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with Time to Spare
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Banks Using Captives for Enterprise Risk Management in Increasing Numbers
It’s evident that bankers know not all enterprise risk is addressed with their commercial insurance package.

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Free market capitalism is the driving force pulling millions of people and families out of poverty around the world every year. The U.S. free market economy has lead the way for this emergence of prosperity. One of the critical contributing factors of America’s success is that decisions about how capital is allocated are decentralized. Decisions about who gets capital, what do they do with it, and what rates of return and wealth creation can be achieved are made in thousands of local communities throughout America by local bankers and business owners who are intimately connected with the needs of their communities.

But with the passage of Dodd Frank, Congress has begun the process of consolidating economic power in America. Since the passage of Dodd-Frank, community bank market share has dropped at double the rate of the drop in market share caused by the crisis itself. That means that Dodd Frank has been twice as damaging to community banks as the financial crisis. In short, we are losing community banks at a rate of more than one per day!

It is becoming very clear that Dodd-Frank wasn’t really about Wall-Street, it’s about a few political elitists in Washington D.C. who want to aggregate economic power inside the beltway because they think they know how to allocate our nation’s capital better than the collective decisions of millions of Americans. Their goal is to drive the nations assets into a handful of large institutions that they can regulate and control. This plan actually empowers their friends on Wall Street!

It’s imperative that Americans realize that Dodd-Frank was an attempt to use the recent economic crisis to shift economic power away from their local community and concentrate it in Washington D.C. Ironically, Washington D.C. is exactly where the last economic crisis began.

If you find this hard to believe, just look at the opponents of Dodd-Frank reform. These are the same people who openly advocate for socialist based economic solutions and a bigger federal government as the answer to all of our problems. These zealots don’t like free market capitalism. They don’t like wealth creation unless it’s completely uniform. They view the pursuit of happiness as a collective goal rather than an individual pursuit.

They opportunistically used a crisis, created by flawed federal housing policies to create a false narrative that vilified the pillars of free market capitalism – traditional banks. Everyone who knows anything about the crisis knows that traditional banks did not cause it. But since Dodd-Frank, we have been losing traditional banks at historic rates and key members of Congress oppose any reform. It makes absolutely no sense, unless that was their plan all along.

It’s time to set aside all the false narratives and fight the war at hand – the war against the concentration of power in a strong and unaccountable central government in Washington D.C. It’s a war that has raged since the founding of our nation. The popularity of the musical “Hamilton” is a well-timed reminder that the seduction of a strong central government has always existed and has often overcome even some of the brightest minds throughout history.
The president’s Council of Economic Advisers seems to have taken to heart Mark Twain’s suggestion to “get your facts first, then you can distort them as you please.”

A report from the group released in August reviews the aggregate performance of community banks then boldly — and illogically — concludes that the Dodd-Frank Act has not harmed that segment. Specifically, the report claims that bank branching patterns, lending growth and geographic reach “show that community banks remain strong.”

The statement is jaw-dropping in its willful disregard for the true cause and effect of the disappearance of 1,708 banks — or 22 percent of the industry — since the enactment of Dodd-Frank in 2010. It’s as if the White House is saying “what does it matter if we are losing a bank a day, there are others around that can lend.”

We know how much it matters — to you and to the communities that no longer have their local hometown bank. And we know that it is more than just market forces and “macroeconomic conditions” that are driving the twin trends of bank consolidation and the dearth of new bank charters.

As I said in a letter to the CEA respectfully challenging its conclusions, the thousands of pages of new regulations that have been imposed on community banks in recent years is an enormous driver of decisions to sell to a larger bank. Those same regulations are restricting product offerings, like mortgages, and discouraging banks from growing for fear of the increased regulation that is triggered by crossing an arbitrary asset threshold. This leaves customers with fewer choices and communities with less service.

Complex, ill-fitting rules — from Dodd-Frank and beyond — are also to blame for the lack of de novos in recent years. The CEA suggests the real reason is low interest rates, but large numbers of new banks have formed in past recessionary times, so that argument just doesn’t wash.

The CEA’s conclusions, in short, feel forced and out of touch. Had the researchers called real, live bankers who are grappling with how to grow their business in the current regulatory environment, they could have gotten right to the heart of the matter. They might have heard something like this, taken from a note that one of ABA’s members recently sent explaining his bank’s decision to hang it up:

Unfortunately we became a victim of Dodd-Frank. The effects of Dodd-Frank… plus other regulatory issues… resulted in financial projections showing substantial declines in revenues and increases in compliance costs, reaching the point that in a few short years an otherwise healthy community bank with strong capital and satisfactory earnings could no longer meet a number of financial benchmarks set by the regulators. These conclusions forced the bank to sell now when our shareholders and some of our employees would be less adversely affected.

When this bank merged with a larger one, half of its employees lost their jobs. And that highlights yet another costly toll of government-induced consolidation: the lost contributions of men and women who play leading roles in their communities.

John Ikard, last year’s ABA chairman, said it well in his farewell speech at our convention. A community can lose their bar or their grocery store, but they can’t lose their bank, adding that online lenders are no replacement. “You can’t go online to get a leader. Banks don’t just provide money. They provide the people who serve on the school board, United Way, churches.”

That kind of involvement — which undoubtedly makes communities richer — is not something any economist can put a value on.
Just when banks thought they couldn’t get enough of Regulation Z and RESPA, the recent flood of insurance changes and the phase-in over the next two years for changes to the Home Mortgage Disclosure Act, along comes another change from our friends at government-sponsored entities (GSEs) Fannie Mae and Freddie Mac: a new Uniform Residential Loan Application, or URLA, is here!

This form, also commonly known as the 1003, is not explicitly required by federal regulation for mortgage loans, but it is required for any loans that the GSEs purchase and, therefore, is the form most financial institutions use to originate their mortgages.

In a cheerful proclamation on their website, the GSEs state, “The first material updates to the URLA in more than 20 years are the result of extensive collaboration. We worked closely with lenders, technology solution providers, mortgage insurers, trade associations, housing advocates, borrower groups, government housing agencies (FHA, HUD, VA and USDA-RD), the Consumer Financial Protection Bureau and other industry participants.”

But don’t rush out and start using this amazing new form just yet! The GSEs themselves won’t even accept the new form until January 2018, and if you’re thinking about using it for your portfolio loans before that time, you should know that there are a lot of important ins and outs to consider before adding the new 1003 to your loan document arsenal.

First of all, the good news: The new URLA is a vast improvement format-wise over its predecessor. From a visual standpoint, it has been extensively market-tested and now clearly separates lender information from applicant information, making it easier on the eyes of both creditors and borrowers.

Its headings, font and boxes appear extremely similar to the Loan Estimate and Closing Disclosure that are currently required under the TILA/RESPA Integrated Disclosures rule, which should give all the loan file documents a more uniform look overall.

Moreover, the form is now dynamic, meaning that its length and content will vary depending on the type of loan being applied for. Unnecessary data fields from the old form have been eliminated. Additionally, both electronic and paper copies of the form will be made available and both will be accepted by the GSEs, accommodating technologically savvy and old-school bankers alike.

Finally, the new URLA makes it easier to add and remove additional borrowers than before—this should be a major relief especially to smaller community banks, which in using the older form may struggle to prove to examiners that requirements like establishing joint intent under Regulation B have been met.

There are some points of concern with the new form, however. First of all, the form’s dynamic nature means it’s maybe not as consistent as the prior, more universal URLA—What is true for a refinance URLA may not be so for a purchase loan URLA, which means that identifying the form properly
in the course of the loan process and filing it away correctly, especially in the cases where paper copies are used, could get trickier.

Secondly, the existing URLA has been around for so long that it is familiar to bankers and is already a firm part of most banks’ lending platforms, so swapping it out with a brand-new form could constitute a major and potentially expensive undertaking, depending on a bank’s particular set-up and costs. (Fortunately, the GSEs are providing a “GMI addendum” that can be tacked onto the old URLA instead of using the new URLA for the early part of 2018, but presumably a full conversion over to the new URLA will be required at some point.)

Additionally, although a “final” version of the new form has been put out there, it could be up for a few more tweaks anyway—the CFPB has yet to finish looking at it to ensure it qualifies for “safe harbor” as valid application under Regulation B, and the automated underwriting system with which the new URLA is supposed to function was not expected to be available until late last month.

Although the new URLA should be a major improvement once it’s fully up and running, it’s safe to say that the form is nowhere near “ready to rock” yet. The form still needs to be aligned with the GSEs’ automated underwriting and HMDA’s expanded 2018 data collection requirements, and use of the form at this point likely would result in an over-collection of government monitoring information, which runs the risk of violating both Regulation B (ECOA) and Regulation C (HMDA) as they are currently written. Therefore, it’s best to hold off on using the new URLA to originate mortgage loans for the time being.

Nevertheless, with all the other big regulatory changes looming on the horizon, financial institutions are encouraged to check out the new form and see how it can best fit into their existing lending platforms. The GSEs have yet to roll out an official launch schedule and training solutions for the form, but those should be arriving in the near future, so be sure to look out for them.

A wonderful FAQ, a summary, copies of URLA forms and addenda and samples of filled-out URLAs for purchase and refinance transactions can be found on the GSEs’ website at https://www.fanniemae.com/singlefamily/uniform-residential-loan-application. (A Spanish version of the form should be available soon as well, if not already.)

I would highly encourage a visit to that page for some of the finer details on the new form, and recommend sticking by Compliance Alliance for any and all updates regarding the GSEs’ implementation of the new URLA in 2018 and beyond!

James McGuire has worked as an attorney and legal researcher in the financial industry since 2010. After graduating from the University of Minnesota Law School in 2007, he served as Assistant General Counsel for the Texas Attorney General in the Open Records Division, and later worked as a solo practitioner in the Austin area. Prior to joining Compliance Alliance in July of 2015, James assisted a major mortgaging servicer with the OCC’s independent foreclosure audit and was an SEC filing researcher for a major financial and legal research firm. He has extensive first-hand experience with open records, mortgage servicing, consumer law and securities regulation. Compliance Alliance offers a wide variety of compliance support resources. To learn how to put them to work for your bank, call us at (888) 353-3933 or visit compliancealliance.com.
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The Consumer Financial Protection Bureau is expected to render a decision soon on how much and how frequently banks can charge customers for overdraft protection. But has the bureau considered the full consequences of a rule that could lead to banks reducing or removing overdraft protection entirely?

If the CFPB issues an unreasonable mandate for banks on overdraft fees, then the banking industry as a whole should stand up to the bureau by removing the service for overdrafts on consumer check and ACH debit transactions. The effect of such an action would be immediate. Consumers would be charged an insufficient funds – known as NSF – fee by both the bank and by merchants unable to process the transaction.

Such a step by banks should exclude overdrafts from ATM transactions and non-recurring point-of-sale debit card transactions. Those types of overdrafts should still receive protection as along as consumers have opted in to the service, as mandated by the Federal Reserve.

But a concerted effort to pull back on overdraft protection would help illustrate just how useful and important a service it is when a bank pays a consumer’s obligation, in some cases without being paid back, and would also shine a spotlight for once on the businesses that can charge a fee for insufficient funds.

Several months ago, the CFPB issued a report, “Data Point: Checking Account Overdraft”, showing that banks usually pay over 80% of overdrawn items, meaning businesses relatively speaking don’t charge NSF fees very often. But if businesses had to charge more NSF fees as a result of there being less overdraft protection, would the CFPB begin to investigate businesses charging those fees to consumers?

The CFPB is only looking at part of the issue when they consider a ruling on overdraft fees. They are not taking into consideration that, on a daily basis, banks throughout the United States are providing overdraft protection for consumer’s mortgage and rent payments, food purchases, medical needs, insurance payments, etc. Unfortunately, some customers do not repay the bank and the financial institution takes a loss on the negative checking account balance after the account has been overdrawn 45 to 60 days.

All banks charge off thousands of dollars – for large banks, its millions of dollars – a year from losses on checks, ACH, ATM and debit card transactions that were paid for customers but never reimbursed by customers making deposits into their account. In addition, banks must devote employee time and expenses to attempt to collect the charged-off account balances.

The CFPB should reflect on consumers’ reaction in 2002 when a three-judge panel for the Ninth Circuit Court of Appeals ruled in a case involving Washington Mutual Bank that “the bank was prevented from recovering overdrafts from (social security) benefits directly deposited in the account.” Some banks then discontinued permitting overdrafts on checking accounts with a social security direct deposit. There was so much upheaval from social security recipients who needed the ability to overdraw their accounts that later that year the Social Security Administration filed a brief asking the court to reconsider the decision. It was subsequently reversed.

The CFPB should be prepared for a similar response from consumer groups if an overly aggressive overdraft rule endangers overdraft protection services.

Banks are a significant stabilizing factor in our economy as a result of their payment processing services. The safest action by the CFPB therefore is to take no future action on the overdraft issue.

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Consumers think switching banks is a real hassle.¹ Inactive accounts are a hassle for you. ClickSWITCH changes that. A turnkey, fully automated account switching solution, ClickSWITCH simplifies activation for you and your new account holders with the click of a mouse. In just 10 minutes, they can initiate secure transfers of recurring transactions and deposits from their former financial institutions to yours. Easy for them. Increases activation rates for you. It just clicks.

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¹ Consumersunion.org, Trapped at the Bank, September 2013
Consumers think switching banks is a real hassle. Inactive accounts are a hassle for you. ClickSWITCH changes that. A turnkey, fully automated account switching solution, ClickSWITCH simplifies activation for you and your new account holders with the click of a mouse. In just 10 minutes, they can initiate secure transfers of recurring transactions and deposits from their former financial institutions to yours. Easy for them. Increases activation rates for you. It just clicks.

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Have you ever listened to a newscast where it became painfully obvious that the reporter had absolutely no real knowledge of the subject matter? Unfortunately this is particularly common with news involving data. In our fast-paced world where only the most recent data is reported in a rushed headline, we as data consumers can often draw skewed, if not completely wrong, conclusions from the announcement.

The purpose of this white paper is to briefly delve into six of the most common errors when it comes to data reporting or data consuming. If you’ve ever had a time when housing numbers didn’t seem to make sense, or if you have colleagues who are not used to digesting this type of information, our hope is that this document helps clear up some confusion. While far from an exhaustive list, we see these particular issues come up very frequently.

#1 ‘Tis the Season(ality)
This section isn’t about the holidays, at least not exactly. Housing data is frequently reported without an indication of whether it is seasonally adjusted or non-seasonally adjusted. What’s the difference? Seasonally adjusted data is a statistical creation designed to cancel out the natural ebb and flow of data activity in different times of the year, while non-seasonally adjusted data is more raw. Seasonal adjustment typically translates a single month’s number into an annual rate. So for instance, when the Census Bureau reported that February 2015 new home sales came in at 539,000, that does not mean 539,000 new homes were sold in February (those of us in the housing industry would be very excited were that the case!), it means that based on the pace of activity in February compared to the same month in years past, we’d wind up with 539,000 new home sales in 2015 if every other month performed as well respective to their historical counterparts. If that sounds a bit confusing, it is. But the benefits to seasonal adjustment is that we can compare one month to the next, so we can judge seasonally adjusted numbers from February next to seasonally adjusted numbers from January, and have a valid comparison. We cannot do that with non-seasonally adjusted figures, because in this case February new home sales are almost always higher than January new home sales (it’s only happened twice since 1990 that January posted a higher number), so it doesn’t tell us much. Instead, if you want to use non-seasonally adjusted numbers, you need to compare them to the same month a year (or more) ago. So seasonal adjustment can be helpful for looking at things month-to-month, but it generally brings higher margins of error with it, which we’ll discuss later.

#2 Self Confidence
Now that we’ve talked about seasonal adjustment, we can talk about something that often comes with it: higher margins of error. With many of the government data releases like those from the Census, you’ll also see a “90% confidence interval.” What does that mean to us as data consumers? Surprisingly, it means that often the change in direction described (sales are up, sales are down) is actually not statistically significant. In other words, because of either sampling errors (naturally with any survey you have some margin of error when applying the results to everyone) or non-sampling errors (bias, nonreporting, undercoverage, etc.), often times the agency releasing the information doesn’t really know if the data went up or down, despite the fact that the headline is reported as if they do. Since we’re discussing the US Census, they state this pretty clearly on their releases, “90% confidence interval includes zero. The Census Bureau does not have sufficient statistical evidence to conclude that the actual change is different from zero.” “Well,” you think, “that can’t happen that often, right?” It occurs more often than you would probably think. With our example of new home sales above, turns out that the seasonally adjusted percentage change rate from January to February had a 90% confidence window that included zero. In other words, they don’t really know if February was better or not. Looking back at all of 2014, this was the case in 9 out of the 12 months. You might want to read that sentence one more time, because it means in 2014 the Census didn’t know if New Home Sales went up or down 75% of the time. Yet that is rarely, if ever, discussed when the data is released. This happens in many different data releases, not just New Home Sales, so always be sure to figure out just how much confidence they really have in their numbers.

#3 Wait, Wait, I Take it Back!
So now we know to look at whether something is seasonally adjusted or not, and whether it is actually changing like the
headline says it is. Well just to throw another curve ball, guess what. That headline number you just heard reported is going to change anyway! That’s right, nearly every major source of housing data revises their figures, often multiple times and sometimes by almost comically large margins. There have been times when some in the media have caught on to this, the New York Times noted that “in the 10 months from April 2008 through January 2009, the current estimate is that the economy lost 1.9 million more jobs than the initial reports indicated.” 1.9 million jobs is bigger than the average annual employment gain since 1940, so this is not an insignificant figure. That was the Bureau of Labor Statistics, but there are plenty of other examples also. Late last year the Bureau of Economic Analysis (bea.gov) revised the U.S. savings rate two months in a row, from 5.6% to 5.0%, and then from 5.0% to 4.4%. That’s over 20% of revision in 2 months, and represented $160 billion in savings that we thought we had in our bank accounts disappearing (interestingly, the resulting upward revision to Gross Domestic Product suggested this unforeseen spending was mostly directed toward health care costs!). But it’s not only the government that faces these challenges. The National Association of Realtors had what could only be described as a massive data mea culpa in 2011 as reported by CNN Money, “NAR said it plans to downwardly revise sales of previously-owned homes going back to 2007 during the release of its next existing home sales report on Dec. 21 … While NAR hasn’t revealed exactly how big the revision to home sales will be, the agency’s chief economist Lawrence Yun said the decrease will be “meaningful.”” Turns out NAR had been base-lining a lot of their data sample on information out of the 2000 Census. Unfortunately, the nature of the U.S. housing market changed a LOT over the following decade, and they fell into a statistical pit of quicksand.

#4 What is Single Family Anyway?
If someone asked you what a single family house was, what would you say? Most people in the housing industry would probably talk about owning the land, mentioning terms like fee-simple, or detached, maybe with an image in mind of a yard, possibly throw in a tree with a tire swing and a golden retriever. But interestingly, the U.S. Department of Commerce doesn’t quite see it that way, and when we hear about data that mentions single family homes from the government, it can mislead us if we don’t think about it from their perspective. The Census provides a good description, “The single-family statistics include fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses. In the case of attached units, each must be separated from the adjacent unit by a ground-to-roof wall in order to be classified as a single-family structure. Also, these units must not share heating/air-conditioning systems or utilities, such as water supply, power supply, or sewage disposal lines.” Note no reference of land ownership, it doesn’t have to be fully attached, and certainly no golden retrievers! For those interested in new home statistics this is important, as apart from stacked condominiums, the vast majority of the new for-sale housing market is going to be considered single family by our government. That means the remainder in multi-family is largely going to be rentals, with a minority of stacked for-sale condos that partially contribute. This also will vary from market-to-market, since Miami is going to have a lot more condominiums than Omaha. So the next time you hear about Single Family permits, sales, or housing starts, keep in mind that it’s a pretty big net being cast.

#5 Can’t Always See the Trees in the Forest
This title sounds like a mixed up metaphor but it’s the reality when it comes to a lot of national housing data series. Remember our earlier example about Census New Home Sales? Our friends at the Census provide a lot of great data, but they don’t count every single new home sales contract nationwide. Instead, they rely on a survey of permit activity. There are 20,000 permit issuing places nationwide that send in their information to the Census Bureau. But the data that gets sent in is fairly limited, and doesn’t indicate why the structure is being built or if they are planning on selling it. So the Census has 900 Survey of Construction offices that they communicate directly with to find out a bit more information. For new home sales, they survey 1 out of 50 single family permits (remember single family is a big tent for the Census!) to find out if the home has been sold. So, let’s think about that, 1 out of 50 permits in 900 out of 20,000 permit issuing places. That’s not exactly a huge sample size given the results will be posted for the entire nation. Because of this, the Census only releases information on New Home Sales (and a number of other series, like Housing Starts) on the regional level; they can’t

Housing Data Mistakes — continued on page 14
even tell you how many sold in your state. Keep in mind, they can't tell which direction the data moved that month 75% of the time on the national level either, much less locally. But that's not the case for all Census data. The permits we discussed above don't provide a huge amount of detail, but they are much more reliable because more permit-issuing places provide the data each month. The margins of error on permits are comparatively tiny. Often times people in our industry like the idea of housing starts instead of housing permits because it indicates actual construction activity, but be careful, because if you are using Census figures you're dealing with a much higher percentage error with housing starts than permits (Metrostudy’s housing starts data are a different story, they are more reliable than both, we’ll explain later).

#6 Highs and Lows
So apart from being able to tell whether we can compare a data set to last month or need to look at a year ago, or whether the change was statistically significant, or whether it’s preliminary and likely to be revised, or whether it contains the types of structures we think it does, or whether the sample size is good enough to be taken seriously, we come to one of the topics that has some appreciable whimsy to it, and that's the occasionally flamboyant language used to describe a move in data that is relatively insignificant relative to the peaks and troughs of the dataset. Many of us in the industry are guilty of this from time to time as it is in our interest to draw attention to positive moves. But that doesn't mean we don't need to take a more measured approach before we act on the data. Take our previous example of February new home sales. US News, via AP, declared that, “US Home Sales Surge in February.” We've already established in Section #2 that this statement is not entirely accurate because the Census doesn't actually know if they increased or not. But further, the 15-year peak new home sales was over 1.2 million and the 15-year average for new home sales is 725,000, so the 536,000 (preliminary) new home sales reported in February are 26% below average and a mere 45% of peak, and this is after a couple years of housing recovery. Besides, in most parts of the country there isn’t going to be a “surge” in activity in the middle of the winter, so applying these adjectives to seasonally adjusted figures is dubious already. Metrostudy’s Brad Hunter provides a more measured commentary, noting that while the February figures are the highest since February 2008, the outlook is for gradual improvement, no surges, spikes, or rocket ships!

Closing and Takeaways
So you might wonder what is the best way to avoid so many of these pitfalls in the mysterious world of housing data? As I mentioned before, looking for data sets like the Census Permits that have a very large sample size is a good start. But many times to get good information you need to collect it yourself or get it from someone that directly collected it. And that usually isn't free. Ask any real estate consultant if they trust information from someone who hasn't physically visited comparable developments before they provide their recommendations. At Metrostudy, we are fortunate in this regard because we do primary data collection on a massive number of subdivisions nationwide. And while we often refer to it as our survey, it’s really more of a census, as we physically visit every development with ongoing activity each quarter. This may sound like a commercial, but it’s difficult to characterize it any other way, as it’s an unparalleled research effort in the residential construction data space.

We hope you find this document helpful, and please contact us with questions, comments, corrections, or great examples you come across of some of the things we discussed here; contact information follows our Takeaways below. As we noted in the introduction, this is far from an exhaustive list of data challenges, but these are among the most common we encounter. Don’t forget to check out the Key Housing Indicator table, it describes which indicators to keep an eye out for, how frequently they are released, and key thresholds to remember. It’s a great reference so that you don’t have to remember the nuance of each data release.

#1 Takeaway - Seasonally adjusted data: can compare month to month, represents an annual number, but is a statistical creation. Non-seasonally adjusted data: data is more raw, but can’t really compare month to month, need to compare to the same month a year (or more) ago.

#2 Takeaway - Margins of Error and Confidence Intervals: just because a change is reported, doesn’t mean it really happened. Check to see if the change is statistically significant before relying on that data for business decisions.

#3 Takeaway - Be Wary of Preliminary Data: Always remember the data reported today will probably change, potentially by a lot, so don’t bet the farm on early estimates.

#4 Takeaway - Single Family is a big tent: The U.S. government considers many structures that we think of as “attached” like townhomes and side-by-side condos to be single family homes.

#5 Takeaway - Sample Size is Important: Not all data has the same sample size, be careful of drawing stark conclusions based upon data that only looks at a tiny slice of activity and extrapolates it to a national number. It may be a rough bellwether over time, but month to month it can be misleading.

#6 Takeaway - Keep It In Context: Watch out for gratuitous language describing a single period of data without putting it in the context of historical peaks and troughs. Such language is especially suspect when describing seasonally adjusted figures from traditionally slow times during the year.

For Questions or Comments, Please Contact:
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The 2016 UBA Community Reinvestment Conference held September 28 at the DoubleTree Hotel in Park City was well attended by CRA professionals from across the state of Utah in a setting designed to meet with regulators and industry experts to network, discuss challenges and share experiences.

This year’s conference featured a series of lively discussion through general sessions, breakout sessions and roundtable discussions on timely topics such as community needs assessment, tax credits, CD lending, investments, CRA exams, affordable housing and CRA best practices. The day culminated with the popular and always anticipated Regulator Panel where representatives from the Federal Reserve, FDIC, OCC and the State of Utah provided their unique insights on current CRA trends and participated in an in-depth discussion on the recently released Interagency Q&As.
Banks Using Captives for Enterprise Risk Management in Increasing Numbers

By Josh Miller

There is no avoiding it. Cyber security and reputation protection are among today’s significant, emerging risks, thus creating exposures for banks of all sizes. At the same time, commercial insurance carriers are pushing banks to higher deductibles, so there remain significant gaps in coverage and exclusions in commercial insurance policies. This creates unfunded risks, which must be evaluated as a part of any bank’s enterprise risk management process.

It’s evident that bankers know not all enterprise risk is addressed with their commercial insurance package.

To address the concerns, banks throughout the country are forming captive insurance companies – known as captives – to cover these unfunded risks. A captive is a legally licensed, limited purpose, property and casualty insurance company, which can write customized policies for related entities.

While larger institutions (typically $5bn in assets and larger) with specific organizational structures (i.e., lots of charters) have been utilizing these types of captives since 2006, captives really did not take hold for mid-size community banks ($250mm - $5bn) until an updated structure was designed and vetted with regulators in 2012.

“Since late 2012, we have seen the number of banks with captives explode. The majority of our banks that are good candidates for owning a captive either have one in place or are in process of putting one in place,” said CEO of Indiana Bankers Association, Joe Dehaven. “We have been discussing bank captives with other state banking associations throughout the country and there’s been tremendous interest.”

It is important to recognize that the captive structure does not typically replace a bank’s primary commercial insurance program. However, it does allow a bank to more formally self-insure risks that are currently unfunded or that the bank has considered retaining (i.e., increased deductible layers). Typically, the captive augments commercial policies in the following ways:

- Covers the bank’s commercial deductible layers
- Provides “difference in conditions” coverage for existing commercial policies, which primarily relate to sublimits and exclusions on the commercial policy form
- Increases coverage levels on existing policies (excess layers)
- Identifies other currently unfunded risks to insure where commercial insurance is not available to the bank.

Along with benefits received from enhancing a bank’s risk management process, Congress approved a small business incentive for mid-size companies that form their own

www.uba.org
insurance companies to insure these currently unfunded risks. Through the incentive, banks can form their own captive insurance companies and then make an election under Section 831(b) of the Internal Revenue Code. This allows companies to pre-fund for potential future risks on a tax advantaged basis, provide an incentive to set money aside for future potential claims and create a mechanism for companies to formalize their current self-insurance program.

In the December 2015 Appropriation Bill, Congress moved the annual allowable premium limit from $1.2 million to $2.2 million for the tax years after 2016. Financial institutions with larger baskets of unfunded risks will be able to continue to grow their captive over time as the institution grows organically or with acquisitions and the small business incentive will also grow.

The potential savings related to this small business subsidy (Section 831b) for captives varies from bank to bank, but they can be significant. In some cases, holding companies can see an increase to earnings per share of 3-5%.

Of course, this solution is not a fit for every bank. This solution should only be implemented by banks with sufficient capital and earnings. Holding companies that want to form a captive must be well managed and well capitalized and their affiliated bank that pays premiums into their captive must have sufficient capital and earnings to support the additional insurance expense at the bank level.

Captive insurance companies are a growing trend for high performing banks throughout the country. As banks become more aware of their unfunded risks through ongoing enterprise risk management, the captive offers a unique and customized approach to identify and fund for those risks on an annual basis. And, the significant small business incentive provided under Section 831(b) of the tax code provides further motivation to implement the structure.

Banks with an interest in exploring whether a captive insurance company is a good fit for their institution should contact Josh Miller at jmiller@key-state.com or Howard Headlee at howard@uba.org. Currently over 24 state banking associations throughout the country have endorsed bank captive programs for their members.
Advertising in your association’s trade journal is a solid approach to business development. In fact, a recent survey done via the PPA called The Essential Medium, found B2B publications - such as Utah Bankers, to be the number one information source within any given industry when compared to other media. In the survey, respondents were asked whether they agreed or disagreed with a series of attitude statements and the PPA compiled the data, resulting in the percentages. Verbatim responses were collected by the survey, which are added to exemplify the points. Here are a few excerpts:

- Business publication are rated the first choice for staying in touch with what’s going on in their sector by 61% percent of decision makers.
- 83% of managers would recommend to people starting a career in their sector to read the business publications.
- “If I didn’t read them I wouldn’t know what’s going on.”
- 71% of decision makers believe that B2B magazines are essential reading.
- “I would be lost without my business publications.”
- “With the information we gather from the publications, we can determine if we are on the right track or if we need to change direction.”
Upcoming UBA Development Programs

The UBA is proud to help build the foundation of future leadership at Utah banks by a series of development programs, each specifically designed to groom our industry’s rising stars. Exceptional instructors, with years of industry insights and experience facilitate sessions in each of these unique programs.

Registration is now open for:

**Executive Development Program (EDP) – January through November 2017 (12 classes)**

Keystone of UBA’s Development Series, the EDP provides the highest level of training for executives and is an ideal opportunity for senior management to invest in future leaders, and for aspiring banking professionals to advance their career. Graduates of this program emerge as a network of future bank leaders who understand and can respond to local and national issues that impact the banking industry.

Ideal candidates are key producers with high potential for success that a bank wants to retain for the long term and develop for significant leadership roles. Topics include:

- The Big Picture & Bank Evolution
- Leadership & Management
- Understanding Bank Financial Statements
- Bank Profitability
- Sales Performance, Expectations & Measurement
- Asset Liability Management
- Credit & Risk Review
- Legislation & Politics
- Audit & Compliance
- Communication & Influencing Others
- Negotiations & Conflict Resolution
- Credibility & Ethics

**Small Business Banker Development Program (SBBDP) – January through March (6 classes)**

The SBBDP features time-tested skills that provide bankers with the ability to capture, and keep, a business owner’s loyalty and trust. This program is designed for branch managers, small business bankers, relationship managers, business development officers, and any banker who works with small businesses. Credit administrators who analyze and approve these deals would also benefit. Six class sessions meet twice monthly January through March. Topics include:

- Identifying Viable Small Business Lending Candidates
- Assessing the Small Business Borrower’s Creditworthiness
- Making Bank to Business Calls that Matter
- Power Prospecting
- Relationship Building and Establishing the Right Disciplines
- Self-evaluation of Your Activities & Making an In-Person RFP

For additional information and to register for these programs, visit the UBA website at www.uba.org or call Becky Wilkes at the UBA, 801-214-7724.
ALLY BANK

ALLY BANK RANKED AMONG THE TOP 15 BRANDS IN FORRESTER’S US CUSTOMER EXPERIENCE INDEX

For the third consecutive time, Ally Bank was ranked among the top 15 brands in Forrester’s US Customer Experience (CX) Index™, a measure of how successfully a company delivers customer experiences that create and sustain loyalty. Ally ranked in the top 5 percent among 319 brands.

Once a year, Forrester surveys consumers using the following methodology to benchmark CX quality of large US brands:

• Effectiveness: The experience delivers value to customers.

• Ease: The ease of the experience.

• Emotion: Customers feel good about their experience.

• Retention Loyalty: The likelihood that a customer will keep existing business with the company.

• Enrichment Loyalty: The likelihood that a customer will buy additional products and services from the company.

• Advocacy Loyalty: The likelihood that a customer will recommend the company to others.

The ranking is based on an online survey fielded from February through May 2016 of 122,500 US individuals ages 18 to 88.

BANK OF UTAH

BANK OF UTAH IN BRIGHAM CITY REWARDS MORE THAN 300 KIDS WITH PIGGY BANKS FOR EARNING MONEY THIS SUMMER

Bank of Utah’s Brigham City branch has awarded green piggy banks to more than 300 children who earned money doing chores this summer. The bank participated with 52 businesses in a Play Unplugged program initiated through the Brigham City Chamber of Commerce. Play Unplugged encourages children to turn off their electronic devices and do something physical instead.

Children signed up online and earned “brag badges” by doing activities from Memorial Day through Labor Day. Local businesses sponsored badge categories and offered children an incentive if they brought in a photo of themselves participating in the badge activity. Bank of Utah sponsored the Money Maker badge, offering a free piggy bank to any child who earned money doing chores such as pulling weeds, emptying the dishwasher, and even massaging mama’s feet. Some children performed enterprising activities such as running a lemonade stand. This is the second year that the bank has participated.

“We’ve really enjoyed sponsoring the Money Maker badge, and seeing the children and their parents when they come in to get their badges and piggy banks,” said Bank of Utah’s Brigham City branch manager, Shelley Austin. “We saw an increase in participation since last year, when we rewarded kids with water bottles for earning their Mile Maker badges. I hope the Chamber of Commerce and the community continue this program next year.”

According to Chamber of Commerce Executive Director, Monica Holdaway, “Our community really got behind Play Unplugged! We have 52 local businesses sponsoring badges, and so far, the children have earned 16,000 badges.”

Holdaway explained that each badge is worth five to 20 points. Children participating in Play Unplugged were also entered into drawings for prizes.
BANK OF UTAH SHOWERS MOMS AND BABIES IN NEED WITH LAYETTE ITEMS

Bank of Utah branches recently delivered car loads of baby items and more than $3,000 in cash to ten local charities spanning from Tremonton to St. George. The local bank gathered donations of cash, diapers, handmade blankets and other layette items during May and June for its annual Shower Them With Love project to support moms and babies in need throughout Utah.

“Food pantries, family service organizations and shelters are always in need of diapers, formula and other baby items, especially during the summer months when donations are traditionally down,” said Douglas L. DeFries, Bank of Utah president. “Shower Them With Love gives Bank of Utah, our employees and the entire community the opportunity to boost donations during this low donation period.”

At the end of June, Bank of Utah presented donations to charities including Catholic Community Services of Northern Utah, the Hope Pregnancy Center in St. George, The Family Place in Logan, Tremonton Community Pantry, the Family Support Center in Brigham City, Community Action Services and Food Bank in Orem, Crossroads Urban Center in Salt Lake City, Children’s Justice Center of South Eastern Utah, The Road Home Midvale Shelter for Families and Bountiful Community Pantry.

BRIGHTON BANK

STUFF THE BUS

Brighton Bank joined forces with United Way during July and August 2016 to help provide school supplies for 11,000 local kids. The Stuff the Bus campaign focuses on collecting school supplies for students that are served by United Way neighborhood centers often located in local schools. These centers work with kids and families daily to improve students’ academic achievement and overall success. Upon completion of the campaign the school supplies are delivered, counted, separated and then stuffed into backpacks by volunteers and delivered to these students. This year Brighton Bank was able to collect 9,903 school items valued at approximately $4,250.

BRIGHTON BANK SUPPORTS THE HOMELESS

Brighton Bank teamed up with The Bleeding Hearts Foundation, Wadsworth Construction and Control 4 to sponsor the 7th Annual Pioneer Day - Feed the Homeless BBQ in the downtown area of the city. The event was held on July 24th as the family shelter does not feed the homeless population on that day. Tracy Barnes, the founder of the Bleeding Hearts Foundation, heard about the homeless families back in 2010 and wanted to lend a hand.

The sponsors provided a holiday event for the homeless providing compassion and hopefulness to an often forgotten population. This year, over 1,500 hot dogs were served along with 2,000 bottles of water, chips, granola bars and frozen pops. There were also approximately 1,000 hygiene kits, quick clean
kits and flip flops and other hygiene items distributed along with a vast array of gently used men’s, women’s and children’s clothing and shoes. A group of approximately 50 volunteers cooked, served food and water, restocked supplies, distributed used clothing and provided a kids craft station for the kids while an impromptu band played for the crowd.

ENERBANK

Bank Director Magazine has Ranked EnerBank USA 10th Among the Top 25 Consumer Lenders in its 3rd-Quarter Issue

The ranking, generated by Bank Intelligence Solutions at Fiserv, was based on an institution’s return on assets for five trailing quarters until June 2015. Institutions included in the ranking had more than $1 billion in assets and consumer loans comprising at least 25 percent of their portfolio.

“This ranking recognizes how our specialty niche of providing home improvement loans through contractors produces specialized expertise, greater efficiency and better choices for customers,” said Charlie Knadler, EnerBank CEO.

“Banks and financial services companies that focus on a specific market or line of business often attain a higher level of profitability because of the deeper level of understanding they bring to that endeavor, because of scale advantages that can drive down costs, or because of a higher level of efficiency that results from doing a large number of similar or identical transactions,” Bank Director editor Jack Milligan wrote in the issue.

ENERBANK USA ANNOUNCES TWO WEEKS OF PARENTAL LEAVE FOR EMPLOYEES

EnerBank USA recently announced it is providing employees up to two weeks of parental and adoption leave as part of its comprehensive and competitive employee benefit package. All full-time employees qualify for the leave, a benefit expanding nationwide to further promote employee engagement and morale.

In addition to the competitive benefit package, EnerBank promotes serving within the community. In 2015, employees donated more than 1,500 hours for various charities and programs, including the American Red Cross, Christmas Box House, First Step House, Junior Achievement, NeighborWorks Salt Lake, People Helping People, United Way and Volunteer Income Tax Assistance (VITA). In addition, many of EnerBank’s executive team members serve on both community and banking industry boards at these and other organizations.

“Community involvement and employee engagement are very important to EnerBank,” said Charlie Knadler, EnerBank President & CEO. “When employees serve the community through organizations and causes they are passionate about, we know they will be better trained, more productive and more satisfied in both their professional and personal lives.”

FIRST NATIONAL BANK

Among the many sponsorships and service opportunities that the First National Bank participates in, three accomplishments stand out for 2016. On the 4th of July, dozens of bank employees met at the Layton City Offices at 6:00 a.m. to help with the annual Layton City Fun Run. The employees did everything from registering participants to guiding kids through a dinosaur themed river walk.

The second highlight of the year included historic main branch tours with special needs youth groups, preschools, and scout troops. The groups were taken back into the early 1900’s as they learned about bank history and viewed bank artifacts. The tours concluded with presentations on the importance of saving and budgeting.

The third highlight of 2016 was the launch of First National’s YouTube® channel, Banking 101: Financial Literacy for the Everyday Consumer. The channel features short video clips focused on basic financial topics like debits vs credits, elderly financial abuse, IRA’s, and much more. You can access First National’s YouTube channel by searching “First National Bank of Layton” on YouTube or by visiting the bank’s website @ www.fnbutah.com.

GRAND VALLEY BANK

Kevin Stocking with Grand Valley Bank fka Heber Valley Bank held its ribbon cutting for their new Midway Branch that opened on April 4, 2016. This new building replaces the prior Midway location. Grand Valley Bank is a community bank with 4 branches located in Heber City, Midway, Park City, and Vernal, UT along with 4 branches in the Grand Junction, Fruita, and Collbran, CO markets. Grand Valley Bank has been in the Utah market since 2000 when they opened their first Utah branch in Heber City.
KEYBANK

KEYBANK DONATES $10,000 TO AMERICAN INDIAN SERVICES

KeyBank’s Utah market recently donated $10,000 to Provo, Utah-based American Indian Services (AIS). AIS provides thousands of educational scholarships to Native Americans each year with assistance to K-12 students, as well as students attending more than 400 accredited colleges, universities and trade schools nationwide.

This is the sixth consecutive year KeyBank has provided scholarships to help AIS fulfill its mission of helping Native Americans develop their human and natural resources in order to help them make a contribution to society without detracting from the culture and background from which they have emerged.

“AIS has been providing scholarships to help Native American students attend college for 40 years,” said Terry Grant, president of KeyBank’s Utah market. “It is an honor to be part of this program that helps individual students obtain degrees and reach their fullest potential, which ultimately benefits the entire community.”

KEYBANK OPENS LOCAL MORTGAGE SERVICE CENTER

KeyBank has opened a new mortgage fulfillment center in Salt Lake. The Salt Lake center is one of three KeyBank mortgage fulfillment centers nationwide and ensures that clients in the Western states receive prompt service by providers based in the same time zone.

KeyBank employs 27 mortgage underwriters, processors, closers, funders, imaging specialists and CMS loan officers who are servicing KeyBank mortgage clients from the new fulfillment center. KeyBank plans to increase staff at the new location to 45 by the end of 2018. “The opening of this new fulfillment center, together with the new jobs that are coming to our state, continues to show KeyBank’s commitment to the Utah market,” said Terry Grant, president of KeyBank’s Utah market.

The Salt Lake Chamber, KeyBank Utah’s Advisory Board members, and local business leaders all joined KeyBank for a ribbon cutting to celebrate the new location in July.

KEYBANK MAKES CITY CREEK TRAINING ROOM AVAILABLE TO LOCAL NONPROFITS

KeyBank announced recently that it is making its training room available at no cost for use by local nonprofit organizations. The training room is located on the 25th floor of KeyBank’s City Creek offices at 36 South State Street in downtown Salt Lake.

Local nonprofit organizations are invited to use the KeyBank space free of charge for board meetings or training, as well as member or committee meetings. The room can accommodate up to 50 people. Parking is available at City Creek Center east parking.

“We are always looking for new ways to give back in the community, and making our downtown training room available at no cost seemed like an easy way to solve the space problem faced by many nonprofit organizations,” said Terry Grant, president of KeyBank’s Utah Market. “Our accommodations are already being used by some of our nonprofit neighbors, and we’re eager to share this resource with others. I look forward to seeing more of the board members, volunteers and community members who are making a difference in Salt Lake utilize this resource.”

For more information or to sign up to use the KeyBank training room, contact Dayna Huddleston at Dayna_A_Huddleston@keybank.com.

KEYBANK’S UTAH MARKET RECENTLY DONATED $25,000 IN SUPPORT OF THE WESTMINSTER COLLEGE CENTER FOR ENTREPRENEURSHIP IN SALT LAKE CITY

The Center for Entrepreneurship fosters and develops the skills critical to successful entrepreneurial leadership—innovating, validating, planning, funding, and launching new ventures.
The contribution from Key-Bank will go toward fostering on-campus entrepreneurship opportunities that will help ensure students who participate in the program are competitive members of the future workforce.

“The Westminster College Center for Entrepreneurship provides a unique opportunity for students to learn through both traditional coursework and real-world experience” said Terry Grant, president of KeyBank's Utah Market. “It is our pleasure to partner with Westminster College to help prepare Utah’s future entrepreneurs, and we look forward to working with the graduates from this program as they become part of the fabric of our local business community in the years to come.”

WELLS FARGO

WELLS FARGO UTAH LEADERSHIP TEAM ENHANCES PLAYGROUND FOR AT-RISK CHILDREN IN LOGAN

Nearly two dozen members of the Utah leadership team came together to help improve a playground for at-risk children associated with Citizens Against Physical and Sexual Abuse (CAPSA) in Logan.

“It was a pleasure to be able to host the Utah Leadership team in Logan and to introduce them to CAPSA and the great work that they do for our local community,” said District Manager Trevor Merrill.

The team coordinated a $2,000 grant to the organization to help pay for bark in the playground. The leadership shoveled and loaded the bark and then pulled weeds to help clean up the popular play place for children.

The leadership team also spent time learning about CAPSA and its impact in the Logan community. It was included as a special event in their quarterly strategic meeting.

WELLS FARGO PRICE TEAM MEMBERS SUPPORT LAW ENFORCEMENT IN THEIR COMMUNITY

By Chauncey Jensen, Utah South Community Banking

We live in Price, a very small community in the middle of Utah, where everyone seems to know everyone. Many of us have had police officers in our families, including myself. We know the struggles of the negativity that comes from the public towards the officers in this small town or in any town for that matter.

Lately we have seen more and more negativity in the news towards police officers. I knew that as a team we could do something to honor our officers. I saw a picture on social media that was a “survival kit” for officers and thought it was an amazing idea and something we could put together as a team.

I called around to all of the police departments in our two small counties and asked for a head count of all of their active officers. We
wanted to do something positive for them, and to remind them that we are so grateful for all that they do. We spent time after work putting goodie bags together, and with help from Utah Region President Dee O’Donnell, who sent us Wells Fargo ponies, we put a total of 145 bags together.

We then spent a day hand delivering them to all of the departments. As we were delivering them and thanking the officers for their service, many of them wanted to send a special thank you to Wells Fargo for thinking of them. We are all very honored in being able to present these officers with a small token of our appreciation.

ZIONS BANK

ZIONS BANK CELEBRATES 26TH ANNUAL PAINT-A-THON

Zions Bank marked its 26th annual Paint-a-Thon service project. This week long service project helps low-income elderly, disabled and veteran residents who wish to remain in their homes.

A total of 44 homes were spruced up in June by more than 2,800 Zions employees and their families. Volunteers also provided yard cleanup, mowing, planting and minor repairs as needed. The cost of paint and supplies is contributed entirely by Zions Bank, which has donated more than $1 million toward brightening the homes of community members.

This year’s dedicated group of volunteers included Utah Gov. Gary Herbert and Taylorsville City Council Member Kristie Overson, both of whom spent time painting alongside Zions employees.

“We know senior citizens cherish the opportunity to remain in their homes as long as possible, so this is our way of helping them accomplish that goal,” said Zions Bank President and CEO Scott Anderson. “Every year, Zions Bank employees look forward to Paint-a-Thon and helping our neighbors spruce up their homes and yards when they can no longer do the job themselves.”

Zions Bank initiated Paint-a-Thon in 1991 as a volunteer project for homes along Utah’s Wasatch Front. Over the past 26 years, Zions Bank employees have volunteered their personal time and effort each summer to paint more than 1,000 homes in Utah and Idaho.

TEACH KIDS TO SAVE DAY

More than 90 Zions Bank employees visited local schools to teach nearly 4,700 kindergarten through twelfth-grade students in honor of National Teach Children to Save Day. Now in its 20th year, National Teach Children to Save Day is an outreach program offered through the American Bankers Association Education Foundation.

According to a recent study by Bankrate.com, 62 percent of Americans don’t have enough savings to handle the unexpected bumps of life, such as emergency hospital visits or expensive car repairs.

“Zions Bank helps support what parents and local schools are already doing to promote financial literacy so that kids will grow up to be superheroes of saving,” said Manti financial center manager David Warren, who taught 75 fifth-grade students at Manti Elementary School on April 18. The students each received a copy of the comic book “Saving the Day,” which features the Avengers superheroes learning about how banks protect our money.
Kody Adams has recently joined Sallie Mae Bank as Equity Plan Manager. Prior to joining the Bank, he worked for E*TRADE and brings a wealth of experience in equity administration. Mr. Adams holds the designation of Certified Equity Professional and obtained his FINA series 7 & 63 Securities Licenses. He also graduated from the University of Alabama with a Bachelor’s degree in Commerce and Business Administration.

Gene Ahlstrom has recently retired as an auditor for Bank of American Fork after 14 years with the bank and 46 years in the local financial services industry. Although his good nature and humorous personality will be missed at the bank, Ahlstrom looks forward to spending more time with his wife, children and grandchildren.

Justin Barnes has been hired as a Commercial Loan Officer at State Bank of Southern Utah Headquarters. Justin earned degrees in Accounting and Business Administration from SUU and has 16 years of experience in banking.

Paula Fryland has joined Zions Bank as an Executive Vice President of Consumer and Small Business Banking. She will oversee the Northern Utah, Salt Lake Northeast, South Central Utah and Southern Utah regions. Previously, she worked at PNC Bank, where she served as regional president for Philadelphia, Delaware and Southern New Jersey.

Shaysee Garcia was promoted to the position of Director and Assistant Controller at Sallie Mae Bank. Ms. Garcia has a background in the financial services industry and is responsible for regulatory and financial reporting. Ms. Garcia joined the Bank in 2014. Prior to joining the bank, she worked in the assurance practice at PriceWaterhouseCoopers. Ms. Garcia is also very passionate about our community, and is involved with the Utah Food Bank and US Dream Academy.
Tanner Gatchell has been hired as a Mortgage Loan Officer in the River Road branch of State Bank of Southern Utah. A native of St. George, Tanner is excited to continue serving our community. Tanner is new to banking, but brings five years of real estate and title experience with him.

Richard Gray recently retired as a senior vice president and manager of Bank of American Fork’s SBA department, after 44 years in the industry. Gray’s most rewarding experiences were helping people achieve their dream of owning their business and helping build the community through lending. In retirement, Gray looks forward to spending more time with his wife and family.

Brooke Hanley of State Bank of Southern Utah was promoted to Vice President. Brooke has been with the bank for 15 years, spending the last year as the Compliance Manager.

Richard Mortensen was recently hired as branch manager for the newly announced Bank of American Fork branch in Bountiful. He is responsible for overseeing the branch and ensuring it remains profitable. Prior to working for Bank of American Fork, Mortensen was with Zions Bank for ten years, where he was a vice president and loan servicing manager.

Shemree Naegele of State Bank of Southern Utah was promoted to Vice President. Shemree joined us in the beginning of 2015 and currently serves as the Internal Audit Manager.

Sherri Nelson was recently hired as operations manager at the newly announced Bank of American Fork Bountiful branch, where she will help oversee operations at the new location. Prior to her new role, Nelson was an operations manager at the bank’s Murray branch.

Brad Sheppard has been promoted to Executive Vice President of Consumer and Small Business Banking at Zions Bank. He is a 40-plus-year veteran of the banking industry in Utah, and most recently served as SVP, and director of Zions Bank’s Consumer and Business Banking. In his new role, he will oversee Zions Bank’s Western Idaho, Eastern Idaho/Wyoming, Salt Lake Southwest and Central Utah retail regions.

Mike Weeks has joined Morgan Stanley Bank as a Vice President in Salt Lake City, Utah. Mike was previously at Goldman Sachs for 7 years in Controllers and Operations. Mike earned his Bachelor’s degree from University of Utah.

James M. Wilson has been appointed to the board of directors for State Bank of Southern Utah. Wilson owned a very successful CPA practice in Cedar City, Utah for many years. He and his wife recently returned from presiding over the California – Bakersfield mission. “We are thrilled to have Jim as a part of the State Bank team. He brings professionalism, experience and the kind of local and institutional knowledge that is key in our unique role as a community bank,” said Eric J Schmutz, the bank’s President and CEO.

Sofia Wilson has joined Morgan Stanley Bank as a Vice President in Salt Lake City, Utah. Sofia was previously at Goldman Sachs for 7 years in Compliance and Operations. Sofia earned her Bachelor’s degree from Arizona State University.

Sandra Worthen has retired as the assistant vice president and assistant operations manager of the American Fork main office of Bank of American Fork. During her 31 years and multiple positions at the bank, Worthen developed valued relationships with customers and colleagues alike. Worthen is excited to have more time to spend with her husband and family.

Zions Bank has appointed Utah Valley Utah President Matthew S. Holland and Black Diamond Equipment founder Peter R. Metcalf to its board of directors. Holland has been president of Utah Valley University since 2009. Metcalf founded Black Diamond Equipment in 1989 and was Black Diamond Inc.’s CEO/President and Director through December 2015.

John Morrison, Bailey Richardson, Britney Traveller, Chefin Carson, Denise Schaffer and Debbi Mathwig are members of the business services group recently launched by Bank of American Fork. This dedicated team of representatives will provide treasury and cash-management services and deposit-related products to businesses in our communities. They will provide continued support to business customers.
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The **COMMERCIAL LENDING AND BANKING GROUP** at Jones Waldo recently closed the following types of transactions:

- Construction loans for office, retail, medical, hotel, apartments and mixed-use condominium developments
- Real estate acquisition loans
- Corporate credit facilities
- Affordable housing tax-credit construction loans
- New market tax-credit construction loans
- Ski resort financings
- Asset based acquisition loans
- Credit provider representation for credit enhanced bond financings
- Syndicated real estate and corporate financing transactions
- Real estate and corporate credit restructuring transactions
- Financial institution owned real estate sale transactions
- Judicial and non-judicial foreclosures
- Ongoing advice regarding bank regulatory compliance issues

Jones Waldo’s commercial lending group provides the level of specialization and skill that comes only with seasoned professionals who represent both local and national clients. To learn more call us at **801-521-3200** or visit our website at [www.joneswaldo.com](http://www.joneswaldo.com).
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