Beware of the Action for Temporary Possession

(See inside story on page 24)
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From the MIBA President

Jack Wagner
Adrian Bank, Adrian

RISK MANAGEMENT KEY TO SUCCESS

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cerything we do today as bankers centers around risk management. All segments of risk management are thoroughly reviewed by regulators during each exam, and it should be our duties as executive officers and directors to have a plan in place for each segment of risk associated with the bank. As a general rule, the management of asset quality receives top priority, and rightfully so. This segment of risk is our lifeblood, for without top quality loans, securities and other earning assets, we all would have real challenges in our balance sheets. One of the requirements all of us should be fully aware of, as we prepare for any exam, is to have all the answers associated with any major credit, as it relates to risk. In addition to keeping credit files up to date with analysis on major credits, we need to review our loan policy, funds management policy and other policies and management associated with earning assets.

Another key element often discussed with regulators, is to have a management succession plan. A bank must plan for the unexpected staff changes of the bank. It’s also very important that we have backup staff ready to assume any managerial position in the bank. This risk, like any other, is key to the bank’s success and should be reviewed and approved by the board of directors.

One of the most often discussed topics today is without question interest rate risk, given the flat — and, I might add, near zero — Fed Funds rate, for nearly seven years. There is no one in the banking business today that has experienced the unprecedented low and flat interest rate cycle we are experiencing today. Therefore, I assume, there are no experts, as to the expectations of what the future may bring. One thing is for sure: Any and all potential moves up in the Fed Fund rate will or could have a major effect on potential Net Interest Margins, due in large part to the degree that a 25 basis point may have today vs. a 25 basis point move when the Fed Funds rate was 5.50 percent.

The first move of 25 basis in the Fed Funds rate now means a 100 percent increase in rates. The expected or anticipated moves up the ladder now will be more noticeable than when interest rates were in the mid-single digits. Once again, no one has experienced this setting as to the expectations of the next one or two years with regard to interest rate moves. I clearly remember the rapid Prime Rate move (34 changes) up the ladder from near 12 percent in late 1979 to 21.5 percent by the end of 1980, and then the rapid interest rate move down the ladder (over 30 changes) in 1981. I only hope that these rapid moves were a once in a life time experience. We don’t want to be caught off guard.

I often hear from the experts, that if and when rates move, they will do so at a measured pace, in which I concur. Research indicates we are not in a position to raise rates any time soon. Economy improvements in key economic areas such as, manufacturing need to occur before a rapid inflation occurs. Currently, we do not have an economy that’s on fire, therefore no justification to raise rates.

Although most banks appear to have solid liquidity today, this may not be the same tomorrow. Some clients may decide to make other investments other than having funds in their money market, savings and CD accounts. Should the economy decide to pick up the pace, we can assume that our loan demand will improve. This may lead to tighter liquidity positions. Keep in mind, a weak liquidity position could lead to an overall weak bank.

Lastly, is the topic of risk are the operational risk and the legal and reputational risks. These factors are generally not given the ink that the asset management and liquidity risk are given, but should be a high priority by our board of directors. Without question, the last thing we want to see is that the bank’s reputation compromised. If we are proactive in all segments of risk, we probably can say we manage a successful bank.
Our customers love technology. At least that’s what I’ve found to be true at The Peoples Bank Co. in Coldwater, Ohio. Like many of you, I’m amazed at where technology has taken our business, and I look forward to seeing where it continues to take us. Without a doubt, technology has the ability to catapult our business to the next level and deepen our customer relationships.

Community banks have a huge advantage in the technology space. We are the total package. We are relationship lenders that do everything in our power to best serve our customers and our communities. Our customers love the fact that we look out for their best interests and the interests of our community. It’s this relationship of banking experience and trust that community bank customers have come to expect and appreciate. So when you take this strong foundation of trust, service and relationships, and add it in with powerful, efficient and 24-hours-a-day/seven-days-a-week technology — something that people love — you have a winning equation and something that customers will undoubtedly treasure and respond to for years to come.

All of this talk of technology takes me back to 2013, when The Peoples Bank launched its mobile banking service. As a community banker, my top concern was how our customers would respond to it. Would they have questions? Would they use it? Would my more senior customers need assistance with understanding and using it?

With these questions circling in my mind, I kept asking our staff to see if anyone had called in with questions about our new mobile banking service. One day passed, no; three days passed, no; two weeks passed, no. I was thinking, “Well, if we aren’t getting questions, maybe customers aren’t interested or just aren’t taking advantage of it.” So we checked the numbers and it turned out that there were more than 250 customers using the product in the first month; and today we have more than 1,400 mobile banking users.

Wow! Not only were our customers interested in the product and using it, but they didn’t have any questions. They love technology and knew how to leverage it!

I tell you this story because, at first, I was a bit skeptical. I cling to the traditional values of community banking but also realize that the future is coming and technology is part of that future. Community bank customers have become accustomed to the best possible products and customer service, and it’s up to us to keep that tradition going, while leveraging the benefits that technology has to offer. Our customers expect these services from us.

Now is the time to embrace what technological innovation has to offer and use it as a tool for continuing to make the community bank experience the best it can be. Whether it’s at the branch, online or via a smartphone app, the community bank experience should not be limited to branch hours. Technology is another way to reach your customers. It’s that simple.
Bank of Iberia recently announced that Corey Piggott, Miller County native and a 1996 graduate of Iberia R-V High School, has been promoted to vice president. Piggott has been employed by the Bank of Iberia for 12 years, starting as a loan officer and working his way up through positions of greater responsibility. During this time, Piggott graduated from the Missouri School of Bank Management (2013) and from the Graduate School of Banking at Colorado (July 2015).

The Graduate School of Banking is a 25-month banking school providing management and leadership training for community-banking professionals, covering all aspects of banking and bank management. Piggott was among 157 graduates of the 65th Annual School Session, hosted on the campus of the University of Colorado in Boulder.

Piggott, the son of Daniel and Sue Piggott, stated that he was looking forward to new challenges and greater responsibility in his new position. “I am grateful to the Bank of Iberia and the Tritten family for the opportunity to further my education and continue to work for the members of our community. Iberia will always be home, and I am thankful to continue my career in banking with the Bank of Iberia.”

The Callaway Bank’s Corporate Board has designated Mike Hill as the company’s chief operating officer. “Hill has assumed responsibility for several areas of our organization over the last few years in addition to his duties as CFO,” said Kim Barnes, president and CEO. She went on to say, “Mike has earned respect through his positive team approach, willingness to dig in and solve problems, his ability to communicate, mentor and encourage those around him. He is recognized as a strong leader within our organization with his proven adaptability and effective decision making skills.”

A graduate of Missouri State University, Hill will continue as the bank’s chief financial officer where he has served since January 2012. He and his wife, Lorna, live in Fulton with their children James, Reagan and Luci.

We want to hear News From You

Email your stories to Regina (Gina) Meyer at rmeyer@miba.net
The Insurance Group is a Missouri based agency serving banks in Missouri. We offer a full line of bank insurance products from Bank Packages, Bond, and Directors & Officer’s policies to specialize in cyber coverages for banks. We can also offer several different fee income products to your bank.

Our benefit department offers several different medical, disability, group life and various other benefits for groups as well as individual plans. Every attempt is made to fit your bank needs. We have available every major carrier in Missouri which allows us to help you to choose the plan that fits your need.

We appreciate the opportunity to earn your business and to provide outstanding service to you, your bank, and your employees.
Mobile, mobile, everywhere, but barely time to think.

Welcome to mobile mania. Financial innovation is booming. It’s freewheeling and chaotic. It also continues to transform the operational and competitive contours of our industry.

Mobile technology combined with Internet connectivity results in a lot of data. Think about it. With email, search engines and mobile geolocation, companies have data on who you are, where you are, what sites you visit, what you have bought and what you are planning to buy. And many of those companies want to offer various bank-like services.

Community banking in today’s rapidly digitizing world is rife with powerful rewards, but also with challenges and uncertainties, too. Fortunately, community banks are patiently and prudently adopting powerful mobile and information technology in wondrous ways. Your institutions have all the technology that any consumer or business could need or that any other reputable financial company is providing. But we all need to tell that story more.

Certainly, community banks have valuable, reliable technology partners, and we increasingly have formidable technology competitors, too. So-called FinTech firms are creating new digital platforms for consumers and businesses to easily access new providers of loans, payments, investments and financial data (and even digital currencies). These non-FDIC-insured companies, including marketplace lenders, are enticing consumers to bypass FDIC-insured mainstream banks for new-fangled, sometimes risky or harmful products. Many of these leverage data analytics in highly sophisticated ways. We cannot take them lightly.

Within this disruptive environment of financial technology innovation, what should ICBA and community banks do to continue delivering the best, most convenient and safest technology for our customers? ICBA sees three key priorities.

1. **PROMOTE BANK-CENTRIC PAYMENTS**

As an industry and as a country, we have to continue advocating the benefits of a bank-centric payments system. Banks are proven, secure intermediaries for moving money. The value of our tested controls, security protocols and protections, including federal deposit insurance, must be understood and supported by consumers and policymakers alike. We cannot allow random disruption or disintermediation from infant technology firms to undermine our longstanding banking and payments systems.

2. **UPHOLD UNIFORM STANDARDS FOR EVERYONE**

Consumers need and deserve the same safety and reliability from all financial services providers. Consistent compliance of consumer protections must be enforced for bank and nonbank providers. Federal and state regulatory frameworks for the licensing and regulation of FinTech products and services should be the same as those for the banking industry.

3. **CONTINUE INNOVATING**

As an industry we can’t stop innovating — with our trusted partners and within our own institutions. While maximizing our nimbleness, we have to capitalize on our proven, longstanding business model, while also adopting the best tools the digital world provides. This includes modernizing our existing banking and payments infrastructure. In short, we have to be high-tech and high-touch.

Of course, pursuing these priorities will require navigating the complexities of today’s galloping financial innovation. But what’s certain is that digital banking and ongoing technology innovation are here to stay, which is wonderful and daunting at the same time. But we’re up to the challenge. We may have to lean into today’s digital world together, but the opportunities for doing so will remain as rewarding for us and our customers as ever before. ■
We had great attendance for our 6th Annual Security Conference, held at The Broadway in Columbia, Mo. With 13 speakers in two days, our attendees received a large amount of beneficial security information.
Suzette Morris, Vice President, Operations
Peoples Bank & Trust Co.
Troy, Mo.

SMB: Where is Peoples Bank & Trust Co.? What is the market like?
SM: Peoples Bank & Trust Co. is located in the Missouri counties of Lincoln, Pike and St. Charles. The main office is located in Troy, Mo. Currently, we have seven branches total, two in Troy, one in Hawk Point, Winfield, Elsberry, Bowling Green and O’Fallon, Mo. The market goes from rural community toward the Bowling Green, Pike County area to urban community near St. Charles, Mo.

SMB: What is something unique about Peoples Bank & Trust Co.?
SM: As most banks display a sign for “no weapons,” at PBT, we display a sign on our front door that reads “Lawful Concealed Carry permitted on these premises, Management recognizes the Second Amendment to the U.S. Constitution as an unalienable right of all citizens.” So if our customers or employees have a lawful permit, they are permitted to carry a concealed weapon on the premises. I myself have a CCW permit and carry daily.

SMB: How did you get started in the banking business?
SM: I began working at a small bank in Elsberry, Mo., when I was 16 as a drive-up teller, while I attended the local trade school. I worked part-time there for a few years, and then went on to work as an assistant bookkeeper at the nearby agriculture store. I knew then that I wanted to get back into banking. I was working on finishing my four-year degree and started applying to PBT after hearing many positive remarks from friends/family/other employees. I was hired by PBT as a full-time teller in March 2005 for the main bank Troy location. After a few years on the teller line, I was promoted to executive assistant to the president and the executive vice president. In 2014, I was promoted to vice president of operations. My time as a teller and an executive assistant is invaluable. I would not be the person that I am today without those experiences.

Each day brings new challenges, but without challenges, there would be no growth. Although I am the first in my family to be a banker, I knew after working for a small bank as a PT drive-up teller that I enjoyed the customers and the business
model and providing valuable services to customers. Without the community, there would be no bank, but equally important for that community is to have a trusted partner for their financial needs. Community banks are especially vital in a small community. Knowing your customer is essential.

SMB: What is the most important thing you’ve learned from this career?
SM: Customers are important, customer service is key. Without customers, there is no bank. Without services, there are no customers. In an ever-evolving digital world, banks must adapt to offer the services that customers need and the service to go along with them. As more customers are able to make deposits elsewhere, how can we stand out and show our customers that we are here for them — through customer service. Everyone can offer the same type of service at the same prices, but customer service and building relationships is a key component in a world going digital and focused on numbers.

SMB: Do you have a certain leadership style? What are your favorite qualities in a good leader?
SM: I consider myself a “do-er” and a participative leader. I think it is important that teams are involved in applying policy and procedures. I believe it is important to always look at who could be coming up the ladder to fill the next leadership role. By asking for input, I want team members to feel they have a say in their jobs and feel motivated that they are not at a dead-end. The input of employees is invaluable in helping the bank improve. Although input is very important, I also believe it is important to recognize that some decisions may require a different approach.

A good leader leads by example, recognizes that not all employees are created equally, and motivates and empowers employees to do their best and feel confident that their efforts will be recognized.

SMB: Tell us about Peoples Bank & Trust Co.’s community investment efforts.
SM: PBT is very focused on the community we serve. Without the community, we would not be here. PBT has a generous scholarship program in which seven high school seniors each year receive a $2,000 a year renewable scholarship, up to four years of college education — or up to $8,000.

PBT also contributes to the Honor Flight program to send veterans to Washington, D.C., to see their memorial. To date, we have helped to send more than 100 veterans to see their memorial.

PBT also gives tours for the local schools and donates personal finance kits, plus volunteering through the local schools for interviewing, career days, teaching classes and helping with finance projects.

PBT also support many other non-profit organizations and churches through donations for fundraising and pays the postage to send care packages for “Support the Troops.”

Because identity theft is such a large topic, PBT also pays for a Community Shred day so all customers can bring their important but unnecessary documents to be shredded properly.

SMB: What is the bank’s biggest challenge in the area of Internet banking?
SM: Security — in an ever-evolving world of Internet and fast payments, security is always a high-priority. We are constantly looking at how we can serve our customers and help them achieve their dreams, but also keep their funds safe.

SMB: Why do you belong to the MIBA?
SM: The MIBA is a wonderful association that not only helps network with other bankers, but provides tools and insight from the industry that can help our bank grow and prosper.
Matthew S. Ruge, executive director of the Missouri Independent Bankers Association (MIBA), announces the recent hiring of Hannah Ruge. Ruge has joined MIBA as executive assistant, and began work Sept. 8.

In her new position, Ruge will be responsible for administrative and operational support within MIBA, organizing and coordinating correspondence and outreach, following through with communication, and working closely with management staff to maintain and expand upon the success of the organization.

Ruge was previously with Thomas and Associates CPA in O’Fallon, Mo., since January 2014. Her responsibilities as assistant to the CEO included the development of financial tracking mechanisms, the creation and distribution of financial statements and reports, in addition to operational duties such as managing customer payments, balancing accounts, paying invoices and bank reconciliations.

Ruge attended Missouri State University prior to her employment with Thomas and Associates.

Ruge is preparing to move to Columbia, Mo. She is an avid artist, and enjoys creating projects for local businesses and charities. She has been active in the annual Wright City High School Scholarship Auction, the Warren County Fine Arts Council, and the Holy Rosary School Auction by designing invitations, signage, furnishings and artwork for these and other community events.

The Evolving Branch

As branch transactions dwindle and new operations models increasingly dominate the banking landscape, technology advancements in cash handling are more important than ever to the branch environment.

Smart cash management is key for the future. Welch Systems can improve profitability, meet customer expectations, and help you provide more personalized service.

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Contributors to the MIBA Political Action Committee are recognized for their generosity on the Association's website and at the MIBA Annual Convention and Tradeshow. Different levels of contribution have been set to recognize supporters of our Political Action Committee fund and to make the Association's membership more aware of this important facet of our work on behalf of the political agenda of community banks across Missouri.

NOTE: Personal or corporate campaign contributions to any PAC are not deductible in any amount for federal tax purposes.

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- The Bank of Missouri, Perryville
- Bank of Old Monroe
- Bank of St. Elizabeth
- Bank of Salem
- Bank of Urbana
- Belgrade State Bank
- Blue Ridge Bank and Trust Co., Independence
- BTC Bank, Bethany
- The Callaway Bank, Fulton
- Central Bank of Kansas City
- Community Bank, N.A., Summersville (Directors)
- Community Bank of Pleasant Hill
- Community Bank of Raymore
- Community State Bank of Missouri, Bowling Green
- Exchange Bank of Northeast Missouri, Kahoka
- Farmers Bank of Green City
- Farmers Bank of Lincoln
- Farmers & Merchants Bank, St. Clair
- First Independent Bank, Aurora
- First National Bank, Clinton
- FMB Bank, Wright City
- Jonesburg State Bank
- Meramec Valley Bank, Ellisville
- Metz Banking Company, Nevada
- Midwest Independent Bank, Jefferson City
- Midwest Regional Bank, Festus
- The Missouri Bank, Warrenton
- Northeast Missouri State Bank, Kirksville
- Peoples Bank of Altenburg
- Peoples Bank & Trust Co., Troy
- Pony Express Bank, Liberty
- Regional Missouri Bank, Marceline
- Security Bank of the Ozarks, Eminence
- Sherwood Community Bank, Creighton
- Southern Commercial Bank, St. Louis
- The Tipton Latham Bank, N.A., (Directors)

**PLATINUM LEVEL**
$750 and up
- Farmers State Bank, Cameron
- First Missouri Bank, Brookfield
- Focus Bank, Charleston
- Mid America Bank, Linn

**GOLD LEVEL**
$400-$749
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- Legends Bank, Linn
- Merchants & Farmers Bank, Salisbury
- Peoples Bank of Wyaconda, Kahoka
- Peoples Savings Bank, Rhineland
- Platte Valley Bank of Missouri, Platte City

**SILVER LEVEL**
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**ASSOCIATE MEMBER CONTRIBUTIONS**
- BankOnIT
After graduating from high school at 17, my parents enrolled me in a business college at 14th and Walnut, in downtown Kansas City, Mo. I lived in a rented hotel room, which was located above the old Green Mill Restaurant at 14th and Main Street, just a block from the business college. I attended the business college in the daytime from about 8 a.m. to 4 p.m., five days per week.

After a few weeks, I was beginning to run out of money. I was able to get a job working at Kansas City Police headquarters at 12th and Locust, working from midnight to 8 a.m., six days per week as a “desk clerk” for the police patrol units. I was trying to save money but found it difficult with the expenses I had, so I moved from 14th and Main Street to an old apartment building south of 14th and Broadway, where an interstate highway is now located.

After about a month, I decided to try to find less expensive living quarters, so I moved into a room at the old Densmore Hotel, located at 9th and Locust. As I now look back on it, I am guessing that the hotel was probably occupied mostly by less than socially desirable people.

After living at the Densmore a few months, I decided to move to the downtown Kansas City YMCA. At the YMCA, I had a very small room, and I had to share shower and restroom facilities with other residents. After only a few days, I decided that this was not my lifestyle and so I moved to a room on the third floor of an old house in the northeast area of Kansas City, where I lived for about two more years.

I continued to work midnight to 8 a.m. at Kansas City Police headquarters while attending the business college during the day. I was working all night, going to school all day and trying to maintain some social life in the early evenings. This schedule allowed only about three or four hours of sleep per day. After two years, I was totally exhausted and concluded that I had to change my life.

And so at age 19, I started looking for a new job and found one in the commercial loan and discount department at City National Bank (now UMB) in downtown Kansas City. I posted new commercial loans and renewals, principal and interest payments, and calculated interest amounts when the payments became due (there were no electronic calculators or computers yet to perform that function). I also prepared new commercial notes, security agreements, deeds of trust and other loan documents. I continued working at UMB downtown for 12 years in commercial loans and the commercial credit analysis department, including time out for the U.S. Air Force, and then as president of a newly chartered UMB Bank in Blue Springs.

I had spent nearly two full years at the business college and so already had a good knowledge of accounting and general business. But I always felt that if I were ever going to achieve any success, I would have to obtain a college degree. So at the time I had started at UMB, I also began attending Kansas City Junior College in the evenings. After a couple of years in junior college, I began attending Rockhurst College (now Rockhurst University) in the evenings. I worked full-time at UMB...
Another critical lesson I learned is that it is necessary to have good, intelligent, dedicated associates working with you. They, along with my wife, Peggy, have helped me through the difficult times in banking.

in downtown Kansas City and generally took about 12 hours per semester at Rockhurst in the evenings until receiving my bachelor’s degrees.

After leaving UMB, I purchased, with the help of several investors in 1981, Bank of Urich, a small bank in Urich, Mo. I operated this location by driving from my home in Blue Springs about one to two days per week. In 1997, we opened a branch in downtown Blue Springs, and a few years later made it our headquarters, while retaining the Urich location as a branch. About four years ago, we sold the Urich branch to another community bank. Over the early 2000s, we changed the name of our bank to “America’s Community Bank,” and we continue to operate the Blue Springs office today.

In 1982, I was able to purchase another community bank, this one located south of Boonville in the town of Bunceton, Mo. Soon after purchasing the bank, I began the process of inspecting and shoring up some loans that I was concerned about. I telephoned one particular borrower to inquire as to when I could come to his farm to inspect some hogs that were supposedly securing the loan, but I was informed that all his hogs had died over the winter and that he had no income.

On another loan that was secured by a pickup truck, I was informed by the borrower that someone had stolen and wrecked the pickup and that he did not know its location. In addition, he was out of a job and therefore had no money to pay.

On yet another loan, the bank was owed about $20 million, but it was unsecured. I assumed I was looking at a total loss, but the borrower called me one day saying that he wanted to make a substantial payment if I could renew the balance for a short time. Needless to say, I accepted his payment and renewed the balance for several months. As I recall, the borrower had the entire $20 million paid within about one year.

I continued operating the Bunceton State Bank, driving from my home in Blue Springs (about 100 miles each way) three or four days per week, until selling it in 2000 to a good friend.

In 1983, a partner and I were able to purchase a bank in Madison, Kan., from an elderly gentleman who was ready to retire. My partner became the president of the bank and I became chairman, driving to Madison, Kan., about 20 miles to the north of Madison, made Emporia our main office and retained the Madison office as a branch. In 1997, I was able to buy out my partner and took over the job as president in addition to my job as chairman. Total assets reached a high of $60-plus million before my selling this bank in 2012.

One of the main lessons I have learned over the years, particularly about agricultural loans, is that even though a bank’s documents may appear that a loan is well secured, you really do not know the quality of the loan if you do not know the borrower. Inspect the collateral periodically and continue to keep up-to-date on his circumstances.

Another critical lesson I learned is that it is necessary to have good, intelligent, dedicated associates working with you. They, along with my wife, Peggy, have helped me through the difficult times in banking.

Over the years, I have served on various boards, including MIB, MIBA and ICBA, and have been involved in some way with a number of community banks. When I first began my banking career back in 1962, the level of federal bank regulation was at a very minimal level. There were more individual liberties, free enterprise flourished, and the national and local economies expanded at a respectable level.

My perception is that the level of new federal bank regulations in the last six to seven years, is a severe restricting agent to economic expansion and consequently to our standard of living. The level of government involvement and burdensome regulations in today’s world is just an incredible and unfortunate thing to have to witness. My understanding is that Dodd-Frank regulations alone consist of 20,000 to 30,000 pages, and I do not know of anyone who has read them all. A significant amount of time must now be spent by community bankers in reading, understanding and adhering to federal banking regulations, valuable time that could otherwise be used to help customers and in helping to generate additional economic activities in their local communities. With the efforts of ICBA, perhaps significant regulatory relief for community banks will occur.
Question: It seems like only yesterday that we finally replaced that last Windows XP machine. Windows 8 looks difficult to use, and now they’re telling us that Windows 7 is in “extended support.” Windows 10 has been out since July 10 of this year. What should we do?

Well, first of all, take a deep breath. Windows 7, though in extended support, will continue to be viable and receive security updates until January 2020. There are no compelling reasons to jump to a new desktop platform immediately, which means you have plenty of time to carefully test and evaluate Windows 10 before taking the plunge. Windows 10 remains a free upgrade from Windows 7 and Windows 8 Pro versions. But if you have Enterprise licensing, the upgrade is available only with Software Assurance.

As always, your best bet is to thoroughly test all critical applications on Windows 10, including a test of important websites before pushing the changes out to all workstations.

Let’s look at some of the specific concerns that banks should address when adopting Windows 10.

SECURITY AND PRIVACY
At least at initial release, Windows 10 contains many “features” enabled by default with dubious security and poor privacy controls.

Many of these capabilities were intended for home users with interest in social networking and casual sharing of home networks. In addition, default settings permit the gathering of information to make it easier to provide directed advertising, helpful browsing and content suggestions. None of these are appropriate in a secured bank environment. These features can be disabled or managed using group policies on a Microsoft Domain.

One of the most discussed features is Wi-Fi Sense. Wi-Fi Sense is intended to make it easy for friends to share each other’s Wi-Fi connections. This “feature,” if enabled, stores your Wi-Fi access passwords on external Microsoft servers (encrypted) and permits anyone in your various contact lists to have automatic access to your Wi-Fi bandwidth when they drop by. There is some security involved. The actual passwords are not shared, and the shared access is “guest,” permitting only Internet access and no visibility of network resources. This feature can eat bank Internet bandwidth, however. This feature is turned “on”...
Privacy: By default, Windows 10 privacy settings permit gathering of information about your browsing, typing and location to “enhance” your experience.

by default. Make sure you turn it off! You can further protect your network by adding “_optout” to the SSID (network identifier) of your wireless access points to disallow sharing by any guest users running Windows 10. Wi-Fi Sense cannot run over wireless networks secured with 802.1x (this typically requires a special authentication server).

By default, Windows 10 privacy settings permit the gathering of information about your browsing, typing and location to “enhance” your experience. These settings are found under Privacy/General in Settings. Again, banks should be concerned about the amount of data that flows out of the bank to advertisers or other parties that could potentially be used for social engineering attempts. Cortana, Microsoft’s version of Apple’s Siri, also likes to get to know you. This can be disabled under Privacy/Speech, Inking & Typing.

PATCH MANAGEMENT AND UPDATES
Windows 10 takes some of the options away from patch management. Patching is still manageable with WSUS and third-party management tools, but automatic patching cannot be disabled, only delayed with non-enterprise licenses. If your policy is to test critical patches before deployment, test your patch management capabilities on a test system.

Also hidden in the settings is “Updates from more than one place.” When turned on, this permits PCs on your network to receive patches from other PCs on the network or on the Internet. It also permits your PCs to distribute patches to other PCs. Again, it is best to turn off any file sharing options.

LEGACY APPLICATIONS
As with any significant update, test your existing applications thoroughly on the new operating system to ensure functionality. Check with your software and hardware vendors for compatibility, and roll out Windows 10 on a test system with critical applications installed. The Windows 10 media creation tool has a compatibility checker as part of the install process.

For any workstations and servers with encrypted folders or hard drives, unencrypt before upgrading. The upgrade process could potentially make files or entire hard drives unreadable.

EDGE BROWSER
Windows 10 comes with a brand new browser, Edge. Microsoft has stated that Edge is substantially more secure than Internet Explorer, but IE 11 is still around for legacy requirements. It is important to thoroughly test Edge (and IE 11) against websites important for bank operations. Any improvements to browser security are often offset by delays in website compatibility.

SUMMARY
There’s a lot more that can be discussed, but we’ve limited space. Windows 10 appears to be a stable, intuitive operating system largely compatible with applications that run on Windows 7 and 8. Some “default” settings, however, should definitely be disabled when rolling out in a financial institution.

Here is a quick checklist:

• Take your time and test, test, test.
• Verify all applications, drivers and websites (with Edge).
• Check with vendors for known compatibility.
• Turn off Wi-Fi Sense.
• Disable privacy settings that permit sharing of browsing and typing habits.
• Disable patching from “more than one place.”
• Don’t install on encrypted hard drives without first unencrypting.
What’s New at MIBA

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New Email Addresses:
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The Independent Community Bankers of America (ICBA) has announced that two local community bankers — William H. Jones, Jr., chairman of the $93-million Meramec Valley Bank, Valley Park, Mo., and William McDaniel of the $185-million Community Bank of Raymore, Raymore, Mo., was elected to the ICBA Federal Delegate Board. ICBA is the nation’s voice for community banks.

Serving on the Federal Delegate Board gives them a chance to work for community banks across the country that practice trusted, relationship-based lending and offer hands-on personal service and invaluable financial expertise to local consumers and small businesses.

In addition to helping shape and advocate ICBA’s national policy positions and programs, Jones and McDaniel’s duties include being a liaison between independent community bankers in Missouri and ICBA staff and leadership in Washington, D.C. They will also work to recruit new members to ICBA.

ICBA is the only national trade association dedicated exclusively to promoting the interests of locally operated community banks and savings institutions. With trusted financial expertise and high-quality customer service as their hallmarks, community banks offer the best financial services option for millions of consumers, small businesses, farms and ranches.

About ICBA
The Independent Community Bankers of America, the nation’s voice for more than 6,500 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. For more information, visit www.icba.org.
The new RESPA/TILA rules that apply to lenders and consumers obtaining a mortgage went into effect on Oct. 3, 2015. As mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Consumer Financial Protection Bureau (CFPB) combined various federal mortgage disclosures that lenders are required to provide to consumers when obtaining a mortgage, creating what is known as the “Know Before You Owe” mortgage initiative. The purpose of “Know Before You Owe” is to provide simpler disclosures that will make it easier for consumers to understand and to compare multiple loan offers. Creditors had to begin providing the new forms on Oct. 3.

Do we all think the new disclosures will be simpler and consumers will understand them or even read them?

Nonetheless, on Sept. 17, in anticipation of the approaching kick-off to “Know Before You Owe,” the CFPB released new online tools intended to help consumers navigate the mortgage process by providing a step-by-step overview of the mortgage process; assisting potential homebuyers in determining the amount they can afford on a mortgage; and familiarizing consumers with the new “Know Before You Owe” mortgage forms.

The newly added tools include an addition to CFPB’s previously released “Owning a Home” site, which was originally designed to assist consumers with the home buying process. The new tools help “consumers decide if owning a home is the right choice, understand what they need to do to get a mortgage, find the best offer and close the deal.”

The tools provide an interactive, step-by-step overview of the mortgage process, help homebuyers decide how much they can afford to spend, and help consumers explore and use the new “Know Before You Owe” mortgage forms.
As of Oct.3, lenders must have a firm grasp on the new rules when dealing with consumers wanting to buy a home. Providing forms on a timely basis and in the appropriate sequence must be followed precisely pursuant to the new rules.

“Our new mortgage forms reduce the information gap between lenders and consumers, shedding light on a process that often feels like a mystery,” said CFPB Director Richard Cordray. “It is time consumers have more power in the mortgage process, and our new forms and online tools will help make that a reality.”

Theoretically, the loan estimate and closing disclosure forms will better help consumers understand their options, choose the deal that’s best for them and avoid costly surprises at the closing table.

The loan estimate details the transaction, including the estimated loan and closing costs. Consumers can use this form to do apples-to-apples comparison shopping between loans. The closing disclosure, which details the final transaction, is provided to consumers at least three business days before closing. This time period allows consumers to confirm whether they are getting what they expected, ask questions and negotiate over any changes. The loan estimate and closing disclosure mirror each other, making it easy to compare estimates with final loan terms.

The CFPB’s press release detailing the new “Know Before You Owe” tools can be found at http://www.consumerfinance.gov/newsroom/cfpb-releases-new-owning-a-home-tools-to-help-consumers-shop-for-a-mortgage/.

The CFPB’s “Owning a Home” site containing the newly added tools can be found at http://www.consumerfinance.gov/owning-a-home.

More on CFPB’s “Know Before You Owe” initiative can be found at http://www.consumerfinance.gov/know-before-you-owe/.

As of Oct.3, lenders must have a firm grasp on the new rules when dealing with consumers wanting to buy a home. Providing forms on a timely basis and in the appropriate sequence must be followed precisely pursuant to the new rules. Unfortunately, there will be little margin for error by lenders. Good luck.

For more information, contact Zane Gilmer, associate (zane.gilmer@stinson.com), or Bob Monroe, partner (bob.monroe@stinson.com) with Stinson Leonard Street LLP, located at 1201 Walnut St., Ste. 2900, Kansas City, Mo.
In Missouri, it is not uncommon for a deed of trust on a property to be extinguished for failure to redeem the delinquent taxes following a tax sale. In addition to a tax sale, there is a recently enacted and rarely used Missouri statutory mechanism titled Action for Temporary Possession of Real Property for Rehabilitation (Action for Temporary Possession) codified in the Missouri Revised Statutes §§ 447.620 through 447.640, which provides the ability for a non-profit organization to proceed with a judicial action that can ultimately lead to the non-profit obtaining title to the property free and clear of all liens, including deeds of trust (with the exception of tax liens). Failure of the deed of trust holder to take appropriate action to protect its interest can lead to that interest being extinguished and leaving the holder unsecured.

Before a non-profit can initiate the above referenced Action for Temporary Possession, it must be incorporated for at least six months. Next, the non-profit must locate a property that has been continuously unoccupied for at least six months. Said property must also be considered a nuisance, as defined by § 447.620 and have delinquent real estate taxes. Once the property meets these standards, the non-profit can proceed with filing a verified petition for the property to be Declared Abandoned and for Temporary Possession (Petition). While the Petition may appear innocuous, as the language may not state that the non-profit is ultimately attempting to obtain title to the property free and clear of all liens, it is most definitely not. The Petition will allege that the property has been unoccupied for the last six months, is subject to delinquent taxes, constitutes a nuisance, and it will allege that the non-profit intends to rehabilitate the property. In addition to filing a petition, the non-profit must also record a Lis Pendens on the property with the county recorder of deeds where the property is located.

The Petition must then be served on all “Parties in Interest” as defined by § 447.620, which includes any record holder of a deed of trust. Once the holder is served with this Petition, it is imperative that the holder file an answer asserting its priority within the 30-day time period (assuming the holder is a Missouri resident or Missouri organization) even if it appears that the Petition only prays for an order that allows the Non-profit to rehabilitate the property. At first glance, it may sound enticing to the holder to allow a third party to rehabilitate a dilapidated property, as it will only increase the value of the property. If the holder assumes that the temporary possession and rehabilitation of the property will be subject to the deed of trust, it is mistaken.
After the Petition is served on all “Parties in Interest” and the applicable answer period has expired (assuming no answers have been filed), the non-profit will file a Notice of Hearing. At the hearing, the non-profit will provide the court with a rehabilitation plan and evidence demonstrating that it has the financial resources to implement said plan. At the hearing, any defendant will have the opportunity to demonstrate why the non-profit should not be allowed to rehabilitate the property. If the court is satisfied with the non-profit’s allegations, evidence and rehabilitation plan, it will enter an order allowing the non-profit to obtain temporary possession of the property and allowing it to rehabilitate the property.

Once the rehabilitation of the property is complete, the statute provides that after a year has passed from the date the order granting temporary possession was entered, the non-profit can file a petition for a judicial deed but must provide notice to all named defendants. Once the court enters an order granting the judicial deed, the deed will be issued and title is conveyed to the non-profit free and clear of all liens on the property (with the exception of tax liens).

The “owner” of the property has the opportunity to petition the court for restoration of possession prior to the entry of the order granting the judicial deed; however, the “owner” will have to prove to the court it has the capacity and the resources to either complete the rehabilitation or reimburse the non-profit for the rehabilitation costs it has incurred (assuming the costs have been approved by the court). Unfortunately, the term “owner” is not defined within the applicable statutes; therefore, it is unclear if the holder can petition the court to restore possession of the property to the record owner by reimbursing the rehabilitation costs to the non-profit.

Not surprisingly, there is an exception to the above referenced provision regarding the one-year time frame for the “owner” to restore possession of the property. Missouri Revised Statute § 447.625 carves out an exception for properties located within any home rule city, such as Kansas City. This exception allows the non-profit to shorten the one-year period for the “owner” to restore possession to the time period it takes the non-profit to complete the rehabilitation. Obviously, this is likely to be a
much shorter time period and entices the non-profit to complete the rehabilitation as quickly as possible. Once the rehabilitation is complete, the non-profit may file a motion for sheriff’s deed in place of the judicial deed referenced above, assuming possession has not been restored.

Given that the applicable statutory provisions were enacted in 2008 coupled with the infrequency that an Action for Temporary Possession is utilized to obtain title to a property, there are very few reported cases regarding the subject matter. Currently, there are only two reported cases regarding the Action for Temporary Possession. Given the significant impact an Action for Temporary Possession can have on the holder, it is likely that there will be issues not contemplated in the applicable statutes that will need to be addressed in the future. As previously discussed, the term “owner” is not defined within the statutory provisions, so it is uncertain if the holder will prevail if it petitions the court to restore possession. Another potential issue is whether or not a record trustee with respect to a deed of trust is a necessary party of interest. Furthermore, it is uncertain how title insurance companies will view deeds obtained via an Action for Temporary Possession with respect to insurable title. The above referenced matters are just several examples of potential issues that remain unanswered.

In conclusion, an Action for Temporary Possession can lead to serious repercussions for a holder, including that the holder may have to reimburse the non-profit for the incurred rehabilitation costs, and the potential that the holder’s deed of trust may be extinguished, leaving it unsecured. If served with an Action for Temporary Possession, the holder should meticulously review and evaluate to determine if it has an interest in the property, and, if so, immediately file an answer asserting its priority in order to establish that any interest obtained by the non-profit is subject to the deed of trust. If the holder inadvertently fails to answer into the action within the prescribed time frame, it is imperative it appear at the temporary possession hearing to assert its interest. Another recommendation is that the holder ensures all assignments with respect to the Deed of Trust are of record to be certain a non-profit names and serves the appropriate party in an Action for Temporary Possession. If affirmative actions are not taken to protect the holder’s interest in an Action for Temporary Possession, it runs the risk of the deed of trust ultimately being extinguished as it would if it failed to redeem delinquent real estate taxes following a tax sale.

Gregory D. Todd is an associate in the Kansas City office of Martin Leigh P.C. If you have questions or comments regarding this article or require assistance with a legal matter, please contact him via email at gdt@mllfpc.com or by phone at 816-221-1430.
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3 Director Series: Interest Rate Risk Policies, Considerations & Consequences: What Directors Should Know
   10 – 11:30 am

4 Form 1099 Reporting: Third-Party Vendors, Foreclosures, Debt Forgiveness & More
   2 – 3:30 pm

5 Remote Deposit Capture Update & Issues for Commercial, Consumer & Mobile Banking
   2 – 3:30 pm

9 CFPB Final Amendments for Small Creditors & Rural or Underserved Areas, Effective Jan. 1, 2016
   2 – 3:30 pm

10 Regulatory Requirements for the Board & Senior Management
   2 – 3:30 pm

12 IRA Series: IRA Reporting, Common Issues & Error Resolution
   2 – 3:30 pm

13 Preparing for the Impact of Same Day ACH
   10 – 11:30 am

17 Basic Banking for New Employees Part 2: Regulatory Issues, Exams, Audits
   2 – 3:30 pm

18 Robbery Prevention, Apprehension & Recovery
   2 – 3:30 pm

19 Emerging Leader Series: Managing Credit Risk
   2 – 3:30 pm

23 Regulatory & Legal Risks of Overdraft Protection: Recent Issues & Best Practices
   2 – 3:30 pm

24 Nuts & Bolts of Effective Metro 2 Credit Reporting via e-OSCAR
   2 – 3:30 pm

30 CECL, the ALLL & FASB’s Proposed Standard for Recognizing Credit Impairment: What’s Changing & Why Preparing Now is Critical
   2 – 3:30 pm

DECEMBER

15 Community Bankers for Compliance (CBC) Program
   The Broadway by Hilton, Columbia, Mo.

16 MIBA Board Meeting
   The Broadway by Hilton, Columbia, Mo.

JANUARY 2016

9-16 2016 Ixtapa Mid-Winter Seminar
   Ixtapa, Mexico

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