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Banknotes



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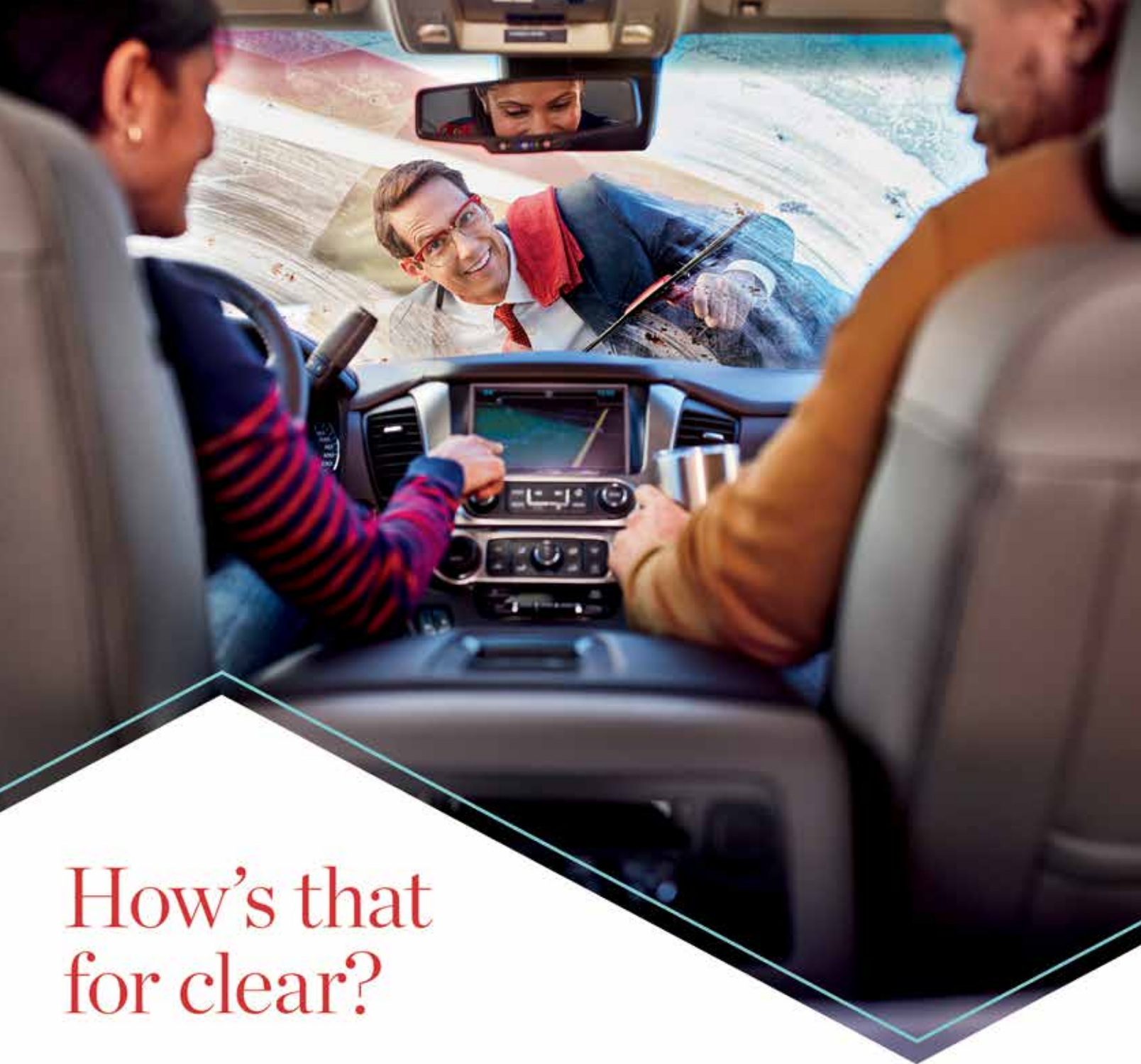
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Michael Gill of Flora Bank & Trust and Tracy Downs and Devin Woods of German-American State Bank, German Valley, participate in CBAI's Capital Conference.

CBAI's Career Development Division:

The Next Generation of Leaders is Emerging

If you want to find the next generation of community bank leaders, look no further than CBAI's Career Development Division (CDD). CDD members have proven themselves to be forward-thinking, energetic, ambitious and well-informed individuals who are poised to take on the industry's challenges. The embodiment of career-aspiring community bank leaders, they are the future bank presidents and officers who will be tasked with effecting positive change for community banking and ensuring its survival. It is our goal and our responsibility to equip them with the best tools possible so community banking can not only persevere but succeed and grow.

In 1987, CBAI formed the Midwest School for Community Bankers, now the Community Bankers School (CBS), to serve as an undergraduate course of study for aspiring bank officers and directors. CBS graduates recognized a need to keep younger bankers engaged, motivated and in touch with each other. To

meet this need, the Young Bankers Division (YBD) was formed in 1992. The name was changed to Career Development Division in 2002, but its mission remains the same. Today, all CBS graduates are provided a complimentary one-year membership in CDD.

Designed for career-aspiring community bankers in Illinois and representatives of CBAI associate member firms, the mission of CDD is to keep members on the cutting edge of community banking through quality education programs, professional publications, leadership training and networking opportunities. In order to help accomplish this mission, CBAI offers CDD members a 10 percent discount on all CBAI one-day seminars and \$100 discount for CBAI's annual convention full registration. Each year, a Fall Meeting and Spring Conference are offered specifically for CDD members. To ensure that members are well-informed, they also receive Banknotes, CBAI's bi-monthly magazine, which includes political issues, laws, regulations



CDD Chairman Ryan Heiser embraces the magical convention theme in the CDD exhibit booth.

and CBAI activities, as well as products and services available through CBSC, and News from the Front, CBAI's governmental relations newsletter, which provides timely information on the happenings in Springfield and Washington, D.C.

CDD members are also recognized for their accomplishments. CDD members select a "Career Banker of the Year." Criteria for selection include CDD and CBAI involvement and personal achievement. CDD members receive recognition for educating their communities on economic issues and one CDD member receives the "Economic Educator of the Year" award.

Although CBAI's goal with the creation of CDD was to provide tools and resources to assist career-aspiring bankers in their profession, CDD members have proven to be a tremendous asset to not only their banks and their communities, but to CBAI and to community banking.

SAVE THE DATE CDD FALL MEETING

OCTOBER 21-22

Hyatt Place, Champaign-Urbana



CDD Cardinal fans represent their team at a Cardinal/Cub game in St. Louis.

2018-19 CDD BOARD OF DIRECTORS

Group 1 & 2 – Erik Schelling, PeopleFirst Bank, Joliet
Group 3 – Delaina Zellers, German-American State Bank, German Valley
Group 4 – Sara Hardesty, Peoples Bank of Kankakee County, Bourbonnais
Group 5 – Haley Guisti, North Central Bank, Hennepin (Ladd)
Group 6 – J.T. Thoenen, Rushville State Bank
Group 7 – Tyler Hodge, New Holland Banking Center, Tremont
Group 8 & Chairman – Ryan Heiser, The Fisher National Bank (Mahomet)
Group 9 – Katie Ashworth, CNB Bank & Trust, N.A., Carlinville
Group 10 – Cole Stenzel, Buena Vista National Bank, Chester (Red Bud)
Group 11 – Robert Stachowski, First National Bank of Sandoval
Group 12 – Shellie Astin, First State Bank of Campbell Hill
Immediate Past Chair – Didi Drake, Bank of Chestnut

CAREER BANKER OF THE YEAR

2016 – Kim McKee, North Central Bank, Hennepin (Ladd)
2017 – Didi Drake, Bank of Chestnut
2018 – Haley Guisti, North Central Bank, Hennepin (Ladd)

ECONOMIC EDUCATOR AWARD

2016 – Taylor Rakers, Liberty Bank
2017 – Amy Thiede, Prairie Community Bank, Marengo
2018 – Katie Ashworth, CNB Bank & Trust, N.A., Carlinville

The members of CDD have created their own network of contacts, gaining an invaluable resource of ideas and information. They know that whenever they are facing a new challenge or banking issue, they have countless individuals to draw upon for solutions.

CDD members who take an active role in the CDD board gain hands-on leadership experience. CDD is governed by a 12-member board of directors, each representing a geographic group of the state, which mirrors the Group Directors on the CBAI board. CDD board members participate in strategic planning, spearhead CDD member recruitment, take lead roles in fundraising initiatives for Community BancPac/FedPac and the Foundation, as well as plan CDD's Spring Conference and Fall Meeting.

Community involvement is another important aspect for CDD members. With the assistance of the "Making Smart Credit Choices" lesson plans provided by CBAI, CDD members facilitate outreach to the local schools and offer valuable financial literacy education. This effort is assisted with a resource document which lists pamphlets, videos and lesson plans that can be ordered. Each CDD member also receives a copy of the "Careers in Community Banking" pamphlet to use at local career fairs.

CDD members come out in force to support CBAI events. They are at education programs and leadership training, Call on Washington, Capital Conference and more. They not only attend Group Meetings and convention, but they spend time at these events for the betterment of CBAI. At every Group Meeting Golf Outing, CDD members sell skins and mulligans



CDD members enjoy a social event at Giordanos in Chicago.

to benefit Community BancPac. The same is true for the convention golf outing. They are also on hand at the annual BancPac auction to encourage bidding and assist with the live auction. CDD's efforts have resulted in an overall donation of an incredible \$109,000 to the BancPac since its origination.

CDD also has a strong history of fundraising for CBAI's Foundation for Community Banking. They annually co-sponsor a scholarship for Community Bankers School attendees. In total, CDD has donated more than \$50,000 to the Foundation since its inception.



DiDi Drake, Bank of Chestnut, receives the 2017 Career Banker of the Year Award.



Taylor Rakars, Liberty Bank, receives the 2016 Economic Educator Award.

CDD MEMBER TESTIMONIALS

I have been a CDD member for 15 years and attribute some of my growth as a professional to the scope of quality education provided during the spring and fall meetings. CDD has provided me with so many valuable networking opportunities to build relationships. I have used those relationships to compare notes and bounce ideas off my peers. We have so many tools and resources at our fingertips. CDD offers resources that make our institutions a better place. Like most things, it's up to you to make the most of it. I would encourage all young bankers to join CDD and get involved. If you are willing to attend the events and make an effort, I am confident your time in CDD will pay dividends.

Ryan Heiser, Senior Vice President
The Fisher National Bank (Mahomet)

The Career Development Division (CDD) is a huge part of where I am today. The education, knowledge and networking opportunities that CDD offers helped me become a valuable asset to my bank. I would highly recommend CDD to any banker that wants to learn and advance in their career.

Karrie (Herzog) Dotson, Asst. Vice President,
Mortgage Loan Officer
First Federal Bank of Tuscola, a division of Arcola First Bank

I had the opportunity to join CDD right after finishing Community Banker's School in 2010. It seemed like a logical transition and a great opportunity to keep in touch with my fellow graduates. Over the past nine years (WOW), I have been an active member of CDD and a Group 5 Director. The networking opportunities, leadership skill building, education and self-empowerment that I have had the privilege of obtaining have been priceless. CDD has helped me build self-confidence, which has played a role in my growth within my financial institution.

Haley Guisti, Assistant Vice-President,
Compliance/Loan Officer
North Central Bank, Hennepin (Ladd)

The Career Development Division has been instrumental in my banking career. It not only has allowed me to grow as a leader in my organization through the many sessions attended at the CDD conferences but also allowed me to develop strong relationships with other community bankers throughout the state. I would highly recommend CDD to every emerging community banker. The knowledge gained and relationships built have truly been priceless.

Amy L. Thiede, Vice President – Commercial Loan Officer
Prairie Community Bank, Marengo

Although CDD's impact on CBAI's fundraising efforts are quantifiable, their excitement, energy and engagement, as well as their fresh perspectives and new ideas, have made an immeasurable impact on CBAI. Not only are they eager to make community banking their careers, they are eager to make the profession of community banking better. They are involved, engaged and committed to its survival.

The leaders of CDD will soon become the leaders of CBAI. In fact, several members of CBAI's current board are former CDD members. The association has seated the current CDD chairperson on the board of directors, as well as on the board of the Foundation for Community Banking. Additionally, this chair attends the CBAI annual Call on Washington at no cost to the individual.

With such a profound impact on CBAI, we want to ensure CDD members stay involved. This year's 45th Annual Convention & Expo features a new Career Development Division track. CDD members can register to attend the entire convention at a discount of \$100 off the full registration fee or can register

to attend as a one-day attendee either Friday or Saturday with access to all educational events including the CDD educational track sessions, exhibit hall, meal functions (excluding the dinner dance on Saturday night), and also attend the Friday night event (Be a Rock Star for the Foundation) at a total fee of \$250. This also includes an exclusive CDD social on Friday night from 6 - 7 p.m. at the Crowne Plaza Long 9 Lounge. Attending convention provides a great opportunity for CDD members not only to network with fellow CDD members but to meet community bank leaders from across the state.

CDD members are doing some amazing things for CBAI, for their banks, and for their communities. They are truly the next generation of leaders. CBAI and community banking will clearly continue be in great hands as we move into the future.

CDD is always looking for more career-aspiring, community banking-minded, ambitious, highly motivated, future leaders to join their ranks. For more information on how to get involved, contact Melinda McClelland at melindam@cba.com or 800/736-2224. ■



CDD members show their support for the Cubs at a rivalry game networking event at Busch Stadium.



Tomorrow's Leaders Today:

THE JOURNEY UPWARD BEGINS WITH CBS

For those community bankers seeking to move up in their careers, sometimes the first step in the journey is attending the Community Bankers School (CBS). The School, much like the Career Development Division, attracts those individuals who want to grow both personally and professionally. Community Bankers School students are looking to advance in their careers, and typically have their sights set on a leadership role in their banks and communities. They are emerging leaders who are committed to preserving and enhancing community banking and its philosophy.

CBAI is pleased to announce that 27 individuals recently graduated from the Community Bankers School at Illinois Wesleyan University in Bloomington.

These individuals are an exemplary illustration of the upward movement of young community bankers toward future leadership roles. To continue the support of these career-aspiring, ambitious and motivated individuals, and to keep them engaged and involved in the Association, all CBS graduates receive a complimentary one-year membership in the Career Development Division.

CBS, which consists of two, one-week sessions over a two-year period, allows community bankers to immediately contribute to the overall success of their banks and provides the knowledge necessary to get ahead. An intensive program designed for today's community bank professional, CBS features a nationally recognized faculty, an updated curriculum, and timely topics.

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



Congratulations to the 2019 CBS Graduates!

Tera Backlund, Better Banks, Peoria

Bob Beverage,

Heartland Bank and Trust Company, Bloomington

Abigail Billington, Bank of Hillsboro, N.A.

Rebecca Boyd, Longview Bank, Sidney

Michelle Brown, Bradford National Bank, Greenville

Megan Busby, State Bank of Waterloo

Vanessa Doellman, West Central Bank, Ashland

Andrew Frerichs, Vermilion Valley Bank, Piper City

Max Havens, Ipava State Bank

Aaron Householter, Goodfield State Bank

Lacey James, First Neighbor Bank, N.A., Toledo

Heather Jones, CNB Bank & Trust, N.A., Carlinville

Bailey Knight, First Robinson Savings Bank, N.A.

Dene Krall,

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Kelly Kueker, State Bank of Waterloo

Matthew Lawver, Raritan State Bank

Chris Leighton, MidAmerica National Bank, Canton

Gregory Marantz, Bank of Springfield

Jason Newell,

Community First Bank of the Heartland, Mt. Vernon

Damian Papish, Quad City Bank & Trust, Davenport, IA

Jerry Peck, Community Bankers Association of Illinois,
Springfield (honorary graduate)

Ashley Ralph, State Bank of Graymont

Brett Sellers, Peoples National Bank of Kewanee

Rebecca Underhill, State Bank of Graymont

Danielle Walters,

HomeStar Bank and Financial Services, Manteno

Cody Whiteside, Raritan State Bank

Brandon Yaklich, State Bank of Toulon

TESTIMONIALS

I wanted to extend a final thank you for the hard work you put into the Community Bankers School. It was a fantastic experience for me. Making some new friends and industry contacts was an unexpected perk, but when it came to actually learning about banking and how a bank operates, I really don't think I could have found another way to pack as much content into two weeks as you guys did. I will absolutely recommend the class at my bank and I hope someone from Heartland Bank attends next year. If there is anything I can do to help you with the school in the future, it would be my pleasure to do so.

Bob Beverage, Network and IT Manager,
Heartland Bank and Trust Company, Bloomington, IL

This has been a great week of learning. Coming from operations, the classes help to broaden my knowledge in the banking industry and help to promote personal and professional growth.

Kathy Ruholl, Vice President
Dieterich Bank, Effingham, IL

It was a lot of information to take in, but it gave me another viewpoint of what I should ask/learn at the bank in order to advance my career. Now I don't have such a "tunnel vision" view of the banking industry. I always knew there was a lot involved, but this program taught me about aspects I never even knew about.

Lisa Ziegler, Branch Manager
Rocky Mountain Bank & Trust, Florence, CO

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2019 Group Meetings Wrap-Up

The 2019 Spring Group Meetings attracted more than 600 bankers from more than 140 banks, as well as representatives from associate member firms, guests and staff, for a total attendance of nearly 820 individuals. At even-numbered Group Meetings, CBAI members elected Group Directors to represent them during a two-year term. The re-elected CBAI Group Directors for those groups are:

Group 2 – Steve Feith, Waterman State Bank

Group 4 – Alan Stremlau, Illini State Bank, Oglesby

Group 6 – Doug Smith, Farmers National Bank of Griggsville

Group 8 – Carol Jo Fritts, First Neighbor Bank, N.A., Toledo

Group 10 – Kevin Day, State Bank of Waterloo

Group 12 – Travis Clem, South Porte Bank, Marion

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

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Ncontracts, Brentwood, TN

Quad City Bank & Trust, Davenport, IA

Regency360, Sherman, IL

WGA Benefit Consultants, Edmond, OK

Welch Systems, Inc., Peoria, IL

Wipfli LLP, Sterling, IL

Wolters Kluwer Financial Services, Sammamish, WA

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Thoughts on Investment Management Points to Ponder

Jeffrey F. Caughron, President and Chief Executive Officer, The Baker Group, Oklahoma City, OK

1 When determining investment strategy, some banks simply react to changes in their liquidity position. If loan growth slows and liquidity rises, they'll commit more to the securities portfolio. Other banks are more proactive. They'll see the value in positioning early for the next big move in rates, which is likely to be lower. That makes much more sense. Normal balance sheet cyclicalities will always play a role, but **the best managed banks are those that read the signals from market behavior and yield curve trends and make investment decisions accordingly.**

2 The Fed would love to engineer a soft-landing, and at this point they'll want to see if the nine rate hikes they did were enough to slow things down without choking off all growth. Time will tell. **As we enter the second half of 2019, it appears they've overdone it and will need to move the policy rate lower.**

3 The yield curve often entices you to do precisely what you shouldn't. At the trough of the cycle the curve is steep, and investors feel compelled to lengthen maturity to pick up incremental yield. But the trend for rates and the curve thereafter is normally higher and flatter. All is reversed at the peak of the cycle. The time to extend duration and lock in yield is at the peak of the cycle when the curve is flat or inverted. And **always remember, yield is an opinion, but cash flow is a fact. Lock-in the yield by anchoring the cash flow with bullet or bullet-like bonds.**

4 Banks should be locking in bond yields that remain much higher than the average over the last decade. They should also assess their appetite for tax exempt income,

and structure cash flows so that they'll not experience painful reinvestment risk into lower yields if the Fed cuts rates. In other words, **transition from protecting value to protecting income.**

5 The bond portfolio can and should be used to lengthen or shorten duration, and to sculpt the cash flow profile of the balance sheet to take advantage of expected shifts in market rates and the yield curve. **The investment portfolio is the tool with which you can most easily correct asset/liability exposures** and optimize the balance sheet for the rate environment.

6 Everything happens with a time lag, particularly with respect to deposit pricing. The sharpest increases in cost of funds normally happen very late in the cycle. **Banks must be sensitive to the competition, of course, but should also resist the knee-jerk reaction of ramping up deposit rates when the cycle appears to be turning.** Banks should keep their balance sheets liability sensitive from the standpoint of asset liability management. ■



THE BAKER GROUP is a preferred service provider of the Community BancService Corporation (CBSC). Jeffrey F. Caughron is a managing director with The Baker Group, where he serves as president and chief executive officer. Caughron has worked in financial markets and the securities industry since 1985, always with an emphasis on banking, investments and interest rate risk management. Contact: 800-937-2257 or jcaughron@GoBaker.com.

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Patti Tobin, Producer, Financial Practices Division

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Diversification of community bank boards of directors has taken on sharper regulatory focus over the past decade.

Consider this passage from the Office of the Comptroller of the Currency's The Director's Book, which defines the role outside directors play in bank operations and the guidelines on how directors are chosen:

"Diversity among directors is another important aspect of an effective board. The board should actively seek a diverse pool of candidates, including women and minorities, as well as candidates with diverse knowledge of risk management and internal controls."

Dodd-Frank required the OCC and other federal financial regulators to establish standards for assessing regulated entities' diversity policies and practices, including how outside directors are selected.

Consequently, the OCC issued a final interagency policy statement in 2015. In crafting the guidance, regulators focused on banks with 100 or more employees, and did note that some small or remotely located community banks "face different challenges and have different options available to them compared with larger regulated entities or those located in more populated areas."

Diversity, in terms of gender and ethnicity, is clearly seen a measurement that bankers should consider in accord with core qualifications.

Recent analysis from ISS Analytics of more than 2,000 boards within the Russell 3000 shows the percentage of women joining boards at an all-time high. Women filled 45 percent of new seats in 2019, compared to only 12 percent in 2008. For the Russell 3000 seats, women hold 19 percent.

Ethnic diversity is also at all-time highs, albeit at a slower clip. Roughly 10 percent of all the Russell 3000 seats are held by ethnic minorities, with 15 percent of new directors falling into that category.

Also interesting, the diversification of boards of directors across industries appears to be evolving to include the diversification of skillsets.

New director appointments are increasingly focused on non-financial skillsets, with more directors having international experience, environmental, social and governance expertise, and backgrounds in human resources, according to ISS Analytics.

Some of those trends may not be relevant to community banks. While international experience would undoubtedly be relevant for some community banks, more and more smaller banks work with clients with supply chains sourced overseas and offshore distribution. Community banks have long-served farmers. Not all banks may benefit from giving limited space at the table to a director claiming an international bailiwick.

Nevertheless, we find the overall trend of diversifying skillsets to be relevant for community bankers.

Each bank's leadership team has the best insight into the community it serves, and how and where it wants to grow. Banks have traditionally relied on valued community leaders to fill their boardroom.

That is certainly an understandable approach, and we in no way want to dismiss that practice.

But as openings emerge, and as banks diversify their product and service offerings, it does seem prudent to consider a broader range of director skillsets. Think, for instance, of how technology is changing the way your bank does business. Drawing on the IT expertise within your community could be invaluable to helping a bank's leadership steer the oft-tumultuous waters of managing third-party technology vendor relationships and the ever-increasing cyber risks bankers manage daily.

The ISS analysis also shows more business leaders are tapping the human resources skillset. This raises an interesting question for community bankers: could an outside HR consultant, with foundational knowledge in labor law, and insight into real-time hiring practices throughout industries, contribute added insight into how a bank manages its own workforce, and the struggles and opportunities its clients and prospects face?

Or, consider this hypothetical. A bank has a significant, multi-unit retail business within its area of operations. The bank has a business relationship with the retailer. Tapping the CEO for a board seat could potentially raise a conflict of interest.

A general manager within the retail business, with an established, impeccable track record, could instead be tapped. Like the HR expert, the GM could bring invaluable insight into hiring practices, as well as a great on-the-ground perspective of local macro economic business trends.

Other opportunities to diversify board member skillsets are easily imagined. Existing skillsets may certainly suffice for a bank's needs. But at the very least, it would be prudent for a bank to assess those skillsets, and to make an honest determination whether there is value-added by thinking a bit outside the box when tapping board talent.

By diversifying board member skillsets, banks can not only bring new perspectives to the table, but they can also potentially mitigate conflicts of interest that can organically emerge between a bank's leadership and its board.

It goes without saying that diversity in skillsets is not a substitute for the quality of a board member's personal integrity, business experience and leadership.

In 2014 guidance, the Federal Reserve did say insufficient banking experience can potentially be problematic for proposed directors, particularly with the appointment of inside directors that will be involved in a bank's day-to-day management.

But when it comes to selecting outside directors, the Federal Reserve has also identified (in a 2015 Community Banking Connections article) the qualities of an ideal director.

Personal integrity, the willingness to stay engaged, and existing analytical skills are a must, as are financial, business and managerial acumen, and knowledge of and engagement within the community a bank serves.

A basic understanding of banking and its legal and regulatory framework is encouraged. And where that knowledge may be limited, as it understandably will be with many qualified director candidates, a willingness to fill the knowledge gaps is fundamentally necessary. ■

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GEN Z



Geoff Thomas, Chief Product Officer, Harland Clarke

The oldest among Gen Z — those born after 1996 — are in the midst of college and on the cusp of serious adulthood which will drive the need for cars, savings, homes and investments. For years now, financial institutions (FIs) have focused countless dollars ramping up technology and infrastructure to meet the expectations of Millennials who have been largely driving digital banking demand. But whereas Millennials came of age during the digital revolution, Gen Z has never known what it's like to be unplugged. Gen Z also differs from Millennials when it comes to attitudes about money and banking. As Gen Z is poised to overtake Millennials as the largest living demographic by 2020, FIs need to quickly get up to speed on what has shaped their banking behaviors and how to leverage these insights to properly invest to secure a strong future.

Hard working, Debt-Averse, Good Savers — And on to You

These are just a few words researchers associate with Gen Z. Having come of age during the Great Recession and a great deal of social turmoil, Gen Z has no illusions of security. Many experienced the hardships associated with their parents' layoffs and excessive debt first-hand. And as a result, they are cautious of borrowing, willing to work and save for things like college and cars, interested in investing, and willing to research and seek advice from trusted institutions — trusted being the operative word. Their early exposure to crumbling corporate and financial structures has made them wary; they are adept at sniffing out insincerity and incompetence. In order to win their trust, financial institution actions must match advertising and stated promises directed at this cohort. This is in sharp contrast to

Millennials who grew up during more prosperous times, more secure and lax in their attitudes towards debt, work-life balance, saving and spending.

What to Invest in Now

This means that financial institutions that have put the majority of their investment eggs in the Millennial basket will need to take a step back to get to know Gen Z better and shift investment accordingly.

Digital Engagement

While digital banking still rules, exponential mobile banking adoption rates are slowing. According to current research from Javelin, whereas mobile adoption has commonly doubled in the course of five-year increments, the next doubling is not forecasted to occur until 2021 — a span of eight years from the last doubling.

Part of what is causing the slowdown has less to do with features and functionality and more to do with the increased desire for one-on-one engagement and financial advice. FIs seeking to capture and retain the next generation will need to invest more in data and analytics to understand what drives Gen Z and then implement innovative mobile and online capabilities, such as AI, alerts, personal financial management (PFM), relevant messaging and more as competitive differentiators.

Brick and Mortar

Despite years of doom and gloom predictions for branches and call centers, Gen Z's thirst for education and advice means brick and mortar is still very much in play for the foreseeable future. Growth in digital-only banking adoption has been holding fairly steady since 2010, meaning the branch is far from dead. If nothing else, FIs will need to double-down on the amount and quality of FTEs.

Gen Z wants one-on-one help in making sound financial decisions, but they remember all the market volatility and corporate scandals leading up to the Great Recession, so they're skeptical. They value honesty, transparency, stability and authenticity.

So, while brick and mortar isn't going away, it is transforming. Much like the digital banking transformation, the focus needs to be less transactional and more educational, engaging and advisory.

Analytics, AI and Machine Learning

Finding the right balance between digital and traditional channels will be a continuing challenge for FIs seeking to

meet the expectations of Gen Z for elevated engagement, but sophisticated analytics and emerging technology like AI and machine learning can help bridge the gap between technology and the human touch.

Aside from being on track to be the largest living demographic, Gen Z is also the most diverse and best educated. Nearly half are racial or ethnic minorities. 59 percent of those 18 to 20 are enrolled in college and they have the highest high school completion rate of the two generations before them. There will be no one-size-fits-all marketing strategy that reaches this generation, but at the same time, it will be essential to meet their high standards for personalized, relevant and timely offers and advice.

Additionally, cross-selling consumer and mortgage loan products will become increasingly difficult, not only due to Gen Z's aversion to debt, but due to the increasing prominence of the sharing economy. Services like Uber, Airbnb, Zipcar and others will decrease the demand for ownership and the financing that goes along with it, making the need for spot-on marketing even more crucial.

Data analytics for insights paired technology that helps drive offers and messaging to the right person and channel at the right time will be necessary to meet these challenges. Finely tuned AI can help lessen the burden of customer service for simpler queries and requests for information. Machine learning is more sophisticated and can help FIs recognize patterns and then automatically generate next likely offers. For example, clicking to find auto loan rates may then initiate a pre-qualified offer for auto financing.

Positioning for the Future

The path to success is never a straight line and with increasing competition from both traditional and non-traditional financial services providers, FIs who wish to not only survive, but thrive now and into the future will need to evolve to meet the ever-changing consumer landscape. Like Millennials before them, Gen Z is no exception. The good news is Gen Z is more financially savvy and more willing to listen than previous generations, presenting ample opportunities for engagement, loyalty and profitability. ■

Geoff Thomas is chief product officer at Harland Clarke. For more information, visit www.harlandclarke.com or contact Thomas at Geoffrey.Thomas@harlandclarke.com.



Are Silos Stunting Your Risk Management Efforts?

Michael Berman, CEO, Ncontracts

When it comes to risk management, there's a big difference between thorough and redundant. Thorough is a unified, top-down approach to risk management—one where all decisions and discoveries originate from a central place. Redundant is everything else.

It may sound dramatic, but it's true. As regulatory guidance has expanded the scope of regulations during the past few years, the overlap between different areas of risk management has grown significantly. Enterprise risk management, business continuity planning, compliance, cybersecurity and vendor management can no longer be thought of as stand-alone elements of the bank's operational risk management program. They are intertwined.

Consider security breaches of critical vendors, a regulatory hot topic. It's so hot, in fact, that it touches five areas of risk management:

1. Vendor management

Regulators want banks to know if critical vendors are required to provide notice if there's a security breach.

2. Cybersecurity

The FFIEC's Cybersecurity Assessment Tool specifically asks if all critical vendors are required by contract to notify the financial institution when there is a security breach.

3. Business continuity planning

A bank should know how long it will take critical vendors to notify the institution of a security breach.

4. Compliance

The Gramm-Leach-Bliley Act specifically mentions that vendors with access to protected data should be required to notify the financial institution of a security breach.

5. Enterprise risk management

A bank needs to determine if critical vendors are required to notify the institution of a security breach. In theory, overlapping requirements like these should make risk management simpler for banks—one person or team can address these concerns and report back to everyone who needs the information. But that's not always what happens.

Too often banks rely on a decentralized approach to risk management. The IT department handles cybersecurity, compliance tackles vendor management, and someone else in IT oversees business continuity planning. The result is silos. Each team meticulously follows regulatory requirements and best practices for risk management—never considering the possibility that someone else at the bank might be tackling a similar task.

While this might have worked in the past when there was less overlap, today a siloed approach to risk management results in redundancies, inefficiencies and discrepancies.

Redundancies

In the security breach example, there may be as many as five different groups compiling lists of third-party vendors, assessing the criticality of individual vendors and determining which vendors should report breaches and when. When it comes time to test controls, each control is tested five times instead of simply testing it once and sharing the findings with everyone involved. This repetition isn't thorough—it's just a waste of time and resources.

Inefficiencies

There can also be as many as five teams monitoring and setting policy for security breaches of critical vendors. Instead of working cooperatively to maximize knowledge and resources, each group starts from scratch. The compliance department

doesn't benefit from IT's knowledge of cybersecurity. The vendor management and contract teams don't necessarily understand the expectations of business continuity planning. Enterprise risk management isn't providing the overall leadership needed to make the process function smoothly. It's a waste of expertise.

Discrepancies

When different groups unknowingly have overlapping responsibilities, it can create conflict as each group sets different standards and notification times. For instance, the IT team may require breach notification within one hour, while compliance may say 24 hours. These kinds of discrepancies are red flags for regulators.

Banks can avoid these complications with a unified approach to risk management—developing systems that connect all areas so that every requirement can be studied from multiple perspectives.

It begins with enterprise risk management, which should serve as an umbrella for all other areas of risk management—including compliance. Not only does this ensure the bank's business

strategies are integrated into every risk decision, it creates a central hub, so risk management can be viewed holistically. Compliance also acts as an umbrella uniting cybersecurity, business continuity planning and vendor management.

With silos eliminated, risk management becomes more effective with departments building on and leveraging each other's work—resulting in better oversight, greater efficiency and lower costs.

It's the very definition of thorough. ■



Michael Berman is CEO of Ncontracts, a CBSC preferred provider of vendor and risk management solutions. For more information, visit www.ncontracts.com or contact Berman at mlb@ncontracts.com or 888/370-5552.

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Devon Bank Offers Round-Up Debit Cards Benefitting Charities

Devon Bank recently soft launched a series of six “Well-Rounded™ Debit Card” products. While the bank has offered a debit card option for some time which will automatically round-up debit card purchases to the nearest dollar and shunt the rounded-up portion to a savings account, Devon Bank decided to take this one step further to seize on the interest customers have in doing business with companies that demonstrate social responsibility and support meaningful causes, as well as benefit their communities.

The bank worked with their core software provider, Finastra, to reprogram its round-up software to allow the rounded-up amount from debit card usage to be shunted to the account of a bank-sponsored charity (The Loundy Charitable Foundation, named at employee suggestion after the bank’s controlling family, established in 2018 as a 501(c)(3) public charity). The charity maintains a series of “charity buckets” — one for each of the debit categories.

The first Well-Rounded Debit Card launched was The Sanctuary Card, with round-ups benefitting immigration and refugee causes, publicly launched in June of 2018 on World Refugee Day. The Earth Earns card was recently launched on Earth Day, April 22, 2019. The other cards in the series include The Dancing Delta Card, supporting the arts and sciences; The Homeless, Hungry & Healing Card, supporting the homeless and related causes; The Smarter Card, benefitting educational non-profits; and The Devon Donates Card, supporting causes with the greatest need by creating an endowment.

Once round-ups from purchases are transferred to the various charity buckets, the charity directors (bank staff), determine what non-profits related to the particular charitable categories

get “watered” with the contents of the buckets — with a focus on those within the bank’s Community Reinvestment Act assessment area. Also added to these charity buckets are additional funds coming from The Devon Charitable Endowment Trust. This trust was also established in 2018. Devon Bank contributes half of any collected late fees generated from close to \$300 million in loans to this Endowment Trust. The collected late fees are thereby permanently dedicated to charitable purposes. The Trust invests these fees in Abraham’s River LLC, an off-balance sheet investment company the bank created, which then buys participations in financing transactions from the bank, thereby reducing portfolio concentrations and providing liquidity. The dividends from the investment company are paid out to The Loundy Charitable Foundation monthly to support the Bank’s charitable and CRA efforts — indefinitely endowed into the future.

Devon Bank is also in early conversations with several charities about “private labeling” this round-up-for-charity technology so that the particular charities can be the designated recipient of debit round-ups. Working with Finastra, they can offer custom card designs for these charities, but most importantly, they are in the process of testing on-line account opening software so that they can take this to a broader geographic audience. However, fee income generated from these products will be split between bank income and The Devon Charitable Endowment Trust, thus any out-of-region business will enhance the bank’s asset liquidity while generating facilitated charitable contributions into the bank’s CRA assessment area beyond what the bank would ordinarily donate on its own.

Using this Well-Rounded debit technology, the bank provides customers with a seamless way to make charitable contributions in areas that are meaningful to them with every purchase they make, whether by card or using one of the wallet-pay technologies. The actual donations made are chosen by people at the bank with “boots on the ground” in the community who see where there are needs to be met. (Independent of these debit products, customers and others can also directly contribute to their sponsored charity and receive full tax benefits, and they are also using this public charity to host donor-advised funds in their Trust Department.) These Well-Rounded debit products are a low-risk differentiator for the bank; they add to the deposit business, provide community support in their CRA assessment area, and offer other non-profits a new manner of fundraising that also helps bank income and liquidity, while allowing Devon Bank to give back to their communities and providing a “feel good” product to their customers. While these are still young products, they hope they will provide Devon Bank, its customers and the communities the bank serves a unique form of support enabled by this technology for years to come as the products are adopted by their customers in the market. ■

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Spotlight on Directors

Omar Wilhelms, First State Bank of Shannon-Polo

As a 16-year old in 1948, Omar Wilhelms started working at the First State Bank of Shannon-Polo on weekends and during vacations from school. Seventy-one years later, Omar still works at the bank, eight hours a day, five days a week. Although his responsibilities may have changed over the years, clearly his work ethic has not.

Omar's entry into banking wasn't by accident. His father worked at the bank, beginning as a cashier and working his way up to president. Established in 1930, today First State Bank of Shannon-Polo is a \$157M institution, and the Wilhelms family is still a big part of that success. Omar is currently president and chairman of the board. His wife, Janice, still comes in one day a week to do advertising for the bank. They work alongside daughters Robin Wilhelms Saar, Executive Vice President, Director and Senior Wealth Advisor, and Candace Schubert, Customer Service; grandson Justin Schubert, Consumer Mortgage Lender; granddaughter Cassandre Wilhelms Mlakar, Senior Wealth Advisor; and grandson (in-law) Jason Mlakar, Financial Services Relationship Manager.

A lot has changed during Omar's career. His first job was cleaning up after a customer who traveled in from the country to the bank on a horse and buggy. Scrubbing floors and walls and

washing windows in high school turned into a job in the proof department running the posting machine during summer breaks while he attended Cornell College in Mt. Vernon, IA.

After graduating college in 1954, he became assistant cashier. He was married that same year to Janice, his wife of 65 years. He eventually moved into lending, working his way up to vice president and ultimately up to president of the bank.

The bank, as well as the area, has grown and developed over the years. Omar recalls buying the Legion Hall in Polo and turning it into a branch, as well as buying out the bank that was currently in Polo. A Lake Carroll branch was added 12 years ago to meet the needs of that community. This branch is the town's only bank location. Today the bank has 46 employees between three locations in Shannon, Polo and Lake Carroll.

Omar contends that he has seen a lot over the years and says he has a lot of gray hairs to prove it. From horse and buggy to mobile banking, he admits that it is a very different banking environment today. But he embraces the changes. "Automation is wonderful," he says. "We can service a lot more people, and service them faster. We can receive and send information by computer and the phone. There's a big difference from where I started out and where we are today."

The one thing that hasn't changed over the years is what Omar enjoys most about banking. "The best part is being with people," he said. "Greeting them at the bank, getting to know them." Omar has undoubtedly made a lot of relationships and helped a lot of people over the years, leaving quite the footprint on the communities the bank serves. Shannon, Polo and Lake Carroll have unquestionably benefitted from the longevity and support of the Wilhelms family, which has now spanned four generations in banking.

It is hard to say how long Omar will stay at the helm of the bank. "Well, I need a place to go during the day," he says. "My wife says I can't sit around the house all day and watch television."

"My employees pretty much take care of the bank. I'm pretty proud of all my family," he beamed. "And I'm proud of the younger generation coming into the banking business. They have a lot to offer. I just sit back with amazement at what they can do."

His advice to young bankers today? "Get all the education you can," he said. "We try to help our employees by sending them to trainings." The younger generations at the First State Bank of Shannon-Polo have surely benefitted not only from this advice, but also from his example.

CBAI is proud to recognize Omar's longevity, commitment, hard work and dedication to the community banking profession for the past 71 years and counting. ■



Commercial Lending Institute Meets for 2019 Session

The highly successful, three-day Commercial Lending Institute met June 17-19 at CBAI Headquarters in Springfield. Jeffery Johnson, president and founder of Bankers Insight Group of Atlanta, GA, led the instruction. Bob Swartz and Gary Genebacher from BKD, LLP, Decatur, also spoke at the institute.

Row 1 (L to R)

Jeffery Johnson, Bankers Insight Group, Atlanta, GA
Emily DeDecker, Peoples National Bank of Kewanee
Leala Eastman, Peoples National Bank of Kewanee
Molly Ruyle, First National Bank of Raymond
Zack Krulac, MidAmerica National Bank, Canton
Emily Collins, Security Bank, s.b., Springfield

** denotes CDD member*

Row 2 (L to R)

Torrey Wolf, The Peoples State Bank of Newton
Scott Helms, The State Bank of Pearl City
Evan Maxey, The Iuka State Bank
Jeff Bloemker, Bank of Hillsboro, N.A.
*Kim Sank, Farmers State Bank, Elmwood
Ryan Van Dolah, MidAmerica National Bank, Canton
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Directors' College

Eleven community bankers graduated from the CBAI Community Bankers Directors' College, which was held on June 26-27, and developed in close conjunction with federal and state regulators. The college teaches individuals to become more effective, capable and supportive members of a bank's board. The Directors' College is structured as two, two-day sessions offered every other year. Both sessions can be attended as stand-alone courses. Graduates must attend both sessions, as did the directors pictured here.

Row 1 (L to R)

Joe Brockman, Jersey State Bank, Jerseyville
Mark Schaefer, Jersey State Bank, Jerseyville
Bill Rice, Jersey State Bank, Jerseyville
Kenneth Loy, Jersey State Bank, Jerseyville
Kim Loy, Jersey State Bank, Jerseyville

Row 2 (L to R)

Guy Cunningham, German-America State Bank, German Valley
Ajay Khanna, Citizens Bank of Chatsworth
Rich Montgomery, Fairfield National Bank
Robert Ebbesmeyer, German-America State Bank,
German Valley
Larry Soellner, Buena National Bank, Chester
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CBAI Ag Lenders' School

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

Leading this school was Freddie L. Barnard, professor emeritus of agricultural economics at Purdue University, West Lafayette, IN. Grace Mata Gomez, attorney and counselor with Howard & Howard, presented "Agricultural Financing," while John Gehrke, farm loan chief, Illinois Farm Service Agency, USDA, presented the session "FSA Programs & Perspectives." In its inaugural year, the CBAI Ag Lenders' School attracted 18 attendees.

Row 1 (L-R) Sitting

Julie Plumer, USDA Farm Service Agency
Tori Babbs,
Alliance Community Bank, Petersburg
Sara Fluegel, State Bank of Bement
Lorraine Albert, USDA Farm Service Agency
Rachel Vandenberg,
USDA Farm Service Agency

Row 2 (L-R)

Maggie Schwartz, Bank of Springfield
Haylee Priest,
Farmers National Bank of Griggsville
Dylan Reetz,
Farmers-Merchants Bank of Illinois, Joy
Mike Renner, Bank of Yates City
Jake Anderson, State Bank of Toulon*
Aaron Ochs,
The Peoples State Bank of Newton
Melinda Merboth, Citizens State Bank, Lena

Row 3 (L-R)

Gary Nation,
Farmers National Bank of Griggsville
Brandon Gurley, Casey State Bank
Daniel Corrigan, Bank of Pontiac
Dustine Smithenry,
The Peoples State Bank of Newton
Ryan Curtis, First Security Bank, Mackinaw
Jaden Widdersheim,
Shelby County State Bank, Shelbyville

* denotes CDD member

In Memoriam

Courtney Vance Wade, 70, of Pittsfield, IL, passed away at his home, surrounded by family, on April 30, 2019. He was born on Nov. 26, 1948, in Pittsfield to Walter and Wilma Griffeth Wade. He married Joellen Cook on Feb. 24, 2003, in Las Vegas, who survives him.

Courtney graduated from Pittsfield High School and went on to attend Gem City Business College in Quincy. After graduating from college with a business degree, he enlisted in the United States Air Force in 1968 and was stationed in Michigan and Iceland. After his honorable discharge from the U.S. Air Force in 1974, Courtney returned to Pittsfield and joined his father in the real estate business. He owned and operated Wade Real Estate for 45 years until his passing. He has served as a board member of **The Farmers National Bank of Griggsville** since 1993.

He is survived by his loving wife of 16 years, Joellen; his children, Doug Wade of Dixon, Dr. Ryan (Kisha) Wade of Chandler, AZ, Bradley (Rachel) Wade of Wentzville, MO, Adam (Frenny) Wade of Anchorage, AK, Craig (Beth) Riley of Sherman, and Scott (Kayla) Riley of Pittsfield; 11 grandchildren; and two brothers, Dr. Mark (Lori) Wade of Carlinville and Dr. Michael (Scot) Wade of Gilbert, AZ. He was preceded in death by his parents, Walter and Wilma Wade; and his sister, Linda Ann Wade.

Lucinda Anne (Cindy) Edwards, 58, passed away on Sunday, June 30, 2019. Lucinda was born on June 23, 1961, in Centralia, IL, to Larry Dale and Deana Belle (Dahmer) Shaw. She graduated from Johnston City High School, Class of 1979. After graduation, she proudly served two years in the United States Army as a radio operator at Ft. Campbell, KY. Cindy worked in the banking business for nearly 25 years. For the past several years, she served as the chief financial officer (CFO) at **South Porte Bank in Marion**.

Cindy was happily married to her husband and high school friend, Danny Edwards. They were married in Columbia, SC, in March of 2014. Together they shared a love of motorcycle riding, sometimes traversing hundreds of miles with only what would fit inside the bike's saddlebags.

Cindy was a beloved daughter, wife, mother, grandmother, sister, aunt and friend, who will be missed greatly by each and every person whose life she shared. She was preceded in death by her father, Larry Shaw. She leaves behind her mother, Deana Shaw of Marion; husband, Danny Edwards of Thompsonville; three children – Crystie (Myers) Wright, Justin (and Callie) Smart, and

Benjamin Smart, all of which reside in Marion; three grandchildren – Cadynce Wright, Wren Stefan, and Oliver Smart; two brothers – John Shaw of Belleville, and Floyd Shaw of Johnston City; nephews and niece, Ian, Simon and Claire Shaw; and many more extended family members and dear friends.

Ralph Renn, 62, a lifelong resident of Naperville, IL, passed away unexpectedly on May 25, 2019. He was born on August 4, 1956, in Chicago, IL. Ralph was a proud graduate of the University of Illinois, Champaign-Urbana, and Northern Illinois Law School, DeKalb. He was the senior vice president and attorney at **Lisle Savings Bank**, where he dedicated 37 years of his career helping others not only professionally, but with dignity and compassion. His family was his world, and his generosity was unmatched. He lived to make sure everyone was having the time of their lives. He had a strong passion for music, travel and sports. Ralph was a beacon of light for so many, and will be missed beyond belief, but never forgotten.

Ralph is survived by his devoted children, Amanda Renn, Eric (Jessica) Renn and Alexander Renn; his loving fiancé, Sue Harla and her children, Jessica Forest, Daniel Harla and Natalie Harla; his dear mother, Dorothy A. Renn; his brothers, James (Laurie) Renn and Carl (Kathy) Renn; as well as his nieces and nephews, Ryan (Caroline) Renn, Karlie (Ryan) Krehbiel, Jaclyn (Jeremy) Juhl, Aaron Renn and Emily Renn, their families, as well as numerous cousins and great friends. He was preceded in death by his father, Joseph Renn.

John J. Crotty, Jr., 85, passed away on July 15, 2019. U.S. John was a Navy Veteran, retired banker of 50 years, beloved husband of Patricia (nee Degnan) Dejmek-Crotty; loving father of Kimberly Crotty and the late Sean Crotty; dear stepfather of Paula (Joseph) Woods, Laura Dejmek, James (Patricia) Dejmek & Mark (Kimberly) Dejmek; dearest grandfather of Benjamin (Rachel) & Adam Woods, Katherine & Kristen Dejmek; devoted son of the late Florence (nee McKenney) and late John J. Crotty; and fond brother of the late Richard Crotty. John worked for the **Independent Bankers Bank (IBB)** from 1999 until 2010 and was employed with **The Independent BankersBank (TIB)** from 2010 until 2014.

Harold W. Cleveland, 81, passed away on July 15, 2019. Harold was born on October 29, 1937, and was a resident of Tower Hill, IL, at the time of passing. He was a U.S. Army National Guard veteran and was chairman of the board at **Peoples Bank of Macon**.



CBAI

Foundation for Community Banking

Recent Donation News

Flora Bank & Trust has attained the Silver level of giving.

The First National Bank of Raymond achieved the Gold level of giving.

Howard & Howard Attorneys PLLC made a fourth installment toward their \$50,000 pledge.

State Bank of Whittington, Benton, made a payment toward its Silver-level pledge.

Devon Bank, Chicago, made a payment toward its Silver-level pledge.

Durand State Bank has made a payment toward its Bronze-level pledge.

The Career Development Division donated \$500 to the Foundation.

The following banks participated in the "Dress Down for the Foundation" campaign:

CNB Bank & Trust, N.A., Carlinville
North Central Bank, Hennepin
First Farmers State Bank, Minier
Better Banks, Peoria
State Street Bank & Trust Co., Quincy
Bank of Springfield
State Bank of Toulon

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are:
Burnel Beckman, Dieterich Bank; Jeff Bonnett, Havana National Bank; Will Cooley, Longview Capital Corporation; Shawn Davis, CNB Bank & Trust, N.A., Carlinville; Kevin Day, State Bank of Waterloo; Chris Gordon, Community State Bank, Galva; Dan Graham, Flora Bank and Trust; Mary Jo Homan, Chester National Bank; Lisa Lippert, CBAI; Pat McShane, American Metro Bank, Chicago; David Stanton, PeopleFirst Bank, Joliet; and Bill Wubben, Apple River State Bank.

The Foundation received \$200 from CBSC and CBAI board members as a result of the "dress-down" board meeting in June.

A donation was made to the Foundation in the name of **Jim Schultz, Dieterich Bank**, who assisted in the recruiting of a new associate member.

Staff members of the CBAI corporate family making automatic payroll deductions to benefit the Foundation are: **Lesa Black, CBSC; Jerry Cavanaugh, CBAI; Valerie Johnston, CBAI; Tracy McQuinn, CBAI; Jerry Peck, CBAI; and David Schroeder, CBAI.** Staff members making annual donations to the Foundation are: **Andy Burkett, CBSC, and Lisa Lippert and Terry Griffin of CBAI.**

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LEGAL LINK



Another Failed Foreclosure Defense

Jerry Cavanaugh, CBAI General Counsel, Springfield, IL

A recent (July 25) opinion from the First District Illinois Appellate Court (Cook County) (hereafter, "Appellate Court") rejected a novel defense raised by mortgagors and upheld a judicial foreclosure sale.

Having read scores of cases where mortgagors raised frivolous and meritless defenses against foreclosure judgments, I confess that in the recent case of *Taylor vs. Bayview Loan Servicing* there were facts that could elicit sympathy for the mortgagor's challenge to foreclosure. Bayview filed a Motion to become Plaintiff in a foreclosure action against the Taylors on March 6, 2014. The Taylors claimed that the Notice of Hearing they received indicated that the Hearing date was March 16 rather than March 6. As they failed to appear at the hearing on March 6, an order in favor of Bayview was awarded by default. This confusion about the hearing date would play a major role in the Taylors' effort to overturn an ensuing foreclosure judgment. In August of 2015, the Taylors received from the IRS a Form 1099-C indicating that the note secured by the mortgage

had been discharged (the Appellate Court's opinion does not disclose the underlying cause of the cancellation of the debt). Nonetheless, on September 3, 2015, the trial court confirmed the judicial sale of the mortgaged property to Foreclosure Purchaser.

At that point, the uphill battle that the Taylors faced was the Illinois foreclosure statute (Section 15-1509 of Illinois' Code of Civil Procedure) which essentially is a seal against "all claims of parties to the foreclosure" once the trial court has vested title by judicial deed in a purchaser following a judicial sale. That prohibition makes sense, because a purchaser at a foreclosure sale should be able to rely in good faith on his/her/its ownership status without worry that a lawsuit may retroactively deprive them of the property.

The Taylors argued that because they were misinformed about the accurate hearing date in March of 2014, their failure to appear that resulted in a default in favor of Bayview at the March 6, 2014, hearing caused a fraudulent record of the case to be established, and thus there was no personal jurisdiction over them.

The Taylors pursued a theory in the Appellate Court that would have created an exception overriding the general rule of Section 15-1509. That asserted exception was that any motion granted or order entered by the courts (including the order for the judicial sale to occur and the subsequent order confirming the title vestment in favor of Foreclosure Purchaser) was void because the trial court lacked jurisdiction over the Taylors dating back to the time of the March 6, 2014, hearing at which Bayview was approved as a plaintiff authorized to engage in the foreclosure. The linchpin of the Taylors' argument was legally well-founded. Jurisdiction is a fundamental and absolute condition for action by a court, and in its absence, the court's rulings can be overturned (even many years later). The Taylors argued that because they were misinformed about the accurate hearing date in March of 2014, their failure to appear that resulted in a default in favor of Bayview at the March 6, 2014, hearing caused a fraudulent record of the case to be established, and thus there was no personal jurisdiction over them.

However, the Appellate Court ruled that once a court lawfully obtains jurisdiction over a case it does not lose jurisdiction because of a subsequent error or dispute. In this case, the trial court had jurisdiction over the mortgage case before the controversy concerning the March 6, 2014, hearing. In a footnote, the Appellate Court also admonished that litigants have a responsibility to monitor the court docket to ensure that they are aware of actual hearing dates, which sometimes can be postponed or moved up due to the schedules of the parties, attorneys, or the judge. The Taylors, who were acting pro se in this litigation, may have been unfamiliar with docket monitoring. ■

As always, summaries of court cases in CBAI'S Banknotes or e-news do not constitute legal advice; even a trivial alteration of the fact scenarios between the summarized case and an actual case in which your bank may be involved can cause a wholly different outcome. Always seek the legal advice of the bank's attorney(s) when litigation exists or is foreseeable.

Legal Link is a free CBAI member benefit. For answers to your general, banking-related legal questions, contact CBAI General Counsel Jerry Cavanaugh at 800/736-2224 (IL only), 217/529-2265] or jerry@cbaicom.

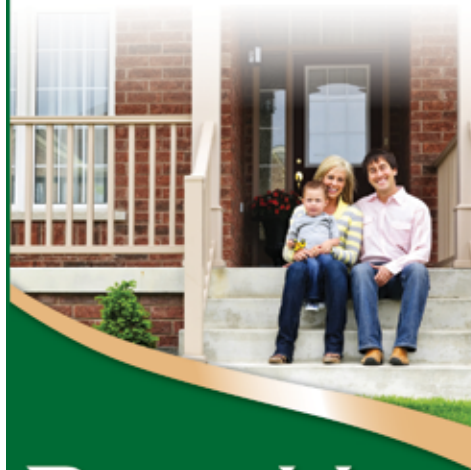
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President Glenn Knolhoff and Sharon Knolhoff, Farmers State Bank of Hoffman

Sharon Knolhoff of Farmers State Bank of Hoffman was recently recognized for attaining 50 years in community banking with a plaque from CBAI. Knolhoff was presented with the award at a bank event to commemorate the occasion.

Jacqueline Weber was recently hired as president of **Buckley State Bank**. Weber formerly worked for Federated Bank, Onarga.

First Mid Bank & Trust, Mattoon (First Mid), recently recognized **Bob Weber**, senior vice president, for 40 years of service. Weber joined First Mid in 1979, working in the installment loan department. His bank expertise and service excellence earned him his current position as regional bank president for the Central Region and a member of the bank's senior loan committee.

First Mid Bank & Trust (First Mid), Mattoon, recently hired **Andrea Hernandez** as senior vice president, director of treasury management. Hernandez will oversee sales and product development for First Mid's treasury management product suite, which includes business development deposit account services, in addition to receivable, payable and online business services. Prior to joining First Mid, Hernandez served as vice president, cash management sales, at Byline Bank.

First Mid Bank & Trust, Mattoon, (First Mid) is pleased to announce the promotion of **Daniel Moffett** to Branch Manager II for the Charleston banking centers. In his new role, Moffett will be responsible for managing the day-to-day operations of deposit services, overseeing new account operations, and managing branch assets. Prior to this role, Moffett served as a customer service representative for the Paris location. He has over five years of banking experience and three years of insurance experience.

Bloomington-Normal Community Bank, a division of Morton Community Bank, recently hired **Tina Marlett** as senior retail community banker specializing in mortgage lending. The addition of Marlett to the staff brings on-site mortgage lending to the services available at the bank. Marlett has more than 30 years of mortgage lending experience in Bloomington-Normal.

Itasca Bank & Trust Co. recently appointed **Soledad Gaytan** as the operations officer/customer service manager. She was previously the vice president/branch manager at a national bank with numerous officers in the Chicagoland area. With more than 19 years of banking experience, Gaytan began her career as a teller and rose through the ranks to the level of branch manager.

Farmers State Bank, Elmwood, recently added **Jeff Coulter** to its board of directors.

First Mid Insurance Group is pleased to announce that **Seth Reedy**, head of the Life and Health Division, has been appointed to the Associated Risk Managers (ARM) International Board of Directors. The ARM International Shareholders approved the recommendation of the ARM International Board to appoint Reedy to the ARM International Board on May 22, 2019. Reedy's appointment will be for a 3-year term to expire on May 1, 2022.

First Mid Bancshares, Inc. is the parent company of **First Mid Bank & Trust, N.A., First Mid Insurance Group and First Mid Wealth Management Company**.

The City National Bank of Metropolis recently received an Outstanding CRA rating from the Office of the Comptroller of the Currency.

First National Bank and Trust Company, Clinton, recently co-hosted an Entrepreneur Camp for 17 students. The students, ranging from those soon-to-enter sixth grade through ninth grade, spent a week visiting Clinton-area businesses to learn about operations, while also breaking into groups, each forming a business that manufactures and distributes electronic trikes.

First Mid Bank & Trust (First Mid) is pleased to announce the opening of their new banking center in Alton as of July 1, 2019. The new facility is located at 111 East 4th Street, inside the historic Miller's Mutual Building.

Howard & Howard is pleased to announce that **Joseph E. Silvia** recently joined the firm. He will practice out of the Chicago office. Silvia previously served as counsel to the Federal Reserve Bank of Chicago and is an adjunct professor of law at Chicago-Kent College of Law. ■

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CBAI Distinguished Member Charles Helleny - In Memoriam



Charles Helleny, 84, of Herrin, died August 7, 2019, at his residence. Charles had a 50-year career with **Herrin Security Bank**, retiring in 2010 as president and CEO. He received the Community Bankers Association of Illinois (CBAI) Distinguished Member Award in 2015. He is one of 10 individuals to receive this prestigious award in CBAI's history.

He was a Past Exalted Ruler of the Herrin Elks, Herrin Chamber of Commerce Board Member, and a past Jaycee. He was a member of the Herrin Masonic Lodge and the Ainad Shrine Temple. He was a member of the Herrin Chamber of Commerce Hall of Fame and the Herrin High School Athletic Hall of Fame.

Charles was a life-long and ardent SIU Saluki fan. A men's basketball game each season is now named The Charles Helleny Tip-Off Classic. He considered Saluki players, coaches and staff his second family.

Charles was born December 30, 1934, in Damascus, Syria, to Joseph and Katie (Neckley) Helleny. Charles was united in marriage with Sharon Ruth Stewart Pappas on November 20, 1982, in Herrin, IL. She preceded him in death on October 13, 1990. Surviving are nieces and nephews, Jamie (Jim) Bushong, Cathy Perucca Helleny, John (Sharon) Helleny, Joey Helleny, Jane (Craig) Herman, and Robert (Cathy) Helleny; mother-in-law, Louise Stewart, and brother-in-law, Bruce Stewart; great nieces and nephews, Joe (Nina) Helleny, Katie (Scott) McFarland, Margaret (Nick) Snyder, Andrea (Ryan) Pourcillie, Allison (CJ) Alexander, Paul Badgett, Brandy Helleny, Sarah Helleny, Kristen (Max) Schloemann, Rebecca (Matthew) Maloney, Mary Kate Herman, Kim (Shane) Alexander and many great-great nieces and nephews. He was preceded in death by his wife, parents and four brothers and sisters-in-law, Louis and Zella Helleny, James and Jean Helleny, Edward and Sara Helleny and Taffie and E.J. Helleny, and also by nephews, James Jr. and Joel Helleny.

COMING ATTRACTIONS

October

- 1 Teller Training: Security, Safety & Service Coming Together — CBAI Shazam Education Center, Springfield
- 3 ACH: Stay Informed & In Compliance — Drury Hotel, Mt. Vernon
- 3 New BSA Officer Training Part 1: Compliance, Risk Assessment, CTRs, Exemptions, Forms & Regulator Expectations
- 4 HR Group B — CBAI Shazam Education Center, Springfield
- 7-9 Consumer Lending Institute — CBAI Shazam Education Center, Springfield
- 7 Demystifying Rules for TRID Tolerances
- 8 When a Depositor Dies: Legal Requirements, Practical Issues & FAQs
- 8 Wolters Kluwer Basic IRA Training
- 9 Cohesively Mixing Generations & Personalities in the Workplace — CBAI Shazam Education Center, Springfield
- 9 Head Teller Training: Maximizing Teller Performance
- 9 Wolters Kluwer IRA Self-Audit Training
- 9 Wolters Kluwer IRA Policies & Procedures Training
- 10 HR Group D — Drury Hotel, Mt. Vernon
- 10 Reg E Requirements for Debit Card Error Resolution: Processing, Disclosure & Investigation
- 10 Wolters Kluwer Health Savings Accounts Training
- 11 Loan Officer Sales Training: Ask for the Business/Close the Deal! — CBAI Shazam Education Center, Springfield
- 15 Wolters Kluwer Intermediate IRA Training Part 1
- 16 ACH: Stay Informed & In Compliance — DoubleTree by Hilton Lisle Naperville (formerly Hilton Lisle)
- 16 POD Account Documentation, Compliance, Beneficiaries & Closing
- 17 New BSA Officer Training Part 2: Reviews, SARs, CDD, Technical Aspects & Real-Life Scenarios
- 17 Wolters Kluwer Intermediate IRA Training Part 2
- 18 HR Group A — CBAI Shazam Education Center, Springfield
- 21-22 CDD Fall Meeting — Hyatt Place, Champaign
- 22 ACH: Stay Informed & In Compliance — CBAI Shazam Education Center, Springfield
- 22 Medallion & Signature Guarantee Risks, Rules & Best Practices
- 22 Wolters Kluwer Advanced IRA Training
- 23 Branch Manager Group A — CBAI Shazam Education Center, Springfield
- 24 Commercial Loan Annual Credit Review
- 24 Wolters Kluwer Roth IRA Training
- 25 HR Group C — Grizzly Jack's Grand Bear Resort, Utica
- 25 Branch Manager Group B — Grizzly Jack's Grand Bear Resort, Utica
- 29 1st Quarterly CBC Program — Northfield Center, Springfield
- 29 Appraisal Review — DoubleTree by Hilton Lisle/Naperville (formerly Hilton Lisle)
- 29 12 Key Elements of an Effective Digital Marketing Strategy
- 30 1st Quarterly CBC Program — DoubleTree by Hilton, Lisle/Naperville (formerly Hilton Lisle)
- 30 Appraisal Review — CBAI Shazam Education Center, Springfield
- 30 Personal Accounts: Ownership, Authorization, Titling & Documentation
- 31 1099 Reporting: Foreclosures, Repossessions & Debt Settlements



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Webinar

COMING ATTRACTIONS


November

 5 Wolters Kluwer Basic IRA Training

 6 Women in Community Banking Conference —
Northfield Center, Springfield

 6 Closing or Changing Accounts
for Consumers & Businesses


 6 Wolters Kluwer IRA Reporting Training


 6 Wolters Kluwer Required
Minimum Distributions Training

 7 Ag Credit Analysis —
CBAI Shazam Education Center, Springfield

 7 Top 10 Compliance Mistakes in Advertising

 7 Wolters Kluwer Health Savings Accounts Training

 12 Uniform Residential Loan Application
(URLA) Line-by-Line, Required February 1, 2020

 12 Wolters Kluwer Intermediate IRA Training Part 1

 13-14 Training the Credit Analyst: Advanced Session —
CBAI Shazam Education Center, Springfield

 13 Year-End Compliance Checklist


 13 Wolters Kluwer Advanced IRA Training

 14 Provisional Credit Under Reg E:
Rules, Best Practices & FAQs

 14 Wolters Kluwer Intermediate IRA Training Part 2


 Senior Lender Group V —
18 DoubleTree by Hilton, Lisle/Naperville
(Formerly Hilton Lisle)

 19 Senior Lender Group II —
CBAI Shazam Education Center, Springfield


 19 Robbery Preparedness:
Meeting Your Annual Compliance Requirement


 19 Wolters Kluwer IRA Documentation Training

 20 Senior Lender Group I —
CBAI Shazam Education Center, Springfield

 20 BSA Special Risks:
Policy, Law Enforcement & Regulator Issues


 21 Senior Lender Group III —
CBAI Shazam Education Center, Springfield

 21 When A Borrower Dies: Rules, Procedures & Liabilities

 21 Wolters Kluwer Beneficiary
IRA Administration Training

 22 Senior Lender Group IV —
CBAI Shazam Education Center, Springfield

 26 Understanding & Navigating ACH Rules for ODFIs



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**BE A
ROCK STAR
FOR THE FOUNDATION!**

Join the fun! Don't miss the Friday night karaoke fundraiser at CBAI's 45th Annual Convention & Expo benefitting the Foundation scholarship program. Sing, nominate a friend, or support a fundraising team and help a great cause. This event is included in your registration fee. For more information, contact Valerie Johnston at cbaicom@cbaicom.com or visit www.cbaicom.com.

Introducing The Kasasa Loan™

Give borrowers the power to
pay ahead...and take it back.



In market research, 9 out of 10 consumers preferred the Kasasa Loan over conventional loans.* Why? Because it gives them the ability to pay ahead to reduce debt, and take that extra back if they need it. **We call that a take-back™.** Plus, the mobile-friendly dashboard puts that power in the palm of their hands.

When borrowers succeed, so do you.
The Kasasa Loan makes it possible.

KasasaLoans.com

*Priced equivalently, based on a 2017 Kasasa consumer study.

KASASA LOANS™

*CBAI Career Development Division Fall Meeting
October 22, 2019
Hyatt Place Champaign / Urbana*

Topics Include:
Winning the Game of Business by Engaging Your Team
Leadership Coaching
Emotional Intelligence: Strengthening Leadership Skills

Social Event of Networking & Teambuilding
on October 21 at an Escape Room!

For more information, contact Melinda at melindam@cbai.com.

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FOR MORE INFORMATION CONTACT
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