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Community Bankers Association of Illinois
One Mission. Community Banks.

The Baker Group

Illinois Community Banks *and* The Baker Group:
Strongest of Partners for 40 Years

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ILLINOIS COMMUNITY BANKS AND THE BAKER GROUP:

Strongest of Partners for Forty Years

For four decades, the Community Bankers Association of Illinois and its partner, The Baker Group, have helped CBAI members navigate through remarkable challenges in the banking profession. The longevity of the partnership is a testament to its success. CBAI has always maintained the philosophy of "One Mission. Community Banks." Throughout the years, no partner has been more helpful in that endeavor than The Baker Group.

"Our joint goal has always been to help independent community banks enhance long-term shareholder value. The success of this relationship is a testament to that shared commitment." — Terry McElwee, Managing Partner, The Baker Group

The partnership has deep roots going back to the early '80s when bankers were coping with enormous changes caused by deregulation. They also faced an explosion in developing new financial products, such as Collateralized Mortgage Obligations (CMOs), coupled with economic turmoil caused by the Volker-era interest-rate increases. This was a situation The Baker Group (then James Baker & Company) was uniquely prepared to address. Baker's early development of asset/liability management techniques became incredibly valuable to bankers in the early years. What is now a common business practice was, in fact, a near revolution at the time, and Baker's Illinois clients were there at the beginning.

It was the autumn of 1982, and the U.S. economy was mired in a severe recession. The unemployment rate hovered at 10%, the inflation rate had dropped to 6%, and the interest rate on 30-year fixed-rate mortgages stood at 16%, down from a high of 21%.

Bankers operated in a very unpredictable economy during 1982. Old ratios and rule-of-thumb were no longer adequate. Bankers needed new techniques and new measures to cope with a more complicated banking world.

During the planning sessions of 1982, CBAI leadership identified what was then a relatively new service called asset/liability management. The service featured computer software to help bankers make prudent investment portfolio decisions. After an exhaustive due diligence process, which included presentations by several firms and subsequent product testing in banks, CBAI leaders selected, in 1983, a company then known as James Baker & Associates as the preferred provider of asset/liability management services. The Baker services quickly gained favor among many community bankers who eventually expanded their Baker relationships to include securities selection and execution. Most of these banks remain loyal Baker clients today.

"In 1983, State Bank of Toulon President Stapel came into my office and asked that I accompany him to Springfield to see a software demonstration to help us with asset/liability management," said Doug Parrott, president/CEO of State Bank of Toulon. "As a young banker, I jumped at the chance to learn about leading-edge technology. We met with a few other bankers at the downtown Springfield Hilton. Included in the meeting was something new called PCs (personal computers). I don't think any banker had even turned one on before. That was the first time we met Dr. James Baker, founder of the organization and author of the first asset/liability management book for community banks. We've used not only what is now known as the IRRM (Interest Rate Risk Monitor) software, but also their BSM (Balance Sheet Monitor) software to help with budgeting."

Since 1983, there have been vast changes in the economy and the banking profession, including numerous economic cycles, market crises and Fed policy experiments. The Baker Group has continued to adapt, evolve and innovate as industry and market conditions have changed. Working with CBAI, The Baker Group has remained intensely focused on providing resources to Illinois bankers every step of the way. Whether it's interest rate risk management, municipal credit analysis, investment portfolio performance or help with regulatory compliance, the need for proven, trusted partners has never been greater. CBAI and The Baker Group's management teams see the collaboration continuing to bring enormous benefits to Illinois banks as they cope with today's challenges.

"We've purchased and sold securities through the Baker Group for over 40 years and have kept our bond portfolio securities recordkeeping with them as well. Examiners consider them the 'model' to follow for ALCO, and they have always been a trusted partner of the State Bank of Toulon," stated Parrott.

Jim Weast, president/CEO of Warren-Boynton State Bank in New Berlin, echoed Parrott's sentiments, stating, "The Warren-Boynton State Bank has used The Baker Group as our primary partner for purchasing bonds for many years. We participate in the Baker education and market update offerings and use their bond accounting and interest rate risk reports. These products add significant value to our bank. We appreciate the bank-specific advice they offer. The Baker Group has been a tremendous partner over the years."

"I was hired by The Bank of Marion (now known as First Southern Bank, Marion) in 1999," said Ray Altmix. "To say the $150-million bank had some catching up to would be a wild understatement. Among other issues, we had a bond portfolio that was underperforming and was not fulfilling the necessary purposes of cash flow or interest rate risk management."

"That same year, we met with several brokers who wanted to sell us bonds. The Baker Group stood out, as I told my board, as an asset/liability firm that happens to sell bonds. Over the last 24 years, First Southern Bank (FSB), as we are now known, has thrived and grown to over $1 billion in assets."

"The strategies, advice and counsel from the people of The Baker Group have made us a better bank over the years. The asset/liability model from The Baker Group helps us negotiate the ups and downs of the economy, as well as keep up with the regulatory requirements. Our 24-year relationship with people at The Baker Group has been a significant part of the reason why FSB outperforms our peer group year after year. The Baker A/L model is the best in the business. Without hesitation, I would recommend any community financial institution take the time to see how The Baker Group can elevate their banks' performance," stated Altmix.

Baker has continued to grow and adapt to the changing needs of CBAI members, always with a vision to deliver information, services and products of exceptional value to those with whom we share success. The Baker Group continues to evolve, enhancing its expertise and services, and expanding into new technologies and products. CBAI has also expanded and enhanced its education offerings, magazine content and access to resources through the years, largely thanks to the partnership with Baker.

"Our 24-year relationship with people at The Baker Group has been a significant part of the reason why FSB outperforms our peer group year after year. The Baker A/L model is the best in the business."

"I truly enjoy working with Eric Harland and the team at The Baker Group because of their integrity and honest way of doing business. They continually assist our ALCO team with growing, enhancing and monitoring our portfolio, along with providing us with excellent educational opportunities. Our bank's investment portfolio management and knowledge have continued to thrive due to Eric's commitment to continually sharing his resources and expertise. The Baker Group has done a great job building a long-term relationship with our bank," said Kim McKee, president/CEO of North Central Bank, Hennepin.

Andrew Black, president/CEO of Princeville State Bank, agreed, stating, "We have partnered exclusively with The Baker Group for more than 25 years and can tell you they are the best of breed. When dealing with liquidity and asset/liability management during examinations, they have the tools to make exam prep and the exam process go smoothly."

The partnership with the Community Bankers Association of Illinois is particularly meaningful because it has been so widely beneficial not only to Illinois community banks but also to The Baker Group and CBAI because of the deep relationships that have been developed. As partners, CBAI and Baker believe that community banking is well positioned to prosper going forward as large banks and non-bank lenders cannot provide the unique services needed by small and growing community-based businesses —especially those centered in areas where demand for services moves back to smaller, more manageable community-based institutions.

This productive partnership spanning four decades is grounded on mutual trust and a commitment to community bank prospects. In retrospect, CBAI's decision to partner with The Baker Group was right for yesterday — and it is right for today and tomorrow. The Baker Group and CBAI: there is no stronger partnership working on behalf of Illinois community bankers. ■

Reflections on a Career in Financial Markets

Jeff Caughron, Senior Partner, The Baker Group

Longtime financial strategist Jeff Caughron is retiring this year from The Baker Group after decades of service in roles including CEO and chairman. He offers some thoughts and lessons learned over his career.

Q: ***You've been involved in banking and investments for nearly 40 years. Talk about the early days of your career.***

I got into this business in the mid-1980s when Paul Volker was Fed chairman and inflation was coming off high boil. There were about 15,000 banks back then, scrambling to adapt to rapid changes in technology as well as historically unprecedented market conditions. I went to work for a small innovative firm, then named James Baker and Company. The founder, Jim Baker, was an academic who applied simulation modeling for interest rate risk management. He developed probably the first PC-based model for community banks. The biggest challenge we had at the time was that many banks still didn't have a PC. That situation quickly changed, putting our firm at the forefront of helping banks manage interest rate risk. That's the reason Dr. Baker is appropriately called the "Father of Asset/Liability Management." I was fortunate to land there right out of school.

Q: ***There have been major changes in the banking industry and markets since the 1980s. Describe that evolution from your perspective.***

Industry consolidation over the years has sharpened well-defined differences between traditional community banks versus the larger regional and international banks. Regulators have adapted somewhat, but in my opinion, they still apply too much of a cookie-cutter approach to identifying risk and ensuring sound practices. The business models and risk profiles of community banks are vastly different from larger money-center institutions, and those differences have become more pronounced over the years.

The other major changes have been in technology. We've come a long way since the '80s when software was delivered by snail mail on five 1/4 inch "floppy" discs. Everything changed with the explosion of internet and email communication in the '90s. Then we all ditched

our flip phones, first for Blackberrys and then iPhones after 2007. Today, everyone's rushing to adapt to cloud-based processes and AI-enhanced automation. So, the process continues.

Q: ***You haven't spent your entire career at Baker, though, right?***

That's correct. I left at the end of the '80s and spent several years working in the New York offices of a large foreign bank. My work primarily involved hedging and trading Treasury positions. That's where I really learned what drives markets and yield curve behavior. I experienced things from an international perspective, sitting alongside currency traders in the World Trade Center. But, I left New York in the mid-90s to return to the Midwest. In 2004, I returned to Baker. So, I've been back almost 20 years.

Q: ***So, you've seen your share of crises, financial and otherwise. Which ones are most impactful, and what lessons can be drawn?***

The 1987 stock market crash was notable. The Dow lost over 20% of its value in a day. That's never happened before or since. Then there was a series of issues in the late '90s – the Asian currency crisis, Russian debt default and others. But September 11 was the most horrific event in my career. Having worked in the north tower, it was a particularly painful time followed by great uncertainty.

As for specific market events, nothing compares to the 2008 financial crisis and subsequent "Great Recession." For me, and for The Baker Group, I think it was a time when we were uniquely qualified and prepared to help our clients make sense of the crisis and navigate the uncharted waters that followed. Things such as negative interest rates and quantitative easing had always been just theoretical concepts for the most part. Suddenly, we were having to deal with those concepts as realities, and we had to adapt our systems and strategies accordingly. Fortunately, we dodged some bullets that hit our competitors. We specifically avoided the temptation of selling complex, non-traditional securities that blew up or became hopelessly illiquid. We also had the advantage of our expertise in interest rate risk management and our proprietary software. Our reputation was bolstered in the wake of the crisis. Of course, we're going through another sea of change in the wake of the COVID-19 pandemic. The economic impact, the policy response and the ripple effects of all that's happened since early 2020 make this a remarkable time, yet we still haven't seen how this movie ends.

We specifically avoided the temptation of selling complex, non-traditional securities that blew up or became hopelessly illiquid.

Source: Reflections on a Career in Financial Markets - The Baker Group LP (gobaker.com)

Q: ***Are you talking about the Fed policy response, specifically?***

Well, it's more than just that. The pandemic changed the way business gets done and is complicated by geopolitics. Labor market behavior and supply chains are good examples. The impact of these issues is above and beyond the Fed's extremely tight monetary policy.

As for the Fed, we all know by now that they were very late to recognize how powerful the inflationary impulse would be in the wake of the initial COVID-19 response. They got behind the curve and had to aggressively catch up by tightening quickly. We seem to be at an inflection point, but I fear a more painful phase of this cycle is yet to come. Time will tell.

Q: ***Are there people who have been particularly influential in your professional career?***

Oh, yes. I've been privileged to work with and learn from some brilliant individuals. Dr. Baker was my intellectual mentor early on. But I've gained incredibly valuable insights through the years from people such as Lacy Hunt, Gary Shilling and Dave Rosenberg. And of course, my partners through the years at Baker have been wonderful. You won't find a smarter group of professionals or one with greater integrity. And our clients reflect that as well. I greatly appreciate every one of them. ■

Jeffrey F. Caughron is a senior partner with The Baker Group LP. Caughron has worked in financial markets and the securities industry since 1985, always emphasizing banking, investments and interest rate risk management — contact: 800/937-2257, jcaughron@GoBaker.com.

Understanding
Certificates of Insurance

Patti Tobin, Producer, Financial Practices Division
Community BancInsurance Services, A Gallagher Company, Springfield, IL

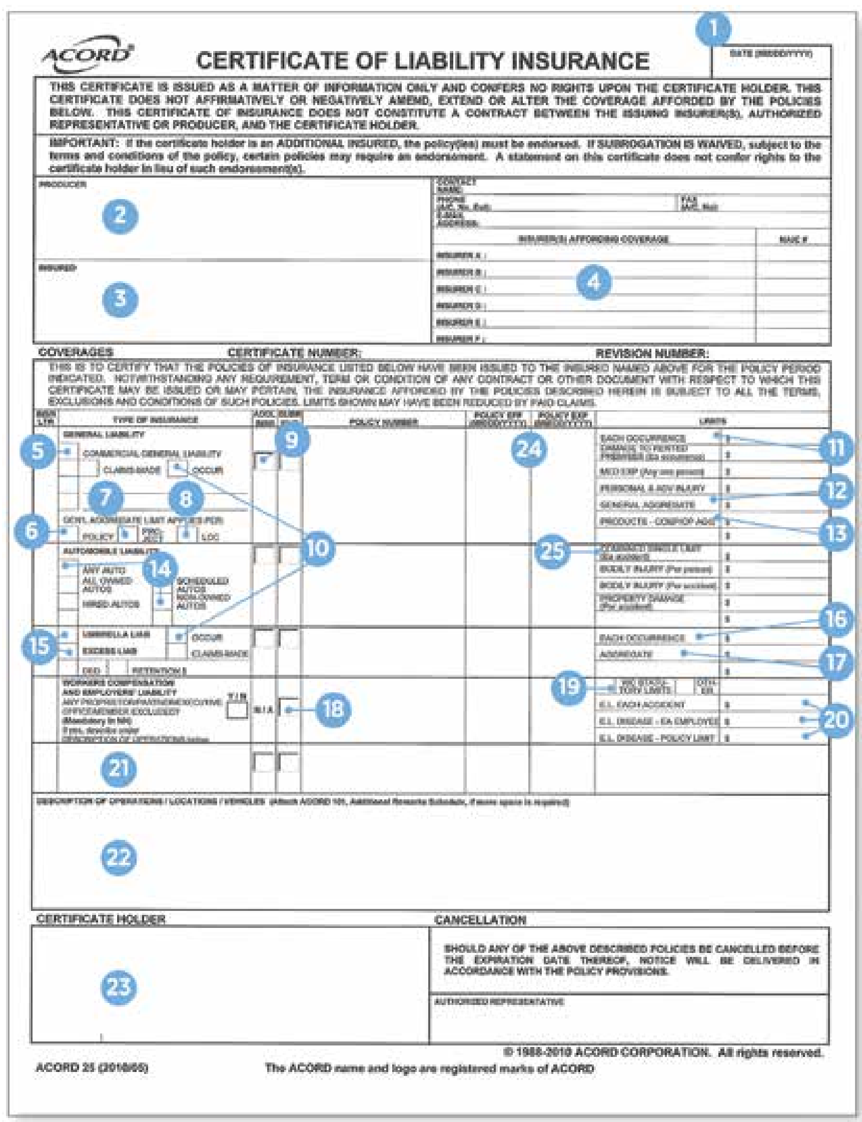
A Certificate of Insurance (COI) is a representative document issued by an insurance company or broker. The COIs verifies the existence of an insurance policy and summarizes key aspects and conditions of the policy. Community bankers need to request COI from their vendors to verify Liability, Professional Errors & Omissions/Cyber and Workers' Compensation. Otherwise, Liability and Workers' Compensation premium assessments may occur during the audit for their failure to validate insurance. The bank's insurance becomes "silent" protection to claimants while vendors are on-premises at the community bank. As the client, you want to know that a contract vendor has liability insurance so that they will not assume any risk if the vendor is responsible for damage, injury or substandard work.

Even if you have worked with a particular vendor previously, you need to verify their insurance at least annually because their coverage may have changed. Professional vendors are accustomed to providing this evidence of insurance to protect against negligence (liability) leading to property damage or bodily injury while performing their work.

It's all in the details. Confirm that the named insured is an exact match to the contract or purchase order. Policy coverage dates need to be current, and a new COI should be requested, too, if the policy is set to expire before the contracted work is complete.

Each Certificate of Insurance contains separate sections for different types of liability coverage listed as general, auto, umbrella and workers' compensation. Names and contact information are listed in the event of a loss incident.

We have included an ***exhibit*** outlining the essential elements of a Certificate of Insurance and what community banks should review for an overall understanding of what is in effect for said named insured.



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INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$ \$ \$ \$ \$ \$ \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ \$ \$ \$ \$
	UMBRELLA LIAB EXCESS LIAB OCCUR CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE AGGREGATE	\$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 \$ \$ \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

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Even if you have worked with a particular vendor previously, you need to verify their insurance at least annually because their coverage may have changed.

1. Date should be current.
2. Insurance broker name and address.
3. Tenant, vendor or contractor name and address.
4. Insurance carriers who insure the policies (A.M. Best rating www.ambest.com).*
5. Covers third-party claims (bodily injury, property damage, wrongful eviction, construction defect).
   a. Tenants need this coverage — they are responsible for what happens in their space.
   b. Contractors/vendors need to protect you from claims from their work.
6. OK for single-location tenants and consultants.
7. Per project box should be checked for tenants with multiple locations (e.g., vendors), so that losses from other locations do not impact limits available to you.
8. Per location box should be checked for tenants with multiple locations (e.g., vendors) so that losses from other locations do not impact limits available to you.
9. Check to show you are additionally insured.
10. Occur should be checked.
11. The policy will pay the maximum amount for any event/claim.
12. Maximum amount this policy will pay (regardless of the number of claims).
13. Maximum amount the policy will pay for products and completed operations (a specific dollar amount should always be listed for contractors).
14. At minimum, one of these boxes should be checked.
15. Either umbrella or excess liability is OK.
    a. Increases limits of general liability, auto and employers' liability.
16. Maximum amount the policy will pay for any one claim (increases each occurrence limit of general liability, auto and employers' liability).
17. Maximum amount the policy will pay regardless of the number of claims (increases the aggregate limit of general liability, auto and employers' liability).
18. Check to show that their workers' compensation carrier cannot review your general liability policy or pay claims.
19. Should always be checked (except in Washington, Wyoming, Ohio, and North Dakota).
20. Each limit should be listed.
21. Other coverages the contract requires may be evidenced here (liquor liability, environmental, professional liability/cyber).
22. Description of job, contract number or tenant space.
    a. The following should be evidenced:
       i. Primary or noncontributory (this means their insurance comes first, and yours is excess).
       ii. Additional insured (contractors and vendors should attach a copy of the endorsement).**
       iii. Waiver of Subrogation should be evidenced.
23. Ownership entity or legal entity in the contract.
24. Be sure to check the dates of coverage. The policy should be in force.
25. This limit is typically listed as "included" or $1 million.

*Must be "A"-VIII or better rating.

**The additional insured endorsement may state, "Additional insured by written contract" and not list all entities. As long as you have a contract in force, this is acceptable. For contractors performing work, the additional insured endorsement should provide coverage for ongoing and completed operations.

You should hold onto any Certificate of Insurance you get indefinitely since you do not know when a problem may arise for a job either carried out on your premises or that you completed for someone else. Keeping proof of the COI will help address any issues at that point. ■

For questions on this subject, please contact Community BancInsurance Services, A Gallagher Company, the exclusively-endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, insurance advisor, and area financial institutions director, at 217/414-4485 or patti_tobin@ajg.com.

This article is provided for informational purposes only and is not necessarily the views of Arthur J. Gallagher & Co.

Numbered list refers to corresponding numbers on image on page 14.

DID YOU KNOW?

Umbrella insurance provides extra liability coverage beyond the limits on your existing policies. It pays out if you're at fault for injuries or damage and your other policies aren't enough to cover the costs.

Source: Umbrella Insurance: How It Works & What It Covers - NerdWallet

A Decade in the Making, FedNow Pushes ***Faster Payments Forward***

Scott Anchin, Vice President of Operational Risk and Payments Policy, ICBA

Faster payments have become a fundamental part of the global financial services landscape, enabling consumers and businesses to clear and settle payments in real-time. Faster payment capabilities have increased payment system access and efficiency, opened the door to new use cases and opportunities, and catalyzed innovation throughout the ecosystem.

In the United States, The Clearing House and the Federal Reserve — supported by a diverse array of payment system stakeholders — have led the push toward ubiquitous faster payments. The Clearing House introduced its RTP network in 2017, and now the Fed has launched its FedNow Service. ICBA has proudly supported the Fed's faster payments efforts since they kicked off more than a decade ago and continues to support community banks as they evaluate faster payment adoption.

ICBA and the Federal Reserve: Partners on the Path to Faster Payments

ICBA has been a consistent advocate for community bank access and choice throughout the Fed's payments improvement journey. When the Fed announced its payments improvement initiative in 2012, community bankers quickly recognized the benefits of developing a faster, more efficient and safer payment system. ICBA and community bankers across the country also appreciated the Fed's unique ability to create a level playing field for community banks, which asked ICBA to support the agency's leadership role in convening the industry to chart a path forward.

The Fed began seeking formal input on improving payment system speed and efficiency in a 2013 public consultation paper. In response, ICBA supported a future Fed role in faster payments and hosted a series of meetings with community bankers and trade groups to outline requirements for a faster payments system.

In 2015, the Federal Reserve released its foundational "Strategies for Improving the U.S. Payment System" paper, which outlined desired outcomes, strategies and tactics — including two task forces — for improving the U.S. payment system. ICBA and a substantial coalition of community banks actively participated in the Fed's Faster Payments and Secure Payments task forces, urging the Fed to introduce its own faster payments service.

After the task forces finished their work, the Fed sought public comment on further actions it could take to support faster payments. Channeling ongoing community bank support, ICBA made a strong case for the Fed to build and operate its own faster payment service to maximize access, increase competition and promote ubiquity. ICBA amplified its support for a Fed faster payments service by bringing its message to Capitol Hill while launching grassroots and advertising campaigns.

In 2020, the Fed committed to building the FedNow Service, its first major new payments system in four decades. When the Fed called for participants to join a pilot program and subsequently seek certification to operate, community banks came out in force. Now, over a decade since work began, ICBA is proud to see continued commitment and support from community banks as the FedNow Service rolls out.

Adoption and Interoperability: Next Steps on the Path

The FedNow Service's launch is a milestone in the Fed's payments improvement journey, but it does not mark the end of the path. In the near term, ICBA urges community banks to focus on faster payment adoption. Community banks may want to:

- Evaluate customer demand and use cases for faster payments.

- Understand the similarities and differences between the FedNow Service and the RTP network.
- Develop a strategic plan for providing faster payment products and services to meet customer needs.
- Start or continue conversations with service providers and core processors about implementing faster payment capabilities.

ICBA maintains a growing library of faster payment strategy and education resources **on its website** and via ICBA Bancard's **instant payments resource center.**

ICBA will continue to support community banks as they assess opportunities and next steps related to faster payment implementation and ongoing operations. ICBA also looks forward to maintaining its active engagement with the Fed, The Clearing House, and other industry groups to support the ongoing development and evolution of broadly inclusive, safe, secure and efficient faster payments that help community banks remain competitive.

In the long term, ICBA urges the Fed and TCH to think about bringing interoperability to faster payments in the United States. While competition among providers benefits market participants, it also risks creating inefficiencies by introducing fragmentation and customer confusion. The RTP network and the FedNow Service use industry-standard ISO 20022 messaging, which paves the way for the networks to interoperate.

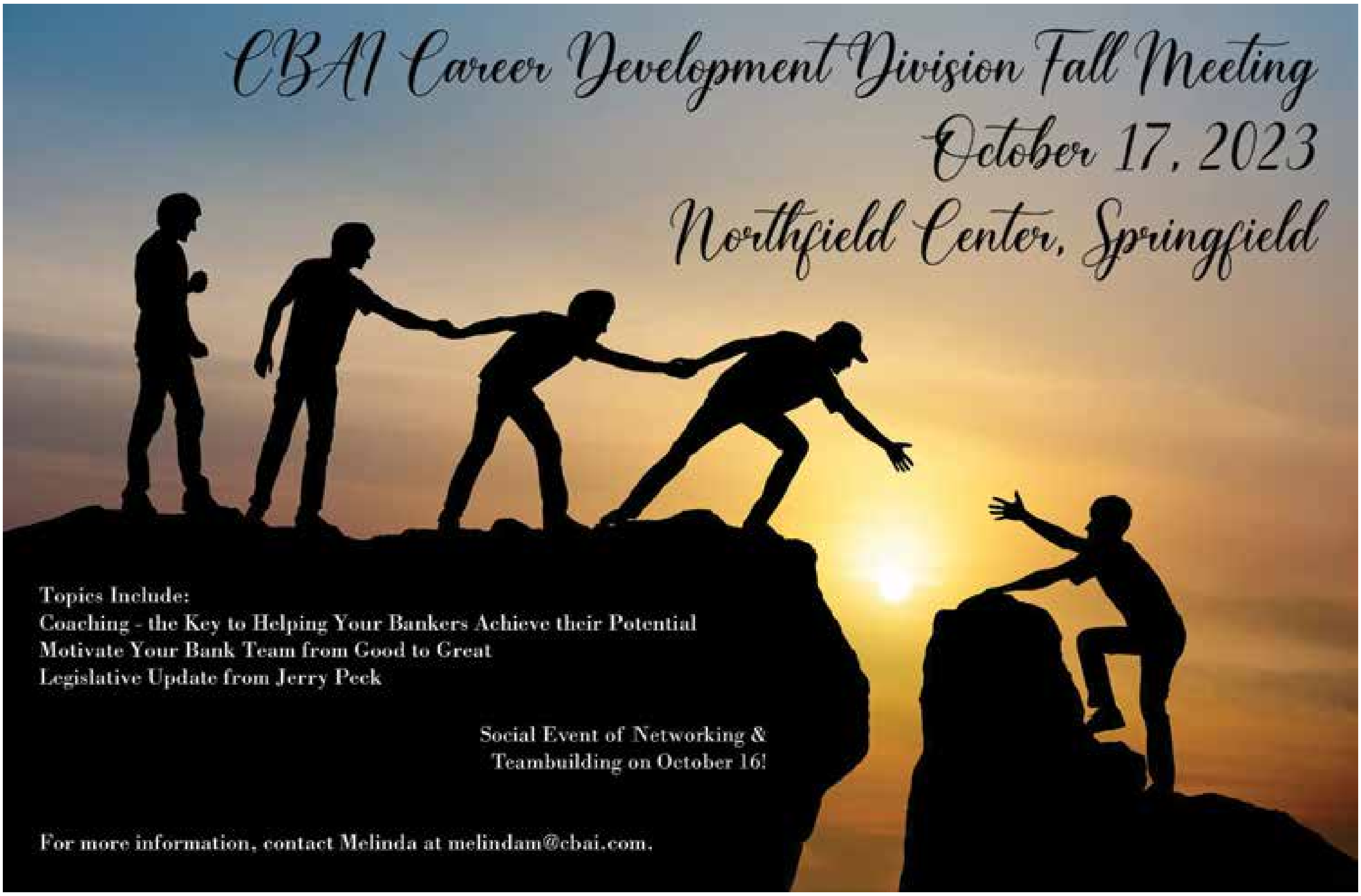
The RTP network and the FedNow Service collectively enable a world of possibilities for community banks to innovate and support their customers with next-generation products and services. ICBA and community bankers stand ready to make the most of this unique moment. ■

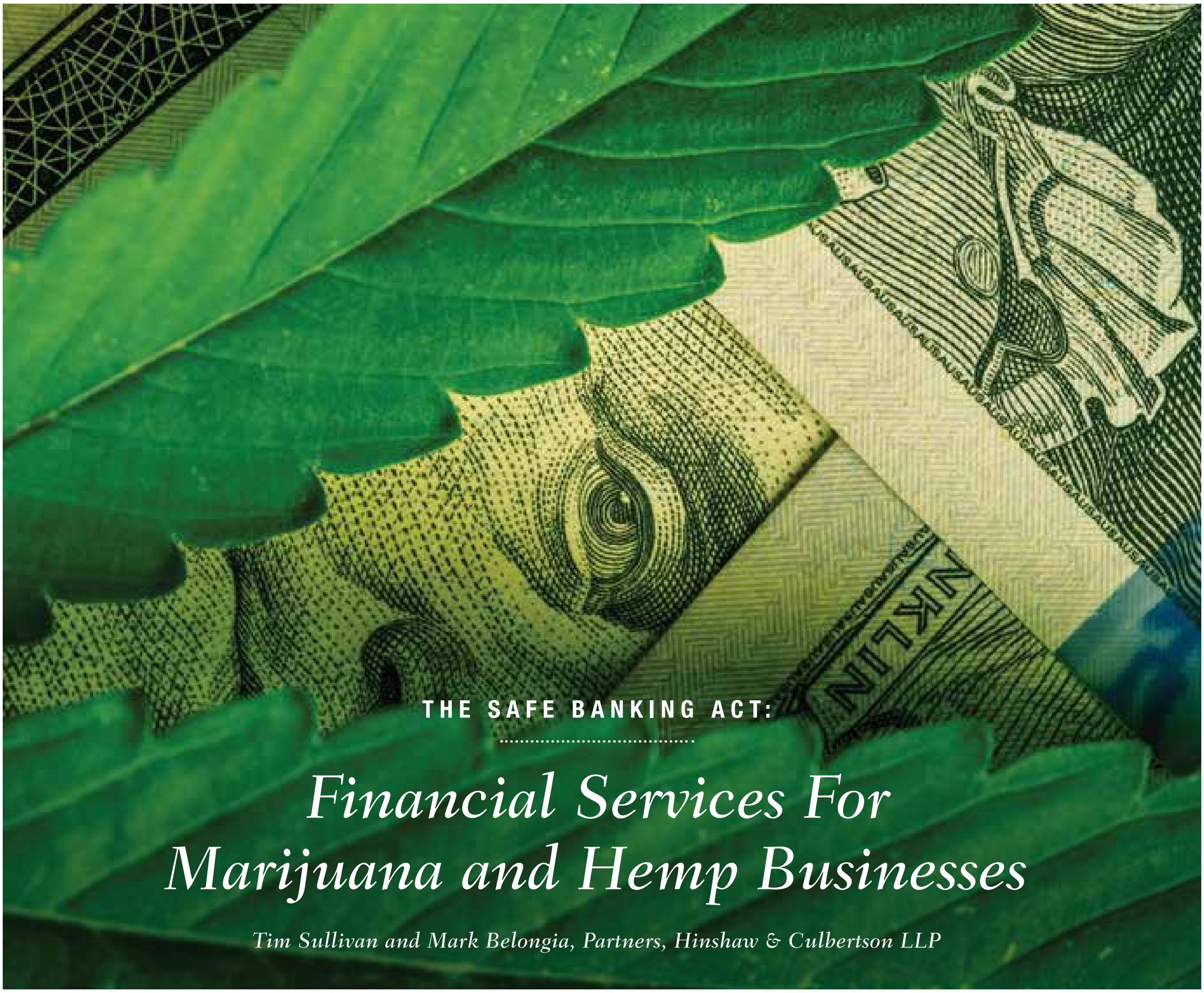
Scott Anchin is ICBA's vice president of operational risk and payments policy.

DID YOU KNOW?

Apple Pay was introduced in 2014 and quickly became a key participant in the contactless payments industry.

Source: The Rise of Contactless Payments: Where Does Apple Pay Fit In? (financemagnates.com)





THE SAFE BANKING ACT:

Financial Services For Marijuana and Hemp Businesses

Tim Sullivan and Mark Belongia, Partners, Hinshaw & Culbertson LLP

I. MARIJUANA

Currently, 31 states and the District of Columbia allow the recreational use of marijuana. In addition, 37 states and the District of Columbia currently allow marijuana to be used for medical purposes.

Businesses, directly or indirectly involved in the marijuana industry, and their owners and employees may face difficulties in securing services from depository institutions, including opening deposit accounts, accepting credit cards in payment for products, and securing loans.

Depository institutions providing services to such businesses must comply with various regulations and FinCen's guidance on filing SARs, which can be time-consuming and costly.

In an attempt to address some of these issues, the Secure and Fair Enforcement Banking Act of 2023 (the SAFE Banking Act or the Act) has been introduced in the U.S. Senate (S. 1323). This or similar legislation has been introduced several times and has been passed by the House but has never been passed by the Senate.

The SAFE Banking Act would allow depository institutions to provide financial products and services to State Sanctioned Marijuana Businesses (SSMB) and businesses that provide products or services to a SSMB (SSMB Service Provider).

A SSMB is a manufacturer, producer or any person or company that participates in any business or organized activity that involves handling marijuana or marijuana products, including cultivating, producing, manufacturing, selling, transporting, displaying, dispensing, distributing or purchasing marijuana or marijuana products.

A SSMB Service Provider is a business, organization or other person, including insurance companies, that: (i) sells goods or services to a SSMB; or (ii) provides any legal or licensed services, to any business, including the sale or lease of real or any other property, or any other ancillary service, relating to a SSMB.

Nothing in the legislation requires a depository institution or an insurer to provide financial services to SSMBs or SSMB Service Providers.

Financial products and services include checking accounts, payment cards, electronic funds transfers and financial services as defined in Section 1002 of the Consumer Financial Protection Act of 2010. Such services include:

- the authorizing, processing, clearing, settling, billing, transferring for deposit, transmitting, delivering, instructing to be delivered, reconciling, collecting or otherwise effectuating or facilitating the payment of funds that are made or transferred by any means;
- acting as a money transmitting business in compliance with section 5330 of title 31 of the United States Code and any applicable State or Tribal law; and
- acting as an armored car service.

Depository institutions are still responsible for ensuring that they only provide financial products and services to SSMBs and SSMB Service Providers that are operating in compliance with applicable law and that they carefully monitor and report the activities of such customers. Depository institutions should vet these customers by conducting a thorough risk-based analysis when deciding whether to offer services to SSMBs and SSMB Service Providers.

Depository institutions must also continue to comply with suspicious activity reporting guidelines, such as the FinCen SARs rules.

In consultation with the Treasury, the Federal Financial Institutions Examination Council (FFIEC) is to develop uniform guidance and examination procedures for depository institutions that provide services to SSMBs and SSMB Service Providers. The federal banking regulators would also be expected to issue guidance and examination procedures consistent with the FFIEC.

Section 3 of the Act provides a safe harbor for depository institutions by prohibiting federal banking regulators from taking the following actions concerning a bank providing services to an SSMB or SSMB Service Provider:

- Terminating or limiting deposit insurance, or taking other adverse action against a depository institution;
- Prohibiting, penalizing or otherwise discouraging a depository institution from providing services;
- Recommending, incentivizing or encouraging a depository institution not to offer financial services to an account holder;
- Taking any adverse or corrective supervisory action on a loan made to a current or future SSMBs or SSMB Service Providers; and
- Prohibiting, penalizing or discouraging a depository institution or entity performing services for the depository institution from authorizing, processing, clearing, settling, billing, etc., for SSMBs or SSMB Service Providers.

The Act provides that proceeds from a transaction conducted by an SSMB or an SSMB Service Provider would not be considered proceeds from unlawful activities. A depository institution providing financial services to SSMBs or SSMB Service Providers (and its officers, directors, employees and agents) may not be held liable pursuant to any federal law or regulation solely because it provides these services or because it invests any income derived from these services.

A depository institution that takes a legal interest in the collateral for a loan or other financial service provided to (i) an owner, employee or operator of an SSMB or an SSMB Service Provider; or (ii) the owner or operator of real estate or equipment that is sold or leased to an SSMB or an SSMB Service Provider, will not be subject to criminal, civil or administrative forfeiture of the legal interest for making such loan or providing such financial service.

Federal lending agencies (e.g., FANNIE MAE) that take a legal interest in the collateral for a residential mortgage loan (one to four families) based on income derived from an SSMB or an SSMB Service Provider will not be subject to criminal, civil or administrative forfeiture for participating in such loan. Non-depository lenders that make a federally backed mortgage based on such income and any person who has an interest in such loan or the collateral of such loan will receive similar protections (Section 5(d)(4)).

The Act (Section 9) also provides that income derived from a SSMB that allows the cultivation, production, manufacture, sale, transportation, display, dispensing, distribution or purchase of marijuana pursuant to a law or regulation, or a SSMB Service Provider, shall be considered in the same manner as any other legal income for purposes of determining eligibility for a federally backed mortgage loan for a one to four-unit property that is the principal residence of the mortgagor.

The mortgagee or servicer of a federally backed mortgage loan described in the previous paragraph may not be held liable solely for: (i) providing, insuring, guaranteeing, purchasing or securitizing a mortgage to an otherwise qualified borrower based on marijuana-related income; or (ii) accepting such income as payment on the federally backed mortgage loan.

DID YOU KNOW?

Marijuana is legal in Illinois but possessing above the legal amounts can result in misdemeanor and felony charges.

Source: Penalties for Possession of Marijuana in Illinois | Chicago Criminal Defense Attorney (criminallawyer-chicago.com)

II. MEDICAL MARIJUANA

The Consolidated Appropriations Act of 2023 continues the Rohrabacher-Farr amendment, which prohibits the DOJ from interfering with the implementation of medical cannabis programs in those states where it has been authorized.

III. HEMP

The Agricultural Improvement Act of 2018 (the 2018 Farm Bill) legalized hemp with THC levels of less than 0.3%.

On October 31, 2019, the USDA issued an interim final rule establishing the domestic hemp production regulatory program to facilitate the legal production of hemp.

The federal banking regulators issued a statement on December 3, 2019, to clarify the legal status of hemp production and the requirement for banks under the BSA. FinCen issued additional guidance to address questions related to BSA/AML for hemp-related businesses.

Banks are not required to file a SAR on customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. However, banks are expected to follow standard SAR procedures and file a SAR if the activities of the business warrant it.

Hemp-related businesses will need to comply with various legal requirements to secure a hemp license and to comply with the various regulations once a license has been secured.

A bank must satisfy that its customers have the proper licenses, as there are different requirements for securing licenses for selling hemp seed, growing hemp and processing it. A bank must also ensure the customer complies with the various regulations once it secures the appropriate license.

A bank should expand its know-your-customer policies and due diligence requirements for hemp businesses. Consideration should also be given to requiring additional certification forms from hemp clients. A bank must comply with customer identification, suspicious activity and currency transaction reporting and conduct proper risk-based customer due diligence, including collecting beneficial ownership information.

A bank should require a hemp-related business to document its relationships with hemp seed sources, farmers and processors, as well as land use and disposal of hemp plants that exceed the 0.3% THC level.

The SAFE Banking Act (Section 8) directs the federal banking regulators to issue guidance to financial institutions (i) to address compliance by depository institutions relating to hemp-related businesses and (ii) to provide recommended best practices for financial institutions to follow when providing such services to hemp-related businesses or hemp-related service providers.

In addition, Section 14 of the SAFE Banking Act provides that the other provisions of the Act (other than the requirement to file SARs) shall apply to hemp-related businesses or hemp-related service providers in the same manner as such provisions apply to marijuana.

IV. OPERATION CHOKEPOINT

Section 10 of the SAFE Banking Act prohibits a federal banking agency from formally or informally requesting or ordering a depository institution to terminate a specific customer account or group of customer accounts (including, but not limited to, any account of any customer that is a SSMB or a SSMB Service Provider) or to otherwise restrict or discourage a depository institution from entering into or maintaining a banking relationship with a specific customer or group of customers (including, but not limited to, with any customer that is a SSMB or a SSMB Service Provider) without following specified procedures.

Suppose a federal banking agency requests a depository institution to terminate a customer's account or a group of customer accounts. In that case, the request must be in writing, setting forth a justification for such a request, and may not be based primarily on reputational risk. Such notice must be given to the customer or group of customers unless such notice is excused under the provisions of the Act. ■

A more detailed analysis of this legislation may be found at www.hinshawlaw.com/newsroom-updates-hinshaw-alert-safe-banking-act-financial-services-for-marijuana-hemp-businesses.html.

Tim Sullivan and Mark Belongia are partners at Hinshaw & Culbertson LLP. They can be reached at tsullivan@hinshawlaw.com and mbelongia@hinshawlaw.com.

MANAGING **THIRD-PARTY VENDOR** RISK

Michael Berman, CEO, Ncontracts

A third-party vendor refers to any external organization that engages in business activities with your financial institution. This includes everyone from your core provider and loan origination software to your outside counsel and the company that prints account statements.

Third-party vendors go by other names: service providers, third-party technology providers (TPSPs), suppliers, affiliates, partners, etc.

Outsourcing your financial institution's activities to a third-party vendor offers many advantages, including access to the best and newest technologies, improved products and services and a better experience for your customers.

It also comes with increased risk.

Third-Party Vendor Risk Management for Financial Institutions: What Can Go Wrong?

Why is it important that your financial institution monitors third-party risk? It is necessary so that you don't violate regulations and laws.

Recently, the Consumer Financial Protection Bureau (CFPB) took enforcement action against ACI Worldwide, which provides real-time payment processing. ACI initiated roughly $2.3 billion in unlawful payments for half a million homeowners of the mortgage service provider Mr. Cooper.

In processing fraudulent and unauthorized payments, homeowners with mortgages serviced by Mr. Cooper were hit with overdraft fees from their banks, and the CFPB handed ACI a $25-million civil penalty. Additionally, Mr. Cooper suffered significant reputational damage because of this.

Is My Financial Institution Responsible for Managing Third-Party Vendor Risk?

Yes, your financial institution is on the hook should your third-party vendor fail to comply with laws and regulations. In employing a third party, you must ensure they have the operational resilience to recover from any service disruption. Assessing vendor uptime, your customers' access to services and their business continuity plans are necessary to mitigate against potential risk.

Additionally, you need to assess and monitor transactional risk from service providers, which can falter because of the complexity of your vendor's product, the speed at which they process transactions, human error or some other factor.

Guidance from the OCC, FDIC, Federal Reserve and the NCUA makes it clear that financial institutions should treat all third-party service providers as extensions of their organization when it comes to risk management.

A financial institution's use of third parties does not remove the need for sound risk management. On the contrary, using third parties, especially those using new technologies, may present elevated risks to the FI and its customers, according to guidance.

The involvement of third parties does not eliminate or reduce a financial institution's obligation to ensure the execution of activities in a secure, compliant and reliable manner. That includes safeguarding consumers from unfair lending practices, prohibiting unjust or abusive practices and complying with BSA/AML.

Besides the legal and regulatory liability financial institutions face when their third-party vendors fail to comply with laws and regulations, consumers also have expectations. Third-party vendor risk management for financial institutions also means protecting your organization from reputational risks.

Protecting Your Financial Institution from Vendor Risk

How do you protect your FI from risk? You need a vendor management program at each stage in the vendor lifecycle.

1. **Planning** – Thoroughly assess the risks posed by third-party vendor relationships.
2. **Due Diligence** – Confirming an appropriate fit is critical when choosing a third-party vendor. Remember that past vendor collaborations do not exempt you from ongoing due diligence or conducting due diligence for each new venture.
3. **Contract Negotiation** – Relationships with third parties necessitate contracts outlining the scope of activities and performance indicators. Even though most vendors offer a standard contract, these are designed to benefit the vendor. Your financial institution might opt to alter, supplement and extend these agreements to protect against risk.
4. **Monitoring** – Regularly monitoring third-party vendors enables financial institutions to evaluate their internal controls and confirm that they adhere to their contractual obligations.
5. **Termination** – Ensure the FI can terminate your relationship with a particular vendor for failing to comply with regulatory obligations.

Do Certain Third-Party Vendors Pose Greater Risks?

Not every service provider poses the same risk exposure. The size of your service providers usually matters less than the specifics of your relationship and the criticality of their activities. The greater the access your vendors have to confidential and sensitive data, the greater your risk exposure and the more due diligence you must perform in onboarding and monitoring vendors.

According to the regulatory guidance, financial institutions must engage in more robust oversight with third-party relationships that support higher-risk or critical activities.

Critical activities are defined as those that:

- Would cause a financial organization to face significant risk if a third party failed to deliver
- Poses a significant impact on customers
- Has a major impact on your organization's financial condition or operations

FIs can take a different approach to mitigate the risk posed by third-party relationships — some may focus on the vendor, while others may identify the activity.

Whether or not your financial organization assesses risk by vendor or activity, you must have a sound methodology and a comprehensive vendor management program.

What is Fourth-Party Vendor Risk?

Your financial institution outsources its activities to third parties, and so do your vendors. Your vendor's vendors are called fourth-party vendors. Like third-party vendors, fourth-party vendors can go by many names — providers, strategic partners, etc. — and offer payment processing, mobile apps and many other services.

Your financial institution isn't simply responsible for what your vendors do, but also what your vendor's vendors do. In short, the more vendors your vendors use, the greater the risk to your institution.

What about fifth-party risk? Or sixth-party risk? There is seemingly no end to the risks posed by third-party vendors and their vendors — or their vendor's vendor's vendors.

Whether you handle an activity internally or outsource it, you're responsible for managing and mitigating all the risks associated with your vendors and those associated with their vendors. ■

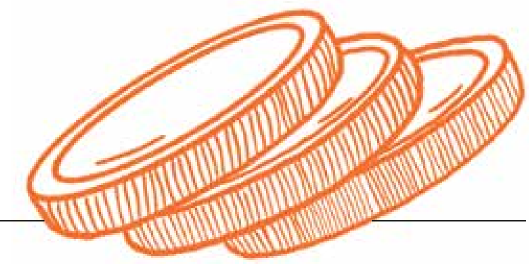
Michael Berman is CEO of Ncontracts, a CBSC Preferred Provider of compliance and risk management solutions.

DID YOU KNOW?

A third-party vendor is a company or entity that provides a product or service on behalf of your organization to your customer in daily operations.

Source: What is a Third-Party Vendor? Tips for Managing Vendor Risk | SecurityScorecard

Debunking the Myths of **SBA 504 Loans**



Sara Vanhala, Director of Marketing & Communications, Growth Corp, Springfield, IL

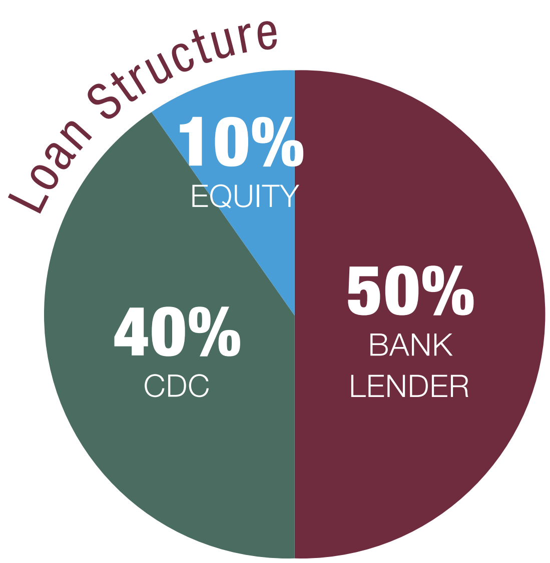
The U.S. Small Business Administration's (SBA) 504 Loan Program is a proven small business lending initiative with numerous benefits. Although sometimes mistaken as a cumbersome loan of last resort, the program's unique ability to mitigate risk and expand service to small business customers is offering it a well-deserved place in the spotlight.

An Overview of the SBA 504 Loan Program

The SBA 504 Loan Program is an economic development initiative administered by SBA. This public-private partnership provides a long-term, fixed-rate lending solution for small business owners looking to buy, expand or refinance major fixed assets – such as land, commercial real estate or equipment. The program requires three key players: a small business borrower; a Certified Development Company (CDC); and a lending organization, such as a bank or credit union.

SBA 504 loans are attractive to businesses because they offer a great opportunity for fixing occupancy costs with a long-term, fixed-rate loan and a minimal down payment.

Simultaneously, banks benefit because their risk is cut to a 50% loan-to-value ratio with a first lien on the assets financed.



DID YOU KNOW?

A fixed interest rate is an unchanging rate charged on a liability, such as a loan or a mortgage. It might apply during the entire term of the loan or for just part of the term, but it remains the same throughout a set period.

Source: Fixed Interest Rate: Definition, Pros & Cons, vs. Variable Rate (investopedia.com)

In Fiscal Year 2022, more than 9,200 SBA 504 Loans were made to businesses nationwide, totaling $9.2 billion. Despite this incredible success, the program remains under-utilized by lending organizations, possibly because of some erroneous myths and misconceptions floating around.

MYTH: The Program Competes with Banks

FACT: 504 Loans Require a Partnership Between Banks, CDCs and Businesses

CDCs work in conjunction (not in competition) with local banks to offer financing through the SBA 504 Loan Program. The structure of this partnership offers lending organizations numerous benefits:

- Ability to offer up to 90% long-term financing with low, fixed interest rates;
- Minimizes collateral risk — lending organization gets first lien position with an attractive 50% LTV;
- Lending organization makes its own credit decisions with its own loan documentation;
- Lending organization sets its rates and fees;
- Lending organization can earn fees and interest income on interim loans related to the project;
- Manages lending limits and industry exposure;
- SBA lending helps fulfill CRA, rural and public policy goals;
- Offers a long-term option for financing heavy machinery and equipment; and
- Attracts new clients with unique marketing opportunities.

CDCs are your partner in SBA 504 Loans, not your competitor — you keep your clients!

More than 200 CDCs operate the program nationwide, and each state has at least one. For a complete list, visit the SBA's website (www.sba.gov).

MYTH: SBA 504 is a Loan of Last Resort

FACT: SBA 504 is One of the Best Loan Products on the Market

Many successful business owners, from mom-and-pop organizations to large manufacturing companies, use SBA loans because of the unique benefits they offer, including:

- Longer repayment terms — up to 25 years
- Low, fixed interest rates
- Lower down payments — typically just 10%
- The ability to include furniture, fixtures, fees and leasehold improvements
- An option for long-term refinancing of commercial mortgage debt
- Payment stability
- Protection from balloon payments

Most types of businesses are eligible to receive 504 financing. Businesses with a net worth of less than $15 million and a two-year average after tax net income of less than $5 million qualify for the 504 Loan Program. And, with the 504, there is no cap on the amount of the first mortgage loan provided by the lender. The cap on the 504 second mortgage is a generous $5 million ($5.5 million for manufacturing and green-energy projects).

MYTH: SBA 504 Loans are Cumbersome and Time-Consuming

FACT: SBA Lending Has Come a Long Way

SBA lending has come a long way in the last 10 years and most everything now is done electronically. Turnaround times are typically less than a week once a complete application is received by SBA. Additionally, a new feature called ALP Express is further expediting the process. This program provides delegated authority for Accredited CDCs to expedite the approval, closing and servicing of 504 loans of $500,000 or less that meet the ALP Express eligibility requirements.

Plus, working with a CDC saves you valuable time because they package and process loan applications through the SBA, and then close and service those loans as a second mortgage once they have been approved. You as the lender will generally process your portion of the loan as you would any other, and you get to keep an ongoing relationship with your client through your first mortgage. Unlike the SBA 7(a) Loan Program, the 504 Loan Program does not require your bank to become an SBA-certified lender or have any previous experience with SBA lending.

In Fiscal Year 2022, more than 9,200 SBA 504 Loans were made to businesses nationwide, totaling $9.2 billion. Despite this incredible success, the 504 Loan Program remains under-utilized by lending organizations, possibly because of some erroneous misconceptions still floating around.

MYTH: SBA is a Direct Lender

FACT: 504 Loans Do Not Actually Come Directly from the SBA

The SBA 504 Loan Program is funded through the sale of debentures that are fully guaranteed by SBA. Private investors that are looking for fixed income streams, guaranteed with the full faith and credit of the government, find this investment attractive. The source of program funding is entirely private. The federal government is a guarantor only. Program fees charged to the program's participants reimburse the federal government for any subsidy expense associated with the guaranty. This is a no-cost program for the federal government and taxpayers.

The source of loan funds under the SBA 504 Loan Program is important to the program's existence. Most programs requiring continuing federal subsidy suffer budgetary risks. The SBA 504 program is not such a program. Given that the source of funding for the program is private and that any federal subsidy expense is reimbursed by the program participants, there has been little difficulty in raising support in Congress for this well-accomplished economic development program. In fact, the program has been operating successfully for over 35 years, with an extremely low default rate and a highly valued performance record.

Since 1986*, $126 billion in 504 loans have assisted roughly 210,000 businesses nationwide, creating 3.2 million jobs.

Overall, 504 loans benefit banks in numerous ways; including risk and liquidity management, fee and interest income, and customer retention. Given the current economic conditions, the 504 should not be seen as a loan of last resort, but as a great counter to increased margin spreads on conventional loans. Its well-established framework and long track record of success makes it a powerful tool for your bank. ■

*Growth Corp focuses exclusively on providing SBA 504 loans, with decades of experience in assisting both lenders and small businesses with 504 financing. Read more at www.growthcorp.com. Sara Vanhala can be reached at vanhala@growthcorp.com. Data source: U.S. Small Business Administration · *1986 numbers are estimated based on available data.*

CBAI Ag Lenders' School

HELD JULY 25–27, 2023

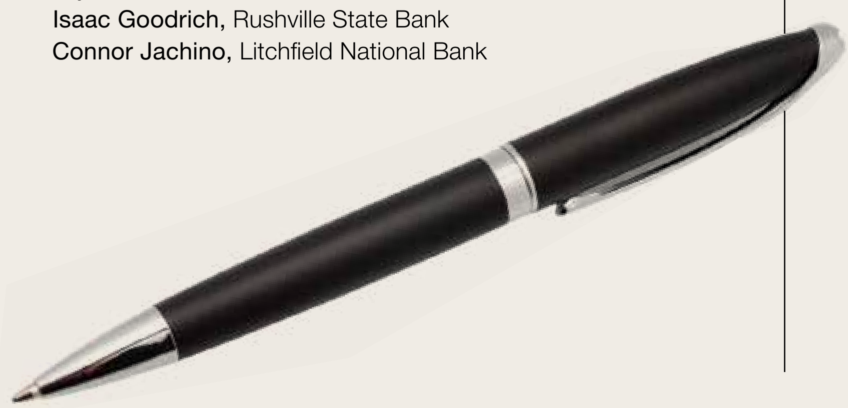
The three-day CBAI Ag Lenders' School curriculum was developed to meet the training needs of agricultural lending institutions. Sessions used practical examples to demonstrate concepts focused on issues critical to successful agricultural lending. Speakers used a balance of presentations, exercises, case studies and a simulation where participants worked in teams to provide a quality learning experience.

Leading this school was Freddie L. Barnard, professor emeritus of agricultural economics at Purdue University, West Lafayette, Indiana. Brandon Clarke, associate attorney with Brown, Hay & Stephens, presented "Agricultural Financing," while John Gehrke, farm loan chief at the Illinois Farm Service Agency, USDA, presented the session "FSA Programs & Perspectives." The CBAI Ag Lenders' School attracted 16 attendees in its fifth year. ■

Attendees Seated (L to R)**:**
Bryce Borkgren, Farmers National Bank, Geneseo
Jacob Harnacke, The First National Bank in Tremont
Robert McBride, Illini State Bank, Tonica
Zachary O'Brien, First State Bank, Mendota

First Row (L to R)
Scott Swisher, First National Bank of Steeleville
Payton Dean, United Community Bank, Chatham
Leah Glaser, Farmers State Bank, Elmwood
Jean Phelps, First Bank of Manhattan
Sarah VanHuss, Midland Community Bank, Kincaid
Jessica Shawgo, Better Banks, Peoria
McKenzie Holste, Citizens State Bank, Lena
Freddie Barnard, Purdue University

Second Row (L to R)
Bryce Thornton, Scott State Bank, Bethany
Jay Iliff, State Bank of Toulon
Isaac Goodrich, Rushville State Bank
Connor Jachino, Litchfield National Bank



CBAI'S COMMUNITY BANKERS SCHOOL GRADUATES 35 BANKERS

CBAI recently announced that 35 individuals graduated in July from the Community Bankers School (CBS) at Illinois Wesleyan University in Bloomington. CBS, which consists of two one-week sessions over a two-year period, allows community bankers to contribute to the overall success of their banks immediately and provides the knowledge necessary to get ahead. An intensive program designed for today's community bank professionals, CBS features a nationally recognized faculty, an updated curriculum and timely topics.

Topics covered during an intense week for Class I, which included 39 participants, were compliance, accounting, commercial and consumer loan documentation, collections, bank security, auditing, investments and technology, while Class II focuses on management aspects. The school's benefits extend beyond the classroom with outside case studies, an invaluable student notebook with supplemental materials, as well as networking opportunities with peers, instructors and senior bankers. Students gain background and experience for broader responsibilities, greater effectiveness and insight into a community bank's overall operations responsibilities. ■





2023 Graduates:

Liesl Abrassart, National Bank of St. Anne

Samantha Acord, First Robinson Savings Bank, N.A.

Lindsey Apple, The First National Bank in Carlyle

Tiffany Austin, National Bank of St. Anne

Ryan Berry, First State Bank of Campbell Hill

Emilee Carter, The Fisher National Bank

Jeff Damler, Longview Bank, *St. Joseph*

Bailey Flemming, German-American State Bank, *German Valley*

Rory Fundell, Liberty Bank

Griffin Giovannini, Petefish, Skiles & Co., *Virginia*

Stanley Godia, The Fisher National Bank

Troy Graham, Farmers State Bank of Alto Pass

Jonathan Harris, First National Bank in Pinckneyville

McKell Hillebrand, The City National Bank of Metropolis

Joshua Houtzel, Buckley State Bank

Austin Keefer, Prairie Community Bank, *Marengo*

Megan Kistler, The FNB Community Bank, *Vandalia*

Stephanie Kraus, The First National Bank of Okawville

Thomas Lentz, First State Bank, *Mendota*

Adelmo Marchiori IV, CNB Bank & Trust, N.A., *Carlinville*

Chad John Owens, State Bank of Toulon

Stacia Parker, Farmers State Bank of Alto Pass

Lisa Parmer, The City National Bank of Metropolis

Sarah Phelps, The FNB Community Bank, *Vandalia*

Caleb Schieler, State Bank of Graymont

Neil Schippert, First Trust & Savings Bank, *Watseka*

Sean Seibring, Citizens Bank of Chatsworth

Tonya Swingle, Beardstown Savings, s.b.

Ryan Van Dolah, MidAmerica National Bank, *Canton*

Chance Vose, Farmers National Bank of Griggsville

Rachel Warner, Farmers State Bank of Alto Pass

Matthew Wilcox, First National Bank of Steeleville

Michael Wollschlager, Goodfield State Bank

Peter Zito, Apple River State Bank

Austin Zwilling, TrustBank, *Olney*

Community BancPac and the **Foundation Team** Up for **Auction Fundraiser**

CBAI's BancPac and Foundation for Community Banking have teamed up again this year to make the annual live and silent auctions even bigger! You won't want to miss this year's Welcoming Reception at CBAI's 49th Annual Convention & Expo on Thursday, September 21, 2023, at the JW Marriott in Indianapolis. The Foundation will be joining in on the action, auctioning off even more items during the live auction, and offering a game of chance where everyone wins! As always, CBAI's BancPac will have several tables of unique silent auction items to explore, with great finds from hard-to-find liquor and sports items to purses and jewelry, as well as even more premium items added to the live auction. Made possible by the generosity of community bankers, you can take advantage of this great opportunity to help support two great missions with Community BancPac and the Foundation scholarship program.

SNEAK PEEK – BANPAC AND FOUNDATION LIVE AUCTION ITEMS

BancPac Item – Outdoor Patio Cooler Stocked with High-End Liquor

VALUE: $1,175

This Permasteel 80-quart outdoor patio cooler on wheels is perfect for your next outdoor party. The durable powder-coated steel construction with a wood grain style finish is weatherproof and features an easy-access split double lid design, a convenient bottle opener and a drain plug. The cooler is fully stocked with more than 20 bottles of liquor, including an 18-year aged Crown Royal Whisky and a 14-year aged Oban Single Malt Scotch.

Donated by: ***Beardstown Savings, s.b.***

Foundation Item – Traeger Portable Smoker and Grill with BBQ Party Bundle

VALUE: $725

Achieve a wood-fired taste wherever you go with the Traeger portable wood pellet grill and smoker. Perfect for tailgates, campsites, backyards and more, it features easy-fold legs, a grill capacity of 300 square inches, and temperature control to guarantee precision cooking. Its six-in-one versatility allows you to grill, smoke, braise, roast, bake or BBQ. More than $150 of your favorite grilling meats are provided by locally-owned Turasky Meats, including steaks, pork and chicken.

Donated by: ***College Ave, Wilmington, DE***

Foundation Wine Pull Raffle

In addition to the live auction items, the Foundation will again hold a "wine pull" raffle at the Welcoming Reception, sponsored by College Ave.

How does a wine-pull raffle work? Bottles of wine are being donated by CBAI and CBSC board members and staff prior to the event. Interested parties attending the auction can purchase a ticket for a blind pull of a bottle of wine for $20 each. The majority of the bottles of wine will be worth $20–$30, with some pricier bottles mixed in for the luckiest participants. Watch CBAI's e-news and social media for a partial listing of wines included in the raffle!

Even if you don't bid, you can still win! Prizes donated by CBAI staff members will be given away throughout the live auction, but you must be present to win! Make sure you stay for the full event so you can have the opportunity to walk away with a crisp $100 bill donated by Kraig Lounsberry, as well as several other prizes donated by CBAI Governmental Relations and Foundation staff!

This is always a fun-filled event that kicks off CBAI's Annual Convention. But we can't make it a success without all of you. We kindly ask you to consider participating in the wine pull and bidding on your favorite silent and live items to help make this auction the best ever! ■

Please Visit the Following CBSC Business Partners in the Exhibit Hall

Accrue (Core10)

Adlumin Inc.

The Baker Group

CBAI 401k MEP (MSTC)

CBAI Email & Website Hosting

CBIS, A Gallagher Company

CRA Partners

College Ave

Data Business Equipment, Inc (DBE)

Econocheck

Fitech Payments

ICBA Bancard / TCM Bank

Innovation Refunds

IRONCORE, Inc.

IZALE Financial Group

JMFA

Kasasa

KlariVis

Ncontracts

Quilo

Regency 360

SHAZAM®

The Stone River Group

Vericast

Wolters Kluwer

CDD SPOTLIGHT

QUESTIONNAIRE

Matt Simmons

Business Services Manager, Legence Bank, Eldorado

What do you find most challenging about your job?

To say that it changes often within the financial industry would be an understatement. Not only is this happening with rules and regulations, but this also happens with our customers. Financial institutions must work diligently to stay up to date and keep not only themselves informed but also their customers. Financial institutions, small businesses and organizations such as CBAI can only succeed if they work together in this modern-day business world.

What do you find most rewarding about your job?

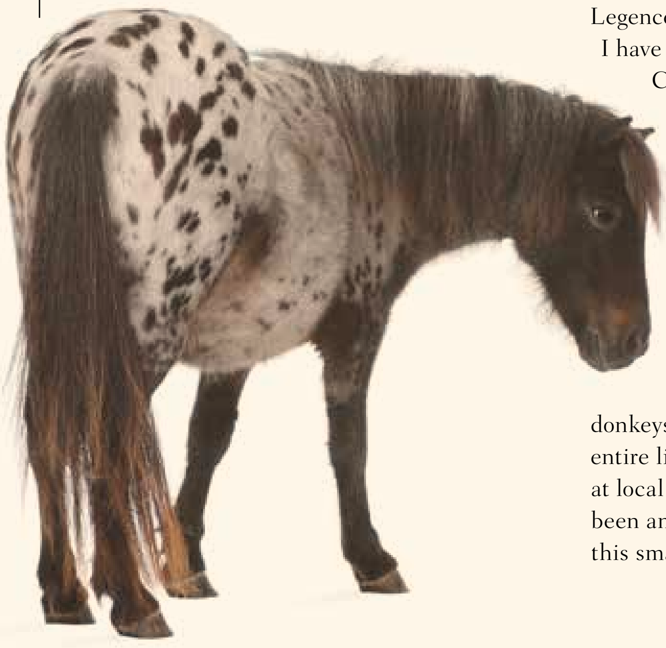
What I find most rewarding about my job is my customer base. In my position, I have worked alongside some amazing individuals and have been privileged to be a part of their growth with their small businesses. Over the years, I have seen individuals start with an idea and work to make it an amazing and thriving company. I am grateful to be able to be a small part of the success of so many small businesses in Southern Illinois.

What quote most inspires you and why?

"If you do what you love, you'll never work a day in your life." This is a quote that many of us have heard many times throughout our lives and is something that has stuck with me through many years. Most of us spend most of our time working, and I have always strived to have a rewarding career where I can give back as much as I receive from it. I am grateful to work with people on so many levels and get to know them through the years. I have been able to help individuals through the happy times of new ideas and businesses as well as the harder times through unexpected obstacles. Being able to positively impact people's lives is one of the main focuses in my personal life and career.

How did you get involved with CBAI?

Legence Bank has always been very active with CBAI. During my years at Legence, I have seen the benefits fellow employees have gained from their involvement with CBAI, as well as the bank. I was recently given the opportunity to become more involved with CBAI and CDD and jumped at this opportunity so I could experience these benefits firsthand. With my involvement, I am getting new avenues to stay updated on important impacts in the financial world. I am meeting like-minded peers in the banking profession and having networking opportunities that I would not otherwise have access to.



What is something most people don't know about you (or your bank)?

Something that most people do not know about me, but is a major part of my life, is that I have a small hobby farm. Ever since I was a small child, I have been interested in various types of poultry, rabbits, miniature horses, donkeys, goats, sheep — the list goes on. I have continued with this interest my entire life and am still involved in many 4-H programs, FFA projects, animal shows at local county fairs and national poultry and rabbit shows. Agriculture has always been an important part of my life, and I am proud to be a part of it and help keep this small piece going in some ways.

What are the biggest challenges your community bank faces today, and what are you doing to combat these challenges?

There are two challenges that come to mind right away in today's banking world — fraud and rates. Accounts are seeing more and more fraud on a wide variety of avenues. Financial institutions have to work continuously to stop and prevent fraud; unfortunately, it is evolving just as fast as we are learning about it. Legence Bank, along with many other institutions, has noticed these trends and works harder now than ever before to ensure our customers' financial safety. Rates have been a hot topic for everyone over the last several months. Companies and individuals are seeing interest rates that they may not have seen before. As a financial institution, we are constantly learning and changing with these ever-evolving rates and trying to guide our customers through it.

What is your favorite initiative that your bank has implemented to support your community?

Legence Bank is highly involved with its community and is proud to be a "community bank!" Legence Bank supports its community in many ways, but the main one I enjoy is the Go!Learn program. Legence has worked very hard over the years to develop a fun yet informative way to work with children of all ages regarding financial literacy. Whether this be a fun book about saving money, activities for learning to count coins and cash bills, balancing a checkbook or applying for a loan, we strive to cover all aspects of life and inform our youth the best we can to make them ready for their next stages in life.

What would you be doing if you weren't in banking, and why?

If I were not in banking, I would probably be involved with something in agriculture. Since animals have been a large part of my life, I could see myself being more involved as a teacher to our youth or in other educational or informative roles regarding agriculture and its importance. I currently work with many different agriculturally based companies and have thoroughly enjoyed learning from them and seeing firsthand what the agricultural industry can do. ■

2023 GROUP MEETINGS WRAP UP

The 2023 Spring Group Meetings attracted close to 600 bankers from nearly 140 banks and representatives from associate member firms, guests and staff, for a total attendance of over 800 individuals. At even-numbered Group Meetings, CBAI members elected Group Directors to represent them during a two-year term.

The CBAI Group Directors for those groups are:

Group 2 – Amy Thiede, Prairie Community Bank, Marengo

Group 4 – Matt Clark, Federated Bank, Onarga

Group 6 – Rick Klinedinst, MidAmerica National Bank, Canton

Group 8 – Dave Albin, Longview Bank, Newman

Group 10 – Mary Jo Homan, First National Bank in Pinckneyville

Group 12 – John Dosier, First Southern Bank, Carbondale

Appreciation goes to the following CBAI associate member firms that served as sponsors. Their generous contributions supported more than $1,500 in golf and door prizes at each event.

Three-Star Sponsors
The Baker Group, Oklahoma City, OK
Federal Home Loan Bank of Chicago, Chicago, IL
Fitech, Fort Worth, TX
Independent Community Bankers of America, Washington, D.C.

Two-Star Sponsors
JMFA, Houston, TX
SHAZAM®, Johnston City, IA

One-Star Sponsors
Accrue, Franklin, TN
CRA Partners, Memphis, TN
Community BancInsurance Services, A Gallagher Company, Springfield, IL
Data Business Equipment, Inc., Peoria, IL
Econocheck, Stockbridge, GA
FORVIS, Decatur, IL & St. Louis, MO
Growth Corp, Springfield, IL
IZALE Financial Group, Elgin, IL
IRONCORE, Inc., Onalaska, WI
Ncontracts, Brentwood, TN
Quad City Bank & Trust Co., Davenport, IA
Regency360, Sherman, IL
Vericast, San Antonio, TX
Wipfli LLP, Sterling, IL
Wolters Kluwer Financial Services, Sammamish, WA

The following firms stepped forward as Golf Tournament sponsors at CBAI's Group Meetings:

Golf Tournament Sponsors

The Baker Group, Oklahoma City, OK
CRA Partners, Memphis, TN
Community BancInsurance Services,
A Gallagher Company, Springfield, IL
Data Business Equipment, Inc., Peoria, IL
Econocheck, Stockbridge, GA
Federal Home Loan Bank of Chicago, Chicago, IL
Fitech, Fort Worth, TX
Growth Corp, Springfield, IL
IRONCORE, Inc., Onalaska, WI
IZALE Financial Group, Elgin, IL
JMFA, Houston, TX
Ncontracts, Brentwood, TN
Regency360, Sherman, IL
SHAZAM®, Johnston City, IA
Travelers, St. Louis, MO
Vericast, San Antonio, TX
Wolters Kluwer Financial Services, Sammamish, WA ■

CBAI Provides Resource For Appeals To Federal Regulators For Fraud Returns

Community Bankers Association of Illinois (CBAI) members have been experiencing a pernicious and growing problem with reimbursements for fraudulently altered return checks drawn on their customers' accounts (Fraud Returns). This problem is certainly being exacerbated by the nation's largest banks and credit unions, harming community banks and their customers and undermining the public's confidence in the nation's banking and financial system.

In late 2022, CBAI's Legislation and Regulation Committee directed the Government Relations staff to compile guidelines by which members could escalate complaints to the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC) or the Federal Reserve, against banks that have been unresponsive or rejected reasonable requests for reimbursements for Fraud Returns. That initiative began with the polling of members, which confirmed the serious nature and widespread extent of the problem and provided valuable insights shared with policymakers.

- In response to the question asking if Fraud Returns have impacted them, 60% indicated in the affirmative.

- We asked which banks and/or credit unions have been the most difficult to deal with, and the list included eight of the top 10 largest banks in the country and the largest credit union. The biggest offenders included Bank of America, JP Morgan Chase, Wells Fargo, Navy Federal Credit Union, US Bank, PNC Bank, Truist Bank, Capital One, Regions Bank, and Citi Bank.

- The total dollar amount of Fraud Returns that was currently outstanding was an average of $23,300, which did not include the results of one bank that had over $1 million in items seeking closure.

- The response time for reimbursements was an average of five months, with some responding as high as 18 months. Some said there was never closure, and they just had to sustain the loss.

- In 65% of the unresolved cases, no response has been received at all from the other financial institution. Clearly, these large banks do not even feel the need to extend the community bank seeking reimbursement the courtesy of acknowledging the request and when to expect closure.

- The average loss per bank for 2022 was $30,000.

- In an open-ended question asking about their experience in resolving these issues, there was a common theme of large bank and credit union indifference. "The big banks' communication and response are nothing if not negligible." "They never call you back." "Trying to locate the 'right' person or department is nearly impossible." "Every incident is extremely frustrating and time-consuming." "There is no sense of urgency to resolve the case." "No response to several written requests over the past 90 days." "The attitude is — they don't care!"

These polling results formed the basis for February 6, 2023, letters to the OCC, FDIC and the Federal Reserve, which urged they get involved to assure reimbursement requests are addressed promptly and reasonably. CBAI recommended that the regulators initiate Joint Supervisory Guidance to set a standard for how the large banks will handle these requests. We also urged the regulators to investigate potential shortfalls with Customer Due Diligence (CDD) and Customer Identification Program (CIP) compliance, which allows for fraudulent account openings and for accepting fraudulently altered checks for deposit.

CBAI gained national attention for its advocacy on behalf of Illinois community banks for Fraud Returns in the February 9, 2023, **American Banker** article titled, *Small Banks Urge*

Crackdown on Big Banks with Lax Check-Fraud Controls. "We want action; we want something done," said David Schroeder, CBAI's SVP of federal governmental relations. Schroeder continued, "This is a big bank problem, and it's impacting customers of small community banks who are the frontline victims of this fraudulent activity."

After additional correspondence to the regulators on March 21, 2023, and in the ensuing months, each of them responded and additional progress was made. CBAI then began to finalize the guidance so CBAI members could escalate their complaints against the largest banks.

CBAI's advocacy about reimbursements for fraud returns continued to receive national attention in an in-depth investigative report in **The Conversation** titled *In a Heist Worth Billions: Sham Bank Accounts, Secret Online Marketplaces, and Too Little Being Done to Stop It*. The article described in stunning detail the far-reaching cycle of fraud perpetrated by criminals which is responsible for more than tripling the volume of check fraud in the past five years.

The section titled *The Recklessness of Big Banks* accurately states that community bankers are in disbelief that the largest banks apparently succumb to competitive pressure and rush to quickly open accounts without effectively combatting fraudulent account openings. CBAI's David Schroeder was quoted as saying, "That these accounts are being opened shows that the [large] banks don't have robust (anti-money laundering) programs, and the regulators aren't making sure that they do." Schroeder said, "We need to hold these large banks to their responsibility to stop opening these accounts that are at the heart of this criminal enterprise."

CBAI's Member Guidance was sent to each CBAI member and shared with the regulators and other interested parties on July 12, 2023. This guidance identified the names of the most senior individuals responsible for supervising the large banks and a process for our members to escalate their complaints. CBAI was encouraged that each of the banking regulators either created a new or expanded an existing way for community bankers to send complaints against the largest banks.

The Member Guidance CBAI stressed that community bankers are not asking the regulators (under normal circumstances) to pick winners and losers. Still, they are asking for the regulators' assistance in getting a prompt and reasonable resolution to legitimate reimbursement requests after pursuing resolution options.

The guidance included a suggestion to provide all the information in the complaint for the regulators to be able to identify the offending bank, including the specifics of the item for which reimbursement is sought, the transaction history and copies of any additional paperwork, including communications with the large banks and the response received or a lack thereof.

CBAI recommended that the letter briefly explain efforts to be reimbursed and why community bankers are left with no reasonable alternative but to file a complaint and appeal to the bank's regulator for assistance and the imperative for them to intervene. The failure of these banks to effectively manage Fraud Return reimbursements harm community banks' liquidity, earnings and capital and wastes management's time and efforts, which can be better utilized to serve customers and communities. In addition, check fraud harms the community bank's reputation and that of the entire banking system and communities at large.

CBAI highlighted the importance for members to consider raising concerns about how these fraudulent accounts were opened to begin with (i.e., potential CDD and CIP shortfalls) and ask how the fraudulent items were allowed to be accepted for deposit into these fraudulent accounts. Apparently, there are compliance management lapses at large banks that need to be addressed. Also, members should consider stating that this matter is being escalated to the regulators to help deter fraud committed against your customers and your bank and is undermining the banking system.

The clear expectation that CBAI communicated to all the regulators for handling these complaints was as follows: acknowledge the receipt of the community bank complaint and ensure that the complaints are delivered to the appropriate senior executives at the applicable large banks. Further, these large banks should respond to community banks acknowledging their receipt of the complaint, provide a point of contact to the community bank and commit to a reasonable time frame for bringing the fraud returns reimbursement request to prompt and reasonable closure. In addition, we expect that the regulators' safety and soundness and compliance examiners be made aware of these complaints and review the way they are being resolved by the large banks, with particular attention being paid to CDD and CIP compliance so that fraudulent accounts, through which the fraudulent checks are being deposited, cannot be opened.

In the coming months, CBAI will be communicating with all the regulators and other interested parties about the impact of our member complaints and what else needs to be done to address the problems of Fraud Returns.

Thank you to all those who assisted us in providing this guidance to our community bank members. ■

DID YOU KNOW?

Return fraud is a crime by which someone (or a group of people) makes money from a fake return. Perhaps the item doesn't qualify for a return, or the item was never purchased (i.e., stolen) in the first place.

Source: Return Fraud: What It Is, and How Merchants Can Fight It (chargebacks911.com)

Member News

Shawn Davis, president and CEO of **CNB Bank & Trust, N.A.,** headquartered in Carlinville, announced he would be retiring in the fourth quarter of 2023. **Andrew E. Tinberg**, chief banking officer, will assume the president and chief executive officer role. Davis will continue to serve on CNB's Board of Directors.

Ray Altmix, First Southern Bank, Marion, was recently honored for 50 years of service in community banking. CBAI President Kraig Lounsberry presented him with an award commemorating his impressive milestone and a proclamation from the Illinois General Assembly.


Ray and Peggy Altmix

State Bank, Freeport, recently announced **Chris Schneiderman** as the bank's new president/CEO. Schneiderman has been with the bank for over 20 years, previously serving the community as a lender.

Farmers National Bank of Griggsville recently announced the promotion of **Bethany Dunham** to assistant vice president.


Streitmatter and Stratton

Better Banks is celebrating its 125th anniversary this year. Originally founded as Dunlap Bank, the first bank was built on Second Street in the Village of Dunlap and remains the oldest continually running business in the area. Since then, Better Banks has expanded to nine communities. CBAI recently presented Better Bank's President **Mike Stratton** and Senior Vice President of Lending **Marvin Streitmatter** with an anniversary plaque in honor of this milestone.

Anna Jonesboro National Bank recently announced the promotion of **Megan McClellan** to assistant vice president-loan associate. McClellan has been with the bank for 12 years and has worked primarily in the loan department.

Belinda Baier recently joined **Itasca Bank & Trust Co.** as a commercial loan administrative assistant in the Loan Department.

Kyle Hart recently joined **Security Bank, s.b., Springfield,** as branch manager at the Stevenson Drive location.


Miller

Janis Miller recently celebrated 50 years with **First National Bank of Steeleville.** She received a milestone award from the Community Bankers Association of Illinois, along with a surprise celebration at the bank.

Flora Bank & Trust recently recognized **Christal Fox** and **Carla Nicholson** for 30 years of service. Additionally, the bank announced the retirement of **Peggy Coble** after 25 years of service.

Farmers State Bank recently opened a branch location in Herrin. It held a grand opening celebration with complimentary food from five food trucks, big giveaways, money grab, interactive art, ribbon cutting, games, a photo booth and more!

ICBA's July *Independent Banker* magazine recently announced its rankings of the top community bank loan producers based on 2022 FDIC data, and nine CBAI member banks were named to the list! **Anchor State Bank; Bank of Gibson City; First Security Bank, Mackinaw; Farmers National Bank of Griggsville; TrustBank, Olney; and First State Bank, Mendota,** were recognized in the agriculture category. **Evergreen Bank Group** in Oak Brook made the consumer/mortgage loan category list. **Farmers State Bank of Alto Pass** and **American Commercial Bank & Trust** in Ottawa were deemed top lenders for commercial loans.

Two CBAI Board members and two CBAI staff members recently participated in the 2023 St. Jude's Corvette Drive. Since its 2012 inception, the Corvette Drive has raised nearly $2 million to further the lifesaving mission of St. Jude's Children's Research Hospital. **Doug Parrott, State Bank of Toulon,** and his wife, Karin, joined **Andrew Black, Princeville State Bank, Lesa Black, CBAI, Jeff Rabenort, CBAI,** and his wife, Donna, on this incredible fundraising journey. All of them are multi-year participants in the event.

Growth Corp was named Illinois' 504 Lender of the Year by the U.S. Small Business Administration (SBA). This prestigious award recognizes Growth Corp's commitment to economic development and job creation by facilitating the 504 Loan Program. In 2022 alone, Growth Corp helped facilitate roughly $700 million in business expansion investments, including $262 million in 504 loans. This financing fueled growth for hundreds of businesses, which in turn, created and/or retained more than 2,300 jobs. ■

Staff News

Black and Lounsberry

In July, **Lesa Black**, vice president of member services, celebrated 10 years with the association. She was presented with a recognition pin from CBAI President/CEO Kraig Lounsberry.

Bartolomucci

Cortni Bartolomucci was recently hired as an administrative assistant in the Communications Department. ■

Welcome Members

NEW ASSOCIATE MEMBERS

BancAlliance/Alliance Partners LLC
760 Surryse Road
Lake Zurich, IL 60047
Thomas F. Thompson, Regional Director
tthompson@alliancepartners.com
224/678-6659
www.bancalliance.com
Alliance Partners is the Asset Manager for BancAlliance, a network of more than 350 community banks nationwide, which provides member banks with an efficient way to diversify their loan portfolios, primarily into commercial and industrial floating-rate loans that are non-CRE.

Beauceron Security Inc.
527 Queen Street, Suite #120
Fredericton, New Brunswick, E3B 1B8
David Shipley, CEO
david@beauceronsecurity.com
877/516-9245
www.beauceronsecurity.com
Cybersecurity

In loving memory of

Thomas C. Schnelt

Thomas C. Schnelt, 58, of Carrollton, passed away July 17, 2023, at Boyd Memorial Hospital in Carrollton. He was born June 20, 1965, in Carrollton, the son of Robert W. and Judith Stewart Schnelt. He married Kelli Cox in Carrollton on November 24, 2001, and she survives.

He is also survived by a daughter, Paris (Seth) Shaw of East Alton; a son, Trenton Schnelt of Carrollton; grandsons, Bentley and Archie Shaw; a granddaughter, Sylvia Shaw; two sisters, Terri (Kevin) Ringhausen of Carrollton and Ann (Mike) Ficken of St. Charles, Missouri; and three nephews, Mark and Andrew Ficken and Austin Ringhausen. He was preceded in death by his parents.

Tom chose a career in banking, working for different banks in the area, and was working for **Farmers National Bank in Griggsville**. He was a Carrollton Knights of Columbus, Carrollton Hawk Pride, and Boyd Hospital Board member. Tom loved spending his Friday nights on the Carrollton Hawks Football field. His family meant everything to him. He enjoyed spending time with his grandson, Bentley, and was so excited for the birth of his granddaughter, Sylvia. Tom took pride in serving his community and was always willing to help and try to make improvements to better the town. ■

Foundation Report

Liberty Bank became a Gold-level Foundation sponsor.

North Central Bank, Hennepin, selected the Foundation as the recipient of the bank's "Giving Program" for the month of May.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **Sheila Burcham, Bradford National Bank; Travis Clem, SouthernTrust Bank, Marion; Dan Graham, Flora Bank & Trust; Mary Jo Homan, First National Bank in Pinckneyville; Chad Martin, Goodfield State Bank; Doug Parrott, State Bank of Toulon; Alan Stremlau, Illini State Bank, Tonica; David Stanton, PeopleFirst Bank, Joliet; Jim Weast, Warren-Boynton State Bank, New Berlin; and Bill Wubben, Apple River State Bank, Scales Mound.**

The Foundation received $70 from CBSC and CBAI board members as a result of the "dress-down" board meeting in June.

Thank you to everyone who supported the "Fight for the Foundation" sumo wrestling fundraiser! Your support was tremendous, and we are extremely grateful! With your generosity, we raised more than $16,000 for the Foundation scholarship programs!

Doug "Pretty Boy" Parrott and Jim "The Warrior" Weast were the top two money earners and will battle it out sumo-style at CBAI's 49th Annual Convention & Expo at the JW Marriott in Indianapolis, IN, on Saturday, September 23, 2023. (The battle will be rebroadcast on CBAI's social media channels.)

We would like to thank all our competitors for their willingness to step up and volunteer for our unconventional fundraiser.

Dan "Gritty" Graham, Kraig "Lethal" Lounsberry, Cameron "Young Gun" Ohlendorf, Doug "Pretty Boy" Parrott, Andy "Tin Man" Tinberg, Jim "The Warrior" Weast.

The following individuals, banks, firms and groups contributed to the Foundation's sumo wrestling fundraiser:

Individuals
Raymond Altmix, First Southern Bank, Marion
Jennifer Beard, Farmers State Bank, Elmwood
David Bitting, The First National Bank in Tremont
Jeff Bonnett, Havana National Bank
Sheila Burcham, Bradford National Bank, Irvington
Will Coolley, Longview Capital Corporation
Mike Estes, The Fisher National Bank
Mark Field, Liberty Bank
Carol Jo Fritts, First Neighbor Bank, N.A., Toledo
Gary Genenbacher, FORVIS, Decatur
Dan Graham, Flora Bank & Trust
Jewell Gray, Warren-Boynton State Bank, New Berlin
Colleen Henkel, First National Bank in Amboy
Mary Jo Homan, First National Bank in Pinckneyville
Jim Houston, Bankers' Bank, Bloomington
Valerie Johnston, CBAI, Springfield
Chad Martin, Goodfield State Bank
Kim McKee, North Central Bank, Hennepin
Pat McShane, American Metro Bank, Chicago
Gary Milone, Flora Bank & Trust
Nancy Mueller, Scott State Bank, Bethany
Doug Parrott, State Bank of Toulon
Karin Parrott, State Bank of Toulon
Jerry Peck, CBAI, Springfield
Lori Pieper, Community State Bank of Galva
Mark Reuschel, State Street Bank and Trust Co., Quincy
Martin Rowe, Legence Bank, Eldorado
Katy Ruholl, Dieterich Bank, Effingham
Sam Scott, Scott State Bank, Bethany
Jason Semple, Dieterich Bank, Effingham
Preston Smith, Washington Savings Bank, Mattoon
Harvey M Stephens, Warren-Boynton State Bank, New Berlin
Lawrence Sweat, Warren-Boynton State Bank, New Berlin
Amy Thiede, Prairie Community Bank, Marengo
Andy Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest)
Colette Tope, First National Bank of Ava
Dianna Torman, OSB Community Bank, Ottawa
Jim Weast, Warren-Boynton State Bank, New Berlin
Tom White, Warren-Boynton State Bank, New Berlin
Stacy Workman, CBAI, Springfield

Banks/Firms
Career Development Division, CBAI, Springfield
CNB Bank & Trust, N.A., Carlinville
Farmers Stake Bank, Elmwood
First National Bank of Raymond
First Neighbor Bank, N.A., Toledo
Flora Bank & Trust
Howard & Howard Attorneys PLLC, Peoria
The Fisher National Bank
The Gerber State Bank, Argenta
Tompkins State Bank, Avon
Warren-Boynton State Bank, New Berlin
The Foundation also received several anonymous cash donations from Group Meetings and CEO Forums. ■

SEPTEMBER 2023

5 **ACH & P2P Payments: Perils & Protections**

6 **Regulation CC for Tellers**

7 **CEO Forum Group III —** Shazam Education Center, Springfield

7 **Operations/Technology Group E —** Grizzly Jack's Grand Bear Resort, Utica

7 **ECOA & Fair Lending: Examiner Hot Buttons**

8 **Operations/Technology Group B —** Chicago Marriott, Naperville

12 **ACH Return Reason Codes: Commonly Used & Misused Codes**

13 **Operations/Technology Group C —** Shazam Education Center, Springfield

13 **HMDA Part 1: Application Basics**

13 **Countdown to New Beneficial Ownership Rules: Effective January 1, 2024**

14 **Your Consumer Borrower Filed Bankruptcy, Now What? Chapters 7 & 13**

19 **IRA Series: Traditional & Roth IRAs Part A: Eligibility, Contributions, Rollovers & Transfers**

20 **New Accounts Series: Business Accounts: Setup, Management & Authority**

21–23 **CBAI's 49th Annual Convention & Exposition —** JW Marriott, Indianapolis

21 **BSA for Operations Personnel**

25 **Top ACH Audit Findings & Tips to Avoid Them**

26 **Understanding CAMELS Components & Risk**

27 **Community Reinvestment Act: Fundamentals, Documentation & Proposed Rule Changes**

28 **Branch Management for New Leaders —** Shazam Education Center, Springfield

28 **Lending to Nonprofit Organizations**

OCTOBER 2023

3–4 **Auditing Real Estate Loans School —** Shazam Education Center, Springfield

3 **Fighting Fraud: Recognizing Red Flags & Assisting Accountholders**

4 **HR Group E —** Shazam Education Center, Springfield

4 **IRA Series: Traditional & Roth IRAs Part B: Distributions, Taxation, Withholding & Penalties**

5 **HR Group D —** Drury Hotel, Mt. Vernon

5 **HMDA —** Shazam Education Center, Springfield

5 **TRID Breakdown Part 1: Loan Estimate for Fixed-Purchase, Variable-Refinance & Construction-Perm**

6 **HR Group B —** Shazam Education Center, Springfield

10 **LinkedIn Matters —** Shazam Education Center, Springfield

10 **Debt Resolution Series: 20 Common Mistakes in Consumer Collection**

11 **Trust-Based Prospecting —** Shazam Education Center, Springfield

11 **Branch Manager Group A —** CBAI West Conference Room, Springfield

11 **HMDA Part 2: Demographic Collection**

12 **HR Group C —** Grizzly Jack's Grand Bear Resort, Utica

12 **Branch Manager Group B —** Grizzly Jack's Grand Bear Resort, Utica

12 **Stress Testing Your Loan Portfolio**

13 **HR Group A —** Shazam Education Center, Springfield

16-17 **CDD Fall Meeting —** Northfield Center, Springfield

18 **Annual MLO Requirements & SAFE Act Compliance**

19 **When a Borrower Dies: Next Steps**

20 **CEO Forum Group VII —** Chicago Marriott Naperville

23–25 **Consumer Lending Institute —** Shazam Education Center, Springfield

24 **Commercial Lending Basics: Risks, Scrutiny, Safeguards, Collateral & More**

25 **Accurately Completing the W-9, W-8BEN, W-8BENE, 1099-INT & 1042-S**

26 **HMDA Part 3: Commercial Loans**

30 **Banking Legal Marijuana Businesses**

31 **1st Quarterly CBC Program —** Crowne Plaza, Springfield

31 **CEO Forum Group I —** Shazam Education Center, Springfield

CBAI Webinar

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1 FDIC and NCUA Q1 2023 for Kasasa partners compared to Q4 2022.
2 Kasasa Analytics for all Kasasa partners, 2022.

Banknotes

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