

BBW News

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A MESSAGE FROM THE PRESIDENT

Taking a time-out to review, reassess and recharge



Bill Mitchell
BBW President & CEO

On behalf of the employees of Bankers' Bank of the West, I want to wish all of you and your families a very joyous holiday season and a happy New Year.

Undoubtedly, 2010 will be remembered as a time of transition. While not as tumultuous as 2009, the

year was nonetheless unusually demanding for our industry. Community banks across the country navigated a sluggish recovering economy, a grueling regulatory environment, and the uncertainty of the financial reform.

In the Rocky Mountain region and many other areas of the country, contending with these issues proved daunting—and in some cases impossible. Fewer banks exist today than at the start of the year as a result, and even a few customers of BBW became casualties.

But there are real reasons for optimism today. Community banks are meeting daily challenges head-on. Most banks, including Bankers' Bank of the West, are in a better place today than they were in January, having worked through their issues with determination and resolve.

Even though we surely have not seen the last of economic and regulatory uncertainty, I believe that

by this time next year, community bankers will look back on 2011 as a period of stabilization and foundation-building that will position community banks to thrive in the future.

So I suggest you take time to reflect on the past year, take pride in what you have accomplished, accept the challenges that remain, and then look forward to better times ahead. I have no doubt they are coming.

Happy holidays! May the year ahead bring you health, happiness and prosperity. ▲

Reitan brings stellar credentials to BBW Capital Advisors

*Kendrik de Koning
BBW Capital Advisors*

Bankers' Bank of the West's alliance partner in the realm of capital markets is happy to announce that **Terry Reitan** has joined BBW Capital Advisors as director of the firm's fund management business.

Terry joined BBW Capital with a mountain of experience and accomplishment in the financial services business, most recently with a \$600 million (total assets) Colorado trust company with \$9 billion in assets under custody. He led that firm for several years as its president and chief executive to record growth and sustained profitability.

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Taking note

■ **BBW helps you stay informed**

Keeping pace with myriad innovations as well as the technical, regulatory and security-related changes affecting bankcard services today is no simple task. To address the need for good information, BBW's Bank Cards Division sponsored a free webinar last month on the Durbin Amendment and its ramifications. Community banks, whether BBW clients or not, were encouraged to take part.

Consistent with BBW's interest in ongoing education for community bankers, the Bank Cards Division plans to sponsor similar webinars on varied topics in the coming year. Notices will be posted at www.bbwest.com.

■ **Bankers revving up to hit the road**

Bankers and Bikes is a loosely organized social group—primarily current and retired bankers along with their significant others—whose interest in motorcycles, open-road adventure, and the outdoors brings them together through an annual summer rally. The routes and destinations vary from year to year, building scenic variety into every ride.

The 2011 Bankers and Bikes tour destination is Colorado Springs, Colo. Using the popular Cheyenne Mountain Resort as a home base from June 20-24, bikers can take advantage of various preplanned day rides to make the most of their stay. Points of interest and activities include the Manitou Springs Cliff Dwellings, the Royal Gorge, Seven Falls, Garden of the Gods Park, the U.S. Air Force Academy, Cave of the Winds, white water rafting, wineries, shopping, gold mine tours, and more—in short, something for everyone.

The Bankers and Bikes rally begins June 18 in Jefferson City, Mo. To receive a preliminary flyer with more information, email a request to info@bbwest.com. For details on the 2011 rally, visit www.bankersandbikes.com.

This notice has been published as a courtesy; Bankers' Bank of the West is not a sponsor or organizer of the rally or the Bankers on Bikes group.

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How new ADA Standards might apply to your ATMs

This article contains information and excerpts provided by First Data, a partner of Bankers' Bank of the West, to make community banks aware of regulations and guidelines pertaining to the financial services industry.

On July 26, 2010, the Department of Justice announced rules updating the Americans with Disabilities Act standards governing the construction and alteration of facilities, including places of public accommodation, commercial facilities, and state and local government facilities. The new standards adopt guidelines established by the Access Board, an independent federal agency that develops and maintains design criteria to ensure access for people with disabilities.

Section 707 of the new 2010 Standards adds specific technical requirements for ATMs beyond the general accessibility requirements set out in the 1991 Standards. While the 1991 Standards require ATMs to be accessible to and independently usable by people with visual impairments, they do not provide technical specifications.

The 2010 Standards have adopted numerous elements from the 2004 ADA and Architectural Barriers Act (ABA) Guidelines. The new standards address, among other things: clear floor or ground space requirements; operable parts; the degree of input and output privacy afforded all individuals; speech output; input controls; numeric keys; visual contrast; tactile symbols; display screen visibility; screen characters; and Braille.

Public accommodations must generally ensure that customers with disabilities are not treated differently than other customers because of the absence of auxiliary aids and services unless doing so would “fundamentally alter the nature of the goods, services, facilities ... being offered” or “result in an undue burden.” (*Section 36.303 Auxiliary Aids and Services, Title III, Final Rule Amending 28 CFR Part 36, Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities, issued by the Dept. of Justice, July 2010: http://www.ada.gov/regs2010/titleIII_2010/reg3_2010.html.)*

If in doubt about whether the undue burden standard applies to you, seek the advice of legal counsel. The undue burden standard is a uniquely individualized determination that should be made after reviewing the 2010 Standards and weighing your organization's unique circumstances.

As additional information and resources become available in the coming months, BBW will share updates along with announcements of upcoming webinars on its website, www.bbwest.com.

This synopsis of the 2010 ADA Standards applicable to ATMs does not constitute legal advice and does not create any attorney-client relationship. Being general, the information may not apply to your business; it should not be treated as legal advice and should not be acted on without specific advice from your legal counsel based on the facts and circumstances of your situation. ▲

Reverberations from legislation inevitable, though not yet fully apparent



Mary Ann
Elliott-Supplies, SVP
BBW Bank Cards

Last month BBW, along with its partner, First Data, hosted the first in a series of webinars on the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The amendment's provisions are certain to have a major effect on the debit market in the United States, and we encourage community banks to attend all pertinent webinars.

Following is a summary of the provisions and regulations associated with the debit market.

✳ **Discounts and Incentives.** Allows merchants to offer discounts on other forms of payments.

✳ **Debit Interchange Rates.** The Federal Reserve Bank will establish parameters on PIN and signature transaction interchange fees.

✳ **Network Exclusivity.** The FRB will establish authority over network fees.

✳ **Priority Routing.** Prohibits exclusive debit network arrangements.

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Reverse mortgage education—fundamental to intelligent decision-making

Mounting interest in reverse mortgages overall, coupled with the relatively new use of reverse mortgages for home purchase, underscores the potential of the Federal Housing Authority's reverse mortgage program for community banks.

Currently, several large national bank groups drive much of the growth of this safe but often misunderstood program. Those institutions understand that customers at the upper end of the age demographic as well as those in their 30s and 40s are being educated by the national and local media. Research has shown that 82% of those customers will consider their bank a "trusted advisor."

Not surprisingly, community banks typically form trusting relationships with their customers as well. It is critical for community banks to become properly educated on reverse mortgages so they too can serve as a knowledgeable and reliable information resource for their customers.

By forming a relationship with a proven reverse mortgage partner, the community bank gains access to support, to expertise—and most importantly, to continuing education on reverse mortgages. Misconceptions about reverse mortgages are common even among bank executives, and a well-chosen reverse mortgage partner will help bankers separate fact from fiction.

In reality, the FHA and the U.S. Department of Housing and Urban Development have done an

excellent job of making the reverse mortgage safe. The program can be a useful financial option for older adults, particularly in tough economic times. Education of consumers and bankers will continue to be important as more and more banks offer the program.

We believe every homeowner age 62 and up needs a solid understanding of how a reverse mortgage works to an informed decision. This is exactly what we do: We educate anyone and everyone on reverse mortgages.

By offering a turnkey program as well as built-in expertise, 1st Reverse Mortgage USA enables community banks to become the reverse mortgage resource for their customers without taking on the expense of hiring and training extra staff to run the program.

Becoming a member of the 1st Reverse Mortgage USA Lender Network will enable your bank to provide a value-added service that can open the door to multiple relationships. Make a resolution to join us in 2011.



Tim Harder, VP
1st Reverse
Mortgage USA®

For more information on the 1st Reverse Mortgage USA program, call any BBW bank officer, or e-mail your request to info@bbwest.com.▲

Reitan brings stellar credentials to new role with BBW Capital Advisors

From p. 1

8,000 employees, \$35 billion assets under custody, and a \$2.7 billion fixed income portfolio.

Terry's 40-plus years of business experience spans several private enterprises and industries. In his role with BBW Capital, he is overseeing product development, risk management, portfolio management oversight, performance reporting, and fund operations.

A lifelong student, Terry has undertaken post-masters studies in accounting, information finance from the University of Colorado. He earned a master's degree in business administration from the University of Arizona and a bachelor's degree

in economics from the University of Nebraska. The former certified public accountant served on the State of Colorado Bank Board from 2001 to 2009. Terry is a native Nebraskan.

On a related topic, BBW Capital Advisors will soon launch a proprietary investment product designed specifically for community banks with both liquidity and a concern for the detrimental effects of rising rates—a common conundrum among the community bankers we serve.

Call BBW Capital at **303-864-1213** to learn more, or subscribe by email (admin@bbwcapital.com) to our informative Weekly Market Monitor for current developments and insights.▲

Reflections from your correspondent on 12 months of progress



Ideally, the year-end performance review is a forum for evaluating progress, celebrating successes, and identifying areas in need of improvement.

Here the staff from various corners of the BBW organization offer bullet-point recaps of their 2010 accomplishments—and the effect of their efforts on behalf of client banks:

- ✔ Streamlined clients' access to safekeeping payment details by delivering reports through BIDS for greater efficiency, convenience and reliability as well as more effective record retention on the part of community banks.
- ✔ Increased speed and accuracy organization-wide by replacing manual processes with automated processes.
- ✔ Initiated a cash letter partnership with long-time industry leader LendingTools.com to bring one-system platform simplicity and per-item cost savings to customers in 2011.
- ✔ Adopted electronic delivery of adjustments on BIDS, reducing both return delays on chargebacks and costs for customer banks.
- ✔ Held a bank card conference that drew nearly 100 community bankers from six states in addition to a slate of expert presenters.
- ✔ Fostered continuing professional education by sponsoring a two-day skill-building seminar for community bank lenders who work with commercial customers.
- ✔ Enabled community banks to receive Federal Reserve Bank chargebacks in either of two electronic formats—PDF or Check 21.
- ✔ Worked with bank clients to institute new credit card statement design, disclosure formats, and pricing applicable to consumer credit card programs as mandated by the Credit Card Accountability, Responsibility and Disclosure Act of 2009.
- ✔ Employed direct download for transferring Federal Reserve Bank entries to BIDS, enhancing the accuracy and speed of information delivery.
- ✔ Congratulated Bill Cruz (Assistant Vice President, Bank Cards) on graduating from the Graduate School of Banking at Colorado.
- ✔ Adopted safeguards for BBW's credit card and merchant programs to thwart illegal gaming activity in compliance with Regulation GG.
- ✔ Welcomed additional banks as Safekeeping clients and resumed providing service for other previously inactive banks.
- ✔ Completed a conversion that enabled all merchants under BBW's merchant programs to add Discover™ acceptance.
- ✔ Improved BBW's liquidity position, sharply reducing the bank's reliance on the federal funds pool to fund assets. ▲

Reverberations from legislation inevitable, though not yet fully apparent

From p. 3

* **Minimums and Maximum Transactions.**

Merchants are permitted to set minimum and maximum transaction amounts. Effective July 22, 2010, merchants may establish a minimum of up to \$10 on credit card transactions.

Even though the provision indicates card issuers and affiliates with less than \$10 billion in assets will not be affected, it is widely believed that the provisions will impact the entire financial industry.

The release of a draft of the proposed regulations on interchange rates, fraud standards, and network fees is expected by early next month. When the draft is released, BBW will send information to customer banks for review and host a webinar to

ensure banks understand the potential impact on their institutions. A 60-day public comment period will apply to the draft amendment.

BBW will participate in all calls and webinars on the Durbin Amendment, and our staff will provide you with information as it becomes available.

Because the overall impact and outcome of the Durbin Amendment is unknown, it is premature to speculate on specifics at this time. What we do know is that the debit landscape will be changing.

If you did not participate in the first webinar held in November and want to receive information on future webinars, add yourself to the email notification list by contacting msupples@bbwest.com. ▲

*Best Wishes for a Fulfilling Year Ahead
From Your Partners at Bankers' Bank of the West*



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