

BBW News

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A MESSAGE FROM THE PRESIDENT

Conventions dispense information and inspiration



Bill Mitchell
BBW President and CEO

The most enjoyable part of leading Bankers' Bank of the West is the opportunity it gives me to meet a cross-section of outstanding bankers, individuals who are true leaders in their communities. From large metropolitan areas to rural America, you all play a vital role in your communities. And I always look forward to hearing what you have to say. Whether about your local economy or about the state of the industry, your feedback is both insightful and enlightening.

We're already in the midst of the convention and conference season, which gives my team—and me as well—the ability to spend quality time with

many of our customers. During these warm-weather months in destinations as far apart as Lincoln, Nebraska to the east, Coeur d'Alene, Idaho to the west, Buffalo, Wyoming to the north, and Taos, New Mexico to the south, bankers from all corners of our service area are staying in touch with friends and colleagues, discussing developments that affect our industry, and building professional relationships by taking part in bank conventions and conferences.

For us at BBW, the meetings represent a welcome opportunity to thank you in person for the privilege of serving you. Often our conversations with you at these industry gatherings spark innovative business ideas or fresh, uncommon perspectives on a commonplace challenge. We come with open minds, ready to listen and to share our insights in return. Not surprisingly, these events almost always send us back to the office more inspired, energized and educated than when we arrived.

For these reasons and more, I look forward to seeing you on the convention trail. These are certainly interesting times and I'm sure we all have valuable feedback to share.

Have a great summer. ▲



Kyle Enger, a top-ranked instructor at graduate-level banking schools across the country, will return to Denver Sept. 29 and 30 to conduct his highly interactive seminar, **Loan Officer Financial Management Training**.

Developed for seasoned loan officers with portfolio, underwriting or calling responsibilities, the seminar helps students master an arsenal of skills that "enable the banker to become a true financial quarterback in client relationships."

See p. 2 for registration instructions.

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Notes and news

■ September training for lenders

Loan Officer Financial Management

Training, a powerful seminar created for lenders aiming to excel at working with small-business clients, will be delivered by **Kyle Enger** in Denver **Sept. 29 and 30**.

The course has received consistent praise for teaching business techniques that work, and for making complex financial concepts easier to grasp and apply. A combination of sales and credit training, it helps lenders strengthen customer relationships by expanding their ability to understand, communicate with, and coach small-business clients.

As a previous sponsor of this program, Bankers' Bank of the West has been urged by lenders who've taken the training to offer it again at this pivotal time for bankers. Seminar fee is \$559.

Kyle's dynamic teaching style and widely recognized expertise in financial management leave a lasting impression on his students. **Registration deadline is Sept. 4**; the number of participants will be limited to ensure a high-quality interactive experience.

Download the course outline, registration form and hotel details from the Classes & Events section of our website, **www.bbwest.com**, or call **303-313-8108** to request the brochure by mail.

■ Now OFAC check can create audit trail

Banks set up to conduct OFAC checks through the Bankers Internet Data System are now able to scan incoming wire data files for OFAC matches.

The process works as follows: In the Wire Data section of Report Files, an OFAC link appears to the right of each data file. Clicking the OFAC link next to any file will initiate a scan against the latest Specially Designated Nationals list for possible matches.

For answers to any questions about this service, call Rosemary Fuentes, Debbie Wendt or Mark Abney at **303-291-3700**.

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Managing and controlling your loan portfolio digitally

*Jim Williams, Sales and Marketing
Accusystems LLC*

Getting ready for an audit or exam at the bank can be daunting even with advance notice. The timing is rarely convenient, and a substantial commitment of resources is usually needed to pull together all of the required information. Preparation can be especially trying for the loan staff charged with resolving the absence of documents and presence of exception items since the last exam or audit. Unless the bank is using an automated loan document and management system, those employees must pore through every loan file chosen for review. In a race to meet the deadline, the already stretched loan team typically spends many hours checking for exceptions and calling customers to resolve them.

Imaging paper loan documents provides an obvious benefit by reducing the office space, secure fire-resistant file cabinets, and labor needed to manage paper loan files. But a loan management system needs to offer more than just the ability to image documents.

AccuLoan, an advanced loan imaging and document management solution designed, developed and supported by Accusystems, LLC, provides a comprehensive platform for all users to organize and ensure perfection through the loan process. Users can track exceptions proactively, print notices, and scan loan documents into customer files. Those customer files mirror a paper file setup consisting of the master credit file as well as collateral files in a well-organized secure electronic format. **AccuLoan** can manage related entities—multiple guarantors—and document technical and loan policy exceptions. The exception reporting has been automated via subscriptions through which each user receives his or her own email reports on exceptions.

Digital management of the loan portfolio makes possible the immediate and efficient resolution of exception issues. This is significant in that the current regulatory climate is demanding increasingly more executive responsibility for compliance, particularly in asset quality control and lending policies and processes. In banks using **AccuLoan**,

audit preparation can now take a few hours instead of days.

Examiners and auditors have been positive in their comments about imaged off-site loan review. Not only does it reduce their travel and out-of-office inconvenience; it also frees up time they would have otherwise spent going through stacks of pages in paper loan files. For the banker, imaged off-site loan review means the auditors and examiners spend less time in the bank. And loan operations employees using the **AccuLoan** automated application are able to efficiently accumulate and organize all required data for a successful loan review.

Screen integration to the core platform and nightly downloads are performed through **AccuLoan**. Other applications that can be integrated include AccuDoc for enterprise-wide document imaging, LaserPro document preparation, and loan approval. Development of a loan review module is under way as well. ▲

BBW alliance partner Accusystems, LLC, is based in Pueblo, Colo. Contact Chris Gredig at 719-583-8004 to learn more and arrange for a demo of the AccuLoan application before your bank's next exam.

The Credit Card Act of 2009 – implications for community banks

Signed by President Obama on May 22, the **Credit Card Act of 2009** (H.R. 627) is designed to legislate credit card lending practices above and beyond regulations released by the federal banking regulators in December 2008.

In an effort to help banks in our service area understand the changes incorporated in this new bill, the Bankers' Bank of the West Bank Cards Division has recapped some of the main points below. Being a summary, the highlights in this article do not touch on all requirements or exceptions and should not be construed as legal advice.

The titles and sections referenced below go into effect Aug. 10, 2009:

More on p. 7.

Why reverse mortgage education is essential for community banks

Tim Harder, Vice President
1st Reverse Mortgage USA

With demand for reverse mortgages already on a steady incline, reverse mortgages have recently been made available for home purchase through a new FHA loan program. Community bankers who want to prevent runoff of mature customers seeking a reverse mortgage for home purchase must understand the basics of this safe but often misunderstood FHA program.

Several large national bank groups continue to lead the charge overall in the growth of reverse mortgages. Those banks recognize that both customers age 62+ and their adult children are being educated by the national and local media. The same industry giants also recognize that 82 percent of those customers will return to them—because serving as a reverse mortgage resource can place the bank in first position as a trusted advisor.

In reality, community financial institutions are excellent, if not better, fits for the role of trusted advisor. That's why it's critical for community bankers to become properly educated on reverse mortgages. Armed with good information, the local bank can be a reliable and objective resource for customers at every stage of their lives.

It is regrettable that even among high-level bank executives, many misconceptions continue to exist about the way reverse mortgages work. To further the well-being of both the bank and its customers, community banks should partner with a reverse mortgage lender that will support and continually educate them on reverse mortgages.

FHA/HUD has done an excellent job of making this program very safe for older homeowners, and an increasing number of those homeowners are finding reverse mortgages to be a good financial option in tough economic times. Education will be the key to the continued success of this program and the satisfaction of customers who choose it.

Have questions about how a turnkey reverse mortgage program would work at your bank? Ask your Bankers' Bank of the West calling officer to arrange a one-on-one conference call between you and Tim Harder.

We do not believe every older homeowner needs a reverse mortgage. But we do recommend that all homeowners age 62 or better should thoroughly understand how a reverse mortgage works. Such knowledge will enable them to make an informed decision should the need for financial options arise down the road. So this is what we do: We educate, educate—educate anyone and everyone on reverse mortgages.

1st Reverse Mortgage USA specializes in business-to-business relationships. Our turnkey program enables regional and community banks to become the reverse mortgage resource for their customers without taking on the expense and burden of independently creating a reverse mortgage origination unit. Our network now exceeds 300 community bank locations, and those bankers agree that serving the needs of the older population is very different from traditional mortgage lending.

As a member of the 1st Reverse Mortgage USA Lender Network, you'll be able to provide a value-added service to your senior customers. You'll have the platform to attract new senior depositors, not to mention the adult children who often oversee the loan process for mom and dad.

In addition, our program can create opportunities to network with financial planners, accountants, insurance agents, attorneys, and real estate agents. It can become your "foot in the door" to promote not just reverse mortgages but also traditional mortgages and any auxiliary products or services the bank has to offer.

Simply put, we believe it's one of the best avenues to cross-selling currently available to banks of all sizes. ▲

For more information on the BBW-endorsed turnkey reverse mortgage program available through 1st Reverse Mortgage USA®, call any Bankers' Bank of the West correspondent officer or e-mail your request to info@bbwest.com.

1st Reverse Mortgage USA is a division of Cherry Creek Mortgage Company, Inc., a Colorado-based company.

Features of new treasury security likely to attract attention

*Kendrik de Koning, Managing Director
BBW Capital Advisors*

Bank investment portfolio managers face a conundrum of their own lately, to borrow a familiar phrase from a former Federal Reserve Bank chairman. The options available seem to be (a) stay short and accept miniscule returns; (b) buy long and earn higher returns, but assume the risk that potential inflation presents to the market value of most fixed income; or (c) assume credit risk in order to earn higher returns at a time when most bankers have heard all they care to about credit risk for a while.

There may be an attractive alternative in the form of Treasury Inflation Protected Securities, which offer a number of attractive features. TIPS are treasury securities, just like T-bills, T-notes, or T-bonds, and were first issued by the Treasury in 1997. Similar sovereign securities are common in many other countries but have only recently caught on here in the U.S.

The main distinguishing feature is the fact that TIPS' principal is linked to the Consumer Price Index, or CPI, which provides an effective hedge against the primary threat to the value of fixed-income investments: inflation. With most fixed-rate investments, when inflation increases, the market yields increase, driving the value of the security down. With TIPS, when inflation increases, the principal increases, dollar-for-dollar.

There are a number of moving parts to these securities, but they merit the consideration of bankers, particularly in this environment. Features to note include:

- AAA rated U.S. Treasury securities
- 0% risk-weighted assets
- Non-callable; non-amortizing
- Attractive incremental yield over T-bills and other short alternatives
- Value will increase as inflation increases, as distinct from virtually any other fixed-rate bond investment

As with any other investment consideration, TIPS should always be assessed within the context of the broader profile of the rest of the investment portfolio, as well as the entire balance sheet. However, the ever-expanding balance sheet at the Federal Reserve and Treasury these days makes this innovative alternative worth a serious look. ▲

Please contact BBW Capital Advisors—an SEC-registered investment advisor and a Bankers' Bank of the West alliance partner—with any inquiry, large or small, related to risk management and the capital markets. Call toll-free, 800-997-0718.

DISCOVER NETWORK:

Change necessitates proactive merchant services solution

*Jack Hitt, Vice President
Bankers' Bank of the West Bank Cards Division*

A change in the channels through which merchants may access the Discover® Network has prompted Bankers' Bank of the West to become a service provider (or acquirer) for Discover Network transactions.

Rather than leave your merchant customers no option but to seek a new outside acquirer, the BBW Bank Cards Division will offer access to the Discover Network to accept Discover Network cards effective this month. Having secured acquirer status with the Discover Network, BBW can thus ensure that your merchants—most notably those in

hospitality and travel businesses—have an easy path to uninterrupted network access.

The implementation of this solution will take place in three phases as described below.

Phase I:

Acquisition of new accounts effective this month

Under the new arrangement, a streamlined process similar to the one currently in place for VISA® and MasterCard® eliminates the need for merchants to apply with Discover Network to set up a merchant account. When a new merchant account is set up through Bankers' Bank of the West, the pricing of

More on p. 7.

Cash letter customers access documentation faster, more conveniently

Bankers' Bank of the West is now delivering, at no additional cost, BBW check adjustment documentation electronically to cash letter customers with access to the Bankers Internet Delivery System.

Secure delivery through BIDS makes customer banks more efficient by giving all the authorized BIDS users at the bank quick access to adjustment backup on the day the entry is posted to the account. Also, the bank's check adjustment documentation is archived on quarterly CD, for which there is no extra charge.

All BBW cash letter customers that use BIDS have signed up for electronic delivery. To inquire about this new feature or any other aspect of BIDS, call the BBW Adjustment Department: 800-473-4722.

For access to check adjustments through BIDS:

- ① **Click** < **Correspondent** >
- ② **Click** < **Transactions & Files** >
- ③ **Click** < **Reports** >
- ④ **Click** < **Check Adjustment Documentation** >
- ⑤ **Download the file in PDF format and open it at your desktop**

For best results, use the right tool for the right job

*Ken Renker, Director of Sales
Optimum System Products*

My father ran his own plumbing and heating business for 40+ years, and he was a big believer in having the right tool for the right job. Long before the days of the "Home Improvement" television sitcom starring Tim (the Tool Man) Taylor, my dad's shop was jammed with the latest gadgets guaranteed to be the envy of any weekend warrior. To accommodate his "stuff," he decided to expand into the abandoned auto body repair garage next door to his shop.

I was a 12-year-old kid who loved to operate equipment and machinery—the bigger and dirtier, the better. To me, this new place seemed like a combination of Disneyland and the Smithsonian Museum. I experimented with acetylene torches, sheet metal fabricators, soldering equipment, pipe threaders, wrenches, cutters, die machines, and whatever else I could get my hands on.

Luckily, I never got injured, started any fires or destroyed anything. More importantly, my mother never found out. As I got older, I came to understand that in the hands of real craftsmen, the right tools—and the knowledge to use them—make all the difference. Optimum has a pretty impressive assortment of tools, too. They include:

- Internet ordering capability: a one-stop shop for all print and supply-related needs
- Management reporting: usage and trend analysis

- 25 years of experience in serving financial institutions enabling us to make available:
 - ...best practices to remove cost from your processes
 - ...subject matter experts to implement those solutions
- Cost allocation of expenses: budget monitoring and reporting
- Print-on-demand capabilities to eliminate inventory and reduce obsolescence
- Warehouse and distribution support
- Graphic design support and online proofing

In short, Optimum has the right tools to help you operate more efficiently and reduce expenses.

We can make it easier for your people to do their jobs, and give them more time to focus on their customers. We'll provide the reporting and budget controls necessary to improve your bank's efficiency ratio. And we'll train everyone, so they'll know how to use the tools to get you the biggest bang for your buck.

Do you have the right tools for the job and the know-how to use them? Tell us how we can help. ▲

*To learn more about the benefits identified above, call **Pamela Grammer** at **303-514-9396**. Pam is a sales account representative for Optimum System Products, a BBW alliance partner.*

Change necessitates proactive merchant services solution

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and access to Discover Network credit cards becomes available automatically with the Bankers' Bank of the West merchant account number.

Discover Network deposit activity is included in the merchant's daily ACH deposit activity, and Discover Network month-end billing activity is combined with the VISA and MasterCard month-end ACH activity. Merchants no longer receive a separate statement from Discover Network activity. In addition, Discover Network activity is itemized on the merchant's month-end statements just as VISA and MasterCard are today.

Phase II:

Your existing merchant accounts not yet accepting Discover Network credit cards

Within the next few months, Bankers' Bank of the West will launch a campaign to reach out to our client banks and their merchant customers with the aim of encouraging acceptance of Discover Network credit cards. Merchants will pay no additional cost for joining the Discover Network. Further, they will be billed as they are today for VISA and MasterCard. Discover Network transactions will be included in the merchant's monthly volume with

the applicable discount fee applied. Window stickers and decals will be available to participating merchants; existing merchants will be able to opt out from accepting Discover Network credit cards.

Phase III:

Transfer of your current merchant accounts to the new program

This stage will begin with an outreach program by Bankers' Bank of the West, on behalf of your bank, to your merchant accounts that now accept Discover Network credit cards directly through the Discover Network. The campaign to convert merchants to the new process will consist of correspondence, information and additional communication as needed. We will keep you informed as we near this phase.

The BBW Bank Cards Division values all merchant service bank clients. What's more, we realize **your** merchant customers are extremely important to **your** bank—and BBW's desire to preserve your customer relationships is what motivated our decision to become a Discover Network acquirer. Thank you for choosing us as your bank card services provider. ▲

The Credit Card Act of 2009 – implications for community banks

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Title I, Section 101(a)/Cardholder Protections

- Subject to listed exceptions, a creditor shall provide written notice of any rate increase or significant change in terms no later than 45 days prior to the effective date of the increase or change.
- The notice must be clear and conspicuous.
- It must contain a brief statement of the right to cancel the account before the effective date of the rate increase or term change.
- Closure or cancellation of the account may not be considered a default or trigger an obligation to immediately repay.

Title I, Section 106(b)/Periodic Statements

- To treat payments as late, a creditor must adopt reasonable procedures designed to ensure that each periodic statement is mailed or delivered to

the cardholder no later than 21 days before the payment due date.

If your bank issues credit cards through Bankers' Bank of the West, pay particular attention to Title I, Section 101(a). If your institution plans on making changes to terms, be sure to give customers at least 45 days' notice and a right to cancel before the effective date of the change.

In reference to Title I, Section 106(b), our back-end processor, First Data Resources Inc., will implement a process that will track the date statements are mailed and will mail statements no later than three days after the account cycles. Statements for all cardholders under our programs have a 25 calendar day due date, with a five-day grace period. Thus we remain in compliance with the regulation. ▲

Bankers from five states complete Commercial Lenders' Basic Training

Lenders from nine banks came to Denver in early June for a week-long rigorous skills-building course known as Commercial Lenders' Basic Training. The graduates were:

Cathrine Blevins from Yampa Valley Bank
Craig, Colo.

Todd Eichenberger from First Central Bank
Arapahoe, Neb.

Justin Fisher from First National Bank of Hugo
Hugo, Colo.

Keri Fox from Fort Morgan State Bank
Fort Morgan, Colo.

John Hay from Rock Springs National Bank
Rock Springs, Wyo.

Jason Houghtelling from First Central Bank
Cambridge, Neb.

Joshua Keefe from Jonah Bank of Wyoming
Cheyenne, Wyo.

Shannon Loeve from Native American Bank
Denver, Colo.

Tyson Oakes from First National Bank
Independence, Kan.

Stephanie Ortega from Valley National Bank
Espanola, N.M.

The program, created and taught by 40-year commercial lending veteran Bill Edwards, encompasses homework assignments, classroom instruction, skills application, and work experience including consultation with an assigned business client.

To receive an email notice once the next course is scheduled, send a request to info@bbwest.com specifying "Lender Training" in the subject line. ▲

IN THE KNOW ☐

After completing Commercial Lenders' Basic Training on June 5, the banker-graduates—together with instructor Bill Edwards (center front)—posed for a photo at the Denver offices of Bankers' Bank of the West, where the course was held. Earlier that day the students, working in their assigned groups, presented team-prepared commercial loan requests to members of the Bankers' Bank of the West loan committee.



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