

Bankers Prepare for New Freddie/Fannie Refinance Fee

By Paul Gores

As if there weren't enough unwanted new realities prompted by the COVID-19 pandemic, bankers and borrowers will have another one to deal with starting Dec. 1 – the Adverse Market Refinance Fee.

Originally set to begin in September but delayed after backlash from mortgage lenders when it was announced in August, the new 0.50% fee will be



assessed on refinanced mortgages of more than \$125,000 that are bought by Fannie Mae and Freddie Mac.

That means an additional \$500 in costs for every \$100,000 borrowed, with the money going toward what the Federal Housing Finance Agency says is an estimated \$6 billion in projected losses to Fannie Mae and Freddie Mac from pandemic

protection programs offered to borrowers.

While it makes sense that Fannie Mae and Freddie Mac would want to recoup some of what they expect to lose from forbearance defaults, foreclosure moratoriums, and emergency measures to keep people in their homes, the timing and the amount of the fee are a concern, some

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Forgiveness Plans for PPP Loans Proving to be Perplexing

By Paul Gores

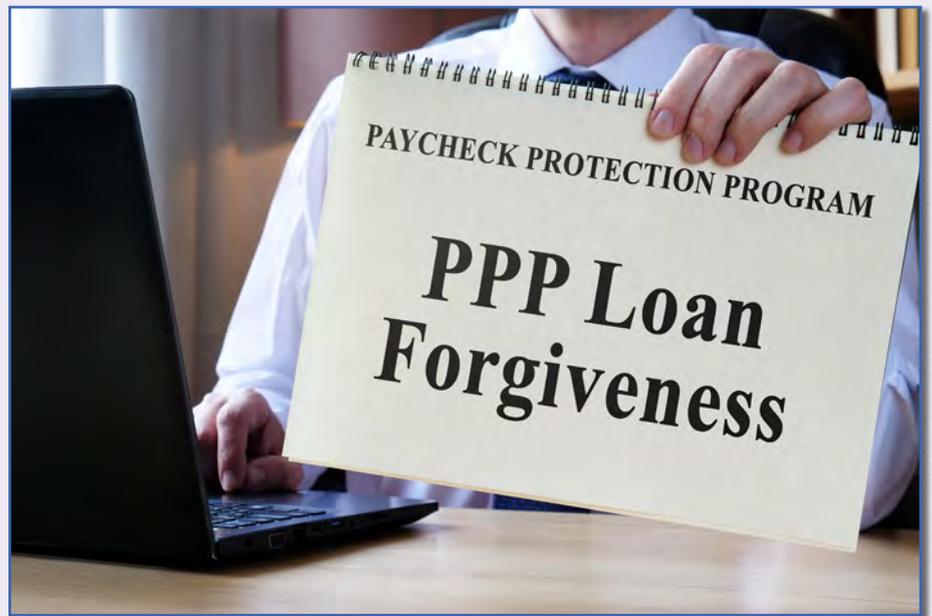
Royal Bank in Lancaster made \$23.5 million in Payroll Protection Program forgivable loans after the federal stimulus initiative was quickly created in March to help small businesses and workers survive the economic havoc of the

coronavirus crisis.

Even though it was hectic processing 520 loans in a short time, lending turned out to be the easy part, said **Jeff Gruetzmacher**, a senior vice president for Royal Bank.

The hard part? Six months later, getting clarity from the U.S. Small Business Administration about the forgiveness feature of the PPP loans.

"It's so complicated most accountants can't



even figure it out, let alone bankers who are trying to wade through payroll reports and tax filings for payrolls and such," said Gruetzmacher. "It really has become unwieldy in how we're supposed to deal with the forgiveness part. The rules are so complex, the documentation is very obtuse. They think it's

clear, but it's about as clear as mud."

Gruetzmacher isn't the only one who feels that way. Even though Wisconsin bankers generally praise the program for coming together rapidly and helping small businesses during a fearfully intense

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Culture: It Encompasses More Than You Think and Now Is the Time to Think About It

By Paul Kohler

Culture is an important part of your bank. Whether it is implicit or explicit, it guides the bank's internal and external interactions. As leaders in our respective shops, it's critical for us to recognize the importance of cultivating the right culture and then help our organization grow into it.

How critical is culture? It's the 'why' behind your staff working with each other the way they do. Just as important, it drives how your staff interacts with their clients and communities. The right culture can turn your employees into the strongest advocates of the bank or its most vocal critics.

COVID isn't making it easier to maintain or grow your culture. Here at Charter Bank, so much of our culture has been based on all of us



Message from the Chair

Paul Kohler

being here, together, in our building. I'm sure your bank is similar. So, how do you keep your culture vibrant with some or much of the staff working from home? How do you interact with your clients and communities?

It is very easy to overlook the importance of culture in the middle of a pandemic. But strengthening your culture in these circumstances will make your institution even stronger while all of us work through this together.

Culture is also a key

to banking's future. Our industry isn't one that college students often consider as their first choice for a career. Many bankers will admit that they came to banking by circumstance, not by design. But once they were involved in the industry, it quickly became a passion for them. Culture could be the way to attract the next generation of banking professionals. Many millennials want a position that makes a difference in their communities. How many businesses have the same positive impact on their communities as we do?

Along similar lines, one of the biggest challenges facing our industry is recruiting and retaining the talent our banks need. It's culture that will encourage them to start and grow their career with each of us.

So, why should you be thinking about culture now? Beyond the challenges COVID presents in maintaining and even growing our culture, it will be one of the keynote sessions at the upcoming WBA Bank Executives Conference, Feb. 1-3. Between now and then, you and your executive team can be thinking about your current culture and how it should evolve to meet your institution's goals. You'll be in the best position to leverage the expertise at the upcoming event to create the right culture for your unique organization.

I can't wait to see you at the WBA Bank Executives Conference to discuss cultivating culture in the banking industry. See you in February!

Kohler is president of Charter Bank, Eau Claire and the 2020-2021 WBA Chair.

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Five Ways WBA Advocacy Officers Get Ahead of Their Peers

By Mike Semmann

Leadership in your bank is about more than networking and the Advocacy Officer position is the best way for a banker to learn about one critical area of the bank, government involvement. The Advocacy Officer is a



Advocacy Update

Mike Semmann

volunteer position coordinating community advocacy efforts for the bank by working with the Wisconsin Bankers Association (WBA) on regulatory, legislative, and political activities. The Advocacy Officer has the opportunity to work with other bankers, WBA staff, state, local, and federal levels of government, and other state or national trade groups to help make life easier for bankers

and accomplish the goals of the banking industry.

The typical background for this position usually includes someone who has an interest in public policy, a strong understanding of the banking industry (compliance, credit, external relations, etc.), the ability to speak for the bank regarding matters of regulatory or public policy, and has a flexible schedule.

What does an Advocacy Officer actually do? Here are five opportunities for every Advocacy Officer.

1. Receive cutting-edge information.

At least two times per month, AOs receive a report detailing emerging topics,

upcoming regulation, key legislative items, and inside information that will help you be at the front end of important business, banking, social, and economic issues in Wisconsin. In addition, GRC Instant Updates will provide information and analysis on key banking topics before it hits the news desk.

2. Testify before the Wisconsin Legislature or communicate with key elected officials.

This unique leadership opportunity allows AOs to speak directly to legislators and other community leaders about how the banking industry works and how legislation will impact the banking industry. Working directly with WBA staff, an AO is prepared and reinforced with information to help the banker put their best foot forward. AOs email or call elected officials about banking items to help provide information.

3. Recognition before your bank leadership and peers.

WBA recognizes AOs in publications and directly with bank leadership for their efforts to help the banking industry. AOs also have the opportunity to attend (virtually now, in-person later) events that allow an individual to connect with other bankers and WBA leadership. AOs are given the contact information for every Advocacy Officer in Wisconsin.

4. Elect pro-banking officials.

Once per year, the AO helps coordinate fundraising activities at the bank for Wisbankpac political action committee or the Alliance of Bankers for Wisconsin conduit to help support pro-banking candidates. AOs are provided

» **WBA Pro-tip:** If you have someone signed up for the BOLT program, name them as your Advocacy Officer! A CEO can definitely be the Advocacy Officer, but giving someone this leadership opportunity frees up time and helps the bank plan for the future!

» Advocacy Officers receive an **Advocacy Report**. It's a quick briefing on the highlights of current advocacy news. It also links you to the latest Advocacy Worksheet (example below) providing a deeper dive into any of the advocacy issues that are critical to Wisconsin's banking industry.

Issue Tracking			
Level	Issue Status	WBA Action	
High Alert	Electronic Notary	– Assembly passed AB 293 legalizing e-notary and remote notary.	– Hearing held this week on WB 317 before the Senate AG & Banking Committee.
	Elder Financial Abuse	– Bill would create protections for financial institutions restricting transactions due to potential elder abuse. – Heard in the Assembly. – No Senate action yet.	– Awaiting further action by legislature.
	Community Reinvestment	– Agencies issued proposed rulemaking to modernize CRA regulations. – Rule would (among other things) clarify which activities qualify for CRA credit and update where activities count for CRA credit.	– WBA reviewing rule for comment.
	Real Time Payments	– Fed plan to create FedNow, a real-time payments settlement service. Not operational until 2023 or 2024.	– Concern over need for interoperability. – Comment period has closed – Tracking and awaiting Fed rulemaking.
Watchlist	GSE Reform	– FHFA has indicated intent to write rules ensuring GSEs operate in a safe and sound manner, preparing the GSEs to exit conservatorship and foster competitive, liquid, efficient, and resilient national housing finance markets.	– Tracking upcoming action.
	CAMELS Rating System	– Fed and FDIC request comment on the CAMELS rating system. – Comments due 2/28/20.	– WBA considering comments but seeking member feedback.
Holding Pattern	Farm Field Siting/Runoff Limits	– Rule will not be brought to a final vote in 2019.	– Will be proposed again. – WBA tracking issue.
	Consumer Due Diligence Rule	– FinCEN FAQ and Guidance issued.	– Member FAQs submitted to FinCEN.
At Rest	DFI UCC Search	– New website for UCC search/filing. – DFI has corrected functionality issues. – Expanded quick search.	– WBA continuing to monitor to ensure ensure functionality.
	Cryptocurrency — Facebook	– No recent developments. – See: Real Time Payments above.	– Gathering member input and monitoring in media. WBA wrote an article for membership to share with media.

(continued on p. 5)

Refresher on Account Dormancy, Inactivity, and Abandonment

How are these defined under Wisconsin law?

Is Account Dormancy or Inactivity Defined by Wisconsin Law?

Answer: No. The time period when an account becomes dormant or inactive is not defined by law. However, the time period when the account becomes abandoned is. While this area of law has not changed recently, WBA has begun receiving questions, and provides the following summary as a refresher on the matter.

Wis. Stat. Section 177.06(1) provides for the circumstances upon which bank accounts are presumed abandoned. An account is presumed abandoned if the owner has not taken certain



Compliance Q&A

Scott Birrenkott

action with respect to the account within 5 years. For example, increasing or decreasing the amount of the deposit, or communicating in writing with the bank, within a period of 5 years, would mean an account is not presumed abandoned. See Wis. Stat. Section 177.06(1)(a)-(e) for the full list of criteria.

A bank can determine when an account is considered

Visit www.wisbank.com to learn more about this topic and other compliance-related issues.

to be abandoned as a matter of law. However, dormancy is not defined. To that extent, a bank could potentially set its own definition of dormancy as a matter of contract. That said, the language in the statute is not clear as to whether a dormancy fee can be charged, and DFI has declined to provide an interpretation. WBA is aware of some banks that define dormancy in their contracts to be a 12-month period of inactivity.

In the event that a bank does not currently have a dormancy fee, and decides to implement one, it should also consider that Regulation DD Section 1030.5(a) would require the bank to provide customers with notice of the change at least 30 days in advance.

Birrenkott is WBA assistant director – legal. For legal questions, please email wbalegal@wisbank.com.

Note: The above information is not intended to provide legal advice; rather, it is intended to provide general information about banking issues. Consult your institution's attorney for specific legal advice or assistance.

Advocacy Update

(continued from p. 4)

information by WBA in an Advocacy Toolkit that helps with all aspects of the event. WBA is not “D” nor “R,” but “B” for Banking!

5. Meet with leaders in other industries and represent WBA.

When we're able to get back to large in-person events, an AO attends local and state-wide events and represents Wisconsin's banking industry. These events create an entirely new network of individuals who are leaders in other industries, such as health care, accounting, manufacturing, and real estate.

To learn more about the Advocacy Officer position, please visit <https://www.wisbank.com/advocacy/advocacy-officers/> or email WBA's **Mike Semmann** at msemmann@wisbank.com.

Semmann is WBA executive vice president – chief operations officer.

WBA Supports Seasoned QM Proposal, Offers Suggestions for Improvement

Summary of recent comment letter below

On Aug. 28 CFPB issued a proposed rule to create a new category of qualified mortgages (Seasoned QMs). To be considered a Seasoned QM under the proposal, loans would have to be first-lien, fixed-rate covered transactions that have met certain performance requirements over a 36-month seasoning period. Covered transactions would also have to be held on the creditor's portfolio during the seasoning period, comply with general restrictions on product features and points and fees, and meet certain underwriting requirements. The proposal would also require that the creditor consider and verify the consumer's debt-to-income ratio or residual income at origination.

Seasoned QMs would only be available for covered transactions that have no more



Comment Letters:

- www.wisbank.com/CommentLetters

The WBA Legal Department advocates for the industry by writing comment letters to federal and state regulators on proposals affecting the industry and by filing friend-of-the-court briefs at the request of WBA members and per approval by the WBA Board of Directors.

than two 30-day delinquencies and no delinquencies of 60 or more days at the end of the seasoning period. Also, should there be a disaster or pandemic-related national emergency and as long as certain conditions are met, the proposal would not disqualify a loan from becoming a Seasoned QM for the failure to make full contractual payments if the consumer receives a temporary payment accommodation.

WBA filed comments in support of CFPB's efforts to create a new category of QM, but noted that few Wisconsin banks would be able to utilize the rule as proposed. In addition, WBA provided suggestions and requests for clarification on certain aspects of the rule such as factors affecting eligibility during the seasoning period.

For copies of this or other WBA comment letters, please contact the WBA Legal Department at 608-441-1200 or visit www.wisbank.com/CommentLetters.

Credit Unions Evolve as Does Policy Debate

By Rose Oswald Poels

If you close your eyes and think about all the issues bankers have lobbied for over the decades, and focus on the one that resurfaces each year, credit union taxation should immediately pop into your mind. Over the years, the credit union industry has consolidated at a pace faster than that of the banking industry, resulting in fewer institutions but, without question, larger ones. Of the top 20 financial institutions headquartered in Wisconsin, 11 are credit unions with the largest one, Landmark Credit

Union, ranked No. 3 at over \$5 billion in assets.

While bankers have consistently asked for taxation of credit unions, we have raised many other regulatory and legislative issues over the years with some success. Just as routinely, credit unions have lobbied Congress and NCUA for expanded powers with some success as well. Most recently, during our Capitol Day legislative meetings, bankers raised the public policy concern over non-tax paying institutions acquiring assets either through branch acquisition or whole bank acquisition of taxpaying institutions. The permanent loss of revenue this presents for government should be a growing concern.

Given the need for government at the local, state, and federal level to search for more diverse revenue sources,

the WBA Board asked staff earlier this year to form a Credit Union Task Force of bankers to research and suggest a strategy to help move us closer to the goal of credit union fairness. The group met recently to continue its brainstorming and discussions from its first meeting in February. A representative from both ICBA and ABA also shared their organization's respective activities this last year and ideas heading into 2021.

The work of the task force will wrap up later this fall and will likely consist of, among other ideas, three tangible action steps for the Government Relations Committee and WBA Board to consider for 2021. It is very clear that the large credit unions are not what they seem, and WBA, with

the help of our members, is ready to execute on an active strategy.

Members of the WBA task force include: **Charlie Schmalz**, East Wisconsin Savings Bank, Kaukauna; **Ryan Kamphuis**, Bristol Morgan Bank, Oakfield; **Ed Schaefer**, First Federal Bank of Wisconsin, Brookfield; **Jimmy Kauffman**, Bank of Sun Prairie; **Jay McKenna**, North Shore Bank, Brookfield; **Dan Ravenscroft**, Royal Bank, Elroy; **Mike Gargaro**, Coulee Bank, La Crosse; **Gary Kuter**, Capitol Bank, Madison; and **Clark Yolitz**, Dairy State Bank, Menomonie.

I encourage you to contact me, or any member of the task force if you have questions or specific suggestions for us to consider as we finalize a strategy.

Oswald Poels is WBA President and CEO.

"It is very clear that the large credit unions are not what they seem, and WBA, with the help of our members, is ready to execute on an active strategy."

FDIC Report Shows U.S. Bank Tops in Deposit Market Share

By Paul Gores

U.S. Bank remains the deposit market share leader in Wisconsin, a report by the [Federal Deposit Insurance Corp.](#) shows.

Of every \$100 deposited with banks in Wisconsin, \$17.98 — or 17.98% of the total — was with U.S. Bank as of June 30, according to the regulatory agency's annual Summary of Deposits. The report put U.S. Bank's Wisconsin deposits at about \$32.2 billion.

Trailing U.S. Bank in deposit market share were BMO Harris Bank and Associated Bank, at 13.65% and 10.57%, respectively.

Although it's possible for a bank to change totals by buying deposits or shifting a large amount from elsewhere into a market rather than generating them from consumers and businesses

locally, the annual FDIC deposit report generally reflects which banks are leaders in a state or local market.

Rounding out the top 12 banks in deposit market share in Wisconsin were:

Chase, 7.47%; Wells Fargo, 3.74%; Johnson Bank, 2.75%; Nicolet National Bank, 1.99%; Town Bank, 1.44%; PNC Bank, 1.36%; Bank First, 1.26%; North Shore Bank, 1.05%; and National and Exchange Bank and Trust, 0.98%.

The FDIC report also shows how bank deposits rank in the state's biggest metro markets. BMO Harris was top in market share in four metro areas in Wisconsin — more than any other bank. National Exchange Bank and Trust held the most dominant local market share, with nearly 43% of bank deposits in the Fond du Lac market.

Here are the deposit market

share leaders in individual metro markets in Wisconsin:

» **Appleton:** BMO Harris, 21.0%; Chase, 12.14%; Associated Bank, 11.28%.

» **Eau Claire:** Charter Bank, 16.97%; Northwestern Bank, 11.41%; Associated Bank, 11.0%.

» **Fond du Lac:** National Exchange Bank and Trust, 42.68%; Hometown Bank, 8.65%; U.S. Bank, 8.60%.

» **Green Bay:** Associated Bank, 34.88%; Nicolet National Bank, 17.42%; BMO Harris, 12.82%.

» **Janesville-Beloit:** BMO Harris, 18.55%; Johnson Bank, 15.19%; The First National Bank and Trust Co., 14.67%.

» **La Crosse-Onalaska:** Merchants Bank, 11.68%; Associated Bank, 11.61%; State Bank Financial, 9.67%.

» **Madison:** BMO Harris, 15.53%; Associated Bank, 10.34%; U.S. Bank, 8.30%.

» **Milwaukee:** U.S. Bank, 35.23%; BMO Harris, 15.51%; Chase, 11.76%.

» **Oshkosh-Neenah:** Associated Bank, 24.55%; Nicolet National Bank, 20.92%; West Pointe Bank, 9.17%.

» **Sheboygan:** Bank First, 19.35%; Wisconsin Bank & Trust, 12.56%; Wells Fargo, 11.46%.

» **Wausau-Weston:** BMO Harris, 23.54%; IncredibleBank, 16.14%; Peoples State Bank, 14.64%.

The FDIC report also showed that the number of bank branches in Wisconsin declined by 3.4% since 2019, to 1,855 from 1,921.

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores57@gmail.com.

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Wisconsin banker **Tom Pamperin** says the most welcoming method for a bank to connect with customers seems to have flipped.

“It used to be technology was the cold and impersonal interaction,” said Pamperin, president and chief executive officer of Premier Community Bank in Marion.

But today, amid a pandemic in which bank customers – if the bank lobby is even open – must wear a mask, remain separated from employees by plastic barriers, stand at a distance, and likely are leery of touching anything, using a mobile app or a video teller has become a lot more appealing.

“Now which service has become cold and impersonal?” Pamperin rhetorically asked.

The invasion of the novel coronavirus early this year has changed a lot of business and consumer behaviors, ranging from how we shop to how we’re entertained to how we meet. How we bank also is on that list.

The need for social distancing to avoid catching or spreading the virus has increased consumer acceptance of technology that some might have continued to shun as long as they could fearlessly walk into a branch and make their transactions. And it appears probable – now that more consumers and businesses have engaged with technology – many of them will keep using it even after the pandemic subsides.

A report this summer by the accounting and consulting firm Deloitte and the Institute of International Finance said COVID-19 has been a catalyst for adoption of bank technology.

“Looking ahead, it is abundantly clear digital transformation will not only accelerate, but financial institutions that do not fully embrace digital transformation – and adapt to new ways of



Pandemic has Accelerated Customer Adoption of Bank Technology

By Paul Gores

working – risk being left behind,” the report stated.

At a recent meeting of the Federal Reserve Bank of Chicago’s Community Depository Institutions Advisory Council, the consensus among a dozen Midwest bank executives on the panel was that COVID-19 has significantly boosted the use of financial technology, said **Douglas Gordon**, CEO of Waterstone Financial Inc., the Wauwatosa parent company of WaterStone Bank.

“The pandemic has really accelerated the digital platform probably by three to five years,” Gordon said.

Among new adopters of bank technology are people opening accounts, businesses, and “even senior citizens who have historically been more averse to it,” he said.

“They (bankers on the council) think people are getting comfortable with the digital platforms,” Gordon said. “It’s probably a more profitable way to do it. Everybody is looking for cost cutting because net interest margins are slim, being in a zero-interest rate environment.”

Brookfield-based North Shore Bank installed its first video teller unit in a Kenosha grocery store in late 2014. Today it has almost 30 at

18 locations, mostly in drive-through lanes at branches. At the video teller sites, consumers make transactions while chatting, similar to a Zoom encounter, with a specially trained banker who might be miles away.

When the pandemic hit and people couldn’t go inside bank lobbies, use of the video tellers quickly grew.

“All drive-up transactions, but specifically our video teller transactions, just surged,” said **Sue Doyle**, senior vice president and head of retail banking for North Shore Bank.

Doyle said all electronic forms of banking, such as mobile banking and person-to-person payments, had been increasing even prior to the arrival of the new virus.

“COVID just took that trajectory and accelerated it,” she said.

Ergo Bank in Markesan also uses interactive teller machines, or ITMs, in its market.

“We were seeing a steady increase month over month prior to COVID, and then when COVID hit and the lobbies got closed down, that technology just took off,” said **Kyle Witt**, president and CEO of Ergo Bank.

Even though lobbies have reopened, the use of the ITM video units is up.

“So people said, ‘OK, this is nicer than walking in and talking with someone. I can actually talk to someone on the screen. Everything is happening in front of me,’” Witt said.

Video teller capability also helps the bank cope with staffing issues if one or more employees can’t come to work, Witt said.

Pamperin said at Premier Community Bank, the mobile app has seen the most growth since the virus appeared.

“The walking-into-the-lobby experience of a bank – I think that has permanently changed,” he said, noting that having an existing app immediately met the need of customers and didn’t require much marketing.

“It was coming together nicely for us to have this product that we’ve had out there for a number of years now and many people were using it,” he said. “But we had kind of plateaued in acceptance of it or new application of it by our customer base. And now it’s just exploded.”

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores77@gmail.com.



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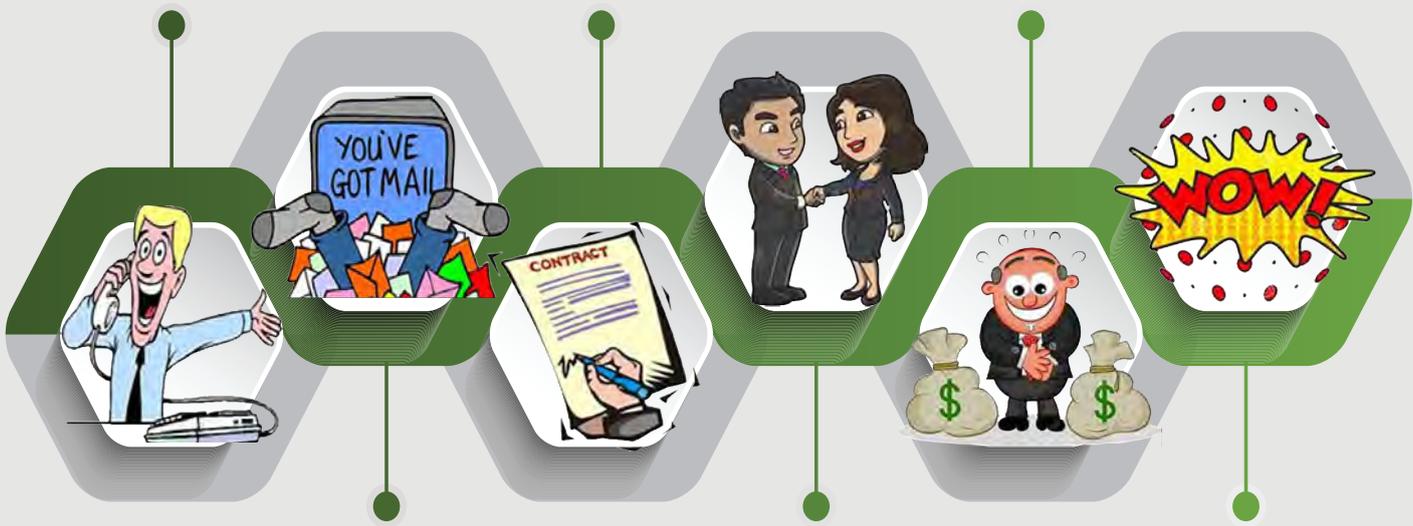
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Moratoriums and Stimulus Have Staved Off Wisconsin Bankruptcy Surge, but Lawyers Say it's Coming

By Paul Gores

While moratoriums on utility cutoffs and foreclosures and other economic assistance have helped keep consumer bankruptcy filings low during the pandemic, a wave of bankruptcies is coming, lawyers say.

Data from federal bankruptcy courts shows that in Wisconsin, consumer bankruptcy filings through August were 28% below the same time in 2019.

But that is the calm before the storm – a calm stemming from state and federal initiatives meant to keep people solvent and in their homes while COVID-19 is spreading. For instance, the state's Public Service Commission this month extended a moratorium on electric and gas disconnections until Nov. 1, when the state's seasonal prohibition on utility cutoffs kicks in, essentially extending the pause in payments until April 15.

"Bankruptcy filings in Wisconsin is an inevitable result of the pandemic's blow to business and jobs."

After that, bankruptcy attorneys say, be prepared for a big jump in bankruptcy filings.

"As of this month, there's 56,000 people in the state that are behind on their utility bills," said **James Miller**, of the firm Miller & Miller in Milwaukee. "Come April 15 of 2021 there is going to be a landslide of bankruptcy filings, unless We Energies comes up with something and starts forgiving balances."

Miller said consumers destined for financial trouble are holding off declaring themselves insolvent as long



as they can. Moratoriums that have stalled regular major household expenses, along with aid such as stimulus checks from the federal government and an extra \$600 in unemployment income, have kept consumers' heads above water, if only temporarily.

Claire Ann Richman, an attorney with Steinhilber Swanson LLP in Madison, said that right now, many consumers don't feel pressure to file for bankruptcy protection from creditors. In addition, she said, the court system can't function at its normal pace while social distancing is in effect.

"All of the reasons that force somebody to file bankruptcy are being slow-played," she said.

She predicted that as early as six months from now or perhaps the middle of 2021, a big increase in bankruptcy filings will begin in the state as assistance wanes and permanent business closures from the pandemic will leave fewer jobs.

Some pandemic-induced bankruptcies already are happening, especially among business operators, she said.

"We have a dry cleaner, restaurant owners, agricultural

suppliers who distribute fertilizer and ag products and they couldn't go out and do their sales this spring, and karate schools – things like that," Richman said. "Those people are shutting down."

Attorneys said even though bankruptcy filings are markedly down from last year at this point, lawyers are busy as they work with clients and advise them to hold off filing as long as they can in the hope that the economy and their personal situations improve.

Through August, there were 8,272 consumer bankruptcy filings – Chapter 7 and Chapter 13 – in Wisconsin, or 28% fewer than through August of 2019, according to American Bankruptcy Institute data. Nationally, consumer filings were down 27%.

Bankruptcy Court records show that in Wisconsin through August, there were 13 Chapter 11 business reorganization filings in the Eastern District of the state, compared with 14 at the same time a year ago. In the Western District, Chapter 11 filings through August were at 13, the same number filed in all of 2019 in the district.

In an August report, the head of the American Bankruptcy Institute said

a number of key factors continued to keep bankruptcy filings from overwhelming the court system in the U.S.

"The CARES Act helped businesses and consumers initially weather the economic shock of the pandemic," said ABI Executive Director **Amy Quakenboss**.

She noted that collection, eviction, and foreclosure activity were largely suspended, and quarantining measures presented challenges for struggling debtors to meet with attorneys.

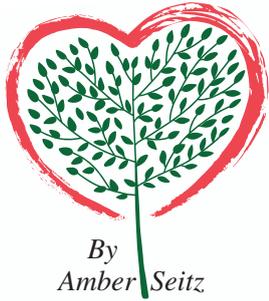
"However, with the expiration of government stabilization programs, elevated unemployment levels, and growing economic uncertainty, we anticipate a dramatic climb in filings later this year," said Quakenboss, who also holds a law degree.

Miller said an increase in bankruptcy filings in Wisconsin is an inevitable result of the pandemic's blow to business and jobs.

"I think we're really going to see the spike in filings in 2021," he said.

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores7@gmail.com.

Branches: Still the Heart of Community Banking



You've heard it before, and chances are you'll hear it again: *the branch is dying*. If that's

Forum in July, *Connected Experiences: Branch Transformation Trailblazers Blend Talent and Technology*, Fiserv Senior Product Manager **David Johnson**, who leads product management for self-service banking automation, explained that existing branch optimization challenges have evolved further in 2020 due to the pandemic, but that transforming their branches is a successful strategy banks can use to adapt. "Finding the next normal of service delivery falls squarely in the realm of branch transformation," he said. "The changing nature of our interactions changes how we deliver products and services to customers."

To get a close-up look at what tomorrow's branches are designed to do, WBA spoke with five member banks that recently opened a new or renovated branch (*see photos, below*).

While diverse in *how* they accomplish it, each of these banks' branch investments exemplifies how the industry can build a new recipe for success. Some key ingredients:

1. Strategic Growth

New branches follow growth, not the other way around. Many new offices open because the bank's strategic plan calls for organic growth and senior leadership has identified the community as an opportunity. For example, Peoples State Bank President/CEO

Sometimes that location is specified in the plan itself, as is the case with Bay Bank's newest branch in Menominee County. "This branch is executing on our strategic plan," said Bay Bank President **Jeff Bowman**. "It's in writing in our plan that we will assist other tribal communities of Wisconsin." In doing so, Bay Bank is bringing the first full-service bank branch to Menominee County, which was the only one of Wisconsin's 72 counties that did not have a bank branch.

2. The Right People

"A lot of this centers around the people we hired," said Denmark State Bank President and CEO **Scot Thompson**. "Without the right



» **Bank First, Manitowoc** | Opened: Jan. 6, 2020 | Oshkosh



» **Bay Bank, Green Bay** | Planned Opening: Dec. 2020 | Keshena, Menominee Reservation/County



» **Demark State Bank** | Opened: Feb. 17, 2020 | Sheboygan

true, why are so many financial institutions investing in their branch networks, either through remodeling or new construction?

The answer: the branch is more than a building—and it always has been. Community banks connect with their customers and neighbors through their branch networks. Those networks are evolving to meet the needs and preferences of a new generation of customers, but branches are still an essential channel for delivering banking services.

At a virtual session held during Fiserv's Forward

Branches are designed to provide the best customer experience possible, but what constitutes the "best experience" has changed over time. According to new research from Fiserv ([July 2020](#)), since the pandemic began 33% of survey respondents had increased use of mobile payment apps, 27% increased use of mobile check deposits, and 46% do not plan to visit a branch within 30 days. Many of these trends started before anyone had heard of COVID-19, but the pandemic has accelerated and magnified their impact.

Scott Cattanach said the bank made a strategic decision to pursue new market growth, and because they had already achieved significant market share in their home footprint of northern Wisconsin, they began looking to other areas of the state for opportunities. "From a broad perspective, we were looking to break into a higher-growth area of Wisconsin," he explained. "Though we started it as a loan office, we always intended for it to become a full-service branch, because that's when we, as a community bank, are most effective."

people, it's difficult to grow." The same pattern emerged, in most cases, for the launch of a new branch location. After determining which market was the best fit to target, the bank built relationships with key individuals in that market who then built up a portfolio of accounts, and eventually the community expressed demand for a full-service branch. "It's part of our strategy and it all starts with people," said Bank First CEO **Mike Molepske**. "Assemble a team, build some accounts, then open a branch."

(continued on p. 13)

Branches:

(continued from p. 12)

By building the new branch's team from within the community, the bank not only leverages existing client connections, but also demonstrates its commitment to bolstering the local economy, which can be a considerable component of success. "We've made the commitment to hire and train members of the Menominee community to work at the bank," said Bowman. "We will create some new local jobs and launch some new careers in banking."

3. Community Engagement

Investment in a new branch demonstrates the bank's strength and ability to serve

to still having face-to-face communication along with automation and technology. That's where community banking has its niche." The hallmark of community banking is relationships, and branches facilitate that advantage. "If we can't deliver a personal touch we can't deliver our best value," said Cattanaach. "We're only successful if our customers are successful."

Also, each bank highlighted the goal of community engagement and support in talking about the motivation for the new branch. "Over the long haul, we will be able to increase home ownership, play a role in developing new housing, and provide access to capital

business with your customers," he said. "It's a recognition of your brand and a huge part of your marketing for your organization."

Bank First's newly opened branch in Oshkosh was designed with lots of natural light, built with recycled materials, and decorated with artwork from local artists, just like Bank First's other branches, which means customers know what to expect when they walk in. "Whether it's new or retrofitted, it needs to fit our brand," Molepske explained. "When you walk into the building, you feel comfortable. It feels strong and professional. It's a great place for customers to visit and our employees to work in."

part of our customer-base still wants to come to the bank," said Tubbs. "Without a doubt technology has changed people's habits, but there's still that desire."

A recent global survey by Deloitte showed consumers prefer to visit a bank branch for more complex banking services, such as opening an account, and this preference is fairly similar across generations: 64% of baby boomers, 54% of Gen Xers, 48% of millennials, and 56% of Gen Z consumers surveyed said they prefer to visit branches when opening a new checking account. Despite branch traffic trending down, this shows the value of a branch—and its ability to deepen customer



» State Bank of Cross Plains | Opened: May 30, 2019 | Middleton

the community. "When you build a significant building on a significant corner—100,000 cars drove by daily, before COVID—it's a sign of the bank's success and strength," said State Bank of Cross Plains President and CEO Jim Tubbs. "Beyond it demonstrating an investment in the community, it shows that things are going well."

The physical presence of a branch is also how banks forge a connection with a new community. "People bank with people," Thompson explained. "It's a relationship you build over time. There is a benefit

in the form of small dollar consumer loans and small business loans," explained Bowman. "We have 25 years of experience making mortgage loans on Tribal land. We're transferring that unique skillset to a new community."

4. Brand with the Building

Tubbs said the new State Bank of Cross Plains building was designed to communicate the bank's tremendous commitment to the city of Middleton. "I believe, especially in the community bank space, the branch network is much more than a channel to do



» Peoples State Bank, Wausau | Opened: March 11, 2020 | West Allis

With less foot traffic in branches, every interaction counts more. "You have to provide what consumers are looking for," said Cattanaach. "That requires your staff to be more multifunctional." Universal bankers and ITMs are part of that transformation and are (or will be) featured at many of the new branches highlighted in this article. The ITM is a good example of the dichotomy of current customer demand; they want high-tech digital solutions and the ability to meet face to face with a trusted advisor. "Especially in the Midwest, a significant

relationships—grows over time. "A new location is an investment," said Thompson. "It doesn't turn around Day One or even Year One. It's an investment in future growth and income."

So, while bank clients of all ages may visit branches less often—as few as five times per year according to some surveys—most don't want branches to go away. "The branch will be with us forever," said Molepske. "It's the heart of community banking."

Seitz is WBA operations manager and senior writer.

Bulletin Board

News about people working in Wisconsin's financial institutions

Promotions and New Hires

Hudson

First State Bank and Trust is excited to announce the appointment of **Monica Weekes** (pictured) and **Ryan Cari** (pictured) to its Board of Directors.



Weekes



Cari



Stebbins



Moore



Kane

Ixonia

Ixonia Bank is pleased to announce the appointment of **Peggy Stebbins** (pictured) to chief financial officer.



Oldenburg



Ravenscroft



Harrop



Yang



Stahl

Dave Oldenburg (pictured) to its team as fraud officer.

Mazomanie

The Peoples Community Bank recently announced the hiring of **Kevin Ravenscroft** (pictured) as president and chief executive officer of the bank. Ravenscroft replaces **Gary Harrop** (pictured) who will continue with the bank as chairman of the board of directors.

Waukesha

Waukesha State Bank has promoted **Yer Yang** (pictured)

to assistant vice president – mortgage operations manager. Prairie Trust, a division of Waukesha State Bank, is proud to announce the hire of **Jo Stahl** (pictured) as fiduciary tax administrator.

Waupun

Stephanie Kreis (pictured) has been promoted to operations manager for the Allenton and Mayville offices of National Exchange Bank & Trust. National Exchange Bank & Trust is pleased to welcome **Thomas Long** (pictured) to the bank as an

assistant vice president in commercial lending.

Wausau

Peoples State Bank announces the promotion of **Clint Oelhafen** (pictured) as a commercial banker at the bank's Marathon location. "The skills and knowledge they provide potential homeowners helps make our community strong and vibrant."

Announcements

Oconomowoc

Bank Five Nine is committed to supporting their customers and communities, now more than ever. Through their partnership with the Federal Home Loan Bank of Chicago, Bank Five Nine provided grants to three local organizations that help families achieve the dream of homeownership. The three organizations receiving grants are:

(continued on p. 15)

Madison

First Business Growth Funding, the Accounts Receivable Financing arm of First Business Financial Services, Inc., announces that **Roger Moore** (pictured) has been hired as vice president – business development officer. First Business Bank announces that **Kevin Kane** (pictured), CTP, was hired as president – Milwaukee region.

Manitowoc

Bank First is pleased to announce the addition of



2020 Frank Lamping Community Service Award

Community State Bank, Union Grove, is proud to announce that **Tom Czerniak** has been named as the 2020 Frank Lamping Community Service Award recipient. The award, inspired by Union Grove native **Frank Lamping**, was created to acknowledge and celebrate a community member who exemplifies positivity, selflessness, leadership, and inspires others to give back to the community. A nominating committee assembled by Community State Bank selected Czerniak, the former Chief of the Union Grove Yorkville Fire & Rescue and retired Union Grove High School teacher, for the award. Pictured (from left to right): **Dave Moyer**, Community State Bank senior vice president and market president; **Tom Czerniak**, 2020 Frank Lamping Community Service Award recipient; **Scott Huedepohl**, Community State Bank president and CEO.

BS RECRUITERS

BS Recruiters is an executive search firm providing placement services to banks in the Wisconsin market that seek top-caliber talent.

The keys to our long success are our industry experience, personal commitment, and professionalism of our recruiters. We enjoy long-term relationships with the great majority of our clients because of our commitment to provide them with the highest level of service.

Del Garcia
262-369-8109

BS Recruiters
155 E Capitol Drive Suite 5
Hartland, WI 53029
www.bsrecruiters.com

Erick Gorecki
262-369-7007

Have good news? To submit a notice, please email bulletinboard@wisbank.com. Or mail entries to *WBA Bulletin Board*, 4721 South Biltmore Lane, Madison, WI 53718. Send photos as JPEG files. Questions? Contact WBA's **Alex Paniagua** at 608-441-1237 or apaniagua@wisbank.com.

Bulletin Board

News about people working in Wisconsin's financial institutions

Announcements

(continued from p. 14)

ACTS Housing, Housing Resources, Inc, and the United Community Center. "We are proud to support these three wonderful organizations," said Bank Five Nine President and CEO **Mark W. Mohr**.

Waukesha

Waukesha State Bank is



Kreis

Long

Oelhafen

Persohn

pleased to announce that **Lisa Persohn** (pictured), vice president – director of wealth management and trust operations, graduated

from the Cannon Financial School on Trust Audit, Compliance and Risk Management and earned her Certified Fiduciary and

Investment Risk Specialist® (CFIRS) certification.

Associate Member Holbrook, N.Y.

American Portfolios Financial Services, Inc. is proud to announce that it has been named Broker-Dealer of the Year in 2020 by Investment Advisor magazine for its sixth consecutive year.

Staff Change? Address Change? Please Let WBA Know

Getting information to the right person quickly is critical in these challenging times. Has there been a personnel change at your bank, or are WBA's mailings targeted to the wrong staff? Send your address corrections and/or additions to our database administrator, WBA's Assistant Director – Information Technology **Randy Molepske**, at requests@wisbank.com or 608-441-1212.

Oak Bank Donates \$21,000 to Boys & Girls Club of Dane County



Oak Bank donates \$21,000 to the Boys & Girls Club of Dane County to provide support to local students and their families with food, school supplies, and access to technology during this unprecedented time. The donation is a combination of Oak Bank's Community Giving Fund and Federal Home Loan Bank of Chicago's (FHLB Chicago) Targeted Impact Fund. The FHLB Chicago Targeted Impact Fund provides bank members with grants to support relief efforts for the populations hit hardest by COVID-19 as well as to promote equity and opportunity for communities of color.

"We knew exactly what needed to be done with the grant money. It should be given to a valued resource in our community that could use the funds to make a real and immediate difference," said **Bob Gorsuch**, Oak Bank CEO. "The Boys & Girls Club of Dane County is a lifeline to so many. We are honored to play a small role in helping to make our community a better place."

Bank of Wisconsin Dells Supports Local Restaurants

Bank of Wisconsin Dells and Community Bank of Portage had the pleasure of purchasing just over \$11,000 in gift cards and employee meals from nearly 70 local restaurants, as part of its Customer Appreciation Celebration held Aug. 24-28, 2020. To kick off the week, the bank surprised its customers by randomly distributing about 550 gift cards to eateries in the surrounding areas. Employees also enjoyed lunch from their favorite local food places on what was known internally as "Take-Out Tuesday."





Your EDUCATION Calendar

Conferences | Summits

Schools | Boot Camps

Seminars | Workshops

WBA Webinars

Other Events

NOVEMBER 2020

- **Deposit Compliance School***
2-3 Wisconsin Dells; \$535/attendee
- **LEAD360 Conference**
3-4 Virtual; \$595/bank; unlimited attendees!
- **Human Resources Conference***
12 Wisconsin Dells and Virtual; \$225/first in-person attendee; \$125/each additional in-person attendee; \$450/bank for virtual connection
- **BOLT Winter Leadership Summit***
16-17 Stevens Point and Virtual; \$150/person
- **FIPCO Software & Compliance Forum: Loan + Mortgage**
16-19 Virtual half-days; \$459/bank; unlimited attendees!

DECEMBER 2020

- **Enterprise Risk Management Peer Group**
10 Virtual; \$39/attendee

JANUARY 2021

- **Midwest Virtual Economic Forecast Forum**
7 Virtual
- **Community Bankers for Compliance (CBC) – Session I**
26-27 Virtual; Membership (*pricing options vary*)

FEBRUARY 2021

- **Bank Executives Conference***
1-3 Wisconsin Dells
- **Compliance Forum: Session 3***
23 Wausau; Membership (*pricing options vary*)
24 Wisconsin Dells; Membership (*pricing options vary*)
25 Milwaukee; Membership (*pricing options vary*)

APRIL 2021

- **Agricultural Bankers Conference***
7-8 Wisconsin Dells; \$300/ag section member; \$350/non-section member
- **Introduction to Commercial Lending School***
19-21 Madison; \$795/attendee

APRIL 2021 (continued)

- **Women in Banking Conference***
26 Wisconsin Dells; \$250/each first two attendees; \$195/each additional attendee
- **Community Bankers for Compliance (CBC) – Session II***
27 Stevens Point; Membership (*pricing options vary*)
28 Madison; Membership (*pricing options vary*)

MAY 2021

- **School of Bank Management***
10-14 Madison; \$1,395/attendee
- **Trust Conference***
18 Madison
- **Credit Analysis Boot Camp***
20-21 Madison; \$495/attendee
- **BSA/AML Workshops***
25 Eau Claire; \$245/attendee
26 Neenah; \$245/attendee
27 Madison; \$245/attendee

JUNE 2021

- **BOLT Summer Leadership Summit***
10-11 Wisconsin Dells; \$150/attendee
- **Credit Analysis Boot Camp***
24-25 Green Bay; \$495/attendee

*IMPORTANT INFORMATION

Attendance at in-person events will be limited to allow for physical distancing and a more spacious room set-up. Please visit <https://www.wisbank.com/education/engagement-center-guidelines/> for more information.

- » Visit www.wisbank.com/education for more information and online registration.
- » Or email WBA Education at wbaeducation@wisbank.com or call 608-441-1252.

Relationship Banking, WBA Style

By Rose Oswald Poels

Banking is about relationships. As a leader in your bank, many times you are making connections between different businesses and people to help them reach a common goal. It's about leveraging those relationships for the greater good.

WBA has done the same thing throughout the years in its approach to advocacy to help achieve successes for the industry. Over the last few years, the WBA Board has encouraged staff to continue and grow our coalition building efforts to maximize the impact of our advocacy initiatives. For instance, late last spring, WBA built a coalition of

34 different Wisconsin business groups urging SBA and Treasury to simplify the PPP loan forgiveness process. That effort placed WBA among the most successful state banking trade associations in that campaign and helped move the needle for so many businesses and banks.

More recently, on the same topic of PPP forgiveness, I orchestrated another business coalition. Groups like Wisconsin Manufacturers and Commerce, Wisconsin Restaurant Association, and the National Federation of Independent Business in Wisconsin were just a few of the organizations I asked

to join the effort in telling our Wisconsin Delegation how critical it is for Wisconsin's businesses, your customers, to have automatic PPP loan forgiveness.

Recently, a meeting between **Governor Evers**, DFI Secretary **Kathy Blumenfeld**, WBA, a few bankers and their business clients was held due to our efforts. While the message sent was that Wisconsin needs to stay open for the benefit of our economy, and can do so safely, the underlying goal was to connect the governor with the unique and broad perspective of the banking industry. During

this conversation, he directly heard how the pandemic is impacting banks, their loan portfolios, and communities, while their business customers related the specific effects to their respective business.

WBA has a powerful reputation in this state, as does the banking industry as a whole. We'll continue to leverage our relationships to ensure the strong voice of Wisconsin's banking industry is heard by elected officials and other thought leaders on the local, state, and federal levels.

Oswald Poels is WBA President and CEO.

BOLT Winter Leadership Summit Offered as Hybrid Event *In-person and virtual attendance networking options offered*

Peer networking is consistently seen as one of the greatest values offered at the BOLT Leadership Summits. That will still be the case for the upcoming winter offering of this event even though it will be experienced a little differently.

The **BOLT Winter Leadership Summit**, held **Nov. 16-17**, will be one of the first hybrid events offered by WBA. You'll get to choose whether to attend in person at the Holiday Inn in Stevens Point or virtually from your office or home.



» Visit www.wisbank.com/BOLT2020 for more details or to register.

Networking will still be a valuable experience for virtual attendees. The virtual conference platform used by WBA offers online rooms so you can still have meaningful conversations with your fellow virtual attendees.

This is offered during the breakout sessions as well as the reception.

Another advantage to our hybrid event is that all sessions will be recorded. Can't virtually attend every session? No problem. You don't want

to rely just on your note taking skills at the event? We have you covered. Every attendee, virtual or not, will have access to the recordings after the event.

Sessions will include topics on becoming a networking professional, strategies on sharing new ideas, eight traits to turn any team into a cohesive, high-performing team, and much more.

Visit www.wisbank.com/BOLT2020 for the full agenda and to register today.

This event is HYBRID. You get to choose IN-PERSON or VIRTUAL. Here's the breakdown.

IN-PERSON (Stevens Point)

- » All meeting rooms will be set very spaciouly to allow for social distancing. The hotel and convention center work hard to provide a safe, clean, and comfortable environment for all.
- » Participate in scheduled peer networking sessions and an evening reception.
- » Meet other community banking emerging leaders and get to know them during sessions and meals.
- » You'll have access to session recordings after the event.

VIRTUAL

- » Listen in and watch every session as they are presented live from the comfort of your home or office.
- » Participate by submitting questions in the Q&A section of the virtual platform.
- » Can't attend every session live? Don't worry! The session recordings will be available following the live summit.
- » Participate in virtual peer groups using Zoom while those attending in person meet separately – easily connect with other community banking emerging leaders who are attending virtually.

FIPCO Forum Goes Virtual in November

Compliance Concierge™ Loan + Mortgage the focus of event

FIPCO's *Compliance Concierge™ Software & Compliance Forum – Loan + Mortgage* event is going virtual this year. Beyond safety and convenience for you, this new format for the forum offers your bank huge savings. **One registration equals unlimited attendees for the bank!**

That's not where the benefit ends. Held Nov. 16-19, eight virtual sessions will be presented over the course of four days so you still receive the same amount of valuable information without the screen fatigue.



» Register your bank and unlimited attendees from your bank at: https://www.fipco.com/fipco_training_events/forum-2020

Can't make all the sessions? No problem. Each session will be recorded and available to access later (excluding the FDIC regulators).

Key sessions include:

- **Monday, Nov. 16:** (1 p.m. – 4:15 p.m.)
 - » What's New in *Compliance Concierge™*

» HELOC and Consumer Real Estate Loan Trusts Plus More

- **Tuesday, Nov. 17:** (8:30 a.m. – 11:45 a.m.)
 - » Consumer Real Estate FAQs
 - » Commercial and Agricultural Loan FAQs
- **Wednesday, Nov. 18:** (8:30 a.m. – noon)

» Consumer and Commercial Construction Loans

» FDIC Examiners

- **Thursday, Nov. 19:** (1 p.m. – 4:45 p.m.)
 - » Participants, Let's Get Back to the Basics
 - » Legal and Compliance Session

Register your bank and as many staff as you want by visiting https://www.fipco.com/fipco_training_events/forum-2020.

I didn't know... FIPCO

offered the 2021 Wisconsin Financial Institutions Directory!



Information for every Wisconsin depository institution and branch by city

This annual bank directory has the most current Wisconsin financial institution information, including every depository institution and branch by city. The handy size includes almost 300 directory pages.

WBA Members: \$130 each | Non-Members: \$155

Updated Resource for Bankers, Directors and Vendors



To order copies visit www.fipco.com/products/wisconsin-financial-institutions-directory, or call 800-722-3498, ext. 274.

That comprehensive index has been revised into a more streamlined format: the American Financial Directory®. Your bank staff can use the directory for essential tasks

For years, bank employees have depended on FIPCO's Wisconsin Financial Institutions Directory for reliable information about the state's depository institutions.

That comprehensive

such as verifying funds transfer information, finding peer contacts, staying up to date on competitors, and looking up office hours. Information in each entry includes charter, institution type, key officer contact, Fed telegraph name, year established, location and number of branches, holding company name, financial information, and more!

Are you a WBA member? Pay only \$130. The non-member cost is \$155 for each directory.

Order the new 2021 edition today! Visit <https://www.fipco.com/products/wisconsin-financial-institutions-directory> or contact FIPCO Internal Sales Representative **Jodi Zieske** at 800-722-3498, ext. 274.

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Guest Article:

New Leadership at Wisconsin Farm Bureau Federation

By Kim Pokorny

Hello everyone, my name is **Kim Pokorny** and I'm excited to represent the Wisconsin Farm Bureau Federation as the new Chief Administrative Officer. I have deep agriculture roots being raised on a registered Brown Swiss and crop farm in Monroe. I was your typical "farm kid" spending all my time in the barn and the field, and actively involved in 4-H, FFA, and showing and judging cattle.

I attended UW-Platteville where I earned Bachelor of Science and Master of Science degrees in agriculture-related fields. Later in my career, I earned an MBA from UW-Oshkosh. I held a variety of positions including; a UW-Extension dairy and livestock agent in Sheboygan County, local markets specialist with MorganMyers on the Wisconsin Milk Marketing account (now Dairy Farmers of Wisconsin), program manager with Professional Dairy Producers (PDPW), and executive director of the Wisconsin Veterinary Medical Association before taking on my new role at WFBF.

WFBF is the state's largest general farm organization representing farms of all sizes, types and management styles. We are proud to be a grassroots organization, which means our county Farm Bureau members establish the policies that guide WFBF on local, state, and national affairs.

Members belong to one of 61 county Farm Bureaus, led by an elected board of directors made up of people working in agriculture. Our state Board of Directors is comprised of a farmer from each of the nine districts and the chair of the Young Farmer and Agriculturist and Promotion and Education Committees.



Kim Pokorny

WFBF Chief Administrative Officer



Our number one priority is to support our members who range from full- and part-time farmers, to agri-business professionals, to those who just want to support farmers and agriculture, to Rural Mutual Insurance Company policy holders. You can learn more about WFBF and our members by visiting wfbf.com.

On a personal note, I am excited to be part of an organization that has been tackling the rural mental health conversation. I firmly believe we must take care of ourselves before we can take care of our businesses. If we aren't healthy, our businesses aren't healthy. Mental health and substance abuse are issues agriculture has dealt with for decades, but only recently started openly talking about. Unfortunately, we still have too many still silently suffering because they are afraid they will be vulnerable, judged, or labeled.

I am a product of a family that has had its share of mental health challenges due to the hardships of farming in the 70s and 80s and two generations who didn't see eye to eye on farm decisions. I am the product of having friends and colleagues die from suicide, losing a neighbor boy (who was like a brother) to a farming accident, and needing help to manage the baggage I carry with me due to my life experiences. But I'm the last generation that is going to suffer, when help is available. I am standing up and shouting from the rooftops to

- » [Learn more about the stress facing farmers at \[bit.ly/freefarmstresstraining\]\(http://bit.ly/freefarmstresstraining\) a free, online resource.](http://wfbf.com/farm-neighbors-care-campaign)
- » [Or visit \[wfbf.com/farm-neighbors-care-campaign\]\(http://wfbf.com/farm-neighbors-care-campaign\), an online site that encourages random acts of kindness.](http://wfbf.com/farm-neighbors-care-campaign)

acknowledge your challenges and seek assistance. Be a leader and the inspiration for someone to reach out for help.

As a society we talk about how important mental health is, but we need to not only talk the talk, but walk the walk.

Last year, WFBF launched the Farm Neighbors Care campaign that encourages everyone who knows a farmer to show they care through random acts of kindness such as delivering a goodie bag, making a home cooked meal for the individual or family, or just bringing coffee and donuts with good quality conversation. You can

learn more at wfbf.com/farm-neighbors-care-campaign.

Lastly, I'd like to bring your attention to a free, online mental health training that is the result of a partnership between American Farm Bureau, National Farmers Union and Farm Credit. This training allows you to work on your own schedule, at your own pace and learn more about the stress farmers are facing and how to help anyone who you think is facing chronic stress, depression, or thoughts of suicide. You can learn more about the training at bit.ly/freefarmstresstraining.

I look forward to continuing to grow within my new role at WFBF and welcome the opportunity to be a resource for the Wisconsin banking community to share information about agriculture and rural mental health.

Pokorny is chief administrative officer at the Wisconsin Farm Bureau Federation.

WFBF is the state's largest general farm organization, representing farms of all sizes, commodities, and management styles. There are nearly 47,000 members that belong to WFBF. Voting Farm Bureau members (farmers) annually set the policy the organization follows, and are involved in local, state and national affairs, making it a true grassroots organization.

Did You Know?

Wisconsin Banker occasionally prints informative articles submitted by Gold, Silver, and Bronze WBA Associate Members. Interested in sharing your expertise? Please contact WBA's **Nick Loppnow** at 608-441-1208 or nloppnow@wisbank.com or email sales@wisbank.com for more information about purchasing Sponsored Content space in WBA's electronic publications.

PPP Loans Perplexing

(continued from p. 1)

period of the economic shutdown prompted by the pandemic, a lot of them are frustrated by the forgiveness stage. That means many PPP loans are likely to remain on the books longer than expected.

The possibility that the SBA will grant automatic PPP loan forgiveness to businesses that borrowed \$150,000 or less – an approach many bankers favor – has left some wondering whether they should start the complex forgiveness application process or wait for the potentially simpler procedure. There is legislation

use the full 90 days allowed for the agency to review and process forgiveness applications. That, in turn, has left them trying to figure out how long the PPP loans will be on the books.

“We’ve been waiting on a bill that was presented in Congress that would essentially give automatic forgiveness to loans under \$150,000, which is a pretty decent chunk of our PPP loans,” said **Ami Myrland**, senior vice president and chief financial officer of Capitol Bank in Madison.

Myrland said it appears legislation has stalled as

have that automatic forgiveness should it come through, which would save both them and us time, hopefully.”

Wausau-based Peoples State Bank booked about \$116 million in PPP loans. **Mark Oldenberg**, senior vice president and CFO, said the timing of the forgiveness element of PPP isn’t what he expected.

“It was kind of billed like you would put the loans on and they’ll be off your books this year yet, and you would recognize all of the income. Now I would tell you I think we’re only going to see 10

In all, through Aug. 8, there were 89,615 PPP loans totaling more than \$9.9 billion issued in Wisconsin. About 73,000 of the loans were for less than \$150,000.

1,100 in 30 or 45 days was like drinking from a fire hose – as a lot of community banks did that month.”

Banks worked hard and quickly to book PPP loans to

Forgiveness Plans for PPP Loans Proving to be Perplexing



Bankers also wonder whether the SBA intends to use the full 90 days allowed for the agency to review and process forgiveness applications. That, in turn, has left them trying to figure out how long the PPP loans will be on the books.

in the U.S. Senate and House of Representatives (S.4117 and H.R.7777, respectively) that would allow forgiveness of a \$150,000-or-less PPP loan if the borrower files a one-page form.

Bankers also wonder whether the SBA intends to

national elections draw near.

“So unfortunately for our borrowers that means that we don’t have a lot of really good information about what the forgiveness looks like,” she said.

Myrland said she’s hearing banks that have helped borrowers apply for forgiveness are being told they’ll need to wait the entire 90-day processing period.

“We’ve told our customers that we’re not quite ready to process those forgiveness applications because we don’t feel we’re doing them a service at that point,” Myrland said. “We want to wait for more clear guidance so that they can

or 20 percent of our loan forgiveness this year, and most of it’s going to be next year,” Oldenberg said.

In all, through Aug. 8, there were 89,615 PPP loans totaling more than \$9.9 billion issued in Wisconsin. About 73,000 of the loans were for less than \$150,000.

Scott Ducke, executive vice president and chief lending officer at State Bank of Cross Plains, said his financial institution quickly closed about 1,100 PPP loans shortly after the program began, totaling about \$110 million.

“We usually close about 100 commercial loans roughly a month,” Ducke said. “To do

help their customers and new borrowers make it through the downturn, said attorney **John T. Reichert**, shareholder in the banking and finance practice of Reinhart Boerner Van Deuren in Milwaukee.

“Many of these banks were doing a year’s worth of volume within two months,” he said.

Reinhart attorney **Sara McNamara**, who has been assisting banks with PPP lending issues, said automatic forgiveness for borrowers of \$150,000 or less would go a long way toward easing the process.

“It would have a pretty significant effect, especially
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PPP Loans Perplexing

(continued from p. 20)

for the community banks,” she said. “I was talking to a client yesterday who said they had like 600 PPP loans under \$150,000 and less than 100 over (\$150,000), so particularly for some of those smaller banks the change would be very helpful.”

She said borrowers and bankers want to know whether

“It really has become unwieldy in how we’re supposed to deal with the forgiveness part. The rules are so complex, the documentation is very obtuse. They think it’s clear, but it’s about as clear as mud.”

the blanket forgiveness for loans of less than \$150,000 is coming, and if so, when.

“I think a lot of businesses are kind of getting frustrated and they want to get the loan off their books, and are starting to get to the place where they are saying, ‘Hey maybe we should just start with the process as it is now because who knows when or if this will come from the SBA,’” McNamara said.

Asked by *Wisconsin Banker Daily* about the concerns **Robert Scott**, regional administrator for Region V of the SBA, said, “Lending institutions should begin to prepare for the PPP loan forgiveness timeline.”

“There are a number of bills simplifying PPP forgiveness for under \$150k; none have yet to be voted on,” Scott said in a written statement.

“Hopefully, Congress will weigh in soon on the matter.”

Not knowing whether automatic forgiveness for smaller loans is coming makes it hard to say what percent of PPP loans still are going to be on the books of Wisconsin banks at the end of 2020, said McNamara.

“It depends on how quickly the SBA moves,” she said. “A lot of borrowers are going to want to wait to see if anything comes out further. Something could come out next week or it could be two months from now, or we could hear nothing.”

Ducke said State Bank of Cross Plains anticipated that 75% or more of its PPP loans would be forgiven by the end of the year, but it doesn’t look like that will happen.

“We will be surprised if 20% are going to be forgiven

The hard part? Six months later, getting clarity from the U.S. Small Business Administration about the forgiveness feature of the PPP loans.

by the end of the year at this point,” Ducke said. “If that \$150,000 (automatic forgiveness) would come into play, it would certainly alter that percentage. But we’re trying to be conservative and realistic based on the scenarios we’ve been handed thus far.”

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores57@gmail.com.



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Low Mortgage Rates Lead to High Home Sales and Refinancing Volume In Wisconsin

By Paul Gores

Undeterred by the coronavirus pandemic, Wisconsin's housing market set a record for sales over the summer and is poised to continue its strong performance in the new year as long as mortgage rates stay low.

The low interest rates have made homes in the state more affordable, even though a limited inventory of houses and condos for sale in many markets has been pushing up prices.

"If I had to put my finger on one thing, it's the excellent interest rates," said longtime real estate agent **Peter Stefaniak**, of The Stefaniak Group LLC in Milwaukee. "You talk to anybody in the title business and the lenders right now, and they

are swamped, not only with purchases but refinancing. They are extremely busy."

The 2.94% average rate for a 30-year fixed mortgage (with 0.8 points) posted in August was the lowest on record with mortgage buyer Freddie Mac, whose statistics go back to 1971. But the average rate was even lower in the week ending Oct. 1, in which a rate of 2.88% with 0.8 points was logged, according to Freddie Mac.

"Those low mortgage rates – as long as they stay low – ought to continue to lead to a relatively robust housing market," said economist **David Clark**, executive associate dean of Marquette University's College of Business Administration.

Clark, who analyzes monthly sales of existing

homes and price data for the Wisconsin Realtors Association (WRA), said the tiny rates were the chief reason for record sales of existing homes in the state in the June-through-August period. In that span, 27,795 closings took place, a 2.8% increase from the same period last year.

"There is solid demand, and that's what is a little bit surprising in that we're coming out of a pandemic," Clark said.

Clark said the demand continues to be stimulated by mortgage rates that make houses and condos affordable to more people, even as prices inch upward. In addition, he said, jobs have continued to return since the end of the initial economic lockdown prompted by the pandemic.

According to the WRA,

through August, the median price of homes sold in Wisconsin was \$216,500, or nearly 9% higher than \$199,000 in the first eight months of 2019.

Refinancing also remains strong, as homeowners who obtained mortgages not so long ago are taking advantage of the low rates to reduce their monthly payments and the term of the mortgage.

"People are saving hundreds of dollars a month on refinances. Some people are cashing out to pay off other debt, saving lots of money on a monthly basis," said **Michael Kellman**, senior vice president for consumer lending at Brookfield-based North Shore Bank.

(continued on p. 23)



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Market Refinance

(continued from p. 1)

bankers say. Homeowners who refinance their mortgage are looking to cut expenses in a tough economy, and the fee could make redoing the loan less advantageous.

“I just think the timing of the whole thing is challenging for a lot of families that are hurting right now,” said **Jimmy Kauffman**, chief executive officer of the Bank of Sun Prairie.

“It’s an unfortunate thing at an unfortunate time,” Kauffman said.

Some banks may try to absorb all or part of the fee. But some already are making plans to pass it along to the borrower, perhaps via a small increase in the interest rate – about one-eighth of a point – for the refinanced mortgage.

With today’s super-low mortgage rates, the fee shouldn’t price a lot of borrowers out of the refinance market, said **Eric Witczak**, executive vice president of Green Bay-based Nicolet National Bank.



Weekly mortgage rates hit another all-time low as of Oct. 15, at 2.81% with 0.6 points for a 30-year fixed rate term, according to Freddie Mac.

“Rates are still so incredibly low,” Witczak said, noting the new fee already is being built into Nicolet’s pricing. “I don’t think it’s going to have a big effect at all.”

But Witczak also said he thinks the fee should have been 0.12% or 0.13% instead of 0.50%, which would have made it less controversial and probably

would have let Fannie Mae and Freddie Mac start collecting it more quickly.

Both Fannie Mae and Freddie Mac, which are government-sponsored enterprises, have been in conservatorship under the Federal Housing Finance Agency since the Great Recession in 2008.

“They’re seeing banks make so much money and, ‘Hey, how do we get a little something?’ I just think 50 bps (basis points) was kind of foolish because it was such a large splash,” Witczak said. “They haven’t made a

nickel on it because they’re making it effective Dec. 1.”

Chris Boland, vice president-consumer lending manager for Brookfield-based North Shore Bank, said the Adverse Market Refinance Fee could make mortgage refinancing a little less desirable, but not enough to slow down the refi boom.

“I think given where rates are – they’re pretty attractive right now – I don’t think it’s going to have a direct adverse effect on production at this point,” Boland said.

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Low Mortgage Rates

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On the home purchase side of mortgage lending, demand is so strong that potential buyers really need to be pre-approved for a mortgage before they even begin shopping for a home, Kellman said. When a desirable house comes onto the market, multiple bids – sometimes over asking price – are placed quickly, he said.

Stefaniak said competition is high as demand exceeds the supply of homes, and it has been since spring.

“When COVID first started to hit right before let’s say

St. Patrick’s Day, it got really quiet for about three weeks or so. Then about middle of April the phone started ringing and people started coming out,” Stefaniak said. “They were being careful: wearing masks and bringing sanitizer and wearing gloves, and no open houses – showings strictly by appointment and saying don’t bring mom or dad or the kids, strictly the buyers. And the majority of the sellers were OK with that because they wanted to sell their house. Before long it was back and up and running and crazy good. And it’s been like that all summer here.”

Realtor **Steve Bergelin**, of Realty Executives in Pewaukee, said although low rates and tight inventory have driven the market for homes priced at \$300,000 or less for the past few years, higher-priced properties listed at \$500,000 and up are in demand now as well. Bergelin said he’s “never seen anything close to this type of hysteria in [his] 28 years of real estate experience.”

“Homes that are priced right in these categories are receiving multiple offers within 24 to 48 hours, and many are over the asking price,” Bergelin said.

Clark said that with the Federal Reserve focused more on employment than inflation at the moment, it doesn’t appear a significant rise in interest rates is coming soon.

“My guess is we’ll continue to see low rates on credit – certainly short-term credit but also long-term credit – for some time,” Clark said.

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores57@gmail.com.

Two Years In, AHP a Financial Success for WBA Members

Two years ago, the Wisconsin Bankers Association became the first Wisconsin business group to launch a statewide Association Health Plan (AHP). AHPs provide the same flexibility to small businesses that large organizations enjoy when it comes to negotiating pricing and coverage options for health care.

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In addition, WBA EBC is thrilled with the successful launch of a new online system for streamlined insurance and human resources tasks. The online portal, accessible through a partnership with the Iowa Bankers Insurance Services, provides member banks with enhanced service, better transparency on costs and expenses, member driven control of enrollment/changes, and the ability to better control administrative costs in the future.

For more information or if you have any questions about WBA EBC's insurance options, please contact WBA EBC Vice President **Brian Siegenthaler** at 608-441-1211 or bsiegenthaler@wisbank.com.

Market Refinance

(continued from p. 23)

Boland said each bank is considering for itself what to do, but it's likely most will pass the fee along to the borrower.

Kauffman said Bank of Sun Prairie hopes to “absorb the fee as much as we can,” but he's also waiting to see how the industry in general handles it. He said it's a shame the fee has come along at a time when some homeowners could really use a lower monthly payment but might struggle with the addition of a new fee.

“Right now is a good

opportunity where you have families where money is a little tighter than it's been, and there's an opportunity for them to refinance and get a lower rate,” he said. “And now you've got a \$1,000 to \$1,400 fee that's kind of hitting them at a time where it's tough.”

The Federal Housing Finance Agency stressed that Fannie Mae and Freddie Mac will exempt refinance loans with balances below \$125,000, nearly half of which are comprised of lower income borrowers at or below 80% of area median income. Affordable refinance

products, Home Ready and Home Possible, are also exempt, the FHFA said.

Heather MacKinnon, vice president – legal of the Wisconsin Bankers Association said bankers know the fee is coming and have had internal discussions about whether to absorb it or pass all or part of it on to borrowers.

“Lenders would also be discussing how the fee will impact their low- and moderate-income borrowers and making plans to ensure they still serve those areas of their marketplace,” she said.

Nicolet's Witczak said he thinks the fee will continue

through all of next year, and maybe longer.

“There is talk of rates that are going to stay in this ridiculously low environment for three-plus years,” he said. “There'll come a time where the fee most likely would go away just from a competitive standpoint when it does affect the amount of business – or maybe it's reduced to 25 bps. But I would plan on this for the next couple of years probably.”

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores57@gmail.com.



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Jennifer Harder:

A Friend and Colleague Remembered

Recently, our long-time friend and colleague, **Jennifer Harder**, passed away after a long, hard-fought journey with cancer

She was an amazing mother to her two children, **Sophia** and **Nolan**, her pride and joy who will remain her greatest legacy.

Her children were not her only legacy. Jen's positive influence on WBA and Wisconsin's banking industry will be felt for years to come. She worked for the association and its membership for nearly 18 years, starting after college. Her talent and creativity were exceptional and through her marketing and communication skills, she helped define how WBA served its membership in a variety of ways. Many of WBA's education marketing pieces, along with other company product brochures were created by Jen. For several years, she represented WBA and the banking industry as a recurring television contributor on consumer finance topics at a local Madison TV station. She was also the staff liaison to the WBA Marketing Committee.

Jen's shining achievement was her work on the WBA *Scenes of Wisconsin* calendars. She took great pride in her work on the calendars and it showed. Every year she looked forward to working with bankers on the project and every year the project grew. More impressively, it became more beautiful over time. The 2021 edition, her last edition, coincidentally features photos she and her daughter took together.

Jen will be remembered by staff for her positive attitude, strength, and bright smile. She was always willing to lend a sympathetic ear for your troubles and a joyous laugh to lift your spirit. She was also a fighter and the example she set during her 11-year battle with cancer is one we will never forget.

Jen's life will be remembered and celebrated by those she left behind, her children, **Sophia** and **Nolan Hein**; husband, **Tim Harder**; parents, **Franklin** and **Jean Fredrick**; sister, **Lisa (Emmett) Blahnik** and niece, **Everlei Blahnik**; and her extended family and life-long friends including her work family at WBA and across Wisconsin's banking industry.



» Jennifer Fredrick | 2004



» WBA Marketing Committee Liaison | 2019



» Holiday gift-giving fundraiser | 2015

Jen's Legacy

If you are interested in making a financial contribution to a memorial for Jennifer's children, please send a check to the WBA Offices. WBA is collecting through the end of November. Checks should be made payable to "**Sophia and Nolan Hein Trust.**"

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Who is the 2020 WBA Banker of the Year? You Tell Us!

Nominations are due by December 11

WBA is now accepting nominations for the 2020 Banker of the Year Award! This award recognizes someone who has made an outstanding effort in service to his or her bank, to their community, and to the banking profession.

To qualify, nominees must be an employee of a Wisconsin bank and a member of the WBA. In addition, the individual should be a bank president/CEO, or have held this role in the recent past. Nominations may be

submitted by any person who can describe the banker's civic and professional accomplishments.

The award will be presented during the WBA Bank Executives Conference, Feb. 1-3, 2021.

Download a nomination form at <https://www.wisbank.com/banker-of-the-year-registration>. The form must be returned by **Nov. 20, 2020**.

Questions about the award or the nomination and selection process may be directed to WBA Executive Vice President – Chief of Staff **Daryll Lund** at dlund@wisbank.com or 608-441-1203.

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Wisconsin Banker is published by Wisconsin Bankers Association, 4721 South Biltmore Lane, Madison, WI 53718; Telephone: 608-441-1200; Fax: 608-661-9381; www.wisbank.com.

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