



INDEPENDENT **COMMUNITY** BANKS  
OF NORTH DAKOTA

## **COMMUNITY BANKER** NEWSLETTER

Official Newsletter of Independent Community Banks of ND

Nov/Dec 2020 Issue



*With thanks and  
gratitude,  
ICBND extends the very best  
wishes and hopes for a safe and  
healthy Thanksgiving & all thru  
the Christmas holiday season!*

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# INDEPENDENT COMMUNITY BANKS OF NORTH DAKOTA

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## Chairman's Remarks



**Chad Aberle**

Citizens State Bank of Finley  
Finley  
ICBND Chairman



As I finally sit down and try to concentrate on writing the Chairman's comments for this newsletter, I am reminded of the upcoming Holiday season and all the things that go along with it. The past 9 months have been full of excitement, stresses and chaos; from the pandemic of COVID 19, to the recent presidential election, to the challenges of managing one's health, along with your work and family life. The holidays will hopefully put some perspective back into the reasons why we do what we do every day—FAMILY. There is nothing more important than spending time with parents, grandparents, children and grandchildren during the holidays. I realize that this year's holidays may be celebrated differently than in the past, but the meaning behind the celebrations must carry on.

As you begin planning for the holidays and prepare for the end of 2020, remember to continue to support your local communities and their businesses. They depend on your support and appreciate the loyalty of their local bankers and community members. This year has been particularly stressful for many businesses throughout our great state. The restaurant, hotel, bar and many other service industry businesses have struggled to stay open, but with the help of their

local banker and communities, most are surviving this pandemic. And keeping with the tradition of giving, always remember those who are not as fortunate, so they may also have a happy holiday season.

On a banking note; please remember that the staff and board of directors of ICBND are always here to help in any way we can. Whether it be holiday gift giving to your staff or customers or providing guidance and mentorship to the banking industry. The upcoming ND legislative session will prove to be an interesting one as everyone tries to make adjustments to accommodate the pandemic requirements of the state. The board and staff will once again be attentive to the needs of the community banks of North Dakota. If there are issues that concern you or your bank, please do not hesitate to reach out to a board member or Barry to discuss them.

I hope these comments finds you, your staff and family in good health and I wish everyone a very Happy Holiday season.

Chad Aberle, Chairman

## President's Remarks



**Barry Haugen**

ICBND President



Politics, elections and pandemics, oh my! That's kind of my take on the past several months and a less than articulate comparative reference to Dorothy's infamous "lions, and tigers, and bears, oh my" quote from the Wizard of Oz. But just as those beasts struck fear in the hearts of Dorothy, the Tin Man, and the Scarecrow as they skipped through the forest in that iconic 1939 film, today's unknowns of a yet-to-be resolved pandemic, a new administration and an unknown US Senate makeup (the Georgia runoffs are at least one reminder that the election isn't really over) have left us modern day citizens a bit skittish about what's ahead of us.

While it might not be a great career move for someone whose job it is to advocate for a tremendous community banking organization, I promised myself I wasn't going to drone on about politics, the recent election and certainly not the ongoing Covid-19 pandemic in this message. We've all had enough. I know I've had enough. A wise friend of mine asked me a few days ago if I could recall having recent conversations that didn't involve politics or the pandemic. I couldn't except for Stacey telling me that the dogs were tangled around the tree again. But I don't think those count as "conversations" so I

excluded them for the purposes of the exercise at hand.

So, I thought I would discuss how the community bankers of our state went above and beyond this past year to help their friends, neighbors, customers and communities get through this very difficult time. The ICBND member bank response to the Paycheck Protection Program and all its trips and hiccups was amazing, but not totally unexpected. You've been there before for your communities and you will be there again. So, as I was gathering my thoughts for this voluminous message, I received your ICBND Chairman Chad Aberle's message for this newsletter. I won't say he stole my thunder because that wouldn't be fair. His prose was much more eloquent and articulate than anything I was going to muster, so I will save you some reading time.

It's been a goofy year. Please take time now to relax a bit, safely enjoy your family this holiday season and be proud of what you accomplished this year. You deserve it. Happy Thanksgiving and Merry Christmas to you all.

Barry



**REBECA ROMERO  
RAINEY**  
PRESIDENT AND  
CEO

"After a very challenging 2020, I encourage you and your loved ones to end the year strong and fill up with hope for what 2021 may bring."



## FLOURISH COLUMN

**As the song says,** "It's the most wonderful time of the year," and this year, our communities, customers and employees are likely looking forward to the holiday season more than ever.

After a very challenging 2020, I encourage you and your loved ones to end the year strong and fill up with hope for what 2021 may bring. While that's a tall order, I have no doubt that community bankers will come through in bringing needed joy and inspiration this December and into the New Year.

That may be because, as a third-generation banker, some of my best childhood memories involve being with my community bank family and the many traditions associated with this special time of year. From delivering Thanksgiving boxes to those in need to lighting farolitos—paper bags filled with sand and a candle that are a tradition in New Mexico—our community bank brought people together during the season. It always felt like an honor to be at the center of that community spirit and see the happiness that it brought to everyone involved.

But I expect I'm not alone in these merry musings;

community bankers nationwide give similar accounts of their holiday histories. While each story offers a window into the unique traditions of the community, at their core, these reminiscences are about bringing people together to create positive moments this time of year.

This sense of collective community experience defines who we are as community bankers. Employees, large and small business customers, and consumer clients all become our bank family, and when you have that perspective, decisions are made for the right reasons. Year-round, community banking is more than a job; it's who we are.

That mindset makes community banks beautiful and purposeful places to work. We contribute to a mission that's bigger than a bottom line: We serve our communities. As you read through this month's Best Community Banks to Work For feature, I hope you'll see a little of your institution reflected in the stories. Because we all embody a culture of community—something that sets us apart as employers and as an industry.

So, as the year comes to an

end and you etch out your resolutions for the year ahead, I hope one of them will be to continue bringing your community together in new ways, even if that means being distanced or virtual. Now more than ever, the world needs more of what community banks have to offer. I, for one, am looking forward to seeing all that you will bring to your communities this month and in 2021.

Wishing you and yours a very merry holiday season and a happy New Year!

### **What you need to know**

As you work with your team to firm up your 2021 professional goals, consider Community Banker University training courses. They are constantly updated to help you in supporting your communities in this new normal.

**Connect with Rebeca**  
**@romerorainey**

**Rebeca Romero Rainey** is president and CEO of the Independent Community Bankers of America® (ICBA), the leading advocacy organization exclusively representing community banks.



NOAH WILCOX  
CHAIRMAN, ICBA

"It's time to look toward the future, and I encourage you to hold onto this bigger-picture perspective to propel our communities out of this crisis."



## FROM THE TOP COLUMN

As we welcomed 2020, we did it with gusto, laser-focused on the potential for this new decade. In fact, "Vision 2020" became a buzz phrase used by banks and businesses nationwide. But beginning in March, thanks to COVID-19, that vision grew murky. As we navigated stay-at-home orders, lobby closings and a host of unsettling firsts, our precise plans lost their luster and clarity.

But the perspective that came in its wake may have been even more important.

This year will go down in history as an arduous one—to say the least—and we all are reeling from its impact. But, like I recently said to my team, it's only one year, a short timeframe when you consider the course of your life. One year doesn't define your bank, its work or its impact.

Yet, if this year did define us, we would be proud of what we witnessed. First, we would see community bankers stepping up for their communities, galvanizing them to ensure small businesses stayed afloat. I recently had a local business owner tell me that if it wasn't for the Paycheck Protection Program (PPP) loan he secured through our bank, he wouldn't still be in business.

That's a powerful testimonial to the impact we have made on millions of lives.

And we would notice how we amped up our dedication to our communities and our teams. We served those most in need through community soup kitchens, food pantries, virtual charity events and more. We helped to keep spirits up through our continued dedication to our staff, our neighbors, our families and the community at large. That's what makes community banks pillars of their communities and top places to work; we do the right things to serve.

Now, it's time to look toward the future, and I encourage you to hold onto this bigger-picture perspective to propel our communities out of this crisis. More than ever, we have to be intentionally present for our communities. We need to continue to think creatively about how to engage with our customers, because it's going to look different in the long haul.

So, as we consider what's next, I'm struck by the irony of the phrase "Hindsight is 20/20," as this has been the year for some serious rear-view reflections. But I'm proud to say I wouldn't change our response to COVID-19. We showcased

who we are as community bankers: leaders who rise to the occasion when they are needed. And that's a perspective that's worth keeping as we enter a new year.

### My Top Three

My good friend Jim MacPhee was well-known for saying "hope is not a strategy," but since it's that time of year, here are my top three wishes for community bankers:

1. Automatic forgiveness for PPP loans
2. A crystal ball to predict what's coming in 2021
3. A joyous and restful holiday season.

Connect with Pres  
@NWWilcox

Noah W. Wilcox is chairman of ICBA, president, CEO and chairman of Grand Rapids State Bank and chairman and CEO of Minnesota Lakes Bank in Delano, Minn.



**JIM REBER,**  
PRESIDENT AND  
CEO OF ICBA  
SECURITIES

## PORTFOLIO MANAGEMENT

### Things You Never Thought You'd Say

**Covid-19 has created a lot of first-ever conversations.**

It may be a gross oversimplification to say this, but in many ways, community banks deal with their favorite broker the same way you deal with your dry cleaner. For one thing, there's repeat business; we're not a durable goods vendor that you visit every three years. For another, fixed-income brokers sell a set of relatively fungible products. For another, since there are plenty of us out there, we're obliged to stay pretty much on-market with our prices.

Over time, a business relationship develops, much of which is a matter of convenience for the busy portfolio manager. And out of this relationship comes dialogue. In 2020, the dialogue has gone places it had not yet visited. So, as the year ends, and hopefully the COVID-19-dominated headlines begin to recede, I'd like to recount some questions and comments we've heard for the first time this year.

#### **"I need to get rid of this cash"**

To be sure, there has been an avalanche of liquidity that arrived on the doorstep of virtually all community banks this year. We could compose a Venn diagram using loan demand, Fed quantitative easing, investor flight -to-quality, and, of course, the Treasury's Paycheck Protection Program. All of these conspired to stuff banks full of money, which yields next to nothing.

Bankers in some cases have concluded that no cash is better than some cash—even those that have traditionally held more than an ample supply. This is not to say that they've been successful, yet. As of Sept. 30, nearly 25% of all bank assets was "liquidity," meaning due from + unpledged

securities + fed funds sold. This is the highest level in about a decade and, in absolute dollars, an all-time high.

#### **"What's wrong with 30-year mortgage paper?"**

Portfolio managers have traditionally run, not walked, from the prospect of buying a mortgage-backed security (MBS) that has a 30-year life. In fact, by doing so, they are shunning around 88% of that market. Usually the reasons are sound; these long stated final bonds produce little current cash flow and have longer-than-preferred average lives.

In this market, however, the long maturities can in fact offer some stability to cash flow that shorter maturities can't. Attendant to this is that many of the 30-year pools can be quite large, "TBA-eligible" pools that the Fed is buying for its own balance sheet. So, a suggestion can be made that Jay Powell and associates are price-supporting this segment of the mortgage market.

#### **"I think we need to do an interest rate swap"**

This is a perfect example of the unique challenges facing community banks in this pandemic. Many thousands of balance sheets are now staring down record low yields in which to invest or lend and net interest margins (NIMs) that are narrow and narrowing. We can demonstrate that margins can be improved, or at least solidified, by executing interest rate swaps on either side of the ledger.

One example is a bank buying a long fixed-rate municipal bond and instantly turning it into a floating rate instrument. Thanks to the relatively flat yield curve, one can convert a 10-year duration into a 90-day duration and surrender today only about 50 basis points. In turn, that could free up other opportunities to lock

in some longer fixed-rate assets to stanch the bleeding in NIM.

#### **"Remind me why we don't buy revenue bonds"**

Traditionally, portfolio managers have preferred general obligation (GO) municipals over revenue bonds because GOs are paid off through property taxes, and not a stream of dedicated income from some type of activity. It's been a good bet over the years, as there have been virtually no defaults of muni issues that are both rated and GO.

In a year like this, revenue bonds can be worth a look, *if* the source of revenue is an essential service. Yields on "rev's" are usually higher than for a similarly rated GO, and we know that incremental yield is a precious commodity today. So, ask your broker to show you a revenue bond that is secured by water or sewer fees, school building leases or utilities. You may like what you see.

#### **"It's time to extend my portfolio"**

To most community bankers, short means good. This is a vestige of their experience with a collection of bonds that are worth 93 cents on the dollar thanks to aggressive tightening by the Fed (circa 2000), or furrowed brows from regulators concerning extension risk and exposure to rising rates.

Not today: rate exposure has clearly flipped. Most banks need to actively manage their maturities back to their intended objectives. This can be done several ways and most directly by buying "out on the curve." Certain high-quality products with sufficient length can produce yields approaching 2%. Constant attention to the maintenance of the community bank's duration is yet more dialogue that portfolio managers will be having with their dry cleaners. Or, make that investment brokers.

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## AGENCIES RESPOND TO ICBA PUSH ON ASSET THRESHOLDS

Federal regulators announced ICBA-advocated relief from regulatory burdens caused by participating in federal coronavirus response programs.

Under the [interim final rule](#), community banks that have crossed certain regulatory asset thresholds will be able to calculate their asset size during calendar years 2020 and 2021 based on the lower of either total assets as of Dec. 31, 2019, or total assets as of the normal measurement date.

The rule applies to the community bank leverage ratio, the Fed's debit card interchange and routing rule, management interlocks, call reports, examination frequency rules, the Small Bank Holding Company Policy Statement, and other thresholds. It applies to institutions with less than \$10 billion in total assets as of Dec. 31, 2019.

ICBA has told policymakers [since August](#) that the surge of PPP loans has swelled community banks' balance sheets, inadvertently subjecting them to additional regulatory burdens.

Meanwhile, ICBA continues encouraging community bankers to [keep urging Congress](#) to include needed PPP and other reforms in the next economic stimulus package.

[READ MORE](#)

## RURAL INDEX DECLINES FOR FIRST TIME SINCE APRIL

Creighton University's Rural Mainstreet Index [declined](#) to 46.8 in November from 53.2 in October, sinking to its lowest level since August on its first decline since April. Just 6.5 percent of surveyed bankers reported economic improvements from October, while 12.9 percent described economic pullbacks on record-low loan volumes.

## FIVE WAYS THE PANDEMIC WILL CHANGE THE LENDING TRAJECTORY IN THE 2020S

Recent events will foster both challenges and opportunities for lenders moving forward, and will influence the preferences of people and businesses you proudly serve. The process of lending has already changed so much since the Great Recession and will now enter a new phase that could redefine borrower relationships as we know them.

[READ MORE](#)

## TREASURY DECLINES TO EXTEND CARES ACT FACILITIES

Treasury Secretary Steven Mnuchin declined to extend the Main Street Lending Program and other CARES Act facilities scheduled to expire Dec. 31, and he asked the Federal Reserve to return the \$455 billion in unused funds to Treasury.

In a [letter](#) to Fed Chair Jerome Powell, Mnuchin said that in the "unlikely event" that these programs need to be reestablished in the future, the Fed can request approval from Treasury and funding from Congress.

The Fed responded with a statement saying it "would prefer that the full suite of emergency facilities established during the coronavirus pandemic continue" to operate.

In his letter, Mnuchin also asked the Fed for a 90-day extension of the Paycheck Protection Program Liquidity Facility and other facilities not funded by the CARES Act.

## ICBA PUSHES BACK ON PPP 'LOAN NECESSITY' QUESTIONNAIRE

ICBA raised questions about an SBA "loan necessity" questionnaire for Paycheck Protection Program loans of \$2 million or more that appears to go against the language of the CARES Act.

In an [ICBA letter](#) to congressional leaders and separate joint letters to [lawmakers](#) and [agency heads](#), ICBA said the questionnaire has led many borrowers to justifiably fear that the SBA is altering PPP loan eligibility criteria after disbursement.

The letters note that PPP applicants have already certified that they applied because economic uncertainty made the loan request necessary to support their operations. However, the SBA last month began distributing the questionnaire to evaluate the good-faith certification with questions about business conditions in the months after the loans were disbursed.

The letters call on the SBA to temporarily suspend use of these questionnaires while they address these issues and work toward a better solution in line with the CARES Act and the PPP application.

### About ICBA

The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. With more than 50,000 locations nationwide, community banks constitute 99 percent of all banks, employ nearly 750,000 Americans and are the only physical banking presence in one in three U.S. counties. Holding more than \$5 trillion in assets, nearly \$4 trillion in deposits, and more than \$3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at [www.icba.org](http://www.icba.org).



CHARLES POTTS,  
ICBA SENIOR VICE  
PRESIDENT, CHIEF  
INNOVATION  
OFFICER

## INNOVATION STATION

### A truly innovative year

**“Good battle plans** are thrown out once you meet the enemy,” to paraphrase an old military adage attributed to Prussian field marshal Helmuth von Moltke. It’s a good mantra for 2020. COVID-19 hit hard, and plans made earlier in the year went out the window.

Let’s take a moment to reflect on the challenges and victories of the past year and celebrate the heroic action that community banks took to meet the needs of their customers and communities.

Against a backdrop of branch closures, operational constraints and compressed timelines, community banks processed more than 4 million Paycheck Protection Program (PPP) loans for small businesses. To do so, they turned to new technologies and fintech partners that enabled them to process PPP loans in record time. Due to their exposure to and partnerships with fintech solution providers through ICBA’s ThinkTECH Accelerator program and Preferred Services Providers directory, community banks hastened their implementation of new

technology solutions and services.

As a result, digital platforms, including online loan origination, launched in a matter of days, not weeks, enabling businesses to remain open and pay their employees. The accelerated timeline brought the need for increased digitization and robust mobile platforms into sharp focus; this should inform business and strategic planning for the year ahead.

Ask yourself: Where did we leapfrog or accelerate innovative solutions and services this year? How can we integrate components of these solutions and services across bank operations to establish a new normal?

As we consider what that new reality might look like for community banks, it can help to focus on trends that came out of the crisis. For example, customers have grown comfortable with distance servicing and working from home. For community banks, this might mean embracing more technology, self-service and automation. Community banks also saw a surge in new small business customers as a result of their efforts. They should consider ways to deepen and broaden their relationships with these businesses, such as cash

management services, financial accounting capabilities or payroll.

In reflecting on 2020, community banks should have a profound sense of accomplishment. Pat yourself on the back for your resiliency and heroic actions. Now build on that momentum as you look to the year ahead. As you do, we are here to support you every step of the way.

**Charles Potts** is ICBA senior vice president and chief innovation officer. He can be reached at [charles.potts@icba.org](mailto:charles.potts@icba.org)





LINDSAY LANORE,  
GROUP EXECUTIVE  
VICE PRESIDENT OF  
COMMUNITY BANKER  
UNIVERSITY

## LEADERSHIP AT ALL LEVELS

### Review and refresh your goals

**I don't think any of us** could have anticipated the year we've had. Remember that list of goals you set for 2020? You probably didn't complete it. Maybe you didn't even get halfway there. Few of us did and, under the circumstances, that's hardly surprising.

With 2021 just around the corner, this is a great time to recenter, review and refresh your goals and priorities. It's natural to feel exhausted or as if you've been in survival mode for as long as you can remember. You may be thinking, "How can I prioritize when everything feels high priority?"

It may seem overwhelming, but don't put it off. Keep your goals in front of you. It may have been easy to hide them in a drawer this year, but we need to be able to *see* the things we want to accomplish. Whether you use a master spreadsheet or a software system, or you stick Post-it notes to your whiteboard, they need to be out front.

Start by jotting *everything* down. Then extract those items that are essential. You can rank them or adopt a three-column strategy with

the headers Must Do, Nice to Do and Need Not Do. Alternatively, you can use the Eisenhower Matrix (or Urgent-Important Matrix), one of the task-prioritizing tools recommended by time management experts. The key is to put it all out there and thoughtfully spend time determining what is most important.

Attach a timeframe or deadline to each goal. How long will it take? Does it require daily, weekly or monthly attention? If it seems too large, break it up into smaller goals that seem more achievable. Define what goes into achieving each goal. What's a quick fix? What needs time? What requires more thought? What needs serious investment?

If 2020 taught us anything, it's that we can't do everything. So, set aside time for you and your team to focus on your goals, and resist the urge to multitask. Say "no" to things that don't support your goals.

Evaluate resources that will help you accomplish them, and remember to ask for help if you need it. Set targets for success and measure your progress.

Check on the status of your goals periodically, but don't turn your status checks into working meetings. Take the pressure off where you can.

On that note, make sure to celebrate your progress. Remember that Jar of Good concept from January? Even if you didn't hit every milestone you had planned for 2020, there are sure to have been many success stories and achievements. Celebrate them.

And remember that you are not alone; most people's priorities changed this year. Now is the time to level set, establish a baseline for yourself and for your team—and meet 2021 with heads up and eyes clear.



Lindsay LaNore is group executive vice president of Community Banker University and can be reached [lindsay.lanore@icba.org](mailto:lindsay.lanore@icba.org).

## **Featuring the newest of ICBND's** **Associate Members**

**We appreciate our associate members and encourage all of you our member banks when looking for a specific product or solution to refer to your associate members first to fulfill your growing community bank's needs. Support those that support your association!**

### **Associate Member Directory**

**Upgrade** recently joined **Independent Community Banks of North Dakota** as an associate member offering the North Dakota banking community a great solution! Upgrade is a marketplace lender, founded in 2016. Upgrade currently employs 357 nationwide and has originated ~\$3 billion in loans since inception. Upgrade offers affordable and responsible credit products to mainstream consumers through personal loans, auto refi and lines/cards and will be launching a HELOC product next year. Upgrade partners with community banks to provide access to prime credit quality consumer assets. Their unsecured assets yield 5-6% NET returns to community banks for prime credit borrowers and allows the bank to customize their credit box in either a national or geo-targeted footprint. They also offer free credit monitoring, credit alerts, and credit education to their user base through the Upgrade Credit Health product. **Please contact Nik Vukovich, [nvukovich@upgrade.com](mailto:nvukovich@upgrade.com) or 415-940-7688 for more information!**

### **Upgrade, Inc.**

275 Battery St Suite 2300  
San Francisco, CA 94111  
Website: [www.upgrade.com/landing/institutions](http://www.upgrade.com/landing/institutions)  
Phone: (415) 940-7688  
Contact: Nik Vukovich, Director, Financial Institution Partnerships  
Email: [nvukovich@upgrade.com](mailto:nvukovich@upgrade.com)



Upgrade is a digital marketplace lender having facilitated origination of ~\$3 billion in personal loans since inception. We partner with community banks to give them access to prime consumer assets for income goals, customer base growth as well as co-branded digital solutions. Upgrade can offer community banks digital unsecured consumer loans, secured consumer loans, cards, auto loans as well as HELOCs. We can provide community banks a digital channel to access customers in their communities with a flawless user experience, yields in the 5-7% range, as well as, acquire borrowers in their footprint who they can convert to core customers.

**Independent Community Banks of North Dakota** welcomes **Bankers Healthcare Group** as an associate member. For nearly two decades, BHG has been making an impact with Community Banks as a leading provider of financial solutions for highly skilled professionals and licensed healthcare practitioners. They specialize in providing Community banks with loans for high earning borrowers from top credit tiers.

### **Bankers Healthcare Group**

10234 W State Rd 84  
Davie, FL 33324  
Website: [www.BHGLoanHub.com](http://www.BHGLoanHub.com)  
Phone: (954) 332-6285  
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**BANKERS HEALTHCARE GROUP**  
*Financing for Healthcare Professionals*

BHG has been lending for nearly 20 years and is the #1 source for medical and professional loans across the country. Almost 1,200 banks have partnered with BHG and have incurred \$0 loss on the BHG Core Loan portfolio! Record loan volume is available with potential returns of 3-6.5% for member banks.

**Barret School of Banking** has partnered with **Independent Community Banks of North Dakota** offering a wide range of educational opportunities. Admission to the Paul W. Barret School Jr. School of Banking is open to bank employees, bank regulatory agency employees, and employees of businesses allied to the financial services industry, such as attorneys, accountants, and related professionals. Along with Barret School of Banking Graduate School current sessions being offered include **Crisis Leadership** (recorded courses) and a **Senior Lender Summit Virtual Conference** which will take place on December 3, 2020.

## Barret School of Banking

650 East Parkway South  
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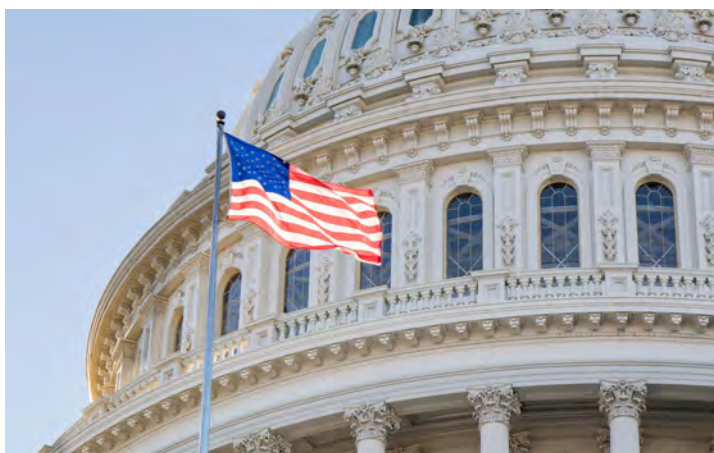


## ICBA ADVOCACY PUSH CONTINUES DURING LAME-DUCK CONGRESS

While the 116<sup>th</sup> Congress winds down in the coming weeks with its post-election "lame duck" session, ICBA's efforts to pass much-needed economic stimulus measures continue unabated.

### Deal or No Deal?

The prospect of lawmakers reaching a deal on another emergency relief package remains an uphill climb. Whereas congressional Democrats advocate passage of a spending package worth more than \$1 trillion, Republicans are looking for a more targeted deal closer to \$500 billion.



### Key Priorities

Nevertheless, as laid out in a [recent letter](#) to congressional leaders, ICBA continues working to ensure any deal includes the following community bank priorities:

- Simplifying forgiveness for all PPP loans with an original balance of \$150,000 or less to ensure the program's success.
- Fully forgiving all Economic Injury Disaster Loan Advances to avoid unexpected debts for small businesses, as ICBA Chairman Noah Wilcox and small-business customer Jim Lamke detailed in a recent [op-ed on Medium](#).
- Excluding PPP loans from regulatory asset thresholds to avoid penalizing lenders for their leadership in responding to the pandemic.
- Extending Troubled Debt Restructuring and Community Bank Leverage Ratio relief to support local economies.

### Grassroots Needed

While ICBA works continuously with Congress to advance these priorities, lawmakers need to hear it straight from their community bank constituents. Community bankers can use ICBA's [Be Heard grassroots action center](#) to send customizable messages to Congress to spread the word on Capitol Hill.

As ICBA notes in its [2020 election analysis](#) and latest [Community Bank Briefing](#) webinar, ICBA and community banks are well positioned headed into the 117<sup>th</sup> Congress. But with these top policy priorities remaining unfinished business, we will continue working to advance them in the remaining weeks of 2020 to help community banks meet the needs of their communities.

*[Paul Merski](#) is ICBA group executive vice president of congressional relations and strategy.*



## ICBA GUIDE DETAILS EIDL LIEN REQUIREMENTS

ICBA is reminding community bankers about the procedures for renewing or refinancing a line of credit for a borrower with an Economic Injury Disaster Loan.

As detailed in [ICBA's guide](#) on SBA lien requirements on EIDLs, EIDL loans over \$25,000 require a blanket Universal Commercial Code lien allowing the SBA to take an interest in the assets of the business. The requirements apply to EIDL loans, not advances.

The SBA does not prohibit lenders with a superior lien position to the UCC-1 lien to continue advancing additional funds under existing borrowing arrangements. The guide also provides links to SBA EIDL resources and SBA contact information for borrowers and lenders seeking consent for subordination.

Further, [the SBA's FAQs](#) on the EIDL program and agricultural lending notes that the agency places the lien on business and trade equipment, not agricultural commodities, crops, livestock, or the proceeds of their sale in the ordinary course of business. [Access ICBA's guide.](#)

## FHFA ISSUES 2021 MULTIFAMILY LOAN PURCHASE CAPS

The [Federal Housing Finance Agency](#) said the 2021 multifamily loan purchase caps for Fannie Mae and Freddie Mac will be \$70 billion for each enterprise. The new caps apply to all multifamily businesses with no exclusions and covers the four quarters of the 2021 calendar year, unlike the 2020 cap structure.

At least 50 percent of the enterprises' loans must be used for affordable housing, up from 37.5 percent in 2020. For the first time, affordable housing manufactured housing communities must be resident-, government-, or nonprofit-owned or must have tenant pad lease protections.

## ICBA LAUNCHES 2021 BUSINESS CONTINUITY PLAN

ICBA and the Financial Services Information Sharing and Analysis Center launched a new guide to help community banks revise their business continuity plans given the COVID-19 environment. The [2021 Business Continuity Plan](#) includes best practices for the annual update, pandemic-related activities, and links to helpful resources. [Access the plan.](#)

## BUILDER CONFIDENCE LEADS INDICATOR GROWTH

Builder confidence: The index of builder confidence in the market for new single-family homes [increased](#) five points in November to 90, breaking October's record of 85.

Retail sales: [rose](#) 0.3 percent in October and were up 5.7 percent from a year ago.

Industrial production: [improved](#) 1.1 percent in October but remained down 5.6 percent from last year.

Business inventories: [advanced](#) 0.7 percent in September but remained down 4.7 percent from a year ago.

## TREASURY ADDRESSES DEDUCTIBILITY OF PPP BORROWER EXPENSES

The Treasury Department and IRS [issued guidance](#) providing that Paycheck Protection Program borrowers may not deduct expenses if they have a reasonable expectation that the covered loans will be forgiven.

Because the guidance applies even to PPP borrowers that have not submitted a forgiveness application by the end of the taxable year, the agencies encouraged borrowers to apply as soon as possible.

The agencies said that because businesses are not taxed on the proceeds of a forgiven PPP loan, the ruling results in neither a tax benefit nor tax harm because the taxpayer has not paid anything out of pocket.

ICBA has [called on Congress](#) to amend the CARES Act to explicitly provide that PPP loan-forgiveness funds that cover business expenses are tax deductible, as the Small Business Expense Protection Act (S. 3612/H.R. 6821) would do.





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**Doug Burgum**  
North Dakota Governor  
*March 31 daily press conference*

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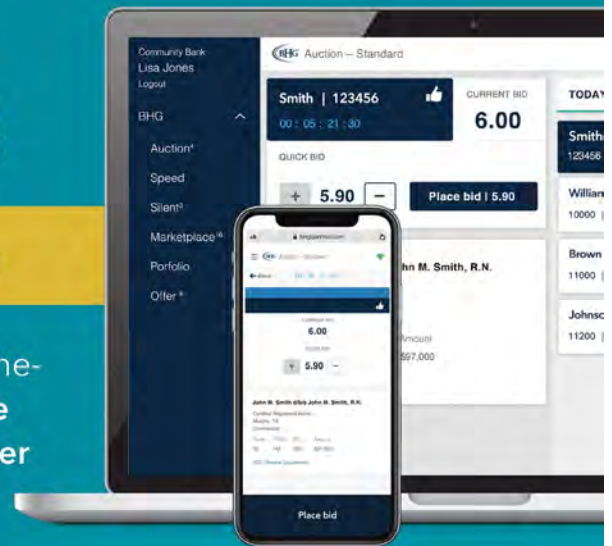
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CBIZ Wellbeing Solutions

Each month, CBIZ Engagement & Wellbeing Consulting distributes its e-magazine, *Wellbeing Insights*, which includes articles designed to help busy professionals make simple changes to enhance the quality of their work and life. *Wellbeing Insights* is a quick read filled with practical tips and gentle reminders to reinforce healthy habits. Here's a glance at this month's issue:

- November is National Caregiver Support Month
- Self-Care for the Caregiver
- Mindful Minute: Practice Self-Compassion
- On the Menu: MCT Oil
- Flu Prevention Amid COVID-19
- Parenting Corner: Raising Inclusive Children

**CBIZ Wellbeing Insights**  
**November 2020**

Previous issues of *Wellbeing Insights*: [Click Here](#).

By Steve Kent



Over the last several years, our world has been leaning further into the digital realm, largely thanks to a younger, more tech-dependent generation. To stay competitive, community banks must digitize and develop strategies for digital-first customers.

Though many institutions re-directed customers to online, mobile and call center channels in response to COVID-19, that tactical pivot—though important—is not a digital banking strategy. Smaller institutions have various reasons for not fully digitizing, including fear of compliance or operational risk repercussions. Not long ago, those excuses seemed valid. Today, however, they embody community banks' greatest risk.



Pictured: Steve Kent

## Customers Embrace Digital Banking

Online and mobile banking use has grown over the last few years, and the pandemic is accelerating its adoption even more. Consumers and businesses previously hesitant to rely on digital channels are now enjoying the convenience, speed and safety they afford.

With consumers fully on board and larger banks already operating in a digital-first mode, community banks have no choice but to adapt or risk being left behind. Here are the three big-picture essentials for a true digital banking strategy:

**Top-down digital mindset:** Digital transformation starts with the institution's leadership embracing the idea of enterprise-wide digitization and investing in the human and technical resources needed to serve customers through digital means.

**CX focus:** Digital strategies must work to continuously improve the bank customer experience (CX). A bank's competitive advantage lies in a frictionless, personalized and secure experience no matter the transaction processed. This requires rethinking all internal processes with the customer perspective as the focal point.

**Self-service and consultation:** The final piece of the puzzle is transitioning digital channels from self-service only transactions to more offerings featuring a consultative layer. Community banks need a digital strategy that provides contextualized consultation around savings, investment and insurance products and services.

## Risk Management in Digital Banking

Even though customers demand digital transformation, making it a reality comes with inherent challenges and risks. The most pressing digital banking risk management issues break down into two categories and should be addressed so that your institution can move forward.

### Organizational Challenges:

- **Outdated corporate culture:** Entrenched processes and perspectives can hold back your digital transformation. Promoting a more forward-thinking culture must be a top-down change.
- **Unwillingness to change:** KPMG notes that, "Current executives and professionals will either become fast believers or they will hold back your progress." The imperative is to identify the former category and empower them to lead your digital transformation.
- **Lack of innovative thought leadership:** It will take real out-of-the-box thinking to digitally compete with the big banks. If that kind of modern thinking doesn't already exist within your institution, invite it in.
- **Misguided beliefs:** Squash any notions that a mobile banking app is the only component of a digital strategy, or that digital first means that personalization is no longer needed. Back-end operations and internal processes must fully support a digital environment that effectively identifies and fulfills individual customer needs based on their actions and behaviors.

### Regulatory Risks:

- **Digital compliance and cybersecurity:** Banks operating in a digital environment must still comply with all applicable laws and regulations. This includes paying particular attention to uniquely digital processes that are covered under specific rules, such as electronically signing documents per the E-Sign Act. However, institutions can mitigate overall risk by investing in technology designed to help banks comply with the regulatory framework and strengthen cybersecurity.
- **Third-party risk management:** Out of necessity, many banks are outsourcing all or part of their digital strategy to third-party vendors. Since institutions are still ultimately responsible for all functions, a robust vendor management program is key to ensuring that no unqualified third-party provider is hired. A provider must understand the applicable regulatory requirements, be able to adhere to them and guarantee compliance.
- **Fraud and identity theft:** Community banks can meet challenges of fraud and identity theft by reviewing and strengthening their Bank Secrecy Act/anti-money laundering (BSA/AML), Know Your Customer (KYC), customer due diligence and other relevant compliance programs. Fortunately, digitizing internal processes yields more data and the ability to use AI to help monitor customer behaviors and more quickly flag potential fraud.

There is no doubt that digitization can increase certain risks for the community banks that do transform, and the answer to this dilemma is enhanced digital banking risk management.

*Steve Kent is senior director, Digital Strategy, at CSI.*





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# DROP IN IRA BALANCES MAY MEAN RISE IN ROTH IRA CONVERSIONS

By Alayna Drope, CIP, CHSP

With the global economy experiencing an extraordinary decline over the past few months because of the coronavirus (COVID-19) pandemic, IRA owners may find that their retirement savings balances are much lower than they ever anticipated. As many contemplate financial moves to improve their prospects for a financially secure retirement, there may be a positive side to the drop in account balances: it might just be a good time to convert to a Roth IRA.

The potential for tax-free distributions makes the Roth IRA a popular retirement savings vehicle, and conversions are one way to fund a Roth IRA. There are no eligibility restrictions, so for your IRA clients whose [income is too high](#) to make regular Roth IRA contributions, they can get money into a Roth IRA by converting non-Roth IRA savings to a Roth IRA. Certain rules apply, however, so it is important that you—and your clients—understand how a conversion works. What's more, the transaction is final, so your IRA owner clients may want seek competent tax advice before converting.

## CONVERSION

A conversion is the taxable, reportable movement of assets from a Traditional IRA, including Traditional IRAs that contain simplified employee pension (SEP) plan contributions, to a Roth IRA. Assets in a savings incentive match plan for employees of small employers (SIMPLE) IRA also may be converted to a Roth IRA, but only after a two-year period. This period begins on the date that the first [SIMPLE IRA plan](#) contribution was deposited to the SIMPLE IRA owner's account.

Note that required minimum distribution (RMD) amounts may not be converted. Only after the RMD is distributed for a year may the balance of a Traditional or SIMPLE IRA be converted to a Roth IRA, if eligible.

In response to the economic downturn caused by the COVID-19 pandemic, the [IRS waived 2020 RMDs](#). As a result, IRA owners who are converting to a Roth IRA in 2020 do not have to satisfy their RMDs first.

## TAXATION

The amount converted is subject to income tax, but the 10 percent penalty tax for early (before age 59½) IRA distributions does not apply. Your IRA owners must include all previously untaxed assets (pretax assets) that are converted in their taxable income for the year of the conversion. For purposes of determining what should be included in their taxable income, all Traditional and SIMPLE IRAs assets are aggregated. Pretax assets generally include all

- deductible Traditional IRA contributions,
- retirement plan pretax assets rolled over to a Traditional IRA,
- SEP and SIMPLE IRA contributions, and
- earnings.

Any nondeductible, or after-tax, Traditional IRA contributions and retirement plan rollovers of after-tax assets are considered "basis" in a Traditional IRA. Any basis in the Traditional IRA is not taxable when converted.

An IRA owner cannot convert basis alone, however. Assets that are converted to a Roth IRA consist of pro rata portions of both pretax assets and basis, if both types of assets exist in the IRA owner's IRAs. To determine the amount of the converted assets that can be excluded from income, the aggregate basis amount is divided by the aggregate IRA balance and then multiplied by the converted amount. Your organization is not required to calculate this; it is the IRA owner's responsibility. But you may want to remind your IRA owners that they must complete IRS Form 8606, *Nondeductible IRAs*, to formally calculate and report the taxable amount of the conversion. Form 8606 must be attached to their federal income tax returns for the year of the conversion, regardless of whether there is any basis to their credit. Your IRA owners may want to seek assistance from a competent tax advisor.

Because conversion assets are subject to tax, your organization must apply the federal income tax withholding rules, allowing your IRA owners to request 10 percent or more be withheld or to elect to waive withholding.

## PROCESS

IRA owners may convert their IRA assets either directly or indirectly. Doing so directly means that the IRA owner does not take receipt of the assets. Instead, the distribution from the Traditional or SIMPLE IRA is payable to the receiving financial organization for the benefit of the IRA owner, or an internal transfer of the assets is made. If the IRA owner elects withholding on a direct conversion, the amount withheld and submitted to the IRS is reported as a distribution to the IRA owner and is not considered part of the conversion. Thus, it is subject to the 10 percent early distribution penalty tax if the IRA owner is under age 59½.

When an IRA owner requests and receives a Traditional or SIMPLE IRA distribution (the check is made payable to the IRA owner) and she deposits the amount in a Roth IRA within 60 days after the date of receipt, the conversion was done indirectly.

Because of the disruptions caused by the COVID-19 pandemic, the IRS issued [Notice 2020-23](#) to extend the deadlines for certain time-sensitive tax-related actions. An indirect conversion that needed to be redeposited between April 1 and July 15, 2020, to satisfy the 60-day window was permitted to be delayed until July 15, 2020.

Another option, if within the same financial organization, is to "redesignate" the Traditional or SIMPLE IRA as a Roth IRA. The IRA owner must complete a new IRA application that identifies specifically what type of IRA is in existence (i.e., Roth IRA). Redesignating a non-Roth IRA as a Roth IRA does not require the investment instrument to be closed or surrendered. All banking, insurance, state, and federal laws still must be taken into account when considering the redesignation approach.

## Reporting

All IRA distributions being converted are reported on Form 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* For a direct conversion, either code 2, *Early distribution, exception applies* (for IRA owners under age 59½), or code 7, *Normal distribution*, must be shown in Box 7.

If an IRA owner under age 59½ withholds on a distribution that is directly converted, the distribution must be reported on two Forms 1099-R. One Form 1099-R reports the direct conversion amount using distribution reason code 2, and the second Form 1099-R reports amounts withheld for taxes using code 1, *Early distribution, no known exception* (for IRA owners under age 59½). Because amounts withheld are not converted, they are considered distributions to the IRA owner and—as previously noted—are subject to the 10 percent early distribution penalty tax, unless a penalty tax exception applies.


For an indirect conversion, either code 1 or code 7 is used in Box 7. Financial organizations that receive a direct or indirect conversion report the amount on Form 5498, *IRA Contribution Information*, in Box 3, *Roth IRA conversion amount*.

And although physically accomplished through an internal transfer, redesignations must be reported as distributions on Form 1099-R and conversion contributions on Form 5498.

## DOCUMENTATION

Ensure that your organization has captured the required information—eligibility, client elections, etc.—by using transaction forms. Understanding the conversion requirements and having the written documentation to support each transaction will help your organization handle conversions with confidence and efficiency.



A portrait of Lynn Paulson, a middle-aged man with light brown hair, wearing a grey suit, white shirt, and blue tie. He is smiling and looking towards the camera.

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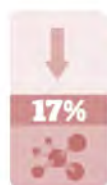
# Live Well, Work Well

November 2020

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## It's That Time of the Year Again: Flu Season

The arrival of the fall and winter months signals many things, including flu season. According to the Centers for Disease Control and Prevention (CDC), flu activity peaks between December and February. It's likely that flu viruses and the virus that causes COVID-19 will both spread this fall and winter.



**From spring 2019 to spring 2020,  
U.S. flu cases decreased by 17%.**

**Experts attribute this drop to  
COVID-19 safety measures.**

Source: CDC

Many symptoms of the common cold, the flu and COVID-19 are similar, so learn how to differentiate between them on the next page.

### Flu Prevention

The flu vaccine is your best chance of preventing the illness, and it's more important than ever this year. Currently, the CDC recommends an annual flu vaccine for anyone over 6 months of age.

In addition to getting your vaccine, there are some other ways to help protect yourself during this flu season. Avoid close contact with people who are sick, and stay home when you're sick. It's critical to continue good hygiene by

covering your coughs and sneezes, and washing your hands. Safety measures made a positive impact on flu cases earlier this year, and they will continue to be crucial as we enter flu season.

### Get Your Flu Shot

If you're unsure about getting a flu vaccine, here are some reasons why it's especially important amid the pandemic:

- **Reduces risk of contracting both viruses at the same time**—Battling simultaneous flu and COVID-19 infections could be much worse than battling either alone. Nobody knows what to expect until it happens—and then it's too late.
- **Eliminates symptom confusion between the flu and COVID-19**—You'll be less likely to get flu symptoms like fever, cough and body aches. Those are symptoms that could be confused for COVID-19.
- **Reduces strain on the medical system**—The flu and COVID-19 are both respiratory illnesses, so they rely on some of the same life-saving hospital equipment.

If you're worried about staying healthy this flu season, please contact your doctor.



This article is intended for informational purposes only and is not intended to be exhaustive, nor should any discussion or opinions be construed as professional advice. Readers should contact a health professional for appropriate advice. © 2020 Zywaye, Inc. All rights reserved.



## COVID-19 vs. Flu vs. Cold—Which Is It?

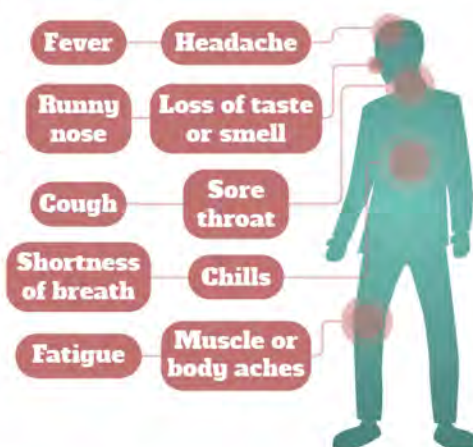
As expected during the pandemic, every cough, sneeze or throat tickle may give you cause for concern. Many symptoms of the common cold, the flu and COVID-19 are similar—making it difficult to distinguish between them. Different viruses cause each of these illnesses, which means there *are* different symptoms.

- **COVID-19**—The most common three symptoms to keep in mind are fever, dry cough and shortness of breath. Check out the infographic below for additional symptoms.
- **Flu**—If you feel fine one day and miserable the next, it may be the flu. Common symptoms include cough, fatigue, fever or chills, headaches, body aches, runny or stuffy nose, sore throat, vomiting and diarrhea.
- **Common cold**—Most importantly, you won't have a fever with a cold. Typically, symptoms of the common cold come on gradually, and may start with a sore throat or irritated sinuses.

One key difference between the illnesses is a symptom of COVID-19—shortness of breath. If you are concerned about your symptoms, call your doctor. The only way to confirm your illness is to get tested.

### Is It COVID-19?

People with COVID-19 have experienced a wide range of mild to severe symptoms, appearing 2 to 14 days after exposure, including:



## American Diabetes Month

Diabetes affects over 30 million Americans—and that number grows every day. While Type 1 diabetes can't be prevented, you can take steps to prevent Type 2 diabetes—the type that is most common.

- **Eat healthy.** Get plenty of fiber and whole grains, and understand how the foods you eat affect your blood glucose.
- **Be more active.** Aim for at least 30 minutes of exercise daily, and try incorporating both aerobic exercise and resistance training.
- **Lose extra weight, and keep it off.** If you're overweight or have obesity, weight control can be an important part of diabetes prevention.

One in three American adults are at risk for Type 2 diabetes, yet nearly 85% don't know they have it. Take control now during American Diabetes Month, and see your doctor to get your blood sugar tested.



## Fall Veggie Casserole

Makes: 8 servings

### Ingredients

- 1 medium eggplant
- 4 tomatoes
- 1 green pepper
- 1 onion
- 1 tsp. salt
- ¼ tsp. pepper
- 3 Tbsp. vegetable oil
- 1 clove garlic
- 2 Tbsp. grated Parmesan cheese

### Preparations

- 1) Remove the skin from the eggplant. Cut the eggplant into cubes.
- 2) Chop the tomatoes into small pieces.
- 3) Cut the green pepper in half. Remove the seeds and cut it into small pieces.
- 4) Chop the onion into small pieces.
- 5) Cut the garlic into tiny pieces.
- 6) Cook the first eight ingredients in a large skillet until tender.
- 7) Top with Parmesan cheese and serve.

### Nutritional Information

(per serving)

Total calories	86
Total fat	6 g
Protein	2 g
Sodium	313 mg
Carbohydrates	8 g
Dietary fiber	3 g
Saturated fat	1 g
Total sugars	5 g

Source: U.S. Department of Agriculture (USDA)



October 13, 2020 Social Security Administration announced that monthly Social Security benefits and Supplemental Security Income payments for approximately 70 million Americans will increase 1.3 percent in 2021.

Visit the SSA [blog](#) for details about the cost-of-living adjustment and other important news.

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During the pandemic, Social Security has continued to provide service online and by phone while our offices remain closed for walk-in service. Our local office employees are busy answering calls to their office. While we offer many online and phone options to help you, we recognize that in-person assistance is sometimes necessary.

Though walk-in service is not available, we may be able to schedule an in-person appointment in certain situations. We have updated information on our [Coronavirus Disease \(COVID-19\) web page](#) to explain situations involving help with benefits or a Social Security number when we may be able to schedule an appointment. If you believe your client qualifies for an in-person appointment, ask your client to call their local office. They can look up the phone number for their local office by accessing our [office locator](#). Please note that appointments may not be immediately available, depending on local health and safety conditions and staffing. An in-person appointment may be possible if your client:

- Is without food or shelter, including utilities or is without medical care or coverage and needs to apply for or reinstate benefits.
- Currently receives benefits and has an urgent need for payment to meet expenses for food, shelter, or medical treatment, and cannot receive the payment electronically.
- Is age 12 or older applying for their first SSN card.
- Needs to update or correct their SSN information (e.g., name, date of birth, or citizenship) to obtain income, resources, or medical care or coverage, or other services or benefits (e.g., filing a tax return, applying for housing, seeking an Economic Impact Payment).

Please visit and subscribe to our [Coronavirus Disease \(COVID-19\) web page](#) to keep up to date during the pandemic.

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SSA has experienced delays in processing certain requests for reconsideration of initial disability cessation determinations (including age-18 redeterminations) during the Coronavirus Disease 2019 (COVID-19) pandemic. SSA will accept this delay as a good reason to continue (or resume) benefits when your clients file a late request and the following apply:

- The determination notice ending your client's disability benefits (notice of cessation) is dated on or before August 30, 2020; and
- Your client's request for reconsideration of the cessation determination is still pending with us.

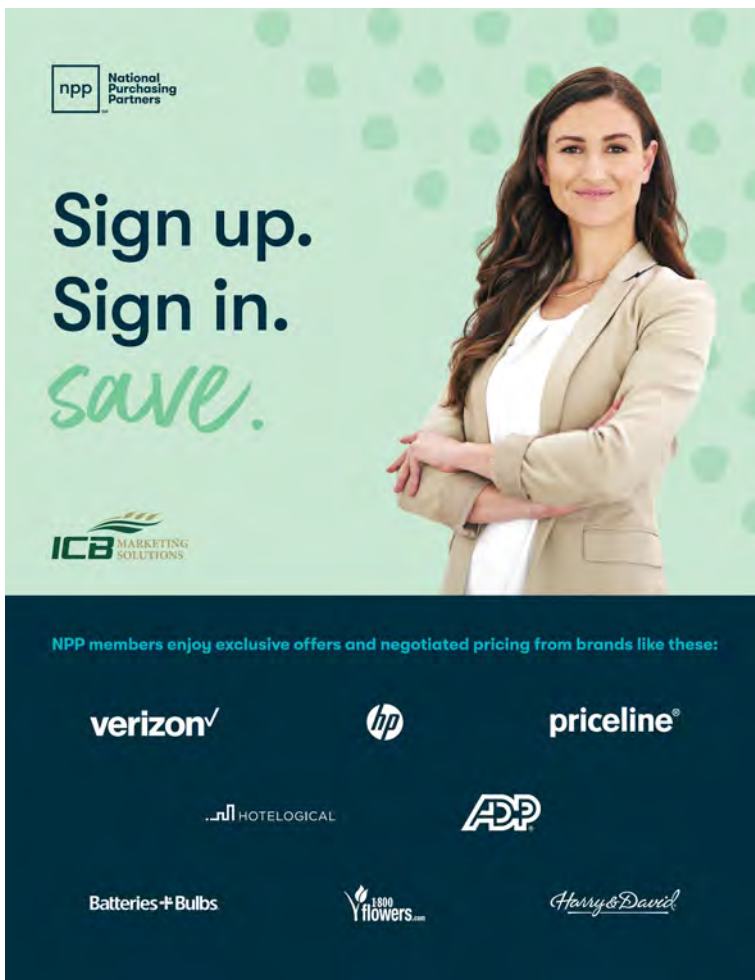
We have posted this information on our [COVID-19 page](#).

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### JAPANESE CONSUL GENERAL VISITS WESTERN NORTH DAKOTA

Japanese Consul General Kenichi Okada and two members of the Consul from the Economic Section are visiting western North Dakota this week to re-cement collaboration with the state. Hosted by the North Dakota Trade Office (NDTO), the delegation met with Gov. Doug Burgum, state Agriculture Commissioner Doug Goehring, and Director of Mineral Resources Lynn Helms.

"It has been a pleasure to reconnect with our Japanese partners and highlight the many opportunities North Dakota has for cooperation with Japan. We look forward to continuing to strengthen the relationship between our governments, businesses and citizens and identifying mutually beneficial opportunities for the future," Burgum said.

In addition to the meeting with state leaders, the delegation visited the Red Trail Energy ethanol plant, met with Dickinson State University President Steven Easton and faculty, toured the North Dakota oil patch, and discussed unmanned aerial system (UAS) technology with key providers. Drew Combs, the executive director of the NDTO, led the Japanese delegation across western North Dakota to explore best practices in energy, breakthroughs in environmental technology, and opportunities for direct investment North Dakota has to offer. Showcasing the various industries in North Dakota increases the synergy and builds upon the already strong ties between Japan and North Dakota. The delegation plans to visit eastern North Dakota for a fuller picture of the state's versatility in the future.

In 2019, trade between Japan and the United States totaled \$217 billion, and U.S. exports totaled \$74 billion, making Japan the fourth-largest export market for the United States. For North Dakota, exports to Japan in 2019 totaled \$37 million. The top export categories from North Dakota to Japan in 2019 included oil seeds, miscellaneous grains, and seeds (51.57%); aircraft and spacecraft equipment and parts (17.12%); nuclear reactors, boilers, machinery, and mechanical equipment (9.47%); and cereal grains (6.53%).

The NDTO has continued to shape relationships with our Japanese friends, completing trade missions and reverse trade missions focused on value-added agriculture and energy. The NDTO looks forward to embracing this relationship more fully in the future with hopes of a trade mission to Japan in the spring of 2021. A trade mission to Japan was initially planned for the fall of 2020 but was postponed due to the global pandemic.





## GET READY FOR TAXES: GET READY NOW TO FILE 2020 FEDERAL INCOME TAX RETURNS

The Internal Revenue Service today encouraged taxpayers to take necessary actions this fall to help them file their federal tax returns timely and accurately in 2021, including special steps related to Economic Impact Payments (EIP).

This is the first in a series of reminders to help taxpayers get ready for the upcoming tax filing season. A [special page](#), updated and available on IRS.gov, outlines steps taxpayers can take now to prepare for the 2021 tax return filing season ahead.

### STEPS TAXPAYERS CAN TAKE NOW TO MAKE TAX FILING EASIER IN 2021

Taxpayers should gather [Forms W-2, Wage and Tax Statement](#), [Forms 1099-MISC, Miscellaneous Income](#), and other income documents to help determine if they're eligible for deductions or credits. They'll also need their [Notice 1444, Your Economic Impact Payment](#), to calculate any Recovery Rebate Credit they may be eligible for on their 2020 Federal income tax return.

Most income is taxable, including [unemployment compensation](#), refund interest and income from the [gig economy](#) and [virtual currencies](#).

Taxpayers with an [Individual Taxpayer Identification Number \(ITIN\)](#) should ensure it hasn't expired before they file their 2020 federal tax return. If it has, IRS recommends they submit a [Form W-7, Application for IRS Individual Taxpayer Identification Number](#), now to renew their ITIN. Taxpayers who fail to renew an ITIN before filing a tax return next year could face a delayed refund and may be ineligible for certain tax credits.

Taxpayers can use the [Tax Withholding Estimator](#) on IRS.gov to help determine the right amount of tax to have withheld from their paychecks. If they need to adjust their withholding for the rest of the year time is running out, they should submit a new [Form W-4, Employee's Withholding Certificate](#), to their employer as soon as possible.

Taxpayers who received non-wage income like self-employment income, investment income, taxable Social Security benefits and in some instances, pension and annuity income, may have to make [estimated tax payments](#). Payment options can be found at [IRS.gov/payments](#).

### NEW IN 2021: THOSE WHO DIDN'T RECEIVE AN EIP MAY BE ABLE TO CLAIM THE RECOVERY REBATE CREDIT

Taxpayers may be able to claim the Recovery Rebate Credit if they met the [eligibility criteria](#) in 2020 and:

- They didn't receive an Economic Impact Payment this year, or
- Their Economic Impact Payment was less than \$1,200 (\$2,400 if married filing jointly for 2019 or 2018) plus \$500 for each qualifying child.
- For additional information about the Economic Impact Payment, taxpayers can visit the [Economic Impact Payment Information Center](#).

### RECEIVED INTEREST ON A FEDERAL TAX REFUND? REMEMBER THESE ARE TAXABLE; INCLUDE WHEN FILING

Taxpayers who received a federal tax refund in 2020 may have been paid interest. The IRS sent [interest payments](#) to individual taxpayers who timely filed their 2019 federal income tax returns and received refunds. Most interest payments were received separately from tax refunds. Interest payments are taxable and must be reported on 2020 federal income tax returns. In January 2021, the IRS will send a [Form 1099-INT, Interest Income](#), to anyone who received interest totaling at least \$10.

Continued on Page 25



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Just a friendly reminder that if your bank has been the victim of any type of fraud please email the information to [info@icbnd.com](mailto:info@icbnd.com) with as many details as you can so we may in turn alert our fellow community bankers around the state. Counterfeit bills, checks, senior scams and suspicious activity as well as robberies are always at the forefront of information that should be shared to increase awareness and to minimize the occurrences and frequency of happenings.

Please stay alert and help us to keep all our North Dakota community banks, customers and employees safe by getting the word out timely and efficiently.

Although the IRS issues most [refunds](#) in less than 21 days, the IRS cautions taxpayers not to rely on receiving a 2020 federal tax refund by a certain date, especially when making major purchases or paying bills. Some returns may require additional review and may take longer.

#### EITC/ACTC-RELATED REFUNDS SHOULD BE AVAILABLE BY FIRST WEEK OF MARCH

By law, the IRS cannot issue refunds for people claiming the [Earned Income Tax Credit \(EITC\)](#) or Additional Child Tax Credit (ACTC) before mid-February. The law requires the IRS to hold the entire refund – even the portion not associated with EITC or ACTC. The IRS expects most EITC/ACTC related refunds to be available in taxpayer bank accounts or on debit cards by the first week of March, if they chose direct deposit and there are no other issues with their tax return. Taxpayers should use [Where's My Refund?](#) for their personalized refund date.

#### WITH SOCIAL DISTANCING CONTINUING, TAXPAYERS CAN STAY HOME AND STAY SAFE WITH IRS ONLINE TOOLS

Taxpayers can find [online tools and resources](#) to help get the information they need. These IRS.gov tools are easy-to-use and available 24 hours a day. Millions of people use them to find information about their accounts, get answers to tax questions or file and pay their taxes.

Almost everyone can file electronically for free. The [IRS Free File program](#), available only through IRS.gov or the IRS2Go app, offers brand-name tax preparation software packages at no cost. The software does all the work of finding deductions, credits and exemptions for you. It's free for those who earned \$72,000 or less in 2020. Some of the Free File packages also offer free state tax return preparation.

If you're comfortable filling out your own tax forms electronically, you can use Free File Fillable Forms, regardless of your income, to file your tax returns either by mail or online.

Taxpayers have several options to find a tax preparer. One resource is [Choosing a Tax Professional](#), which offers a wealth of information for selecting a tax professional.

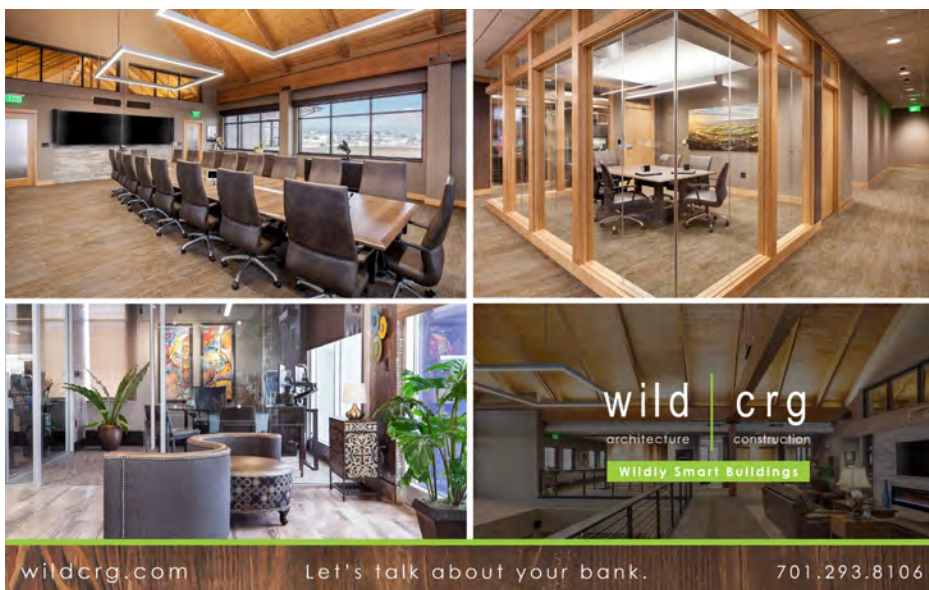
The [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#) can help taxpayers find preparers in their area who currently hold professional credentials recognized by the IRS, or who hold an Annual Filing Season Program Record of Completion.

Taxpayers can use the [Interactive Tax Assistant \(ITA\)](#) beginning in January 2021 to get answers to a number of tax law questions. The ITA can help determine if a type of income is taxable, if someone is eligible to claim certain credits, or if they can deduct expenses on their tax return.

Taxpayers can check the status of their refund using [Where's My Refund?](#) The status is available within 24 hours after the IRS receives their e-filed tax return or up to four weeks if they after they mailed a paper return. The Where's My Refund? tool updates once every 24 hours, usually overnight, so taxpayers only need to check once a day.

The best and fastest way for taxpayers to get their tax refund is to have it [direct deposited](#) into their financial account. Taxpayers who don't have a financial account can visit the [Federal Deposit Insurance Corporation \(FDIC\) website](#) for information to help open an account online.

Taxpayers are invited to join the Volunteer Income Tax Assistance and Tax Counseling for the Elderly (VITA/TCE) programs. VITA/TCE volunteers receive training to provide free tax return preparation for eligible taxpayers. There's never been a better time to get ready to help others file and the IRS is rolling out new ways to make volunteering easier. Visit [IRS.gov/volunteers](#) to learn more.




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## NORTH DAKOTA RECEIVES STATE FINANCIAL AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the state of North Dakota for its comprehensive annual financial report (CAFR).

"A number of fiscal professionals across state government work with us to gather and provide information for the CAFR," said Office of Management and Budget Director Joe Morrisette. "We are grateful for their assistance, which makes it possible for the small team at the Office of Management and Budget to prepare the state's CAFR in a manner that meets the highest standards, as acknowledged by the GFOA."

Morrisette added that financial transparency continues to be a priority for the state, and the CAFR provides a complete look at the financial condition of the state.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This is North Dakota's 28th straight year receiving this award.

The CAFR is required to be completed annually by the Office of Management and Budget under [N.D.C.C. 54-44-04.14](#).



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## OFFICE OF ATTORNEY GENERAL

### STENEHJEM STATEMENT ON SUPREME COURT DECISION IN DISTRICT 8 ELECTION DISPUTE

On November 24, 2020, the North Dakota Supreme Court agreed with the Attorney General's October 13, 2020 Opinion, in which he opined a vacancy in the office of a District 8 House of Representatives seat would exist on December 1, 2020 as a result of the tragic death of David Andahl. The Court further agreed with the Attorney General that a mechanism to fill the vacancy existed in current law and the District 8 Republican Executive Committee had the authority to fill the vacancy. The Court rejected the Governor's argument that he had the authority to fill the vacancy. The Court also rejected Kathrin Volochenko's argument that, as the third place finisher, she was entitled to the office.

"The Court's decision today affirmed my earlier Opinion. This entire exercise was a waste of taxpayer dollars and time, all of which could have been avoided had the Governor come across the hall to receive legal advice from the person who was elected by the citizens of North Dakota to provide legal advice to state officials," said Attorney General Wayne Stenehjem.

### NORTH DAKOTA SEEING SCAM CALLS CLAIMING TO BE FROM MEDICARE

Attorney General Wayne Stenehjem advises all North Dakota residents to hang up immediately if they receive a call supposedly from Medicare. The calls are a scam, the latest variation of the "government agency" phishing scam.

In this variation, the scam artists pretend to be calling from Medicare claiming that Medicare is replacing the paper cards with plastic cards with a chip or magnetic strip, and that they will need the consumer to verify their Medicare number (the Medicare Beneficiary Identifier). Once the scammer has the person's name and Medicare number, they can use that information to file fraudulent claims, send unnecessary medical devices such as knee and back braces to consumers and then bill Medicare extremely high rates for the equipment, or even obtain prescription drugs in the victim's name, which they then sell on the black market.

Scam artists deliberately pretend to be calling from federal agencies because they know people are more likely to give out information over the phone if they think they are about to lose a benefit or get into trouble with a government agency.

Stenehjem warned consumers saying, "Never believe it when someone calls and says they are with Medicare or the Social Security Administration and they need you to verify your information. Real government agencies don't call out of the blue and ask for information they would already have on file. If you get one of these calls, just hang up."

The Consumer Protection division has received numerous calls recently from people who responded to the scam call and realized their information had been compromised. In some instances, consumers reported that the scam artist already had some personal information about them, which made them further believe the caller.

Parrell Grossman, director of the Consumer Protection division urged anyone who has responded to the scam and given out their Medicare number to call the Senior Medicare Patrol at 800-233-1737, to determine if a new Medicare card is needed. "You will have to give your name, date of birth, and information about the scam call as part of the evaluation process," said Grossman.

### STENEHJEM REINSTATES LICENSE FOR POWERHOUSE GAMING - Powerhouse signs Administrative Consent Agreement

Attorney General Wayne Stenehjem has reinstated the license for Powerhouse Gaming, Inc., an electronic pull tab device manufacturer whose license the Attorney General suspended in July, 2020, after determining that the company was using a type of software in its electronic pull tab machines in violation of the law.

Powerhouse has since provided satisfactory proof that it has purchased and deployed the required software licenses on all the devices operating in North Dakota.

Under the terms of a [consent agreement](#), Powerhouse Gaming, Inc., admitted that it had engaged in acts that violated state gaming regulations and agreed to a fine of \$25,000 payable immediately. An additional \$25,000 fine is suspended for two years, if Powerhouse does not violate any other gaming laws or regulations in that time.

Charitable gaming organizations have been notified that they can resume use of the electronic pull tab devices that had been shut down under the suspension order.

### \$25,000 A YEAR FOR LIFE PRIZE CLAIMED

A North Dakota lottery player came forward to claim the \$25,000 a year FOR LIFE prize won on Monday night's draw. The winner from Jamestown, who chose to remain anonymous, hit it big with a quick pick ticket by matching five white balls. The winning numbers were 22, 24, 33, 42, 45 and the Lucky Ball was 5. The lucky ticket was sold at Neighborhood Grocery and Gas, 1014 17th St. SW, in Jamestown. The lucky player opted for the one time, lump sum cash payment of \$390,000 before taxes. The big winner plans to pay off a few bills then invest the rest for an early retirement.

The Lucky for Life top prize for Thursday night's draw is \$1,000 a day for life. For winning numbers and other information, visit us on the web at [LOTTERY.ND.GOV](http://LOTTERY.ND.GOV).

### \$100,000 POWERBALL PRIZE REMAINS UNCLAIMED

A North Dakota Powerball ticket from the June 6, 2020 draw remains unclaimed, and the winner is almost out of time to claim the prize. The \$100,000 ticket expires on December 3, 2020. Winners have 180 days from the date of the drawing to claim their prize, after which the prize is eventually returned to the State General Fund. No one has contacted the Lottery office to claim the prize.

The lucky ticket was sold between June 4 and June 6, 2020 at the Cash Wise Foods, 1144 East Bismarck Expressway, in Bismarck. The ticket won by matching four white balls and the Powerball. The winning numbers were 1, 17, 38, 68, 69 and the Powerball was 18. The Power Play multiplier was 2. The prize was \$50,000, but as the player had also purchased the Power Play option, the prize doubled to \$100,000.

"This is a large prize to not have been claimed as of yet," said Randy Miller, director of the North Dakota Lottery. "We are doing everything we can to alert the public that this prize is still unclaimed. We encourage players to promptly check their tickets."

## BANK TRAINING FTW

By Byron Earnheart, Barret School of Banking Programming Director

By now, I'm certain that you have heard or read about the importance of career education for your employees at the bank. Career development should be a major piece of your strategy to attract, retain, or develop the best and the brightest. It is an aspect of the Human Resources function of the bank that is growing in importance and we are even seeing more attention being given to it from the regulators.

It's fair to say that the OJT (on-the-job-training) model that many of us experienced in our banking careers is no longer a viable option. Shadow someone for a week or two, watch a video...CONGRATULATIONS, you're a banker! It's definitely less expensive initially and it gets the personnel gap filled and frees up management to move on to another problem. But, as with so many other things in banking, the world has changed and is becoming increasingly more complex.

*What if I told you that education might well be the difference between the success or failure of your bank...that by integrating learning into your bank's culture, you are positioning the bank for victory?*

That's a bold statement, I know. I almost phrased it differently when I wrote it, but, I want you to see ongoing banking education in a different light and approach it from a different angle than in the past. In order to do this, you need to think about your bank's overall strategy. How is the bank going to grow? How is it going to overcome the obstacles it will face as it grows? What does success for the bank even look like? To answer these questions, the best place to start is 2500 years ago with arguably the greatest work on strategy ever written, *The Art of War* by Sun Tzu.

I'll spare you the history lesson and book report (to hear more, though, tune into our podcast series *Superhero Community Banking* on Main Street Banking) but in summary Sun Tzu lists seven questions to use when formulating strategy. With these questions, he says that he can forecast victory or defeat...they are that crucial to evaluating an army's chance of success. It is question 6 that is more pertinent to us here.

*"6) On which side are officers and men more highly trained?"*

First, let us remember this is 2500 years old. Our view of gender rights has, rightfully, progressed. Next, consider this question's placement in the context of his other considerations. Questions 1-5 deal with evaluating his "5 constant factors" of war (in our case, strategy or competition). These factors form the context or the environment in which the army operates and the field upon which the battle takes place. However, as soon as the army has the basics nailed down, the next question is about their training.

Let me translate that into banker-speak...from a strategic point of view, once you have evaluated the macroeconomic environment, your local community's economy, your operation's effectiveness, your financial performance, the next consideration you need to consider that will mark victory over defeat is training. It's a different angle on training isn't it?

Note, too, Sun Tzu's question regarding training applies across the chain of command. From the officers to the front line, training is a key determinant for victory!

Why? There are several reasons why this is the case. One, as in the military, training perfects discipline. By "discipline" in a banking context, I mean everyone moving together in the same direction at the same time. Bank training, all across every level of the bank, gives the team the same vocabulary...the same objectives...the same direction. *Are you communicating where the bank is going and how each role fits into that process?*

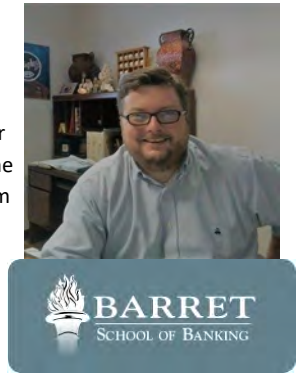
This is where onboarding, "reboarding", and "upboarding" come into play. Setting up a substantive onboarding system gets everyone on the same page from the beginning. "Reboarding" keeps them on the same page and refreshes the language, the culture, the initiatives that executive management has implemented for the bank. "Upboarding" provides those employees who wish to advance the training needed to advance as well as *giving management the mechanisms to develop the talent they already have on the payroll.*

Also, community banks may not be in high growth areas. You may find yourself lacking for what you perceive to be qualified talent applying to your bank. That's the reality. The answer, then, is training again. You may have to develop from within and this is where a "reboarding" and "upboarding" come in strong. There is nothing wrong with developing your own bench. I would make the argument that it may be preferable in the long run. That being said, if your bank is located in a rural area without much in the way of qualified applications pouring in the bank, training is **the key to your bank's long term survival.** You **must** develop your talent from within.

The final reason why training is so important from a strategic sense is that training exposes the bank to new ideas. In banking, it is very easy to get stuck in a rut. There's enough paperwork and distractions to keep us occupied nearly all the time and never make one step forward. Training opens up new ways of doing things. It gives employees new ideas which could be like new tools in the hands of an artist. Give a guitar player a new guitar and they will write a new song, write a new riff, or just change how they have played the same old song. Nothing about the guitar has changed...it is still 6 (or 12) strings and a box of wood but the new tool will give birth to a new twist. (For more on this analogy, please send me a new guitar and I'll be happy to demonstrate. LOL!) Also, conferences or roundtables are good for interacting with other bankers. Just hearing new ideas or new best practices can open up your staff's minds to new ways of doing things or new products that may lead to victory.

Sure, training takes time and some capital expense. ICBND is diligent about offering training opportunities – and we at Barret would appreciate the opportunity to share what we can offer. But, North Dakota bankers, in light of the contractions in the community banking industry in addition to the constraints COVID-19 has presented you need to ask yourself *"is training a strategic part of my bank's path to success?"*

Byron Earnheart is the Programming Director for the Barret School of Banking in Memphis, TN and the host of the "Main Street Banking" podcast...the #1 rated community banking podcast on Apple. He has over 15 years experience in the financial services industry; 11 of which have been in banking in various roles from teller work to branch management.





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## UNTAPPED OPPORTUNITY: ONE WAY TO DRIVE INCOME & DIVERSIFY YOUR PORTFOLIO

By Keith Gruebele, EVP, Institutional Relationships at Bankers Healthcare Group

*After navigating many challenges in the last six months, banks are in a unique position to capitalize on strategic opportunities that will benefit them now—and in the long run.*

Over the past nine months, the COVID-19 pandemic has caused a number of challenges for banks across the country. At the onset of the economic shutdown, community banks became a lifeline for small businesses, providing over half of all PPP loans in the second round of funding.<sup>1</sup>

Banks also experienced an increase in the number of current loan holders inquiring about loan modifications or deferment periods to keep more cash on-hand, with many agreeing to assist those in need. Just as quickly, interest rates dropped, causing the net interest margin to be the lowest ever recorded by the FDIC.<sup>2</sup>

Anticipating a second wave of economic impact due to the pandemic, the Federal Reserve is expecting to keep interest rates near zero, and consumers are saving more than ever before—leading to a record \$2.4 billion in deposits over the last six months.<sup>3</sup>

### Creating Partnerships Within the Industry

Low lending margins, paired with a surplus of cash, have driven many banks to seek out new income opportunities or try to diversify their portfolio to drive their bottom line. Treasury yields on federal bonds are at an all-time low of 0.08% on a 1-month note, compared to 1.53% in January.<sup>4</sup> Combined with a lack of variety in loan requests coming in, banks could be at a disadvantage rounding out 2020.

One way to overcome this—and achieve your revenue goals for the year—is to form strategic relationships with credible partners in the industry. Not only does this provide you access to quality loans with high yields, but it also allows you to quickly strengthen your loan portfolio to meet your bank's criteria. It also allows you to streamline the underwriting process, without having to hire or reallocate resources within your bank.

While partnering with alternative lenders has its advantages, it's important to note that each one will impact your business differently. To choose the right partner for your bank, here are the top qualities to vet for:

#### 1. Track record of success

You want a financial partner who can endure changes in the market and can originate quality loans for your portfolio at any time. Put your mind at ease by working with a lender who has a record of successfully navigating economic downturns and is agile enough to adjust its business model to meet your needs year after year without fail.

#### 2. Focus on quantitative analytics

Utilizing data to make lending decisions is common practice today, but not every lender has built proprietary quantitative analysis models to uncover variables that predict risk. A partner who dives deep into the analytics can make better predictions when originating loans, resulting in a stronger return on the portfolio you purchase.

#### 3. Origination expertise

Being well-known in the industry doesn't necessarily mean you'll attract the highest quality borrower—unless you serve a niche industry and invest in marketing. Partners who execute innovative, highly targeted campaigns across every channel, and are extremely selective in who they lend to, offer a unique advantage in the marketplace. This ultimately creates a better loan offering for your bank.

#### 4. Streamlined process

Few things are as time-consuming as evaluating credit files. Choose a financial partner who offers consistent loan packages so you can analyze files quickly and make informed purchasing decisions with ease.

#### 5. Innovative technology; concierge service

Banks are synonymous with customer service. The right partner brings innovative technology to your institution, but equally understands the importance of having live financing specialists available to help your borrowers.

Community banks were deeply impacted by the pandemic, and will likely continue to be for months or even years to come. Those who seek out partners to help offset the challenges in the market, and find new growth opportunities, will see greater success as we close out the year and start planning for a prosperous 2021.

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<sup>1</sup> Coronavirus Response. (2020, May 04). Retrieved 2020, from <https://www.icba.org/newsroom/Crisis-Preparedness/coronavirus-response/2020/05/04/community-banks-make-more-than-half-of-ppp-2-0-loans-sba>

<sup>2,3</sup> FDIC. (2020, August 25). *FDIC-Insured Institutions Reported Lower Profitability but Strong Liquidity and Higher Capital Levels in Second Quarter 2020* [Press release]. Retrieved 2020, from <https://www.fdic.gov/news/press-releases/2020/pr20095.html>

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**Keith Gruebele**, EVP, Institutional Relationships at Bankers Healthcare Group, 954.332.6285, [kGruebele@bhg-inc.com](mailto:kGruebele@bhg-inc.com), [bhgloanhub.com/Keith](http://bhgloanhub.com/Keith)





### Community Bankers for Compliance Program



Independent Community Banks of North Dakota (ICBND) is pleased to once again sponsor the annual Community Bankers for Compliance Program (CBC). The CBC Program is the most successful and longest running compliance training program in the country.

The CBC Program provides your bank with up-to-date information on the ever-changing bank regulations, as well as guidance for structuring and maintaining your in-bank compliance program. In addition, it provides a forum where those responsible for regulatory compliance can discuss issues and exchange ideas with other community bankers.

For membership benefits and more information, [Click Here](#).

To Register: [Click Here](#)

### BARRET CRISIS LEADERSHIP VIRTUAL TRAINING

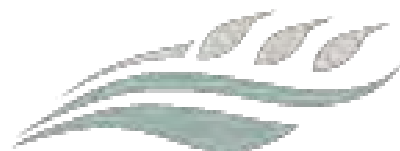


For nearly 50 years, the **Barret School of Banking** has been committed to serving the educational needs of the community banking industry.

Using COVID-19 as a textbook study, Barret School of Banking's newest program will assist your bank in creating a culture equipped to handle any crisis...be it pandemic, economic, or weather-related. Learn how to be proactive in crisis leadership, be your best self (and best organization) in the midst of a crisis, and how to lay the groundwork to implement the lessons learned to improve the bank.

For more information, [Click Here](#).

To Register: [Click Here](#)





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- Giveaway Items
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- Imprinted Cups/Napkins
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- & Much More!



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~Charlotte, Ex. Vice President/CFO  
Commercial Bank of Mott

*"ICB Marketing Solutions are exceptional resources for our bank. From promotional items, all the way to file cabinets and furniture, they've done it all for us."*

~Chalmer, President  
Farmers & Merchants State Bank

*"Ordering everything from promotional items to office supplies, to shipping is so much easier. They are knowledgeable, understanding and very helpful. I highly recommend."*

~Kathy C.  
The Union Bank



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**Reserve the ICBND Mobile ATM Trailer when your bank-owned ATM is out of service or in the case of a disaster.**

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[RESERVE NOW](#)



## NDTO RECEIVES SBA FUNDING FOR STATE TRADE EXPANSION PROGRAM

The US Small Business Administration announces State Trade Expansion Program (STEP) awardees this week. The awardees include the North Dakota Trade Office with \$83,375 of funding to increase exports for small businesses in North Dakota for the upcoming fiscal year.

With the STEP ND 2020 program, funding is available for eligible small businesses to expand into new markets and assist companies new to exporting with market research, translation, and marketing projects. There are also opportunities for foreign sales trips, domestic and international trade shows, and NDTO-lead trade missions.

"STEP funding for the small businesses of North Dakota means that even in these difficult times, we can still keep exporting goods and services. NDTO and our team of experts can provide guidance, new opportunities, and connections that can lead to success," says Drew Combs, Executive Director of the NDTO. Combs goes on to explain, "This year especially, we have focused funding on opportunities to improving marketing, website, translation and localization projects as travel is still uncertain. This focus will provide companies the opportunity to grow and adapt to the current environment."

With uncertainty in international travel, NDTO has seen an increased focus for projects to improve websites, virtual trade missions, and translation of marketing media, all of which can be funded through STEP. When borders open and travel becomes more feasible, funding through STEP is available to assist with foreign sales trips and trade missions to expand into new markets.

"Over two-thirds of the world's purchasing power resides outside the United States. That makes exporting a critical economic driver for North Dakota small businesses that are ready to expand their reach into new and increasingly borderless global markets," said SBA Regional Administrator Dan Nordberg. "These [STEP awards](#), in addition to [SBA's export loans](#) and [U.S. Export Assistance Centers](#), make sure that small businesses in North Dakota have the tools, resources, and relationships they need to take their businesses global." With the ongoing success of the STEP ND Program, the SBA ND District Director Al Haut stated, "I am pleased the North Dakota Trade Office is once again supporting our small businesses through SBA's STEP program. STEP Funds can help a business pivot their sales to focus on foreign buyers by helping to cover the cost for

upgrades to their website, translation of marketing materials, and participating in virtual trade missions." The STEP ND program has seen a high return on investment from STEP dollars year over year, reporting an ROI of 131.48 ([FY2016](#)) on the most recently reported STEP award.

As STEP continues, the NDTO is looking forward to working with many partners to best support North Dakota companies to discover their export potential. These partners include the North Dakota District Office of the SBA, North Dakota Small Business Development Center (SBDC), North Dakota Department of Agriculture, North Dakota Department of Commerce, and the U.S. Commercial Service, all of which have the expertise to offer exporters.

NDTO will accept applications for the STEP ND from September 30, 2020, through September 29, 2021. Company and activity applications will be reviewed and selected on a first-come, first-served basis. For STEP ND resources and application details, visit the [NDTO website](#). If you are interested in STEP ND funding, please connect with our team at [stepnd@ndto.com](mailto:stepnd@ndto.com)

### About the North Dakota Trade Office and Small Business Administration

The North Dakota Trade Office is a membership-based, private/public partnership that provides education, research, advocacy, organization, and leadership. NDTO members and North Dakota companies can increase exports and grow their international business.

The US Small Business Administration makes the American dream of business ownership a reality. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit [www.sba.gov](http://www.sba.gov).





# SBA 504 Loan

The money that makes America work

In conjunction with your local financial institution, the SBA 504 Loan program provides businesses with fixed rate financing for the purchase of long-term assets such as land, building, equipment, and eligible closing costs.



Visit [www.lcdgroup.org](http://www.lcdgroup.org) or call (701) 667-7600 to learn more about the SBA504 Loan and other business loan, home loan, community grants, and multi-family and development programs.



U.S. Small Business Administration

HAPPY  
*Holidays*

**BND**  
Bank of North Dakota



## AMERICAN STATE BANK & TRUST COMPANY

American State Bank & Trust Company of Williston Trust Department recently added two Trust Officers to its team, **Katelyn Lesmann** and **Denise Hays-Johnson**. ASB&T President/CEO Dave Hanson said, "The addition of Katelynn and Denise to the Trust Department brings an added level of expertise in the energy and estate planning areas."



**Katelyn Lesmann** is originally from Minot and has lived in Williston since 2014. She specializes in mineral management and other oil and gas related matters. Lesmann had worked as a Landman for the past 10 years.



**Denise Hays-Johnson** is also a Minot native and is proud to be a third generation North Dakotan. She graduated law school and has been in private practice for more than 25 years. In addition, she has prior work experience as a trust officer. Hays-Johnson

will primarily work with insurance trusts and estate planning for the Trust Department.

## FIRST WESTERN BANK & TRUST



**Ericka Larson** is a Minot native, who started working at **First Western** in 2015 as a customer service representative, and she has been promoted to mortgage loan processor and works in our main bank Minot location.



**Ashley Roeder** has joined the **First Western Bank & Trust** team, she works in our Main Bank Minot location. She has worked in lending for the past 14 years. Roeder joins our team as a mortgage loan assistant in July of 2020.

## FIRST WESTERN INSURANCE



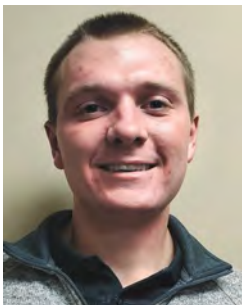
**Amy Rossman** comes to **First Western Insurance** as an account executive in our West Fargo office. She has a wealth of knowledge and over 20 years of insurance experience, and we welcome Amy to First Western Insurance.

## DAKOTA CARRIER NETWORK (DCN)



**DCN (Dakota Carrier Network)** has hired **Valerie Schwantes** as commercial account executive for its Fargo office. In this role, she serves as the main point of contact for current and prospective business customers, providing customized solutions in the areas of networking,

ethernet, dedicated internet, data center/co-location, hosting services, cloud services, cybersecurity, and disaster recovery and backup. She has 13 years of telecommunications experience and determining how to best serve her customers. Her experience includes extensive work with commercial and multi-dwelling unit accounts.



**DCN (Dakota Carrier Network)** has hired **Logan Forseth** as a sales support representative at its Fargo office. In this role he provides support to the sales team in Fargo and Bismarck, preparing paperwork for new and existing customers' broadband

needs, monitoring pending service orders, maintaining records, and processing billing summaries. Forseth, a Hillsboro native and has past work experience as a technician.



To have your employees featured in the *Members in the News* please send your articles and photos to [info@icbnd.com](mailto:info@icbnd.com)

## WIDMER ROEL



**Keith Ramsett** has joined **Widmer Roel**, a local public accounting and business advisory firm, assisting the tax department. Keith, as a tax supervisor, provides tax and accounting services. Prior to joining Widmer Roel,

Keith was employed at a local public accounting firm for four years.



**Brian Christensen** has joined **Widmer Roel**, a regional public accounting and business advisory firm, assisting the tax department. Brian, as a Tax Manager, provides tax and accounting services to a wide range of clients.

Brian previously worked for Widmer Roel from 2017-2019 and has 9 years of experience. In addition to his years of experience with Widmer Roel, he previously worked for an accounting firm in Florida and helped manage a family business while working seasonally for five years at a regional accounting firm.

## FIRST INTERNATIONAL BANK & TRUST



**First International Bank & Trust (FIB&T)** wants to congratulate **Jessi Erdmann** on her recent award from the Minot Board of Realtors. Jessi was recently selected as the 2020 Business Partner of the Year. Jessi is well known in

her profession as someone who goes above and beyond to ensure her clients and business partners are informed in an ever-changing industry. Jessi is involved in the community via Minot Young Professionals, Minot Board of Realtors, Minot Association of Builders 40 Below committee, Northern Plains Children's Advocacy Center, Companions for Children Lunch Pal, and the Junior Achievement Program. She has been employed at First International Bank & Trust for the past 9 years.

### LAKE AGASSIZ DEVELOPMENT GROUP

Lake Agassiz Development Group is excited to announce that **Pam Burnside** has taken on the new role of Director of loan operations. Pam Burnside has been with LADG for nearly 5 years and brings over 25 years' experience in banking and SBA lending. She understands compliance issues and brings an eye for details.



Pam has been a positive addition to our team and while she continues her work with the 504 program her exceptional leadership and management expertise will be targeted to assist with the organization's continued growth in her expanded role.

Our loan team has also grown in 2020 to include Sara Isaak and Samantha Horab. Our experienced, growing team is ready to help get projects financed and keep businesses viable

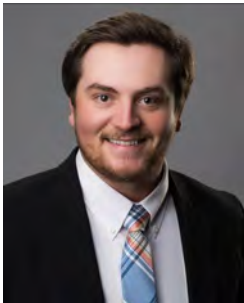


through these uncertain times. **Sara Isaak** brings 5+ years' experience in banking and non-traditional lending programs. She has already proven to be a great asset to our small business clients. Sara is a Program Manager for LADG assisting small businesses at any stage.



**Samantha Horab** brings 4+ years of hard to find SBA 504 experience and has over 12 years of experience in the Banking industry. Samantha will be serving as a Program Manager assisting our clients with all aspects of our lending programs.

### HEARTLAND TRUST COMPANY



Heartland Trust is proud to welcome **Ethan Linder** as an administrative associate for personal trusts.



Heartland Trust is proud to welcome **Naomi Schempp** as an administrative associate for personal trusts.



### ND Housing Finance Agency

#### HOUSING AGENCY AWARDED SUPPLEMENTAL COUNSELING GRANT

North Dakota Housing Finance Agency (NDHFA) has been awarded a \$69,472 Supplemental Comprehensive Housing Counseling Program grant for FY 2020 from the U.S. Department of Housing and Urban Development (HUD).

"The HUD grant supports housing counseling services including foreclosure avoidance and rental counseling that are especially important to North Dakotans right now as we work through the personal challenges of the COVID-19 pandemic," said David Flohr, NDHFA executive director.

NDHFA will split the grant between the Community Action Partnership – Minot Region (CAP Minot Region) and South Eastern North Dakota Community Action Agency (SENDCAA). The housing finance agency acts as an intermediary for the state of North Dakota, partnering with the local organizations to provide low- to moderate-income households with housing assistance.

"Individuals and families impacted by the pandemic who need help are encouraged to reach out to a housing counseling professional to understand the options available," said Flohr. To receive help, contact [CAP Minot Region](#) at (701) 839-7221 or [SENDCAA](#) at (701) 232-2452.

NDHFA received a preference for the HUD grant because the state will provide counseling to individuals and families within designated Opportunity Zones.

A self-supporting state agency, NDHFA is dedicated to making housing affordable for all North Dakotans. The Industrial Commission of North Dakota, consisting of Governor Doug Burgum as chairman, Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem, oversees NDHFA. More information about the agency and the assistance it provides to North Dakotans is available online at [www.ndhfa.org](http://www.ndhfa.org).



Please share this newsletter with new employees and co-workers and invite them to subscribe to notifications today! E-mail request with contact information to [Nanci](mailto:Nanci@icbnd.com) at [info@icbnd.com](mailto:Nanci@icbnd.com). Thanks!





### First International Bank & Trust

#### First International Bank &

**Trust** is proud to announce the winners of the Sixth Annual Live First Community Giving Campaign. A program record-breaking 134 community organizations applied for, attracting more than 100,000 interactions on Social Media.

Due to the overwhelming response and overall quality of nominations, the decision was made to award two grand prize grant of \$10,000, increasing the total dollar amount given away to \$32,000.

Please join us in congratulating the following community groups selected as recipients for our 2020 Live First Community Grants!

#### **\$10,000 Grand Prize Award – Jessy’s Toy Box, Fargo, ND**

*Jessy's Toy Box is a non-profit that collects new toys, games blankets, and gift cards. With our monetary donations, we help provide children who are in the hospital or who are staying away from home activities, I-Pads, and other items to help make their stay a little easier. We are bringing smiles one toy at a time.*

#### **\$10,000 Grand Prize Award – Ryan House, Phoenix, AZ**

*Ryan House embraces all children and their families as they navigate life-limiting or end-of-life journeys. Our goal is to provide coordinated care and improve the quality of life for medically fragile children and their families in Arizona. Ryan House serves families of all cultures, income levels, and family sizes each year. All services at Ryan House are provided at no cost to families.*

#### **\$2,000 Rising Star Award – Watford City Fire Department, Watford City, ND**

*WCFD is a volunteer fire department which serves not only the city of Watford but also rural surrounding areas. It is a huge part of the McKenzie County Rural Fire protection district. Protecting and serving Watford City and rural communities.*

#### **\$2,000 Rising Star Award – Haaland Estates Basic Care and Assisted Living, Rugby, ND**

*Haaland Estates provides basic care, memory care and assisted living for 43 individuals residing in our care facility. Haaland Estates is part of the Good Samaritan Hospital Association, which also include the Heart of America Medical Center, Heart of America Long-Term Care Center, Heart of America Johnson Clinics and the Rugby Ambulance Service.*

#### **\$2,000 Rising Star Award – TruNorth Theatre, Bismarck, ND**

*TruNorth Theatre is a Non-Profit located in the Frances Leach High Prairie Arts and Science Complex. The mission of TruNorth Theatre is to offer a venue where the people of Bismarck / Mandan and the surrounding area may grow their talents in the crafts and enjoy theatrical productions which are reflections of the people, places and cultural heritages of the upper Mid-West.*

#### **\$1,000 Social Media Stars**

- Addie's Royal Cupcake Stand, Fargo, ND
- Minot Youth for Christ, Minot, ND
- Hairball Haven, Minot, ND

#### **\$500 Additional Awards**

- Angel's Wish
- Cancer Support Community
- Kidz Clubhouse Childcare
- Ben's Helping Hand
- Haley's Hope
- Elk Camp Grassick

Thank you to everyone who participated in our 2020 Live First Community Grant Program! Whether you were an applicant, or participated in our social media awareness campaign, your interest is what makes this program a success, and keeps these vital programs running in our communities.



CONGRATULATIONS  
WINNERS!



It's about facing the future.  
And embracing it with open arms.

Living life to its fullest is easier with coverage from Blue Cross Blue Shield of North Dakota. As always, we're here with a personal touch, including the right protection for you. Get the assistance you expect, the options you need—and get back to doing what you do best.



[BCBSND.com](http://BCBSND.com)

Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association

### North Dakota Housing Finance Agency

#### AGENCY RELEASES STUDY OF HOUSING IN NORTH DAKOTA

North Dakota Housing Finance Agency (NDHFA) has released [“The Current State of Housing in North Dakota,”](https://www.ndhfa.org/wp-content/uploads/2020/11/CurrentStateofHousing.pdf) a study of the affordability of the state’s single and multifamily housing, the impacts of COVID-19, and housing challenges faced by vulnerable populations in 2020.

Over 60 percent of North Dakotans live in owner-occupied housing and, in recent years, have benefited from an above average increase in their median household value.

“More than half of existing homes on the market in North Dakota had a sale price above \$300,000 in September, and the cost of construction materials, labor, land and utilities restricts the ability to list a home for less than \$250,000, making it difficult for new households, particularly first time buyers, to enter the market,” said NDHFA Executive Director Dave Flohr.

The average cost per square foot for basic construction in 2018 was \$118.05 and did not include land or site improvements, plans, permits, etc. A home is affordable when 30 percent or less of a household’s earned income is spent on its housing expenses. Households that put more than 30 percent towards housing are considered to be cost burdened.

While an American Community Survey estimated that 14 percent of North Dakota’s homeowners paid more than 30 percent of their income for housing expenses in 2018, the state’s renters are believed to be substantially more cost burdened with 39 percent spending more than 30 percent of their income on housing.

“A large segment of North Dakota’s renter population works in Accommodations and Food Services industries, the state’s lowest wage occupations,” said Flohr. “If a household earns minimum wage, they have to work 89 hours per week to rent what is considered to be an affordable apartment.”

The Fair Market Rent, as published by the U.S. Department of Housing and Urban Development, for a two-bedroom apartment in North Dakota is \$841. To afford this level of rent and utilities without being cost burdened, a household must earn \$2,804 a month. It is estimated that the state has a shortage of 13,000 affordable rental units for extremely low-income households.

Before the pandemic, 1 in 10 North Dakotans were living below the poverty level. Socioeconomic and environmental factors such as poverty, housing instability, food insecurity and lack of access to healthcare, medical insurance and transportation further compound the livelihood and well-being of households living in poverty during the pandemic according to the Centers for Disease Control and Prevention.

“We know that having a place to call home can be transformative for a household, and there are hard to house individuals in our state who face challenges beyond affordability that keeps them from finding a home,” said Flohr. “COVID-19 has exacerbated the housing issues faced by low-income households and vulnerable populations.”

The data for NDHFA’s study was gathered from state, federal, academic and association sources to provide an unbiased report of North Dakota’s current housing landscape.

A self-supporting state agency, NDHFA is dedicated to making housing affordable for all North Dakotans. The North Dakota Industrial Commission, consisting of Governor Doug Burgum as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring, oversees the agency.

The housing study is available online, <https://www.ndhfa.org/wp-content/uploads/2020/11/CurrentStateofHousing.pdf>.





## Bank of North Dakota

### BANK OF NORTH DAKOTA'S S&P CREDIT RATINGS AFFIRMED



INDUSTRIAL COMMISSION  
OF NORTH DAKOTA

Standard & Poor's (S&P) affirmed Bank of North Dakota's (BND) credit rating as "A+" and "A-1" for long-term and short-term credit, respectively, in its annual review released Nov. 9, 2020.

In a joint statement, the Industrial Commission stated, "The Bank's ability to maintain its credit rating despite challenging economic times reflects its solid management and conservative lending and investment practices. BND continues to be a resource for local lenders to stabilize and grow the local economy and for students pursuing higher education."

The ratings are consistent with those given by S&P in November 2019. S&P is a U.S.-based financial services company that publishes financial research. Financial institutions are typically reviewed annually, but S&P will review more frequently if a modification of the rating is needed.

The report highlights that the Bank has a history of maintaining low credit losses during economic downturns and that BND's capital levels serve as a "buffer to credit losses should they exceed historical peak averages."

"We are pleased to receive this positive rating that reflects the excellent work performed by BND's employees," said Eric Hardmeyer, BND president. "The pandemic has presented, and will continue to bring forth new challenges, but North Dakotans can be reassured that the Bank of North Dakota stands ready to respond and the assets will be well-managed to benefit the state."

The full S&P report may be viewed at [www.bnd.nd.gov](http://www.bnd.nd.gov).

## USDA Rural Development

The Coronavirus Food Assistance Program (CFAP 2) is providing an additional \$14 billion for agricultural producers who continue to face market disruptions and associated marketing costs because of COVID-19. It's important to note that CFAP 2 is a separate program from the first round of the Coronavirus Food Assistance Program (CFAP 1). Sign-up continues for the Coronavirus Food Assistance Program (CFAP) 2 with **December 11, 2020** being the deadline to sign up and our County FSA Offices are happy to provide assistance for anyone that has questions or needs help with an application. [Coronavirus Food Assistance Program 2 | Farmers.gov: Resources for Farmers and Producers](https://www.farmers.gov/resources-for-farmers-and-producers)

This correspondence is to ensure producers are aware of the CFAP 2.0 program and the available resources. This email is meant for producers and agricultural organizations to use and share information in their networks and includes:

- Key messages
- Newsletter article
- Social media posts
- Social media story posts
- Posters

Here is the link for the press release in which includes information on how to sign up for the recorded webinar. <https://www.ag.ndsu.edu/news/newsreleases/2020/nov-2-2020/ndsu-extension-fsa-to-host-coronavirus-food-assistance-program-2-webinar>

### General Fact Sheet



### Dacotah Bank

#### INTERACTIVE TELLER MACHINES ADDED TO DACOTAH BANK LOCATION

Dacotah Bank locations across the territory are rolling out Interactive Teller Machines (ITM) that will allow customers to conduct most of their banking business right from their vehicle. One of the biggest perks of the added ITMs is the ability to extend business hours. ITMs will have remote bankers available 7:30 a.m. – 7:00 p.m. CST Monday – Friday, and 9:00 a.m. – 1:00 p.m. CST on Saturdays.

Using an ITM is very similar to using an ATM – the only difference is that there is a remote banker available to assist you. You'll be able to perform all the same functions as a traditional ATM with additional capabilities such as making Dacotah Bank loan and credit card payments, transfer funds between Dacotah Bank accounts and updating account information. Users who do not bank with Dacotah Bank will be able cash on-us checks and visit with a remote banker about our products and services.

Dacotah Bank President Robert Fouberg said, "customers expressed a need to have access to bankers outside of our normal business hours. ITMs are a perfect answer as they will allow customers access during expanded hours and serve as another way to conduct business during normal hours." ITMs serve not only as cash dispensers but allow customers to talk in real time with a banker to handle any number of transactions during those expanded hours and will serve as an ATM around the clock. As an added benefit during the pandemic, customers who may be uncomfortable entering a bank lobby will be able to get their banking done without leaving their car.

By the end of 2020 there will be 18 locations with Interactive Teller Machines. They will all be supported by remote bankers in the Aberdeen-based service center. Each location will have a trained concierge on site for several weeks following the ITM activation to help customers navigate the new technology.



## ICBND Classifieds

### Garrison State Bank & Trust

#### AG LENDING OFFICER

#### GARRISON STATE BANK & TRUST IS CURRENTLY SEEKING A FULL TIME AG LENDING OFFICER.

Key Responsibilities include:

- Maintain an existing customer base and develop potential new loan customers
- Analyze financial information to design loan structures and credit pricing, recommend and/or authorize loan approval and execute loan transactions
- Prepare loan requests with information necessary for presentation to loan committees
- Perform onsite inspections of Ag operations to monitor collateral
- Represent the bank through involvement and participation in community events

Qualifications: A Bachelor's degree in business administration, finance, economics or a related field and 5 years of ag lending experience; or the equivalent combination of education and experience.

We offer a competitive salary based on experience and a full benefits package. For consideration, please send resume with salary requirements to:

Bruce Schreiner, President  
PO Box 339  
Garrison, ND 58540  
701-463-2262

*Garrison State Bank & trust is an Equal Opportunity Employer of women, minorities, protected veterans and individuals with disabilities.*





## ICBND Educational Opportunities

### ICBND Webinars

		10/20/2020	Regulator Update for the Credit Analyst Aaron Lewis, Young & Associates, Inc.
		10/21/2020	Banking & Lending to Cannabis Businesses: Clarifying the Confusion & Avoiding Pitfalls Dawn Kincaid, Brode Consulting Services, Inc.
9/2/2020	SAFE Act Compliance for Mortgage Loan Originators (MLOs) Susan Costonis, Compliance Consulting and Training for Financial Institutions	10/22/2020	Legally Handling ATM & Debit Card Claims Under Regulation E Elizabeth Fast, Spencer Fane LLP
9/9/2020	<b>Cyber Series:</b> Cybersecurity Assessment Tool 2.0 & GLBA Privacy Randall J. Romes & John Moeller, CLA	10/27/2020	<b>Risk Officer Series:</b> Advanced BSA Officer Training: Risk, Compliance & Real-Life Scenarios Susan Costonis, Compliance Consulting and Training for Financial Institutions
9/10/2020	10 Lessons Learned When a Depositor Dies Deborah Crawford, Gettechnical Inc.	10/28/2020	<b>Cyber Series:</b> Building & Sustaining a Cyber Intelligence Unit (CIU) Randall J. Romes & John Moeller, CLA
9/15/2020	Call Report Regulatory Capital: Standards, Ratios, Risk Weighting Susan D. Sabo, CLA	10/29/2020	New URLA for a New Year! Prepare Now for a Smooth Transition Molly Stull, Brode Consulting Services, Inc.
9/16/2020	Building the Best Possible Board Meeting: From Agenda to Action David A. Reed, Reed & Jolly, PLLC	11/3/2020	Recruiting & Retaining Millennials, Gen Z & Nexters Diane Pape Reed
9/17/2020	<b>Risk Officer Series:</b> The 15 Worst Security Mistakes Barry Thompson, Thompson Consulting Group, LLC	11/4/2020	Call Reports for New Preparers & Reviewers Michael Gordon & Kris Trainor, Mauldin & Jenkins, LLC
9/22/2020	UCC-1 & UCC-3 Financing Statements Line- by-Line: Filing, Amending & Renewing Elizabeth Fast, Spencer Fane LLP	11/5/2020	Dissecting Loan Loss Reserves, Including CECL Expectations Bob Viering, Young & Associates, Inc.
9/23/2020	Ag Lending Compliance, Including Industrial Hemp Dawn Kincaid, Brode Consulting Services, Inc.	11/9/2020	You're the New Board Secretary, Now What? Dawn Kincaid, Brode Consulting Services, Inc.
9/24/2020	Avoiding Costly Mistakes in Calculating Debt Service Coverage Aaron Lewis, Young & Associates, Inc.	Monday	Year-End IRA Actions: Notifications, Reporting & Monitoring, Including SECURE Act & COVID Rule Changes
9/28/2020	Mortgage Collection & Foreclosure: Best Practices & Tenants' Rights Molly Stull, Brode Consulting Services, Inc.	11/10/2020	Frank J. LaLoggia, LaLoggia Consulting, Inc.
Monday	FFIEC Requirements for a Remote Deposit Capture Risk Assessment Angi Farren, UMACHA	11/12/2020	IRS Reporting Essentials: Form 1099 & Beyond David A. Reed, Reed & Jolly, PLLC
9/29/2020	Mastering Escrow: Analysis, Rules, Forms & Compliance Ann Brode-Harner, Brode Consulting Services, Inc.	11/17/2020	<b>Risk Officer Series:</b> Risk Management Officer: Expectations & Responsibilities Molly Stull, Brode Consulting Services, Inc.
9/30/2020	Managing Vendors: Due Diligence, Contracts, Tips & Tools Joseph Silvia, Howard & Howard Attorneys PLLC	11/18/2020	10 Lessons Learned When a Borrower Dies Elizabeth Fast, Spencer Fane LLP
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