legal document and knowing the consequences for illegal actions can be a deterrent to misbehavior.
- **Carry adequate cyber insurance.** A company typically is responsible for the actions (or inactions) of its employees. Require your vendors to be insured in the event of a data breach. This way if one of its employees is responsible for a breach, your FI is in the best position to be compensated for the expense of remediation.

Vendor Management to the Rescue

Beyond contracts, vendor management offers other tools to guard against the risk of vendor employees (and former employees) deliberately or accidentally breaching sensitive data. It can help uncover systemic problems or issues that need to be addressed.

These activities include:

- **Reviewing reports and audits.** A well-written contract can ensure FIs receive reports documenting vendor IT security and training, but they won't do an institution any good if they aren't reviewed. Make sure someone experienced reviews any documentation received to make sure the vendor (and by proxy its staff) is living up to its promises.
- **Real-time vendor monitoring.** As part of ongoing due diligence, make sure your institution constantly reviews any vendor-related lawsuits, government proceedings, news headlines, and complaints for potential issues or weaknesses in employee and IT controls. The Capital One data breach made national news, but smaller breaches might not.

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Preparing for the Worst Case

In the event a control fails and a data breach occurs, make sure your institution can handle the financial hit. The global average cost of a data breach is \$148 per lost or stolen record and costs \$3.86 million, according to a report by Ponemon Institute. In the case of the Equifax breach, it's \$700 million.

Understand your institution's cyber insurance policy and whether it includes third-party breaches. General liability or business interruption policy may not cover cyber events. Review your current insurance coverage to understand what is and isn't covered. Cyber insurance can be purchased as standalone coverage or as a rider to an existing policy.

Don't put off protecting your institution from errant vendor employees.

Make sure proper vendor management has you covered from A to Z.

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COMPLIANCE

features

Why Bonds Are

Riddles, enigmas and other investment mysteries

By Jim Reber

A best-selling book from the 1990s, “Why Things Are,” took a humorous look at curiosities originating from everyday existence, with the modest goal of answering “every essential question in life.” This column has a more ambitious purpose: to clarify a few of the phenomena surrounding your investment in bonds. So, put on your seat belts as we head out for a ride on the fixed-income highway.

Why do continuously callable bonds have a higher yield than bonds with only one call date?

An investor in a callable bond actually does two things simultaneously when he or she makes the purchase: 1. the buying of the bond from the issuer, and 2. the selling of the right to prepay the debt early to the issuer. For bonds with multiple call dates, the issuer pays something for each right. In aggregate, the value of all the call options as of the issue date is reflected in the higher yield compared to a non-callable bond, or one with one only call date.

Why do mortgage-backed securities priced at 100.00 have different yields than the stated coupon?

For this answer, we have to do a two-step move. First, let’s review what bond-equivalent yield (BEY) means. The yield on a bond has a standard calculation that assumes semi-annual interest payments in arrears (meaning at the end of the period), and principal at maturity date. For example, if you buy a new two-year agency bond, your first interest date will be exactly six months from original settlement date.

Mortgage-backed securities (MBS) differ in two ways. First, some interest payments are received monthly. That’s good from a BEY standpoint. However, MBS also have this nice little convention known as “delay days” before any principal or interest are paid. That’s bad for BEY purposes. Most mortgage securities have delay days ranging from 45 to 85 days. Factoring in the delay of both principal and interest over a period of time probably means the bond-equivalent yield for a mortgage will be less than the coupon, at par.

Why do tax-free bonds have lower price volatility than taxable bonds?

Another popular question. The best way to illustrate this is to take a hypothetical taxable bond, like a 10-year Treasury note, and compare it to a 10-year tax-free bond. At the moment, the 10-year Treasury yields (conveniently) 1.50%, and 10-year high-quality munis yield about 1.65% (for a tax-equivalent yield of 2.05%).

If rates rise 100 basis points (1.0%), the Treasury will then yield 2.50% and its price will decline 8.7%. The muni will only have to drop by 6.9% for its tax-equivalent yield to get to the 3.05% that the market will likely require. It’s worth noting that the two bonds’ volatilities have become more alike since tax reform at the end of 2017. Stated another way, muni price volatilities have increased as tax rates have fallen.

Why is the duration of a bond shorter than its average life?

The most commonly used measurement for price volatility of a fixed-rate security is duration. It is the weighted average period of time to receive all the principal *and* interest on a bond. Average life, on the other hand, is a tool used in many cases to forecast cash flows on mortgage securities and is the weighted-average time to receive principal *only*. Since most MBS are back-loaded with principal on their paydown schedules, average lives are almost always longer than duration for a given bond.

Duration is useful for estimating how much a bond’s value will change given a change to market rates. A duration of 3.0 means that the price will decline about 3%, given a 1% increase in the market yield. Concepts like effective duration and convexity also factor into this discussion, but that’s another story for another day.

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Why are bankers more inclined to sell at gains than losses?

I'm no shrink, but there is an element to behavior that psychologists refer to as "compartmentalization." It seems to me that taking a loss is seen by the seller as admission of a bad purchase. In fact, the overwhelming majority of losses realized are market-driven, and I think we agree that bankers aren't market-timers. So, by being more inclined to take gains, portfolio managers can neatly stack their aggregate sales in the "win" column.

There are just two problems with this practice: selling the winners means your portfolio yield is probably going down, and you've triggered immediate tax liability. I would suggest, especially in a robust earning year like the present, that a bank work with its tax accountant and brokers to devise an income-deferral strategy. Higher yields mean more future income. And that falls into the "long-term vision" compartment.

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



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The advertisement features a large collage of interior design images on the right side, showing various office and commercial spaces. The images include modern lounge areas with colorful seating, conference rooms with large tables and chairs, reception desks, and open-plan office environments with contemporary decor and lighting. The overall aesthetic is clean, professional, and modern.

features

October is Cybersecurity Awareness Month... Are you Ready?

October is National Cybersecurity Awareness Month. If nothing else, it's a great time to review your business' security, protection, and backup plans. If you're not sure where to begin, IT Resource has created this cybersecurity awareness checklist so you can be sure you're protected.



- 1. Is your login/screen locked down?** Workstations and mobile devices should be set to automatically lock the screen once they've been idle for a certain amount of time. This added protection keeps unwanted eyes off your device.
- 2. Is your OS up to date?** Whether you're an Apple or Windows person, the operating system should be set to run updates automatically, this is especially important for server operating systems where patches and updates need to be reviewed and completed regularly. And don't forget about the operating systems on smartphones, tablets, and other mobile devices.
- 3. Do you have a strong password policy?** Network settings should require employees to change their passwords approximately 4x per year, and reusing old passwords should not be allowed. Also encourage employees to use a different password for each device/application.
- 4. Do you run antivirus updates, or utilize anti-virus, anti-malware and DNS filters?** Anti-malware programs should be set to check for updates frequently, automatically scan the device on a regular schedule, and scan anything that gets inserted into the machine (thumb drives, external hard drives, etc). To take things a step further, workstations should be set up to report the antivirus updates to a centralized server that can push updates out automatically, whenever necessary.
- 5. Do you dispose of all data and equipment properly?** All physical files that contain personal or confidential information should be shredded. Workstations and mobile devices must be properly reformatted or destroyed to minimize the risk of data being recovered.

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6. Are mobile devices protected? Laptops are historically the most susceptible to theft, however, smart phones and tables are right up there. Although there are ways to get around them, password policies, encryption, and screen locks are crucial for these devices. You need a process in place to notify the IT department if a device is misplaced or stolen so the data can be erased remotely.

7. Are employees educated? Human error combined with increased security threats is highlighting the need for security awareness training. Every employee should go through security awareness training to keep security top of mind and reduce the risk of social engineering.

8. Do you have a security, backup, and recovery plan in place? If something does happen, you need to know that you'll be up and running with little to no downtime, lost data, or lost wages. Considerations for recovery time objective and recovery point objective should be at the forefront of your business backup and recovery strategy.

9. Do you know who to call for help? Working with a trusted IT provider can help ease the administration and maintenance that comes along with IT. You don't have to do it by yourself!

If you have any questions about your security plans, backup procedures, or data recovery processes, give IT Resource a call at 616.837.6930, and they'd be happy to lead you in the right direction.

IT Resource is helping clients navigate cybersecurity, network security, mobile security, and data backups. We work with clients throughout the midwest, including Grand Rapids, Traverse City, Chicago, and Kalamazoo.

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All property casualty coverages may not be available in certain areas; and umbrella, mail and equipment breakdown coverages are not eligible for dividend payout. Dividends are not guaranteed and are subject to the approval of the company's board of directors.

Protect Your Bottom Line

In today's expense heavy regulatory environment, community banks are looking for ways to diversify their product offerings to generate additional non-interest fee income. *Diversification = increased risk*. Insurance is often the last line of defense - and weaknesses - in your banks' insurance program, as well as having an incomplete understanding of insurance, may leave to chance whether the bank or its directors or officers are protected.

Bank insurance coverages have never been more important than in the current banking environment. Bank performance pressures, regulatory changes and an ever increasing climate of litigation puts the design and implementation of appropriate bank insurance programs at the very top of management and board responsibilities. Cyber risk is at the top of the list.

Of course, it is not possible to predict areas of potential claim, nor the severity of loss. Collaboration with insurance carriers and bank insurance experts to assess historical and current trends and available coverages and also importantly the involvement of bank senior management and boards of director to evaluate specific areas of bank business focus can help mitigate future risk.

The roles and responsibilities of bank boards of directors have also changed dramatically over the past few years. As a board, and individually, directors have increasing responsibility to be aware of areas such as risk management, including bank insurance.

It would be our position, and more and more the position of regulators, that bank senior management and the board of directors have a fiduciary responsibility in the overall areas of the bank insurance coverage and program. Regulation requiring third party vendor management including periodic representation and carrier and coverage review put additional focus in this area.

The key component of a properly designed bank insurance risk management program is representation- the agent and agency representing the bank with insurance carriers- integral to the design of the program. While local agencies may have been able to facilitate placement of bank insurance in years past, and while these agencies typically are very good in general insurance areas, they lack the specific bank insurance expertise and sufficient leverage to be able to structure and negotiate coverage suitable in today's regulatorily complex and risk based environment.

Key representation selection criteria:

Specific expertise. The current environment demands representation that work exclusively with bank insurance products and programs. Working closely with underwriters from each company provides the knowledge and expertise to negotiate policy provisions that may not be available without specific knowledge of those companies' policies and policy provisions.

Moreover, by having expertise in these coverage lines the bank would be provided representation that represents the *banks'* interest as opposed to relying on company representatives and underwriters that, by definition, primarily represent the interests of their company.

This level of expertise is required to communicate with and educate your board coverages that are critical to both the bank and to individual board members.

Company representation. Proper representation should have access to all companies active in bank insurance coverages and be able to submit applications of your behalf and bring the most comprehensive coverage to you at the best pricing levels. Having multiple agencies attempt to represent your interest in a market with a finite number of carriers has proven to be counterproductive.



James Harvin
Managing Partner
and Principal
JLH Associates, LLC

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insurance + financial services

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Size. Brokerages with significant premium volumes and many banks with the carriers in this area are able to negotiate significantly better terms than smaller agencies that may represent only 1 or 2 banks.

The CBM preferred partner for bank related insurance and risk management is HUB Financial Services - a dedicated specialty within HUB International, serving over 750 financial institution clients in the US. HUB Financial Services comprises seasoned professionals who are solely focused on financial institutions. Built upon a tradition of integrity, industry leadership and excellence, HUB Financial Services is committed to delivering tailored insurance and risk management solutions with thoughtful strategic planning and valuable professional services. HUB actively represents Travelers, the CBM and ICBA partner and the premier carrier for bank insurance risk.

The insurance carriers your selected representation accesses does make a difference. Travelers Insurance Company - after many years of dedication to community banks - has earned the endorsement of Community Bankers of Michigan (CBM) **and** the Independent Community Bankers of America (ICBA). With dedicated policies for community banks through SelectOne, Travelers offers a complete array of products including financial institution Bond, D&O, Cyber, ID fraud expense and property casualty coverages.

You can't afford to expose your bottom line to the lack of bank focused insurance expertise. The insurance broker you choose can make a difference in the way you protect the time and money you've invested in growing your bank. So you don't have to be an insurance expert, contact Bryan Wallace at CBM - bryanwallace@cbofm.org, 517.336.4430 or James Harvin - jharvin@jlhassociatesllc.com, 517.351.4158 today to learn more.



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This month's legislative spotlight focuses on proposed legislation to expunge certain prior misdemeanor or felony convictions.

A bipartisan group of state lawmakers is seeking a legislative reform package aimed at clearing the criminal records of more Michigan's ex-offenders. Given that many employers rely on criminal history background checks in the hiring process, the Michigan Chamber is studying the proposal and looking for our feedback.

The House proposals are being led by Graham Filler, chair of the House Judiciary Committee. The overhaul of the current expungement process would include the following components:

- 1. Expungement Expansion** – This bill is modeled after the Ohio expungement law. Under current law, an individual can only apply for expungement if they have no more than one felony or two misdemeanors. Under the legislation, the individual could apply if he or she has three or less felonies, none assaultive and no out-of-state assaultive convictions. For individuals with assaultive crime, they can apply to have up to two felonies and four misdemeanors expunged. If they have one felony, they can apply after seven years. They can apply after five years for a serious misdemeanor and after three years for misdemeanors with no felonies. It is important to note that, under expungement, criminal records become non-public—but remain visible to law enforcement. The Michigan Manufacturers Association and Michigan Chamber of Commerce are also suggesting that the crimes of embezzlement, cybersecurity, criminal enterprise, extortion, forgery, and counterfeiting cannot be automatically set aside. They also support adding an additional layer of checks and balances on the automatic set-aside process such as a streamlined judicial review process which could determine the set-aside is “consistent with the public welfare”. Another option would be to have the prosecuting attorney who prosecuted the crimes to be able to weigh in within a certain time frame to challenge an automatic set-aside. Both parties would also like to see the automatic expungement process voided if the person has been convicted of a subsequent felony or misdemeanor offense within the 5 years of the first offense.
- 2. Clean Slate Legislation** – This bill would provide for automatic expungement if none of the crimes were assaultive or a serious misdemeanor and it's been 10 years since the person was removed from the court system.
- 3. Marijuana Expungements** – This bill would expunge marijuana convictions if the facts of the case show that the behavior that led to the conviction would be permissible under current law (like medical or recreational marijuana statutes).
- 4. One Bad Night** – This bill would specify that, for the purposes of expungement, crimes that were committed in the same act (e.g. within 24 hours, with similar intent) may be treated as a single felony or misdemeanor if none of the crimes were assaultive, none of the crimes involved a possession of a weapon and none of the crimes had a maximum penalty greater than 10 years.

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legislative spotlight

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- 5. Traffic Offenses** – This bill would allow for expungement of traffic offenses, none of which are eligible for expungement under Michigan’s current system. The bill would specify that Driving Under the Influence and Operating While Intoxicated (DUI/OWI) offenses and offenses causing serious injury or death, etc., would not qualify.
- 6. Shorten Misdemeanor Timeline** – This bill would shorten the separation period from the criminal justice system for misdemeanors from five years to three years if no other crimes have been committed. There are suggestions from the Michigan Chamber of Commerce and Michigan Manufactures Association to rework this so that a set-aside would not be eligible for a shortened expungement if a subsequent crime was committed. Crimes of embezzlement, cybersecurity, criminal enterprise, extortion, forgery, and counterfeiting would not be eligible for a three year shortened window.

Both the MMA and MCC also want to make sure that there should be no liability to job providers for not considering a set-aside crime in the job application, interview or continued employment context. This is very similar to a provision in the state of Indiana.

The CBM is working closely with GCSI, who is monitoring the progression of these proposals and getting feedback from other clients they represent. While we do not oppose the bills that drop traffic and marijuana offenses, we cannot support bills that would drop fraud, bank robbery, or embezzlement convictions. We will need your help to push back on these bills and may ask some of you to come to Lansing to testify. GCSI had a phone meeting with Chairman Filler on Monday October 7, to review some details and it appears they will start to have weekly hearings so we will keep you updated as the details emerge.

Thanks again for your support of the CBM PAC! Without it, we would not be able to stay on top of the ever changing Legislative landscape in Lansing!



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Level One Bancorp, Inc. and Ann Arbor Bancorp, Inc. to Merge and Significantly Expand Franchise in the Ann Arbor Market

Level One Bancorp, Inc. (Nasdaq: LEVL)(Level One) and Ann Arbor Bancorp, Inc., the privately-owned parent company of Ann Arbor State Bank (together, “AAB”), jointly announced the signing of a definitive merger agreement.

Under the terms of the agreement, AAB shareholders will receive \$38.50 per share in an all-cash transaction. The aggregate deal value is approximately \$67.8 million.

Established in January 2009, AAB operates three banking locations in Michigan serving Washtenaw County with two offices and Jackson County with one office. As of June 30, 2019, AAB reported assets of \$321 million, total loans of \$230 million, total deposits of \$262 million, and tangible common equity of approximately \$40 million, or approximately 12.2% of assets. In addition, for the twelve months ending June 30 2019, AAB reported a return on average assets of 1.33%. At June 30, 2019, AAB had 0.23% non-performing assets to total assets, excluding restructured loans.

“We are pleased to welcome the customers and team members of Ann Arbor State Bank to the Level One family. This merger aligns with our strategic growth goals and affords us an opportunity to accelerate our expansion in the very attractive Ann Arbor market.” said Patrick J. Fehring, President and Chief Executive Officer of Level One Bank. “Further, this transaction allows us to productively deploy the capital we raised during our 2018 initial public offering.”

Upon completion of the merger, the combined company will have over \$1.8 billion in assets, \$1.4 billion in loans and \$1.5 billion in deposits based upon financials as of June 30, 2019.

Peter Schork, Chief Executive Officer of AAB, will join Level One following completion of the merger. “We are excited about partnering with a high-performing company that shares our values and entrepreneurial community banking culture. We find the business fit of the two organizations to be especially compelling, and we think our customers will benefit from the broader array of products and services and larger lending limit,” commented Schork. “We are thrilled about being able to do even more in our markets with considerably greater scale.”

The merger agreement has been unanimously approved by the boards of directors of each company. The transaction is expected to close in the last quarter of 2019 or the first quarter of 2020 and is subject to closing conditions, including customary regulatory approvals and AAB shareholder approval. One current board member of AAB will be appointed to join the Level One and Level One Bank boards of directors.

Performance Trust Capital Partners, LLC served as financial advisor, and Barack Ferrazzano Kirschbaum & Nagelberg LLP provided legal counsel to Level One. Sandler O’Neill + Partners, L.P. served as financial advisor, and Varnum LLP served as legal counsel to AAB.

Transaction Expands Banking Services and Opens Business Growth Opportunities Throughout Michigan

Keweenaw Financial Corp., the parent company of Superior National Bank and Trust with assets over \$575 million, announced a definitive agreement to purchase North Star Financial Holdings, Inc. and its subsidiary Main Street Bank with assets over \$280 million. The transaction is expected to close in the first quarter of 2020, subject to satisfaction of customary closing conditions, including receipt of regulatory approvals. North Star Financial Holdings, Inc. shareholders will receive \$42 million in cash for consideration. The board of directors for both organizations have approved the acquisition.

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industry news & information

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Main Street was founded in 2005 with headquarters in Bingham Farms, Michigan and operates six locations, including two retail branches, three mortgage loan offices, and one commercial loan office serving southeast Michigan. The combined organization boasts assets over \$800 million, 11 bank branches and four loan origination offices in Michigan's Upper Peninsula and southeast Michigan.

Located in geographically different regions of Michigan, Superior National Bank and Main Street Bank share the same culture, midwestern values and commitment to serving customers and communities. The combined organization will provide new products and opportunities for customers to enhance their banking relationship:

- Superior National Bank adds Main Street's excellent residential mortgage division, which gives customers in the Upper Peninsula greater mortgage options.
- The banks will have a larger lending capacity because of the overall size of the combined organization.
- Main Street customers will benefit from access to Superior National's Trust and Financial services offerings.

"This acquisition brings two strong banking teams together and gives us greater capacity to invest in better products and services for our customers," says Dave Vlahos, President and Chief Executive Officer of Superior National Bank. "We're expanding our geography and service area as well as enhancing our team with a larger suite of banking products and tools to better serve customers. The long-term impact is smart, measured growth for Superior National, with continued high levels of customer satisfaction at the center."

The combined organization expects no immediate changes to locations or service lines as a result of the acquisition. The company intends to focus on growing the combined organization as a result of its expanded service area, broader banking products and increased lending limits.

"This combination is a great fit for Main Street Bank and our customers. We look forward to working together in expanding our combined reach throughout Michigan," said Main Street Bank President and Chief Executive Officer Jeff Kopelman. "Our shared history as Michigan-based, locally focused community banks was a critical piece of our board's decision to approve the acquisition. We are excited about the opportunities Superior National brings to our customers, our staff and the local communities we serve."

"Superior National Bank and Trust's 130-year history of financial stability, excellent customer service and locally based decision making will continue and be strengthened by this acquisition. We are proud of the careful due diligence performed, the strategic advantages we found, and the win-win outcome we expect, which will allow us to deliver an even better customer experience at every location in every market," Vlahos added. "Superior National and Main Street together, offers a more robust banking model that combines management and employee continuity, market knowledge and superior customer relationships with expanded financial products and services."

The combined organization's headquarters will remain in Hancock, Michigan. Superior National's local board of directors will guide and govern the joint entity.

Superior National Bank and Trust was advised by Charter Capital Partners, Olejniczak Advisors, John Hecht Consulting and the law firm of Warner Norcross and Judd LLP. ProBank Austin issued a fairness opinion as part of the transaction. Main Street Bank was advised by McQueen Financial Advisors and the law firms of Kus Ryan & Associates PLLC and Seyburn Kahn, PC.

Chelsea State Bank Welcomes New President Joanne Rau

Chelsea State Bank is pleased to welcome Joanne Rau as the Bank's new President. Rau stepped into her new position on October 1. David Schaible is now President ex officio and will retire in the first quarter of 2020. John Mann remains Chief Executive Officer.

"I am so excited to join Chelsea State Bank and begin a new chapter in the rich history of this community bank," stated Chelsea State Bank President Joanne Rau. "Chelsea State Bank has a solid reputation for taking care of our clients, employees and the communities we serve. It's refreshing to hear clients tell me how they appreciate the attention they receive from every department at the bank; it's a true relationship. The team approach to service is remarkable and greatly appreciated by our clients; it's what sets us apart from other banks."



Joanne Rau

Rau joins Chelsea State Bank with 19 years of distinguished banking experience. She has spent the last 15 years moving into executive positions at Fifth Third Bank (Cincinnati, Ohio) and most recently Senior Vice President and Business Banking Executive.

"I've been in the Chelsea area for several years and it gives me great pleasure to now work in the community in which I live," said Rau. "My kids have had accounts at Chelsea State Bank since they were born because it's local and how important they are made to feel with each birthday deposit. Chelsea State Bank has always been one of my favorite community banks... it feels wonderful to be part of the team!"

Rau began her banking career as a Credit Analyst with Bank One Corporation in the Ann Arbor market and soon moved into commercial lending. She then worked as a Business Development Officer with Crestmark Bank in Troy before joining Fifth Third Bank in 2004 as Assistant Vice President in the Correspondent Banking Group, where she called on community banks, including Chelsea State Bank. Rau steadily moved up the executive ranks at Fifth Third, specializing in small business and middle market commercial banking, including leadership positions within the Southeastern Michigan Region, and into her most recent position as Senior Vice President, Business Banking Executive overseeing the Great Lakes Region for Fifth Third Bank.

A proud native of the Mount Pleasant area, Rau received her Bachelor of Business Administration from Eastern Michigan University. Rau 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. She resides in the Chelsea community with her family.

"We are all enthused to welcome Joanne into our Bank as our new President," stated Chelsea State Bank Chief Executive Officer John Mann. "Joanne and I have known each other professionally for 15 years. She has an extensive and impressive leadership career in banking and with children in the Chelsea School District, she is embedded in our community. We are also excited to change the course of our history as we have had all men and all Schaible's and Mann's appointed to this position since 1921!"

With a history of serving the local communities for over 120 years, this is the first time in 98 years of the Bank's rich history that someone other than a Schaible or a Mann will lead the Bank as President. Currently each family has a junior leader represented in the Bank – Human Resource Director Emily Schaible and Credit Analyst Stuart Mann. The Schaible-Mann beat goes on.

"Joanne joins an already great team," said Mann. "Her expertise in banking including leadership, planning, and team building – coupled with her community involvement – will position Chelsea State Bank for continued long-term success. Change creates positive energy, and we are tremendously excited for our future at the Bank and in our communities."

Directors' College



Mark Kolanowski, President and CEO, Highpoint Community Bank, Receives 2019 “Best of Community Banking” Award



Jim North, Chairman of Community Bankers of Michigan (CBM), announced that Mark Kolanowski received the “Best of Community Banking” Award for 2019. Kolanowski received the honor at the Community Bankers of Michigan 45th Annual Convention, recently held at the Grand Traverse Resort in Traverse City.

“As the President and CEO of the Community Bankers of Michigan, I was extremely honored to present this award to Mark Kolanowski,” said Michael J. Tierney. “Mark is and has been an excellent role model for all community bankers with what he has done for the bank, his employees, and perhaps most importantly, the community.”

Mark has been President and CEO of Highpoint Community Bank (formerly Hastings City Bank) for over 18 years. During his tenure Mark has led his team through the many changes and innovations that new technologies allow, most recently Interactive Teller Machines (ITMs). Mark has been a member of the CBM board since 2006, and served as board chairman in 2015.

He has kept the strength of the bank at the forefront, reflected in part by the 40 consecutive quarters Highpoint Community Bank has held a Five Star Superior Rating from Bauer Financial. He focuses on the staff and ensures they are well taken care of – and the bank has received the honor of being recognized for the 11th consecutive year as being one of the best and brightest companies to work for in West Michigan.



Kolanowski was both humbled and honored when his peers overwhelmingly named him for the *2019 Best of Community Banking* award. “I accept this award from my community bank peers as recognition of what I have done for community banking throughout the years,” he shared. Mark continued, “Receiving the award has motivated me to look for even more ways I can contribute to the community over the next several years, and to the bank I have been so fortunate to lead.”



In addition to his role at Highpoint Community Bank, Mark serves on the Barry County United Way executive committee and is a past president and campaign chairman. He has served on the Spectrum Health Pennock Hospital Board, and their foundation.

Under Mark’s leadership, in 2015, the bank made a decision to partner with the Barry Community Foundation to enroll every kindergarten student in Barry County in an education savings program called Kickstart to Career. The program is now in its fourth year, and funding has been secured well into the future. In addition to opening and managing every account, the bank provides financial literacy to each of those students.

Mark has served on the Barry County Economic Development board, serving as board chair, Independent Community Bankers of America (ICBA) committees, including education, tax and regulatory review, and previously represented all Michigan community bankers as the ICBA federal delegate. Just this year, Mark was awarded the Barry County Chamber ROTH award for being an outstanding business professional throughout his career.



Mark and his wife Susan have two sons, Mitchell and Benjamin.

Great memories from CBM's 45th Annual Conv



Convention and Expo





ChoiceOne Bank's Patricia Brown Wins Inaugural CBM Rising Star Award

ChoiceOne Bank has the distinct pleasure to announce that Patricia (Trish) Brown has won the 2019 Rising Star Award for her significant achievements in banking. The *Rising Star* award is the first ever given by the Community Bankers of Michigan (CBM) and was presented at their Annual Convention held recently in Traverse City.

Positioned as a national leader in financial literacy, ChoiceOne Bank Vice President, Commercial Lender and Community Reinvestment Act (CRA) Officer Patricia Brown has developed and implemented the *KickStart to Career* programs in Muskegon and Newago Counties. Because of her concentrated efforts to learn about these programs, Brown has become uniquely positioned as a national leader in creating children's savings accounts throughout the country.

"We are extremely proud of Trish as she was honored with the CBM Rising Star award," said ChoiceOne Bank President and CEO Kelly Potes. "As the local community bank, we are always looking for ways to give back to the communities we serve. Trish has taken this to a new level for ChoiceOne Bank as she is now considered a national leader in financial literacy, helping the children in our communities."

Brown is invested in the overall goal of the *KickStart to Career* programs which is to interrupt generational poverty, to bank the unbanked and allow a platform for children to begin dreaming of a brighter future. Brown is hopeful she will see family engagement grow with these programs, so she and others at the Bank have developed a curriculum that encourages teachers, parents and bankers to engage with school children to help them learn the value of saving for their futures.

"We were so pleased Trish received the inaugural *Rising Star* award," said CBM President and CEO Michael Tierney. "Trish exemplifies everything this award was intended to recognize; highlighting an excellent community banker focused on involvement in and outside the bank ensuring the towns served are truly enriched by the actions of the bank."

Brown believes, "It's proven that students who are presented a curriculum on the fundamentals of saving will have greater financial success in their adult years. My vision is for young adults to have a sense of pride coming from a community that has invested in them and given them the tools they will need for a healthy financial future."

Brown's volunteer efforts are infectious and she continues to increase the total hours ChoiceOne Bank staff give of their time. These efforts brought the Bank national attention as ChoiceOne Bank was honored with the *2019 Editor's Choice Award* for Community Commitment from CardRates.com based on the Bank's volunteer efforts that directly impact Michigan communities.

Joining ChoiceOne Bank 23 years ago as a bank teller, Brown progressed through the organization to Branch Manager in 2011, Vice President, Regional Branch Manager in 2015, and Vice President, Commercial Loan Officer in 2018. Brown also maintains the role of the Bank's CRA Officer.

Brown is active in many of the other communities the Bank serves, including Secretary for West Michigan CRA Association, Director of Membership for Mid-Michigan Banking Group, Board Member for Engine House No. 5 in Allendale and former Treasurer for the Coopersville Area Chamber of Commerce.

Brown has a Bachelor of Business Administration with a concentration in Management from Baker College in Muskegon. She is a graduate of the Perry School of Banking through the Michigan Bankers Association in Lansing. In 2019, Brown graduated from the Graduate School of Banking at the University of Wisconsin – Madison.

"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 will set us apart...and makes us the best bank in Michigan. Trish is one of those people who really cares, and it shows. Her energy and enthusiasm for her customers and our communities are critical assets to the culture at ChoiceOne Bank."



Proposed Michigan Laws Would Impact Background Checks Used by Financial Institutions

Recent social justice efforts have focused on ways to help persons with previous criminal records reintegrate into society. From “Ban the Box” initiatives that remove questions about criminal histories from job applications, to efforts to expand the opportunity for persons with prior criminal convictions to petition to have their criminal records expunged from the public record, these changes are intended to address the stigma that attaches to persons with previous criminal convictions. As far back as anyone cares to remember, when people who have already paid the formal price for their crimes are confronted with public knowledge of their previous felony convictions (and some misdemeanor convictions), it usually adversely affects their ability to obtain employment commensurate with their skills. This secondary “social” punishment affects not only those convicted of crimes, but their families as well.

In an effort to mitigate this ongoing problem, a bipartisan group of Michigan lawmakers have recently introduced a package of bills that would expand the opportunity for some persons with criminal records to have this information formally set aside. The proposed Bills, introduced in September 2019, expand on various aspects of this laudable trend, but some of the proposed changes come at the expense of the reliability of criminal background checks used by financial institutions and mortgage lenders when conducting due diligence investigations of prospective employees, as required by federal law.

Current Michigan law provides that persons with one previous felony conviction, or two previous misdemeanor convictions, and who have not subsequently committed other serious crimes, have the opportunity to petition to have the conviction or convictions expunged (this opportunity is not available for convictions for assaultive behavior and certain other heinous crimes). The new package of House Bills would amend Michigan Public Act 213 of 1965 (M.C.L.A. §§ 780.621 – 780.624) to expand the types of records that could be set aside, increase the number of convictions that could be expunged, and reduce the time periods that must elapse before petitions for expungements may be submitted. Specifically, these Bills would:

- Expand the number of felonies (up to three) and misdemeanors (potentially all) that could be set aside, and adjust the associated time periods that must elapse before expungement could be requested (H.B. 4984);
- Consider multiple felonies arising from a single 24-hour criminal episode as one felony, with certain limiting conditions (H.B. 4985);
- Reduce the waiting period from five years to three years before a person may apply to have certain misdemeanor convictions expunged (H.B. 4983);
- Allow for automatic expungement (without having to file a petition) 10 years from the latter of certain specified events, of up to two (2) felony convictions or up to four (4) misdemeanor convictions, if specific conditions are met (H.B. 4980);
- Allow a person to petition to set aside one or more marijuana offenses that would not be a crime under Michigan’s recently modified laws (H.B. 4982); and
- Make most traffic offenses (other than DUI/OWI) eligible for expungement (H.B. 4981).

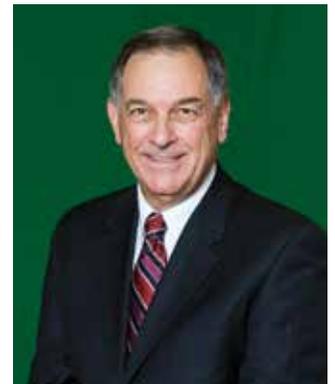
The newly proposed Bills provides exceptions to the expanded scope for assaultive crimes and serious misdemeanors such as domestic violence, breaking and entering, and some types of child abuse, among other offenses. However, they do not currently provide exceptions for crimes involving financial dishonesty or breach of trust, or for money laundering.

Section 19 of the Federal Deposit Insurance Act (12 U.S.C. 1929) prohibits persons convicted of certain types of financial-related crimes, or who have entered into pretrial diversion or similar programs for such crimes, from being employed or otherwise involved in most types of employment with a financial institution or a holding company. It also prohibits such a person from being involved, directly or indirectly, in the conduct of the affairs of a financial institution, or from holding any ownership interest in a financial institution. Section 19 provides an exception to this general prohibition that allows a person who has been convicted of the relevant offenses to petition the FDIC for a written waiver of the ban. Section 19 imposes a 10-year moratorium on submission of waiver petitions for exemptions for certain types of serious financial crimes.

The *FDIC Statement of Policy for Section 19 of the FDI Act*, effective July 19, 2018, succinctly describes the FDIC’s position:

...Section 19 imposes a duty upon an insured institution to make a reasonable inquiry regarding an applicant’s history, which consists of taking steps appropriate under the circumstances, consistent with applicable law, to avoid hiring or permitting participation in its affairs by a person who has a conviction or program entry for a covered offense.... Section 19 applies, by operation of law, as a statutory bar to participation absent the written consent of the FDIC.

(continued on next page)



Michael Kus
CBM Legal Consultant

(continued from previous page)

Upon notice of a conviction or program entry, an application must be filed seeking the FDIC's consent prior to the person's participation. The purpose of an application is to provide the applicant an opportunity to demonstrate that, notwithstanding the bar, a person is fit to participate in the conduct of the affairs of an insured institution without posing a risk to its safety and soundness or impairing public confidence in that institution. The burden is upon the applicant to establish that the application warrants approval.

The *Statement of Policy* goes on to address what constitutes a conviction. It states, in pertinent part (*emphasis added*):

There must be present a conviction of record. * * * * A conviction for which a pardon has been granted will require an application. *A conviction that has been completely expunged is not considered a conviction of record* and will not require an application. * * * * The failure to destroy or seal the records will not prevent the expungement from being considered complete for the purposes of Section 19 in such a case. Expungements of pretrial diversion or similar program entries will be treated the same as those for convictions. * * * *

The federal S.A.F.E. Mortgage Licensing Act (SAFE Act) imposes similar qualification restrictions on mortgage loan originators (MLOs). The criminal background checks prescribed for MLOs are a significant component of the SAFE Act's efforts to weed out unscrupulous and unethical persons from the mortgage loan industry. The CFPB's Regulation Z mortgage loan regulations, at 12 C.F.R. § 1026.36(f), requires that persons who employ MLOs must make a reasonable effort to determine whether a person has a history of financial-related crimes. It states, in pertinent part, that the institution must determine that a person (*emphasis added*):

(f) * * * * *

(3) * * * * *

(A) (1) Has not been convicted of, or pleaded guilty or *nolo contendere* to, a felony in a domestic or military court during the preceding seven-year period *or, in the case of a felony involving an act of fraud, dishonesty, a breach of trust, or money laundering, at any time;*

(2) For purposes of this paragraph (f)(3)(ii)(A):

(i) A crime is a felony only if at the time of conviction it was classified as a felony under the law of the jurisdiction under which the individual was convicted;

(ii) *Expunged convictions* and pardoned convictions *do not render an individual unqualified;* and

(iii) *A conviction* or plea of guilty or *nolo contendere* *does not render an individual unqualified* under this §1026.36(f) *if the loan originator organization has obtained consent to employ the individual from the Federal Deposit Insurance Corporation...* pursuant to section 19 of the Federal Deposit Insurance Act (FDIA) * * *

As the FDIC and Regulation Z provisions cited above make clear, federal law already provides mechanisms under Section 19 of the FDI Act whereby a person who has been convicted of a financial-related crime may petition to have the prohibition on their employment waived. Although the opportunities afforded by these regulations are more stringent than the standards that currently apply – or which are currently proposed by the Michigan legislature – they nevertheless afford a person who has been previously convicted of a crime the opportunity to potentially obtain employment at a financial institution or in the mortgage lending industry. Notably, under the Federal Deposit Insurance Act (and by extension, the S.A.F.E. Act), the decision on whether to allow a person with any prior felony convictions involving fraud, dishonesty, a breach of trust, or money-laundering, or who has been convicted of any other type of felony within the previous seven years, lies exclusively with the FDIC, which is charged with protecting the integrity of, and maintaining public trust in, insured depository institutions.

As these provisions also make clear, expungement of a criminal conviction effectively wipes the slate clean, and disallows a financial institution or mortgage lender from considering that criminal record when making an employment decision, even if they somehow become aware of the expunged conviction. Because the current package of Michigan House Bills does not presently include any provisions that would prevent felony convictions involving fraud, dishonesty, a breach of trust, or money-laundering, from being considered for possible expungement, or from being automatically expunged in any event after 10 years, these Bills would have a negative effect on the reliability of the criminal background checks upon which financial institutions and mortgage lenders rely.

Although the purpose of the proposed legislation addresses a very real problem for those with criminal histories, any solution to the problem should be balanced against other legitimate concerns. Decisions about hiring a person with a previous history of financial-related crimes is best left to the discretion of those who have been charged with the duty of protecting the integrity of the nation's financial institutions. For that reason, the relevant House Bills should be amended to include expanded exceptions that would disallow expungement of records of felony convictions that involve fraud, dishonesty, a breach of trust, or money-laundering.

products + services

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.

Accounting/Audit/CPA Services

Andrews Hooper Pavlik PLC
BKD, LLP
Clark Schaefer Hackett
Crowe Horwath LLP
Doeren Mayhew
Heber Fuger Wendin, Inc.
Heintzelman Accounting Services
Maynards Industries USA, LLC
Plante & Moran, PLLC
Rehmann
Warmels & Comstock, PLLC

Advertising/Promotional Materials

Spry

Appraisal Management

Colliers International Valuation & Advisory Services
Maynards Industries USA, LLC
Midwest Appraisal Management
Old Republic National Title Insurance Company

Architecture/Construction

Daniels and Zermack Architects
Thompson-Phelan Group, Inc.
K4 Architecture & Design

Asset Liability Management/AML

The Baker Group
Maynards Industries USA, LLC
McQueen Financial Advisors
ProBank Austin

ATM/Debit Cards

Fiserv
ICBA Bancard & TCM Bank, N.A.
SHAZAM

ATM Sales, Bank Equipment Sales & Services, Alarm Systems

Edge One, Inc.
Hamilton Safe Products Co., Inc.
Informa Business Systems, Inc.
QSI Banking, Inc.
Security Corporation
SHAZAM

Bank Operations

Hagle & Associates, Inc.
Informa Business Systems, Inc.
QSI Banking, Inc.

Red Rock Information Security, LLC
Security Corporation
Strategic Resource Management

Bank Services

PayQwick
QwickRate

Board Portal

CSI – Computer Services, Inc.

Capital Adequacy & Strategic Planning Services

ProBank Austin
Gerrish Smith Tuck PC

Check Services Programs

Check Printing Contract Consulting
Main Street

Collections

Weltman, Weinberg & Reis Co., L.P.A.

Compliance

CBM Community Bankers for Compliance Program
Andrews Hooper Pavlik PLC
Clark Schaefer Hackett
Doeren Mayhew
Kus Ryan & Associates, PLLC
Maynards Industries USA, LLC
NContracts
Plante & Moran, PLLC
ProBank Austin
Rehmann
Thomas Compliance Associates
Young & Associates, Inc.

Commercial Loan Insurance

Watermark Employee Benefits, LLC

Computer Services/Software/IT Services

Andrews Hooper Pavlik PLC
CSI – Computer Services, Inc.
Damian Walters & Associates
Edge One, Inc.
InfoTrust Corporation
IT Resource, Inc.
Jack Henry Banking
Lasco
NContracts
NetGain Technologies
Red Rock Information Security, LLC
SHAZAM

Consulting/Training

Andrews Hooper Pavlik PLC
BKD, LLP
Catalyzer
Check Printing Contract Consulting
Clark Schaefer Hackett
Crowe Horwath LLP
Don Jeffrey & Associates
Don Mann, Bank Consultant
Doeren Mayhew
Gerrish Smith Tuck PC
Hagle & Associates, Inc.
Heber Fuger Wendin, Inc.
High Risk Compliance
JLH Associates, LLC
McQueen Financial Advisors
Performance Trust
Plante & Moran, PLLC
PM Environmental, Inc.
ProBank Austin
Qualigence
Red Rock Information Security, LLC
Rehmann
Rysenia Capital Solutions, LLC
Strategic Resource Management
Varnum, LLP
Young & Associates, Inc.

Correspondent Banking Services

Associated Bank
BMO Harris Bank
Comerica Bank FIG
TIB – The Independent Bankers Bank
United Bankers' Bank

Credit Card Programs

ICBA Bancard & TCM Bank, N.A.

Customer Acquisition Strategies

Kasasa

Data Processing

Jack Henry Banking
Fiserv
Lasco
SHAZAM

Disaster Recovery Planning

Andrews Hooper Pavlik PLC
Plante & Moran, PLLC
Red Rock Information Security, LLC
Rehmann

Community Bankers of Michigan Associate Member Products and Services Reference List (cont.)

Electronic/Internet Banking

CSI – Computer Services, Inc.

Employee Benefit Services

Kapnick Insurance Group
Michigan Planners Inc.

Environmental Services

AKT Peerless
PM Environmental, Inc.

Equipment Appraisal

Maynards Industries USA, LLC

Executive Benefit Consulting

BFS Group
EBS

Executive Search/Recruiting

Angott Search Group
Rehmann
Rhonemus Executive Search

Forced Placed Insurance

Seattle Specialty Insurance Services, Inc.

Fraud Deterrence

Andrews Hooper Pavlik PLC
Rehmann
SHAZAM

Furniture/Furnishings

Financial Furnishings, Inc.

Government Affairs/Lobbying

Governmental Consultant Services, Inc.

Human Resource Services/ Payroll

Andrews Hooper Pavlik PLC
Insight HRM, LLC
Maddin Hauser Roth & Heller P.C.
Qualigence
Rehmann

ID Theft Protection

CBM – Assurant Red Flag ID Fraud Solutions

Information Technology

Vector Tech Group

Insurance/Bonding

First Service Corporation
HUB International
ICBA Reinsurance
Kapnick Insurance Group
Travelers Insurance Co.

Investment Banking Services

Ameriprise Group
Baird
Boenning & Scattergood, Inc.
D.A. Davidson & Co.
Donnelly Penman & Partners
Heber Fuger Wendin, Inc.
Hovde Group
ICBA Securities
McQueen Financial Advisors
Performance Trust
ProBank Austin
The Baker Group

Item Processing

Fiserv

IT Risk Assessment

Damian Walters & Associates

Leadership Development

Catalyzer
Qualigence

Legal/Law Firms

Butler Rouse-Oberle PLLC
Foster Swift Collins & Smith, PC
Honigman Miller Schwartz & Conn, LLP
Howard & Howard, PLLC
Kotz Sangster Wysocki P.C.
Kus Ryan & Associates, PLLC
Maddin Hauser Roth & Heller P.C.
Varnum LLP
Warner Norcross Judd, LLP
Weltman, Weinberg & Reis Co., L.P.A.

Lending Services

Amerifirst
Bankers Healthcare Group
CloudBnq Inc.
College Ave Student Loans
First Help Financial
Fund My SMB, LLC
ICBA
Kasasa
Local Lending Group, LLC
Michigan Certified Development Corp.
Old Republic National Title Insurance Company

Opportunity Resource Fund
SBA Complete
USDA Rural Development

Marketing Services

IMAC
RjM
WSI Internet Consulting

Marijuana Banking Services

High Risk Compliance
PayQwick
Shield Compliance

Merchant Services

FiNet

Office Supplies

Spry

Online Banking

CloudBnq Inc.
Fiserv

Printing

ASAP Printing
Spry

Real Estate Services

Michigan State Housing Development Authority (MSHDA)
Weltman, Weinberg & Reis Co., L.P.A.

Security – Information Security & Managed Security Services

Brinks
Red Rock Information Security, LLC

Securities/Investments

Baird
Heber Fuger Wendin, Inc.
McQueen Financial Advisors
Performance Trust
The Baker Group
United Bankers' Bank

Shipping

UPS

Strategic Planning

Gerrish Smith Tuck PC
ProBank Austin

Website Design

Kasasa
WSI Internet Consulting

Wholesale Banking-Funding/ Mortgage Purchases

Amerifirst
Federal Home Loan Bank of Indianapolis
Federal Reserve Bank of Minneapolis

401K Programs

IIC

For individual company contact information, please contact us at 517.336.4430 or visit www.cbomf.org.

products + services

Save time and money with CBM Endorsed Partners Exceptional products and significant discounts!



When researching new service providers, or rethinking current ones, consider the CBM Preferred Vendor Companies. Those listed below earned the CBM seal of approval, including special pricing for our members. We have completed extensive due diligence with each company available for your review. Explore the revenue-enhancement opportunities with these vendors and improve your bottom line! Give us a call at 517-336-4430 or visit CBM online at www.cbofm.org to obtain more information on the companies listed below.

Ameriprise Financial (formerly IPI) – Retail Investments – Multi-product insurance platform directly through your bank website.
Chris Melton – chris.melton@ampf.com – 636-938-5418

College Ave Student Loans – Student Loans – Loans for both students and parents to assist with undergrad and graduate education costs. Refinance loans available.
Reid Moehn – rmoehn@collegeave.com – 619-865-3395

Computer Services, Inc (CSI) – Board Communications – Secure Document Delivery – Intranet solution combining a series of powerful communication tools and productivity applications in a single portal.
Bill Evers – bill.evers@csiweb.com – 219-929-8337

EBS, a bank consulting company – Executive Benefits – BOLI – Marketing, consulting and service firm specializing in the administration and placement of BOLI programs and Executive Benefit Plans.
Kirk Anderson – kanderson@ebscomp.com – 734-812-1150

Spry (formerly FF&S) – Office Supplies and Printing – Creating savings by optimizing the planning, purchasing and inventory management of operating business materials.
Trent Dalhstrom – trentd@sprybrands.com – 517-209-7023

FiNet – Merchant Services – Credit Card Processing – Providing a network of merchant payment processing services.
Richard Camardo – rcamardo@finetsolutions.com – 800-487-5577

Financial Furnishings, Inc. – Office Furniture Discounts – Premier discount resource for superior quality desks, workstation systems, seating, filing solutions, conference and training environments.
John Phelan – johnp@financialfurnishings.com – 586-725-5737

HUB International – Insurance programs – Specializing in designing program coverage areas and remediating existing policies.
Debra McManigle – debra.mcmanigle@hubinternational.com
269-441-5058

ICBA Securities – Bank Investments – Bonds – Provides a full suite of investment products and services.
Jim Reber – jreber@icbasecurities.com – 800-422-6442

ICBA Bancard & TCM Bank, N.A. – Payment Resources – Competitive credit, debit, and merchant processing options to help strengthen consumer and small business relationships.
Julie Hanson – julie.hanson@icba.org – 800-242-4770 ext. 4369

International Marketing & Administration Company (IMAC) – Direct Marketing – Income Opportunities – Offers direct marketed consumer appreciation programs.
Bryan Wallace – bryanwallace@cbofm.org – 517-336-4430

Investors Title Company – Title Insurance – Multi-bank owned title insurance program and Home Equity Title Insurance – Full instant coverage title insurance.
Sky Weaver – sweaver@invtitle.com – 989-387-8869

JLH Associates, LLC – Consulting – Outsourced resource in insurance and financial services areas of bank operations including vendor sourcing and RPF facilitation, collateral insurance management, agency formation and revenue development.
Jim Harvin – jharvin@jlhassociatesllc.com – 517-351-4158

Kapnick Insurance Group – Employee Benefits – Supported through Community Bankers Insurance Agency, this is a comprehensive benefits program including an internet portal.
Bryan Wallace – bryanwallace@cbofm.org – 517-336-4430

Ncontracts – 3rd Party Vendor and Contract Management – Providing web-based vendor and contract management services for financial institutions.
Jessie Hogue – jessie.hogue@ncontracts.com – 317-513-0729

products + services

NetGain Technologies – IT resource – Outsource IT services – Experts in architectural design, implementation and management of high performance IT solutions.

Aimee McNeal – amcneal@netgainit.com – 513-883-7724

PM Environmental, Inc. – Environmental Risk Expert – Consulting and management of environmental, engineering, industrial hygiene, energy and development projects.

Mike Kulka – kulka@pmenv.com – 248-414-1425

QwickRate – Non-brokered CD Marketplace for funding and investing. Bank research and performance analytics.

Ricki Dagosta – Ricki.dagosta@qwickrate.com – 678-797-4067

Seattle Specialty Insurance Services, Inc. (SSIS) – Force Placed Insurance – Income Opportunity – Largest provider of collateral insurance coverage and specialized services to the community banking industry.

Bryan Wallace – bryanwallace@cbofm.org – 517-336-4430

SBA Complete, Inc. – Outsourced SBA loan solutions – Conducts portfolio reviews, offers solution for reporting and loan servicing in addition to complete SBA lending solutions.

Richard Carlson – rcarlson@sbacomplete.com – 619-847-6468

SHAZAM – A national member-owned debit network, processor, and core provider. Single-source provider of credit/debit card, core, fraud, marketing, merchant and more. Learn more at shazam.net.

Andrew Huth – ahuth@shazam.net – 800-278-8150

Travelers – Bank Insurance – Offering a wide range of commercial insurance coverages for financial institutions.

Andrew Hatheway – amhathew@travelers.com – 317-818-0195

UPS – Shipping – Overnight Shipping – Range of options for the synchronized movement of goods, information and funds.

Barb Mackie – bmackie@ups.com – 517-204-9122

Watermark – Business Loan Protection Insurance – Payment protection commercial borrowers against death and disability at fraction of the cost.

Zac Woodward – zac@watermarkeb.com – 616-248-0100

DoerenMayhew CPAs AND ADVISORS



John Miller

jmillier@doeren.com



Joseph Zito

zito@doeren.com

Audits | Internal Audit | Lending Reviews | Regulatory Compliance
IT Assurance | Merger Advisory | Enterprise Risk Management

248.244.3000 | doeren.com

products + services

Welcome New Associate Members to the Community Bankers of Michigan

Thank you to the following new members for supporting the association and community banks with innovative products and services.

Clark Schaefer Hackett

3505 Coolidge Road
East Lansing, MI 48823
Scott Deters
1.517.351.5508

QSI Banking, Inc.

107 Schuler Drive
Bardstown, KY 40004
Jason Fullenwider
1.502.501.9606

Amerifirst

950 Trade Centre Way
Kalamazoo, MI 49002
Jay Eakins
1.269.569.5764

Qualigence

35200 Schoolcraft
Livonia, MI 48150
Jennifer Reisig
1.734.432.6300 ext. 213

Strategic Resource Management (SRM)

5100 Poplar Ave., Ste. 2500
Memphis, TN 38137
Micki Schueler
1-734.834.6553

Maynards Industries USA, LLA

21700 Northwestern Hwy., Ste.
1180
Southfield, MI 48075
Jeff Miller
1-248-514-3415
Al Lowenstein
1.248.514.3414

eRecycle TC

P.O. Box 1416
Traverse City, MI 49685
Kelvin Shaw
1.231.590.3752

Institutional Investment Consulting

7 West Square Lake
Bloomfield Hills, MI
48302
Michael Kozemchak
1.248.339.9808

Clark Schaefer Hackett

Founded in 1938, Clark Schaefer Hackett is one of the top 100 CPA and advisory firms in the U.S. that offers best-in-class technical expertise in audit and assurance, risk management, benefit plan consulting, forensic and litigation support, valuation and transaction services. For over 30 years CSH has provided a wide-range of services to community banks and savings institutions and offers one of the strongest financial institutions industry teams in the region. We understand the unique needs and challenges of this highly regulated industry. At CSH, we believe that serving the client and doing the work are not the same thing. One is a talent for numbers, the other is about people. At CSH, relationships matter, and creating a supportive, helpful, working relationship is the most valuable talent we can offer.

QSI Banking, Inc.

QSI provides turnkey delivery of NCR ATM and ITM solutions and is NCR's largest financial partner in the U.S. We offer remote access services for patch management, anti-virus, and more. Titan Armored offers branch case and ATM/ITM cash replenishment, among other services. QSI is a full-service bank equipment company (video, alarm, drive-up, safes). No long-term service contracts. Outsourcing available.

Amerifirst

Headquartered in Kalamazoo, Michigan, Amerifirst is an independent community mortgage lender founded in 1983 by entrepreneurs Mark Jones and David Gahm. Today, we continue our founders' vision of turning renters into first time homebuyers by offering low and no down payment options as a top producing lender of FHA and USDA Rural Development loans. Conveniently located across a dozen states – from Michigan to California – nearly 700 members of the Amerifirst family serve our local communities and carry on our mission to make a meaningful difference in the lives of others.

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Qualigence International

Qualigence is a talent acquisition and optimization company. We help financial institutions with everything from sourcing and recruiting to using people analytics to drive business performance.

Strategic Resource Management (SRM)

Strategic Resource Management (SRM) has served as a trusted advisor to more than 700 financial institutions to lower costs, enhance revenues, automate processes and provide strategic consulting in areas such as payments, digital banking, core processing, operational cost control and intelligent automation. The company has unlocked billions of dollars in value and improved the competitive advantage of its clients with its reputation for industry-leading subject matter expertise, proprietary benchmark database and proven negotiating skills. Visit www.srmcorp.com for more information or contact [Micki Schueler@srmcorp.com](mailto:Micki.Schueler@srmcorp.com).

Maynards Industries USA, LLC

Maynards specializes in marketing and disposition solutions through auction, liquidation and private treaty sales of manufacturing processes within all industries. Maynards is able to draw on over 100 years of experience and thousands of past asset appraisals and auction projects to ensure correct and accurate information to right financial decisions. Maynards provides USA based companies alternative financing by unlocking equity in their machinery and equipment.

eRecycle TC

eRecycle TC's mission is to collect and properly recycle/repurpose retired and unused electronics and electronic waste. eRecycle TC offers CBM members special discounted rates for disposal of e-waste and free pick up at your facility.

Institutional Investment Consulting

Institution Investment Consulting (IIC), is a national provider of institutional investment consulting services. IIC's engagements over Defined Contribution, Defined Benefit, Nonqualified Deferred Compensation, Equity, HSA, Total Rewards, ESOP, and Treasury Investment programs with engagements totaling over \$100 billion in assets.

PM Environmental Selected to ENR Top 200 Environmental Firms List Second Year in a Row

For the second year in a row, PM Environmental, Inc. (PM), a national, full-service environmental consulting and engineering services firm, has earned a spot on the Engineering News-Record (ENR) Top 200 Environmental Firms List. Last year was PM's first year making the list, coming in at number 200. This year, PM moved up in ranking, earning the 193rd spot.

"As an engineer, being recognized by ENR is the gold standard. Once again, we are honored to make this list and to show we are advancing in the right direction," said Mike Kulka, co-founder and CEO of PM Environmental.

The ENR Top 200 Environmental Firms List recognizes the top firms in the environmental services sector based on participants' 2018 global revenue. The list is comprised of traditional environmental risk management firms, like PM, as well as water and wastewater treatment firms, and hazardous and nuclear waste mega firms. PM is one of 57 firms whose revenue was based solely on environmental services.

"Solid repeat business and an aggressive sales and marketing team, as well as adding strategic hires in our unique service lines, all fuel and foster our growth," said Kulka. "We will continue to take these steps going into 2020."

In addition to achieving a spot on the 2019 ENR Top 200 Environmental Firms List, PM is ranked No. 1 in Michigan and nationally has ranked in the top 20 environmental consulting and engineering services company by EDR ScoreKeeper™.

products + services

Shield Compliance Expands Leadership Team to Accelerate Deployment of Cannabis Banking Solutions

Shield Compliance, the industry’s only purpose-built AML/BSA compliance management and payment integrator system for banking legal marijuana-related businesses, announced an expansion of its leadership team with the hiring of Kurt Dicus as Chief Technology Officer and Jenna Meyer as Director of Client Success.

“As more financial institutions recognize the business opportunity associated with serving the legal cannabis industry, the addition of Kurt and Jenna to our leadership team will enable Shield Compliance to meet growing demand with an industry-leading product and seamless customer onboarding process,” said Noah Carey, founder and CEO of Shield Compliance. “Kurt’s and Jenna’s backgrounds in IT and client account management, respectively, complements Shield’s deep expertise in banking and regulatory compliance, and I am pleased to welcome them both to the team.”



Kurt Dicus

Reporting to Shield’s president and COO Tony Repanich, Dicus brings more than 20 years of executive IT management across diverse industries including consumer packaged goods, travel, entertainment, high-tech, insurance, banking/finance, utilities, sports, wireless, retail and e-commerce. Prior to joining Shield, Dicus was Vice President of IT for Funko, a leading pop culture consumer products company. He also has experience leading SaaS companies from the venture capital stage to successful financial exits. Dicus is responsible for leading Shield’s technology roadmap, ensuring faster infrastructure scalability, integrating additional data sources into the Shield Data Hub, and providing best-in-class solutions that safeguard client data.



Jenna Meyer

Meyer has spent much of her career leading account management teams at financial services technology firms. Most recently, Meyer was Vice President of Lending at Validis and previously served as Director of Solution Consultants at Baker Hill. Also reporting to Repanich, Meyer will work closely with the Shield team to support client implementations as well as lead customer communications including the production of manuals, job aids, and training.

Some form of medical and/or recreational marijuana is now legal in 33 states, representing approximately 95 percent of the US population. As more states pass legalization

measures and federal cannabis legalization gains greater support, demand for banking services is growing rapidly. Compliant banking operations for today’s legalized cannabis industry require continuous enhanced due diligence that reaches far beyond traditional BSA/AML compliance tools. The Shield Data Hub, launched in March, simplifies and improves compliance and reporting requirements and is instrumental in allowing financial institutions to scale their core competencies to serve the growing cannabis industry.



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Dwight Larsen is Named New CEO and President of United Bankers' Bank

After Extensive National Search, Board Cites Broad Background, Community Bank Experience and Vision as Key Drivers in Selecting Larsen

Dwight R. Larsen, with more than 30-plus years of experience in bank management, regulatory affairs and education, will become the new CEO and President of United Bankers' Bank (UBB) and its holding company, United Bankers' Bancorporation, Inc. (UBBI), according to an announcement by the bank's Board of Directors.



Dwight Larsen

“Dwight is an outstanding fit for UBB’s culture of product excellence and customer service – not only for the UBB we see today but also for where we believe the bank must go to meet the challenges of tomorrow,” said Bryan Grove, Chairman of the UBB Board and President of American State Bank in Grygla, Minn. “He has built his career on the highest levels of integrity, an openness to new ideas and opportunity for others, and outstanding communication skills.”

Larsen, 56, will be the third president to take the helm at UBB since it was founded in 1975 as the nation’s first bankers’ bank providing correspondent services exclusively to independent community banks. The appointment culminates an extensive national search to replace William Rosacker, who retired in April after leading UBB for 34 years.

“This is an incredible honor and exciting opportunity for me to lead the finest correspondent banking team in the nation,” Larsen said. “Right from its inception as America’s first bankers’ bank, UBB has led the way with so many product, service and technology innovations. Not only do I intend to continue that tradition,” Larsen said, “my goal is to take UBB even further and become the nation’s premier bankers’ bank.”

Larsen is already a familiar name and face to many in the banking community.

He held several positions at UBB from 2000 to 2016, including roles overseeing compliance services, trust services, HR consulting services and the stock valuation services of BankValue Advisory Services. Under Larsen’s direction, BankValue expanded its bank stock valuations, market analysis, and merger and acquisition consulting service to customers throughout UBB’s 15-state market area. Dwight was also the chair of UBB’s Asset Liability Management and Enterprise Risk Management committees.

From 1986 to 2000, and again for the past two years, Larsen has served as a national bank examiner with the Office of the Comptroller of the Currency (OCC). There he built extensive knowledge in risk management and effective corporate governance working with banks of every size and with every level of management and operations.

Students and faculty of the Graduate School of Banking at the University of Wisconsin – Madison also know Larsen as a faculty member since 1998. In addition to teaching, Larsen is a member of the Curriculum Advisory Committee and a former faculty representative to the Board of Trustees.

Larsen will dedicate his first 30 days on the job, which officially starts on Monday, Aug. 26, to “listening, listening and listening again,” he said, “including a series of meetings with staff and executive leadership at UBB, our Board of Directors, our customers and community bank leadership.

“I’m following a tremendous legacy in Bill Rosacker,” Larsen added. “He and an exceptional group of talented and dedicated people have made UBB what it is today. The bank is in excellent financial condition, offers a wide range of products and services, and serves customers across a broad swath of the U.S., stretching from the West Coast to the Great Lakes. I look forward to being part of the next great chapter in the success story of UBB and the community banks we serve,” he concluded.

Save the Date!

2020 Economic Outlook

Presented by Vining Sparks

January 31, 2020

MSU Management Education Center

Troy



2019 WEBINAR SCHEDULE

***Webinars from April to the current date are available in the recorded version and can be ordered through the CBM website.**

***Most Webinars are scheduled from 3:00 p.m. - 4:00 p.m. Eastern Time unless otherwise noted.**

Please visit www.cbofm.org for a complete listing, to search webinars by category and to reserve your webinars today!

- Oct 22 2019** Medallion & Signature Guarantee Risks, Rules & Best Practices
- Oct 24 2019** Commercial Loan Annual Credit Review
- Oct 29 2019** 12 Key Elements of an Effective Digital Marketing Strategy
- Oct 30 2019** Personal Accounts: Ownership, Authorization, Titling & Documentation
- Oct 31 2019** 1099 Reporting: Foreclosures, Repossessions & Debt Settlements
- Nov 6 2019** Closing or Changing Accounts for Consumers & Businesses
- Nov 7 2019** Top 10 Compliance Mistakes in Advertising
- Nov 12 2019** Mortgage Lending Hot Spots Series: Critical Timing Requirements in the Mortgage Lending Lifecycle
- Nov 13 2019** Year-End Compliance Checklist
- Nov 14 2019** Regulation E Series: Provisional Credit Under Reg E: Rules, Best Practices & FAQs
- Nov 15 2019** New Overtime Rule Changes Effective January 1, 2020
- Nov 19 2019** Robbery Preparedness: Meeting Your Annual Compliance Requirement
- Nov 20 2019** BSA Special Risks: Policy, Law Enforcement & Regulator Issues
- Nov 21 2019** When a Borrower Dies: Rules, Procedures & Liabilities
- Nov 26 2019** Understanding & Navigating ACH Rules for ODFIs
- Dec 3 2019** IRS Reporting Requirements: 1098s, 1099s, TINs & Backup Withholding
- Dec 4 2019** ACH Error Resolution: Returns, Authorizations, WSUDs, Stop Payments & More
- Dec 5 2019** Consumer Privacy: New Online & Mobile App Issues, GDPR, Reg P & Compliance
- Dec 6 2019** Updated Flood Insurance Exam Procedures, Including Recent Private Flood Insurance Rules
- Dec 9 2019** Revisiting Reg CC Policies, Disclosures & Notices for Rule Changes Effective July 1, 2020
- Dec 10 2019** Business Accounts: Who is Authorized to Open, Close, Transact?
- Dec 11 2019** The Changing Face of BSA Administration: What BSA Officers & Management Must Know
- Dec 12 2019** Safe Deposit Issues: Delinquency, Death & Abandonment
- Dec 17 2019** Securing Collateral: How to Complete & File UCC-1 Financing Statements
- Dec 18 2019** Marijuana HR Policy & Best Practices: Handling Employee Medical & Recreational Use

Community Bankers for Compliance



Policies / APRWIN / Responding to Audit Findings / Lending Errors

November 19, 2019

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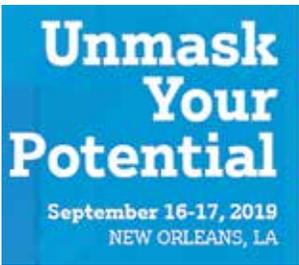
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The brightest and boldest minds in the community banking industry came together at the annual ICBA LEAD FWD Summit in September. Bankers from all around the United States gathered to fuel their career trajectory, enhance their communications and leadership skills, and gain a 360-view of bank operations and management. Community Bankers of Michigan is proud to announce that Petrea Schumacher of

Southern Michigan Bank & Trust was awarded a scholarship through the ICBA, that allowed her to attend and represent the community banks of Michigan.

“Petrea is very deserving of the scholarship and we look forward to learning about how her experience at the ICBA Lead Forward Summit helps her to become an even more accomplished community banker,” shared Mike Tierney, President and CEO of the Community Bankers of Michigan



UPCOMING DATES BY EVENT - 2019 - 2020

2019

Michigan Bankers on the Hill
October 29 – 31, 2019
JW Marriott – Washington, D.C.

CEO Network
November 8, 2019
Eagle Eye Golf Club – East Lansing, MI

Community Bankers for Compliance (CBC)
November 19, 2019
Eagle Eye Golf Club – Bath, MI

Affordable Lending Forum
December 9, 2019
Eagle Eye Golf Club – Bath, MI

CBM Open House
December 11, 2019
CBM Offices – East Lansing

2020

Economic Forum
January 31, 2020
MSU Management Education Center – Troy, MI

HR Forum
February 20, 2020
Eagle Eye Golf Club – Bath, MI

Directors’ College
February 2020
Eagle Eye Golf Club – Bath, MI

BSA and The Impacts of Banking Marijuana
March 4, 2020
CBM Training Center – East Lansing, MI

ICBA LIVE
March 8 – 12, 2020
Gaylord Palms Resort – Orlando, FL

ICBA Capital Summit
April 28 – May 1, 2020
Renaissance Washington – Washington, D.C.

Community Bankers for Compliance (CBC)
March 5, 2020 August 20, 2020
June 4, 2020 November 12, 2020
Eagle Eye Golf Club – Bath, MI

community connections

Willis J. Fontaine, formerly of Superior National Bank, Passes Away

Willis J. Fontaine, 77, of Jacksonville passed away at home on Wednesday, June 26, 2019. Will was born on January 10, 1942 in Lake Linden, Michigan to his parents, Raymond and Annabelle Fontaine. Will graduated from Lake Linden High School and later attended Michigan Tech University. He entered the U.S. Army in 1964. Will began his career in banking in 1965 in the loan department at Superior National Bank. He became President and CEO of Superior National in 1988. Will worked for the bank for 47 years until his retirement in May, 2012.



Willis J. Fontaine

Will was a catholic and member of St. Jude the Apostle Church in Jacksonville for the past five years after moving to Arkansas. For many years, he was a member of St. Ignatius of Loyola in Houghton, MI.

Will had many interests in life, including playing cards, bowling, golf, basketball, cheering on the Detroit Lions and the Green Bay Packers. He also loved to travel and enjoyed many trips with Brenda over the years. Most of all, Will was a humble man. He was a loving and devoted husband, father, brother, grandfather, uncle and friend. Will was loved and admired by all of those who knew him.

He was preceded in death by his parents and leaves to cherish his memory his beloved wife of 28 years, Brenda Fontaine; his daughter, Lisa Hess and her husband Jon of Vacaville, CA; his sons Michael Fontaine and his wife, Keah, of Sacramento, CA and Brandon Fontaine of Lansing, MI; brother, Raymond Fontaine and wife, Shirley of Escanaba, MI; grandchildren Dylan and Hunter Hess of Vacaville, CA along with Lake Fontaine of Sacramento, CA; nephew Gerry Fontaine and nieces Lori Fontaine and Diane Mattson.

LaFramboise Retires from Isabella Bank Corporation Board



Joseph LaFramboise

Jae A Evans, President and Chief Executive Officer of Isabella Bank Corporation, (ISBA), announced that Mr. Joseph LaFramboise has retired from the Board of Directors after 12 years of loyal service.

Mr. LaFramboise has served as a dedicated board member and ambassador of Isabella Bank since 2007, and member of the corporate board since 2010. He also served as a member of the compensation and human resource committee, the audit committee, and the director loan committee. Prior to serving on the Isabella Bank and corporate board of directors, Mr. LaFramboise served on the Mecosta regional advisory board for Isabella Bank. He maintained his role on the regional advisory board throughout his 12 years of service.

“Joe has served with an unwavering dedication to our shareholders, board, and employees that will be missed. His commitment to excellence will leave a positive impact throughout our organization for many years. We are thankful for his years of service and wish him well in his future endeavors,” said Jae Evans.

Mr. LaFramboise is a retired sales and marketing executive of Ford Motor Company. He continues to serve Eagle Village in Evart, Michigan on their finance and facilities committee.

Promotion of Hoffman, VanNest, Morris and Agler Kick Start First Half of 2019

In the first half of 2019, Bank of Ann Arbor is proud to recognize the promotions of Sara Hoffman, Trina VanNest, Gordon Morris, and Jena Agler.

Sara, promoted to Vice President & Commercial Loan Officer, has been with Bank of Ann Arbor since 2009. Originally serving as a Senior Credit Analyst, she quickly proved a skill set in working with small business clients and was promoted to Small Business Lending Officer in 2010. Her continued hard work, responsiveness, and dedication to her clients and nearly 200 prospect inquiries per year, has resulted in outstanding growth in the small business loan portfolio at the bank.

In her free time, Sara is also dedicated to her community, serving on the Board for Main Street Area Association and on the Finance Committee for Honey Creek Community Schools. She is also active with United Way of Washtenaw County Young Leaders Society, as well as Women's Exchange of Washtenaw.

Trina, promoted to Senior Vice President and Credit Manager, joined BOAA in 2010 as an Assistant Vice President and Credit Administration Officer. In her time here, she has taken on greater responsibility, been granted higher levels of loan authority to move loan relationships less than \$1,000,000 more efficiently through the approval process, and manages a large team of credit analysts, as well as the appraisal review department. Outside of the office, Trina is active in the Plymouth Canton School system with both the Marching Band and Winter Guard organizations. She also serves on a committee at the Ann Arbor Area Community Foundation that focuses on assisting area non-profits.

Gordon, promoted to Credit Administration Officer & Loan Documentation Manager, has nearly 30 years of banking experience which included 25 years at TCF bank. He brings an expertise in a wide range of areas including the documentation and closing of retail and commercial loans. Joining Bank of Ann Arbor in 2015, he has quickly made a large impact on his group, improving processes, creating efficiencies, and leading the team through these changes. As a lifelong resident of Ann Arbor, Gordon has volunteered countless hours to the community, including to the Women's Field Hockey team, Yost Arena events and Juvenile Diabetes Research Foundation.

Jena, promoted to Assistant Vice President and Trust Officer, joined the Trust and Investment Management team in 2016. She was previously a practicing attorney in Michigan specializing in probate and estate planning, including drafting and executing estate planning documents such as wills, trusts and powers of attorney. Her skills and expertise in the field have been a great asset to the group. She received her undergraduate degree from Grand Valley State University and her law degree from the University of Detroit Mercy School of Law. Jena passed the Bar Exam in Michigan in 2011.

Jena too is a lifelong resident of Ann Arbor. She serves the community in a number of ways including Habitat of Humanity, the Humane Society of Huron Valley, Women Lawyers Association of Michigan, and the Young Lawyers Section of the Washtenaw County Bar Association.

"Recognizing the commitment, loyalty, hard work, and immeasurable contributions to our success in a well-deserved promotion is very gratifying," said Tim Marshall, President & CEO of Bank of Ann Arbor. "A sincere thank you and congratulations to Sara, Trina, Gordie, and Jena."

The State Bank Rated 5-Stars by Bauer Financial

The State Bank is honored to announce it has earned Bauer Financial, Inc.'s highest 5-Star Superior rating. Bauer Financial, Inc. is the nation's leading independent bank and credit union rating firm, and awards star-ratings on a quarterly basis. A 5-Star rating indicates that The State Bank is one of the strongest banks in the nation, excelling in such areas as capital, loan quality, profitability and much more.

Ron Justice, President and Chief Executive Officer at The State Bank, states, "We are honored to have been recognized by Bauer Financial as a 5-star institution. This rating places The State Bank in the top tier of financial institutions and reflects our continued commitment to our customers and our communities."

community connections

Amy Sherman promoted to Relationship Manager



Amy Sherman

John R. Waldron, President and CEO of County National Bank (CNB), is pleased to announce the Board of Directors approved the promotion of Amy Sherman to Spring Arbor - Relationship Manager.

Amy has been in banking for over 10 years, joined the CNB team in 2015 and has worked in various positions, including Customer Service Representative and Management Trainee. Amy studied accounting at Baker College and has attended several industry related trainings. Amy has demonstrated her commitment to CNB through her excellent service to our customers and communities.

“We are excited that Amy is part of our management team here at County National Bank,” said Kelly Jensen – Vice President, Branch Administration. “Her experience and knowledge of the Spring Arbor community will be a great asset to us.”

Amy is dedicated to her community; she is the secretary of the Hanover-Horton Lions Club, advisor for the Hanover-Horton Leo Club, and is involved with Junior Achievement.

Bank of Ann Arbor Welcomes Abadi, Swartzendruber and Davidoff

Bank of Ann Arbor would like to welcome Nader Abadi, Michelle Swartzendruber and Michael Davidoff to the team.

While our Birmingham office is still in its early phases, it is with great excitement that we continue to expand the team with exceptional new talent. Joining us this year are Nader Abadi and Michelle Swartzendruber, both in the commercial lending area.

Nader, Assistant Vice President and Commercial Loan Officer, joins Bank of Ann Arbor with experience as an Associate at Monroe Capital, a Chicago-based private debt fund, where he sourced and structured middle market senior/junior debt and equity transactions. Prior to Monroe, Nader was a corporate ratings analyst with S&P Global in New York, covering the real estate and retail industries. Additionally, he is actively involved in the community, serving as a member of the Dearborn Education Foundation. He received his BA in Economics from University of Michigan and MBA from Georgetown University.

Michelle, Vice President and Commercial Loan Officer, comes to us with nearly 20 years of highly successful commercial banking experience, all at Fifth Third Bank, working in the Healthcare, Education, & Non-Profit area the last three years and in the Commercial Real Estate lending area the prior eleven years. She received her BA in Finance from Michigan State University’s Broad School of Business. In her spare time, Michelle is a member of ACG Detroit, Inforum, and volunteers at her daughter’s school.

In Ann Arbor, Michael Davidoff joins the Trust and Investment Management Group. As Vice President, Senior Investment and Business Development Officer, he comes to our team with more than 20 years of experience. Most recently, he was a Senior Equity Research Analyst at Wells Capital Management. At Wells, he served as a buy-side analyst for a \$9 billion institutional money manager. He received his BA in International Relations from University of Michigan and his MBA in Finance and Accounting from University of Chicago’s Booth School of Business. Outside of the office, he is volunteer at University of Michigan’s Ross Business School, and a member of the Ann Arbor Angels and Imerman Angels.

“Looking back at the first half of the year, it is incredible to be in a position to continue to grow and invest in our talent at the bank,” said Tim Marshall, President & CEO, Bank of Ann Arbor. “Nader, Michelle, and Michael are great examples of what sets Bank of Ann Arbor apart from others. Their remarkable success, noteworthy expertise, and commitment to their community, embodies the culture of BOAA perfectly.”

County National Bank Donates \$6,500 for Homer Trojans Scoreboard

County National Bank (CNB) has contributed \$6,500 for a new scoreboard at Homer Community Schools. The previous scoreboard had been in operation since 1978 and was no longer functioning reliably. The new scoreboard will benefit both students and spectators.

Craig Burlingame, Branch Officer for CNB's Homer location, says that CNB is committed to supporting the Homer community. "It's important for CNB to be a part of the activities and organizations in Homer, and Homer Community Schools is a vital part of what makes Homer home for so many. In addition, athletics play an important role in teaching young people about responsibility, commitment, and teamwork.

The Homer Trojans participate in the Big-8 Athletic Conference, with over 300 students per year competing in a wide range of middle school and high school athletic activities. County National Bank recognizes the importance of supporting local schools committed to serving the community and their students by providing academic, athletic, and social opportunities, banking on building a better future for all.



Michael George (Homer Athletic Club), Scott Salow (Superintendent), Brad Roth (Athletic Director), Craig Burlingame (CNB Branch Officer-Homer), Brett Vernon (Head Football Coach)



Barber Joins Isabella Bank as Branch Manager in Midland



Jessica Barber

Michael Colby, President of Isabella Bank East Region announced the appointment of Jessica Barber to Midland East Branch Manager. Jessica will manage the daily operations of the Midland East branch, while servicing the retail lending needs of the area including automobiles, campers, boats, and credit/debit reward cards.

"We are excited to have Jessica join our Isabella Bank team. She has a passion for building relationships within the community and making an impact where it matters most," stated Colby.

Ms. Barber is a summa cum laude graduate of Northwood University – Business Management and the Rollie Dennison Leadership Institute (2017 and 2019). She has eleven years of banking management experience. Ms. Barber earned the 2018 Young Professional of the Year award from the Mount Pleasant Area Chamber of Commerce. She serves as the vice chair of the Young Professional Network — Mt.

Pleasant, ambassador of the Mount Pleasant Area Chamber of Commerce, and is a former volunteer with Red Cross of Isabella County and Junior Achievement JA in a Day.

community connections

Churchill Classic Trail Run Donates to Local Alzheimer's Support Group

The Churchill Classic committee of Citizens National Bank recently donated \$3300.00 to the Cheboygan County Alzheimer's Support Group. Each year the Churchill Classic Trail Run committee selects local charities to benefit from the proceeds of the run.

The Alzheimer's group is led by a small group of dedicated individuals who donate their time to those in need whether helping a caregiver, donating needed items or being a support to those who have lost a loved one to dementia. If you know someone who could benefit from support, or if you would like to help, please contact Jean Lang at (734)730-7736. Jean resides in Indian River but help is available county-wide.

The Churchill Classic event began in 2005 in memory of former Citizens National Bank president and CEO Robert (Bob) E. Churchill, who passed away after being diagnosed with cancer. The bank's board of directors felt a race in Mr. Churchill's name was a way to pay tribute to Bob and donating the proceeds to local charities would leave a legacy for his family, and the community that he so strongly supported. To date, the race has donated nearly

\$50,000 to help programs in Cheboygan and the surrounding counties including the American Cancer Society, Cheboygan County Habitat for Humanity, Cheboygan Memorial Hospital Cardiac Wellness Center, 4H Proud Equestrians and Together Lifting Children, Salvation Army, St. Thomas Food Pantry, Lords Kitchen, Northern Care Center, Women's Resource Center of Northern Michigan, Cheboygan County Humane Society, Cheboygan County Council on Aging, Boy Scout Troop 1240, Cheboygan Youth Center, Cheboygan County Firefighter's Association and Girls on the Run.



The Churchill Classic Trail Run Committee presents a check for \$3300.00 to the Alzheimer's Local Support Group. L to R: CNB employees Gretchen McClymont, Nancy Lindsay & Becky Tomaski, Alzheimer's Support Group Valerie Bloom, Jean Lang, Betty Garthus & Marie Tyda, CNB Employees Alishia Sanford & Kristin Stempky. Missing from photo is Churchill Classic committee member Sue Cleary.

Citizens National Bank is a full-service community bank with branches in Cheboygan, Onaway, Mackinaw City, Pellston, Indian River, Alanson, Rogers City and Petoskey.

Neil Wagler promoted to Assistant Vice President - Commercial Loans

John R. Waldron, President and CEO of County National Bank (CNB), is pleased to announce the Board of Directors approved the promotion of Neil Wagler to Assistant Vice President – Commercial Loans.

Neil began his banking career with County National Bank (CNB) in 2010. He joined as a Credit Analyst, was promoted to Credit Analyst Specialist in March of 2013 and Senior Credit Analyst in February of 2014. In 2016, Neil transitioned to commercial lending; he continues to mentor credit analysts in the Jackson Market.

Neil received a BA in Accounting from Central Michigan University and has completed the Leadership Jackson Program. "After graduation from CMU, Neil worked his way up through our credit department, ultimately becoming a commercial lender." said John Waldron - President & CEO. "He has developed a strong loan portfolio and has assisted many clients with construction project financing and business acquisitions."

Neil is involved with Adopt-A-Highway, United Way, and Junior Achievement.

community connections

Robert Wrozek promoted to Assistant Vice President - Commercial Loans

John R. Waldron, President and CEO of County National Bank (CNB), is pleased to announce the Board of Directors approved the promotion of Robert (Bob) Wrozek to Assistant Vice President – Commercial Loans.

Bob started his career at CNB in 2004 in the Management Trainee position. He transitioned to Branch Manager – Horton Road Branch in 2007, where he was instrumental in the success of opening the branch. In 2009, Bob was promoted to Branch Officer. He then began the transition to commercial loans and was later promoted to Commercial Loan Officer in 2011. After a short period at another financial institution, Bob rejoined CNB in 2014 as Branch Officer for the Cortland Branch; he transitioned back into commercial loans in 2017.

Bob received a BA in Business Administration from Adrian College and has completed MBA's Branch Manager Certification program and several work-related courses and seminars for Commercial Lending and general banking topics.

“It is great to see a local person stay and thrive in our community,” said John Waldron - President and CEO. “Bob started at CNB after college graduation and has done a wonderful job of developing business and helping customers meet their financial goals.”

Bob is involved with the Jackson Southwest Little League, the Endowment Board for The Dahlem Conservancy, Exchange Club, and Junior Achievement.



First National Bank of Michigan Board of Directors Promote Shaunna Padgett to Vice President

First National Bank of Michigan's Board of Directors recently promoted Shaunna Padgett to Vice President, Strategic and Operating Manager.

Since joining FNBM in 2010 as a Personal Banker, Shaunna has been promoted to Office Manager (2013) and to Branch Administration Manager (2017). “Shaunna is a tremendous asset to the Bank,” stated Dan Bitzer, President and CEO. “We like to promote from within, Shaunna is an excellent example of that philosophy, we are very fortunate to have her on our team.”

Shaunna Padgett

Shaunna holds a bachelor's degree from Western Michigan University. She is an active member of the Rotary Club of Kalamazoo, she sits on the Capital Campaign Cabinet for the Hospital Hospitality House of Southwest Michigan and regularly volunteers for Kalamazoo County Ready 4's.

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community connections

Jacob Burke Hired as New Community Office Manager



Jacob Burke

The State Bank is proud to announce the addition of Jacob Burke as the Company's newest Community Office Manager, serving the Grand Blanc branch location. Jacob will be responsible for managing day-to-day retail banking operations, including the interaction with business partners to expand relationships with our existing customers, as well as nurturing new relationships in the Grand Blanc market.

Jacob started his banking career at Clarkston State Bank as a part-time teller and was promoted to Lead Teller and then Assistant Branch Manager. Jacob believes that strong relationships in the community are a cornerstone of banking and was an active member of the Clarkston Area Chamber of Commerce as an ambassador and Chairman of the Young Professionals Network. He is looking forward to becoming a part of the Grand Blanc community in the same facets. Jacob enjoys staying active in his free time, including golf, playing softball and bowling.

"I am very excited to serve the community of Grand Blanc with their financial needs as well as through the Grand Blanc Chamber of Commerce. I am very grateful to The State Bank for this opportunity," said Burke.

Brooke Jansen, Retail Banking Officer at The State Bank, states "I am very excited that Jacob has joined The State Bank. He comes to us with bank management and relationship building experience and is eager to apply that to the business development efforts in the Grand Blanc market. He is a great addition to our team."

The State Bank Welcomes New Commercial Lending Market Manager - VP for the Oakland County Are Expansion



Michael Franklin

The State Bank is proud to announce and welcome Michael Franklin as the Company's Commercial Lending Market Manager for the Oakland County area. Franklin will be responsible for managing and expanding the bank's commercial lending team in the Oakland County area, interacting with the retail banking team to expand relationships with our existing commercial customers, and nurturing new commercial relationships. Michael is an important addition to The State Bank as we expand our presence in Oakland County.

Franklin is joining The State Bank after 16 successful years at JPMorgan Chase. During his time at JPMorgan Chase, he held roles in Residential Lending, Branch Management and Business Banking. Since 2011, Franklin worked in Business Banking, ranking amongst the top 5% of his peers and earning the National Achiever status each year as well as the President's Club recognition.

Franklin attended Central Michigan University, graduating with a BSBA with an emphasis on Hospitality Services Administration.

"I am honored and excited to start this new journey with The State Bank. It gives me great pride to work for a Bank that has such close ties to its community. I am proud to share this experience with my clients, friends and family. My ultimate goal in Banking is to lead by example, provide an excellent experience for our clients and represent myself as a true leader in the community" says Franklin.

Craig Johnson, Senior Vice President at The State Bank, states "We are very pleased to have Michael join our team and help lead our efforts to expand our presence in Oakland County. His background and experience within the market makes him ideal for this role."

Local Financial Services Professional Earns National Certification

Mike Flannery, Fiduciary Manager, First National Trust & Wealth Management, was recently awarded the Certified Trust & Financial Advisor (CTFA) professional certification from the American Bankers Association.

“Earning the CTFA certification validates Mike’s experience and depth of education in the wealth management industry,” said Michael Morgan, AFIM® Vice President, Trust & Wealth Management Director. “This expansion of Mike’s knowledge base will be a great asset to First National Bank & Trust and our clients.”

The CTFA certification is awarded to individuals who demonstrate excellence in the field of wealth management and trust. To qualify for the CTFA certification, individuals must have certain levels of experience and education in the trust profession, pass an exam, and agree to abide by a code of ethics. The CTFA exam covers many areas including fiduciary and trust activities, financial planning, tax law and planning, investment management and ethics.



Mike Flannery

Mr. Flannery has been with First National Trust & Wealth Management since 2014. He also serves as member of the Menominee Area Kiwanis Club and on the investment committee of the M&M Area Community Foundation

Financial services professionals, working through ABA, initiated the CTFA certification and seven others in order to establish meaningful standards of knowledge in specialty areas of the financial services industry. ABA Professional Certifications formally recognize those who meet these standards and meet professional continuing education and development requirements.

ABA Professional Certifications promote the highest standards of performance in the financial services industry by validating individuals’ knowledge and expertise.

First National Bank of Michigan Continues to Expand in Downtown Kalamazoo



Dan Bitzer

First National Bank of Michigan (FNBM) announced the October 21st relocation of their downtown branch to 318 West Michigan Avenue, Kalamazoo. “We are proud to expand our footprint in Downtown Kalamazoo,” stated Dan Bitzer, President and CEO of FNBM.

The new branch is adjacent to the local Bank’s current location at 348 West Michigan. The Bank has occupied the current building since being founded in Kalamazoo in 2006. “Relocating the branch to the newly remodeled building enables us to utilize the drive-thru for the convenience of our customers and increase office capacity for corporate operations in our current location. Adding an additional 4,000 square feet will allow us to expand and continue to grow the Bank,” said Bitzer. Renovation of the building is scheduled to be complete mid-October. The Bank’s current location houses 43 employees in 29,000 square feet including branch and office space.

Bitzer added, “We are happy to support Downtown Kalamazoo and seized the opportunity to acquire the property late last year when another financial institution relocated.”

As a full-service bank, First National Bank of Michigan offers the communities in Kalamazoo, Portage, Grand Rapids and Holland in-branch banking, as well as online and digital solutions to address customer banking preferences. FNBM branches provide an extensive array of consumer and commercial products and services, as well as Private Banking services. The Bank plans to open a full-service branch in Lansing in 2020. All decisions are made locally by a local management team and Board of Directors.

community connections

First National Bank of Michigan Names Daniel R. Smith Intern

Nathan Nagel, a Kalamazoo native and senior at WMU majoring in Finance, received the first Daniel R. Smith Banking Internship awarded by First National Bank of Michigan. The internship, to honor Daniel R. Smith, was announced in December of 2018. This internship will be offered annually to a WMU junior or senior majoring in Business, Accounting or Finance. Dan Smith played a key role in banking for several years locally, state-wide and nationally, and was instrumental in helping open First National Bank of Michigan in 2006.

“We are thrilled to extend this opportunity to Nathan. Dan would be so proud,” stated Dan Smith’s wife, Judy, who was present to congratulate Nathan. President and CEO Daniel Bitzer added, “Since our inception in 2006, our team has put a strong emphasis on enriching our community. This paid internship provides us the opportunity to teach, and for Nathan to experience banking firsthand in a local community bank.”

Honor Bank Hires Nathan Fegan as Mortgage Originator

Honor Bank is happy to announce the hire of Nathan Fegan, Mortgage Originator of the Garfield location in Traverse City. Nathan is a military veteran having served 6 years in the Army, 5 years in the Navy, and had three deployments during that time. Nathan is a graduate of Central Michigan University, with a degree in Broadcast and Cinematic Arts, and has a Business Administration Degree from National College in Kentucky. Nathan enjoys helping customers achieve their home ownership goals, and making them happy during every stage of the process.

“We are happy to have Nathan join our team. He brings a great customer service focus and a discipline to getting results for his clients,” said Mike Worden, Honor Bank CEO.

Nathan is a member of the VFW and Fuse. Fuse is a program with the Traverse City Chamber of Commerce that supports young professionals in the Traverse City area. Nathan is an active volunteer with the Fuse Volunteer Committee. As a military kid, Nathan has lived in many states and has settled in Traverse City. This is his second time living in Northern Michigan, and has lived in Traverse City since 2015 with his beagle named Tebow.



Nathan Fegan



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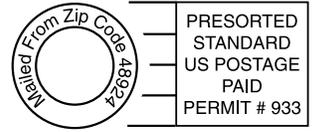
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