South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | **February 2012**

INSIDE...

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South Dakota Banker is a monthly magazine published by the South Dakota Bankers Association that is dedicated to enhancing the banking profession by providing useful and timely information on important events and trends in the banking industry. Members are invited to submit news and information.

The advertisements within this publication do not necessarily represent endorsed vendors of the SDBA. With the exception of official announcements, the SDBA disclaims responsibility for the opinions expressed and statements made. The editor reserves the right to refuse any advertisement or editorial copy. Advertising rates are available upon request.

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Contents

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Bankers Need to Help Educate Public on TARP Funds

By Bruce Byrum
President, First Interstate Bank, Spearfish

As I write this article, a third of January has passed, and we have yet to experience any significant winter weather. For the past several days, temperatures have been in the 50s and 60s with even a couple of record-breaking, 70-degree days.

Snow shovels have been sitting idle as winter snow storms have been replaced by rain showers. Skiers and snowmobilers have been disappointed with the lack of white stuff, but for the most part, everyone has enjoyed the beautiful fall and now mild winter.

However, with this dry, nice weather extending so far into the winter months, there is a feeling of concern that this could be the beginning of a period of drought. Oh well, not to worry about things we can't change. Besides, it's very likely that by the time this article goes to print Old Man Winter will have made himself known to us again.

Unlike the inconsistent weather, we can count on the mainstream media and some in the administration to consistently discredit the banking industry. While attending a recent banking meeting, some two dozen protesters marched outside the building where our conference was held. As part of their performance for the media, they chanted, "Banks got bailed out, we got sold out."

It made me think of what Will Rogers once said. It went something like this: "Our ignorance isn't so much what we don't know, as it is what we think we know that ain't true."

That statement seems to be applicable to much of what we hear in our daily lives and certainly to what the protesters were saying. It was a catchy line, but the fact is banks did not get bailed out, nor did the public get sold out. What the media misrepresents, and the public seems to be unaware of, is that TARP funds were not given to banks. The funds were loaned to the banks, and those funds were to be paid back with interest. Why are those facts seldom reported?

The Special Inspector General expects that TARP funds issued to banks will provide a profit of more than $22 billion to taxpayers. The expected return on this investment will be 10 percent – not bad for a government program.

However, not all TARP funds were loaned to banks. The program was also extended to AIG, car manufactures and housing programs. A recent report from the Treasury expects losses from those investments to reach $59 billion.

As bankers, we need to educate the public about facts regarding TARP and other banking issues that are misrepresented by those that want to discredit our industry. At the same time, we also need to continue telling our stories of what banks do to help our local economies and support the many worthwhile programs in our communities.

I want to take this opportunity to thank all of you who have engaged your state representatives when called upon to defend against harmful legislation or support helpful legislation impacting our industry during this year's State Legislative Session. ■

Bruce Byrum is president of First Interstate Bank in Spearfish. You can contact Byrum at (605) 642-2734 or bruce.byrum@fib.com.

Is Two-Sized Regulation Better than One-Size Fits All?

By Curt Everson
President, South Dakota Bankers Association

I think we can all agree that one-size-fits-all regulation is unfair and ineffective. But is two-sized regulation much better?

That is a question ABA President and CEO Frank Keating sought to answer in an *American Banker* op-ed published Oct. 3, 2011. His response was that two-tiered regulation is not enough – an industry as diverse as the U.S. banking industry needs even greater regulatory flexibility.

Keating cites as an example the Dodd-Frank Act's "arbitrary" $10 billion asset threshold which was used to "exempt" smaller institutions from enforcement by the Consumer Financial Protection Bureau.

"It gives an $8 or $9 billion institution every incentive not to grow, and it incents those just over the line to shed assets, even loans that are performing," Keating wrote. "This artificial boundary only plays lip service to the variety in the industry. It completely fails to provide the flexibility needed for an industry that includes retail banks, commercial banks, mutual banks, thrifts, investment banks and of course, community banks."

Unfortunately, this argument for more dynamic regulation that would benefit all banks has been used by ICBA President and CEO Camden Fine to throw stones at the ABA. In a recent article in the ICBA's *Independent Banker* magazine, Fine disingenuously surmised that if Keating and the ABA don't support two-tiered regulation, then they must support a one-size-fits-all approach.

Fine stated, "Well at least we know where they stand. Their views are on the record. The association that claims to represent banks of all sizes doesn't support tiered financial regulation."

Perhaps Fine should check the record a bit more closely. Keating's op-ed echoed statements he made in a May letter to Federal Reserve Chairman Ben Bernanke about the need for a graduated approach to regulation. The letter stated, in part:

"The American Bankers Association (ABA) appreciates your keynote remarks at the Chicago Federal Reserve's Bank Structure Conference last week. I was particularly struck by your statement regarding a graduated approach to safety and soundness regulation. This is a concept that we believe is critical to a regulatory system that assures that banks of many different sizes, business models, risks and structures will be able to offer competitive services to their customers in a safe and sound manner.

"Whether legislated or regulated, we believe that arbitrary bright line cutoffs that are divorced from the factors driving the problem being addressed run the risk of creating incentives that are not based upon economics or rational business decisions. Resources may be shifted to managing the cutoff, not to managing the business.

"ABA believes that the graduated or scalable approach has potential far beyond the appropriate differentiation among systemically important banks and those nearing the threshold. We believe that a graduated approach to regulation and supervision should be applied industry-wide in recognition of the great diversity among banks. Regulation and supervision should acknowledge and be implemented based on nature, scope and scale of bank, the complexity of its operations, the charter type, and the ability to absorb and manage risk. A notion that two sizes can fit all cannot lead to a successful regulatory system that encourages prudent risk-taking, innovation and competitiveness.

"We believe that such a simplistic approach would prove destructive to the industry over time, creating regulatory advantages or disadvantages for banks independent of their true value to their customers and their communities. A finer calibration is needed, managed to avoid distortive effects across banks of all sizes, business plans and types.

"Application of a more finely tuned bank regulatory program is essential now with the enormous new obligations forthcoming under Dodd-Frank, which raise the cost of traditional banking, reduce the potential income, and make it harder to raise capital. Wherever I travel, bankers tell me about the stresses and difficulties they are having in dealing with the early phases of the Dodd-Frank implementation, and this does not include all the expected new burdens that will flow from restrictions on interchange income, new consumer rules, and greater reporting obligations. There is no question that community banks in particular feel they are at the very edge of survival with the avalanche of regulations rushing their way.

"One of the greatest strengths of the U.S. economy and our banking system is its diversity, which enables banks of all sizes to respond to evolving consumer needs in an agile, innovative manner. Regulation and supervision should seek not only to preserve this diversity but to foster it. The enormous increase in regulation from Dodd-Frank escalates the risk that our regulatory system will suppress innovation and even reduce the viability of various charter options and business strategies. Such a result could significantly harm banks and their ability to serve their communities."

Our industry is dealing with plenty of financial and political challenges. We do not need people inside our industry creating messaging problems with policymakers. Bankers who support the work of their trade associations deserve better. Frankly, so do members of Congress. ■

Curt Everson is president of the South Dakota Bankers Association. You can contact Everson at (605) 224-1653 or ceverson@sdba.com.

BancInsure's A.M. Best Rating Downgraded Again

By Mike Feimer
President, South Dakota Bankers Insurance & Services Inc.

By now, SDBA member banks who are current customers of BancInsure have received two important documents relating to the recent downgrade of BancInsure's A.M. Best rating. Below is A.M. Best's Jan. 13 announcement.

A.M. Best Downgrades Ratings of BancInsure Inc.

A.M. Best Co. has downgraded the financial strength rating (FSR) to B (Fair) from B++ (Good) and the issuer credit rating to "bb" from "bbb" of BancInsure Inc. (BancInsure) (Oklahoma City, Okla.). The outlook for both ratings is negative.

The rating downgrades for BancInsure are due to its decline in overall risk-adjusted capitalization and its continued poor underwriting performance.

A.M. Best has seen a marked deterioration in BancInsure's operating performance after the initial impact of the recession and financial market downturn in 2008. BancInsure has reported unfavorable underwriting results in the past three years due to adverse developments in the financial institution industry, directors and officers liability, and the non-financial institution workers' compensation lines of business, all of which have contributed to large net losses in the past three years.

During 2011, BancInsure's surplus declined $10.3 million or 27.8 percent with a combined ratio of 122.6 percent. The company's surplus growth in 2009 was due to a $7.5 million capital infusion.

BancInsure provides various coverages to banks and other financial institutions throughout the United States.

The outlook reflects BancInsure's continued poor operating performance that has weakened capitalization. As a result, A.M. Best is concerned that the company could be challenged to grow capital and surplus. For the negative outlook to be removed BancInsure will have to demonstrate sustained improvement in its operating performance, while maintaining an appropriate level of risk-adjusted capitalization.

A.M. Best believes positive rating actions are unlikely in the near term. However, if BancInsure's negative trends in declining overall risk-adjusted capitalization and adverse operating performance continue, it could result in further deterioration of the company's ratings as reflected by the continuation of the negative outlook.

Conversely, there could be positive movement in the current ratings and/or outlook if there were a sustained turnaround in BancInsure's underwriting and operating results, along with a sustained improvement in its risk-adjusted capital position.

A.M. Best remains the leading rating agency of alternative risk transfer entities, with more than 200 such vehicles rated in the United States and throughout the world.

For current Best's Credit Ratings and independent data on the captive and alternative insurance market, please visit www.ambest.com/captive.

The principal methodology used in determining these ratings is Best's Credit Rating Methodology – Global Life and Non-Life Insurance Edition, which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Risk Management and the Rating Process for Insurance Companies;" "Understanding BCAR for Property/Casualty Insurers;" "Alternative Risk Transfer (ART);" and "Catastrophe Analysis in A.M. Best Ratings." Methodologies can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. Visit http://www.ambest.com.

On Jan. 19, customers received an email from BancInsure's service center which included the A.M. Best announcement and a release from BancInsure containing the company's reaction to the A.M. Best downgrade.

BancInsure has been a valued partner of the SDBA's for many years. However, as BancInsure points out in its release, "efforts made in the past three years to diversify – specifically in the non-financial institution workers' compensation line of business – have had a negative impact, resulting in underwriting losses for the company."

A.M. Best's Jan. 13 announcement was its second downgrade of BancInsure's financial position and outlook in the past 12 months. The first downgrade prompted the SDBA to undertake a thorough review of our relationship with BancInsure as an endorsed vendor.

Just before print, we were informed that BancInsure has reached some agreement to sell renewal rights to its book of business to AmTrust Financial Services. We have not been informed what this means for SDBA/SDBIS as it relates to servicing our member banks. We anticipated a move like this from BancInsure, and that is why SDBIS hired long-time BancInsure agent Mike Zolnowsky in November to ensure that all of our member banks will continue their relationship with SDBA.

Please contact the SDBIS team with any questions or concerns – Mike Feimer at mfeimer@sdba.com or (605) 660-2341; Mike Zolnowsky at mzolnowsky@sdba.com or (605) 280-0912; or Michelle Guthmiller at mguthmiller@sdba.com or (800) 221-7551. ■

SDBA Seeking Candidates for 2012-2013 Officers

Are you interested in becoming an officer of the South Dakota Bankers Association?

SDBA officers include the chairman, chairman-elect, vice chairman and immediate past chairman. The SDBA is currently seeking people who are interested in running for the vice chairman position, which will be elected at the Annual Convention on June 12, 2012, in Bismarck, N.D.

The current chairman-elect, Steve Hayes (Dakota Prairie Bank, Fort Pierre), will automatically assume the chairman position on June 12, 2012. The current vice chairman, Karl Adam (Dakota State Bank, Blunt), will be eligible to run for chairman-elect. Current Chairman Bruce Byrum (First Interstate Bank, Spearfish) will automatically become the immediate past chairman.

If you are an executive officer of any SDBA member bank, you are eligible to run for vice chairman. If you are interested in running for the position, contact a member of the nominating committee listed to the right for more information and submit a letter of intent to the SDBA. ■

Officer Election Nominating Committee

Chairman Dave Zimbeck
Citibank (South Dakota), NA
PO Box 6000
Sioux Falls, SD 57117-6000
(605) 331-1630
david.zimbeck@citi.com

Bob Rutten
Citizens State Bank
PO Box 378
Arlington, SD 57212-0378
(605) 983-5594
robert.rutten@csbarlington.com

Marcia Honomichl
Commercial State Bank
PO Box 220
Wagner, SD 57380-0220
(605) 384-3646
marciarh@commercialstate.com

Dakota School of Lending Principles

March 27-30, 2012
Bismarck, ND

The Dakota School of Lending Principles is a learning event with one foot grounded in the classroom and one foot in the bank. This school allows students to learn the theory and process of basic lending and then put this knowledge to work in hands-on sessions. Hosted by the NDBA and co-sponsored by the SDBA, this year's school will be held March 27-30 at the Best Western Doublewood Inn in Bismarck, N.D.

The school will provide basic instruction appropriate for loan officer trainees, loan support personnel and personal bankers. To ensure exposure to bank structure and terminology, it is recommended that applicants have a minimum of six months lending experience or one year of loan department experience.

What Students Gain

Students will gain the following:

- Insight into how funds and risk management and profit objectives affect the lending process.
- Increased skill in comprehending and analyzing business and personal financial statements.
- Improved skill ascertaining client needs through the interviewing process.
- Increased knowledge of the steps and analysis process involved in consumer, real estate, small business and agricultural lending.
- The ability to capitalize on selling opportunities.
- An understanding of loan documentation requirements.
- The opportunity to learn from respected, dynamic and experienced faculty members as well as peers.
- The opportunity to expand skills and knowledge beyond the bounds of "on-the-job training."

Lending Process

In the four modules on loan types, learn the lending process by studying elements applicable to each loan type – terminology, the application process, interviewing, investigation, credit analysis, loan structure, decision communication and selling. Case studies and exercises provide hands-on learning experience in the areas of consumer lending, residential real estate lending, analyzing small business loans and loan documentation, and agricultural lending.

Modules

1. Consumer Lending: This module is designed to teach the consumer lending process from start to finish. Learn the types of consumer loans. Identify the sections of an application and learn how to evaluate a consumer request. Understand the four types of collateral: depreciating, fluctuating, stable and appreciating value. Use the five Cs of credit in making a lending decision, and learn documentation requirements applicable to consumer loans. Learn the do's and don'ts of collections and role-play loan interviews and loan denials.

2. Real Estate Lending: Learn the regulatory requirements inherent in residential real estate lending and how to consistently analyze requests. Gain a basic understanding of secondary market requirements and appraisals. Practice skills gained in analyzing a residential real estate case.

3. Analyzing Small Business Loans and Loan Documentation: Understand income statement and balance sheet composition and how to common size statements. Learn select commercial lending ratios and apply to a commercial loan case. Understand interviewing techniques and learn how to investigate trade references. Also understand lender liability, the causes of problem loans and collections. Identify the purposes of loan documentation and how these relate to regulatory requirements. Examine documents commonly used in documenting loans. Gain exposure to the Uniform Commercial Code (UCC), attaching and perfecting a security interest, and differentiating between personal and real property. Learn the steps involved in closing a loan.

4. Agricultural Lending: Understand the major drivers shaping U.S. agriculture. Identify the main classifications of farm size and the borrowing needs of each class. Become familiar with some of the financial statement recommendations of the Farm Financial Standards Council, including the balance sheet and an accrual-adjusted income statement. Gain exposure to identifying the financial strengths and weaknesses of farm customers.

For more information and the registration form, visit http://www.sdba.com. Questions, contact Dorothy Lick, NDBA, at (701) 223-5303 or dorothy@ndba.com. ■

Bank Directors Workshop ■ April 3, 2012

About the Program

Bank directors are in a unique position of having responsibility (potential liability) for the overall performance of the bank. The South Dakota Bankers Association's Bank Directors Workshop is designed to assist bank directors and executive management with carrying out those duties and responsibilities. The workshop will be held April 3, 2012, at the Hilton Garden Inn in Sioux Falls.

At the heart of a director's fiduciary responsibilities is the director's pledge to "enhance/increase shareholder value." This program also explores the relationship between bank directors and management, regulators, customers, employees and shareholders. The perfect director is described as being knowledgeable and active, and this workshop employs the use of lecture, case studies and industry updates that will help your directors focus on how to be a good director.

With regulators increasingly holding directors responsible for the safety and soundness and performance of the bank, instructor David Kemp will help directors understand the concept of risk management from asset quality, liquidity, interest rate and operational standpoints. As banking is a very-regulated business, the workshop will cover the many requirements that directors face on a day-to-day basis. The lending process from the director's perspective will be explained, and lending from policy (what should be covered in a well-written policy) to credit scoring to the problem loan process will be reviewed. The critical relationship between the board and regulators will also include the appropriate board reaction to regulatory enforcement actions. Board-driven strategic planning will be explained, and board and management review tools will be included as part of this program.

A regulator panel discussing exam priorities and top 10 violations they are seeing will complete the training.

Highlights

- Credit Scoring
- Collateral Considerations
- Loan Review
- Keys to Your Loan Committee Vote
- Formal and Informal Actions
- CEO Evaluations and Compensation
- Board Compensation
- Regulations and Compliance (Reg O, BSA, FIRREA)
- Required Policies
- Risk Management
- Sarbanes-Oxley Requirements
- Key Advisor Relationships (legal, auditors, regulators)
- Understanding the UBPR
- CAMEL Ratings
- Strategic Planning

Schedule

8:30 – 9:00 am	Registration & Continental Breakfast
9:00 am – noon	Program
12:00 – 1:00 pm	SDBA Hosted Lunch
1:00 – 4:00 pm	Program

About the Speaker

David Kemp is president of Bankers Management Inc. (BMI), formerly The Management Group. BMI is a nationally-recognized company in financial services training and bank consulting. Prior to forming BMI, Kemp served as vice president, director of credit services for Cannon Lending Schools. Kemp has more than 30 years of management experience in consulting, training, credit administration and new business development.

Before joining Cannon, Kemp was vice president corporate finance with Citicorp North America. He was responsible for marketing investment and commercial banking services throughout the southeast. His areas of expertise included commercial lending, consumer lending, portfolio management, real estate lending, workouts and director responsibilities. While with Citicorp, Kemp was assigned to serve as senior credit office, specializing in financing retail companies. Prior to Citicorp, he was a branch manager and commercial lender for First National Bank of Atlanta and Citizens and Southern National Bank.

Speaker Sponsored by: FHLB DES MOINES

Hotel Information

Hilton Garden Inn Sioux Falls
5300 S. Grand Circle, Sioux Falls, SD 57108
Phone: (605) 444-4500

A block of rooms has been reserved at Hilton Garden Inn Sioux Falls. The room rate is $99 per night, and the deadline to reserve rooms is March 12. Please call the Hilton Garden Inn directly and indicate that you are with "South Dakota Bankers."

Registration

Register early and save!

Advance Rate:	$225 first registrant
	$185 each additional registrant
After March 17:	$245 first registrant
	$195 each additional registrant

Register online at http://www.sdba.com or call the SDBA at (800) 726-7322 with any questions. ■

Who Should Attend

All directors of the bank (inside and outside) should plan to attend, as well as the CEO, COO, audit committee members, board counsel and other relevant senior management personnel.

Attend Another Blockbuster SDBA Ag Credit Conference

The SDBA's Agricultural Credit Committee recently met to plan what is sure to be another blockbuster event this spring. Mark your calendars to attend the SDBA's 2012 Agricultural Credit Conference April 11-13 at the Ramkota River Centre in Pierre.

Below are some of this year's highlighted presenters:

"What Does the Future of Ag Policy Look Like?"

Dr. Barry Flinchbaugh, professor of ag econ, Kansas State University, Manhattan, Kan., is just the person to tell us. It has been five years since the "old sage" has come to South Dakota to address our conference, and if you have heard him before you won't want to miss his update.

Dr. Flinchbaugh never ceases to entertain and delivers a powerful amount of useful, thought-provoking information. Dr. Flinchbaugh is noted for his quick wit and sharp mind and represents the agricultural community through his active participation in the development of domestic food U.S. agricultural policy for more than a decade to politicians of both parties. He applies his vast knowledge and experience in agriculture, economics and politics to create a straightforward and entertaining blend of these three topics.

"A Closer Look at China"

Andy Gottschalk is Sr. VP of RJ O'Brien & Associates in Greenwood, Colo., and is founder and owner of HedgersEdge.com, an agri-business research company specializing in cattle and grain markets. Gottschalk has been a livestock market analyst and futures broker for the past 40 years – providing both long-term and short-term fundamental and technical market analysis to clientele ranging from individual producers to many of the nation's leading agribusiness companies.

Gottschalk will provide a livestock and grain outlook while examining the impact of China on agricultural and industrial commodities. His in-depth examination will include domestic and world supply/demand factors that will influence agricultural commodity prices in 2012.

"The Washington Report – A Dialogue on Hill Happenings and What You Can Do To Make A Difference"

John Blanchfield, Sr. VP, Center for Ag and Rural Banking, American Bankers Association, Washington, D.C., returns as one of our conference favorites to bring us up-to-speed on what is happening on the East Coast. Blanchfield has been with the ABA for more than 20 years and is the association's spokesperson for all ag and rural banking issues. He develops ag and rural policy for the ABA and represents the association before Congress and the administration.

"Diversity in America and What It Means for the Ag Lending Business"

Kelly McDonald, McDonald Marketing, Dallas, Texas, is a nationally-recognized marketing expert on diversity marketing and business trends. As a professional speaker to business and organizations, McDonald shares marketing insights and teaches strategies and tactics for cultivating diverse consumers emotionally, rationally and with cultural relevance. She is the author of "How to Market to People Not Like You." Her company, McDonald Marketing, has twice been named one of the top advertising agencies in the U.S. by *Advertising Age* magazine.

"Perform Like a Champion"

Aaron Davis, Aaron Davis Presentations, Lincoln, Neb., is a noted authority on peak performance and championship teamwork. Davis has had the privilege of sharing his insights on the possibility of human potential with over a million people throughout the United States and abroad. He is the author of the inspiring book "10 Minute Truths" and the co-author of two others.

While in college at the University of Nebraska, Davis had the good fortune of being a member of the 1994 National Championship football team. He is quick to remind audiences that the awards and accolades they receive are all fantastic, but true success and excellence first begins with those you care and love the most.

"Global, Regional and State Economic Outlook"

Dr. Michael J. Swanson, ag economist/senior VP, Wells Fargo Bank, Bloomington, Minn., is one of the most popular ag economists in the country, analyzing the impact of energy on agriculture, forecasting for key agricultural commodities, and helping develop credit and risk strategies for producers and bankers.

These are just a few of the highlights of this year's Agricultural Credit Conference. Be watching for the complete program and registration form coming soon. ■

From Football to Banking Easy

Meet First Bank & Trust's Kevin Tetzlaff

By Alisa DeMers, Editor

Kevin Tetzlaff's dream growing up in rural South Dakota was to play football in the NFL. After an accomplished career playing for the Jackrabbits at South Dakota State University in Brookings, a knee injury prevented him from achieving his NFL dreams.

Instead, Tetzlaff took what he learned from his years on the football field and built a successful career in community banking.

Tetzlaff is president and CEO of First Bank & Trust in Brookings. He is also chairman of the SDBA's Legislative Committee and serves on the South Dakota Bankers Insurance & Services (SDBIS) Board.

A Competitive Childhood

The youngest of six children, Tetzlaff grew up on a farm north of Hayti, a small community located in northeastern South Dakota. His mother was a school teacher, and his father was a farmer and worked at a Land O'Lakes milk processing plant. Tetzlaff helped with farm chores and raised hogs during the summers for extra spending money.

"Growing up, we used to play a lot of games with the family, whether it was cards, board games or basketball up in the loft of the barn," Tetzlaff reflected. "The games were always played with a friendly, yet very competitive, nature. Everyone played to win. That culture of competing and pushing ourselves to be the best we could be took hold."

All the siblings in the Tetzlaff family did well scholastically and in athletics. Two of Tetzlaff's brothers played football at Dakota State University in Madison and one brother played basketball at SDSU.

Tetzlaff's sport was football, where he was heavily recruited to play at the collegiate level. He chose SDSU because he was familiar with the school, it was close to home, and he liked its agricultural aspect.

Tetzlaff's plan was to become a teacher and high school football coach because he wanted to help young people have the same great experiences he had growing up. But, he changed directions and graduated in 1991 with a double major in ag business and commercial economics and a minor in computer science.

"While my passion for athletics and helping people never changed, I was also intrigued by finance and business," he explained.

At SDSU, Tetzlaff played defensive line, specifically nose guard. During his football career, Tetzlaff was twice selected to All Conference teams, was bestowed All American honors his senior year and was recently named to the 50-Year All Coughlin-Alumni Stadium Team.

His football dream, however,

was cut short following his senior year when he suffered what was eventually a career-ending knee injury practicing for the Blue-Gray All Star Game in Mobile, Ala. A few months later he was invited to the NFL Combine Camp, but on crutches he made a less-than favorable impression. After a year of rehab, the Hamilton Tigers of the Canadian Football League gave him a tryout.

"Whether it was mental or physical, I am not sure, but I was rightfully cut," Tetzlaff said. "It was really hard. Something that I had worked toward my entire life was over, but it was time to move on."

In retrospect, Tetzlaff said the most memorable and meaningful moments of his football career were not necessarily from the big games or the accolades he was fortunate enough to receive, but from the day-to-day grind of the journey itself.

"The pursuit of my childhood dream helped me develop a respect and passion for commitment, accountability, self discipline and integrity," Tetzlaff reflected. "I realized, as I had been taught growing up, that you typically get out of life what you put into it. These founding principles of success are true whether one is on the field, in the business world, or living your personal life."

A Career in Banking

Tetzlaff first began working for First National Bank in Brookings (now First Bank & Trust) as an intern his senior year of college. The bank is one of five subsidiaries of Fishback Financial Corporation.

He worked in the credit administration area and a little in consumer lending. One of Tetzlaff's first projects for the bank was starting a community development corporation to focus on purchasing and rehabilitating sub-standard homes in Brookings. Now 20 years later, the corporation still exists and has assisted with more than 30 housing projects in the community.

After graduation in the fall of 1991, Tetzlaff began working full-time for the bank as an ag loan officer. Tetzlaff said he enjoyed his time as an ag lender because it tied back to his rural roots and was rewarding to partner with farm families and see their operations grow.

In 1995, Tetzlaff moved into business banking and worked primarily with commercial lending customers.

In 1998, he had the opportunity to move to Community State Bank in Milbank (now First Bank & Trust), one of the Fishback Financial's five charters. He served as the bank's president and CEO.

Tetzlaff is proud of his accomplishments in Milbank, which is located approximately 70 miles north of Brookings. When Tetzlaff moved to the community, the bank had footings of around $24 million. When he left in December of 2007, footings were north of $130 million. In 2003, the bank constructed a new 5,400-square foot facility in Milbank to better serve its customers.

"It was quite an opportunity for me to grow within the organization," said Tetzlaff. "I had been an ag lender and a commercial lender, but I had never been in management or a supervisory role before. My charge from the organization was take care of the customers and the community, and they will take care of you."

In January of 2008, Tetzlaff and his family returned to Brookings when he was named president and CEO of First Bank & Trust in Brookings. It was the first time in the organization's 86-year history that a non-Fishback family member was at the bank's helm.

"The Fishbacks have such a high level of integrity," Tetzlaff said. "That is why I am so honored to hold the position that I have. Not because the Brookings bank is one of the largest privately held banks in the state, but because of the heritage of how the Fishback's have built the organization over the years – never jeopardizing their integrity or high ethical standards."

Ensuring those philosophical and cultural values that the organization has been built upon continue to be held as true today as they were when the organization was founded is a main focus of Tetzlaff's.

"Products, features, delivery channels and types of services have all changed so much over the years, but the one thing that we strive not to change is how we serve our customers," Tetzlaff said. "We will always deal with our customers and our communities with honesty, genuine respect and understanding."

History of First Bank & Trust

The history of First Bank & Trust closely follows the history of the Fishback family – a pioneer banking family. Horace Fishback Sr. and his uncle, Bert Olds, opened a general store in Brookings in 1880. Fishback saw a need for banking services and set up a check cashing station at a

First Bank & Trust built a new downtown headquarters in Brookings in 2006.

back counter of the store, and thus began his banking business.

The present First Bank & Trust celebrated its opening on Nov. 2, 1925. Security National Bank, as it was then known, opened its doors during an extremely difficult time for business in South Dakota. Three Brookings banks had failed and a fourth was imminent.

The local newspaper reported, "The new bank starts off with the brightest of prospects for a splendid business career, with the confidence of the entire community and the realization that it is filling a real need in Brookings."

In 1958, the bank's name was changed to First National Bank in Brookings and again in 2004 to First Bank & Trust. The holding company today has five charters in Brookings, Sioux Falls, Milbank, White and Pipestone, Minn., with assets totaling $1.6 billion.

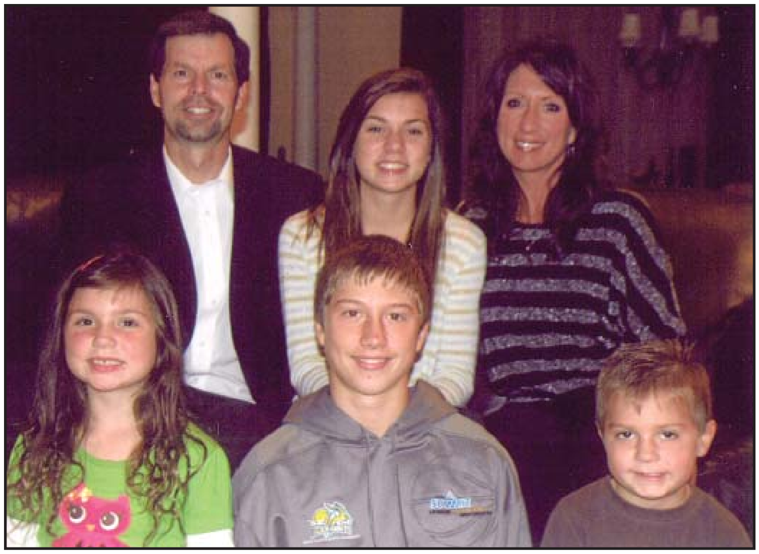
Fishback Financial is a third-generation organization. Bob Fishback is chairman of the Brookings bank, and his brother, Van Fishback, is chairman of the holding company, Fishback Financial Corporation (FFC). Bob's son, John Fishback, is on the Board of Directors of First Bank & Trust, Brookings, and FFC. Van's son, Tom Fishback, is a credit review officer for First Bank & Trust, Brookings.

Banking Made Easy

FFC has 16 bank locations in 12 communities – Brookings, Canton, Garretson, Madison, Milbank, Sioux Falls, Stockholm, Toronto, Vermillion, Watertown, White and Pipestone. The Brookings charter has footings exceeding $840 million – more than half of the entire FFC organization. It has four locations in Brookings, including new downtown headquarters built in 2006.

Approximately five years ago, Fishback Financial began changing the names of its banks to First Bank & Trust and rebranding with the phrase "BANKeasy." "There are enough things in life that are hard," said Tetzlaff. "Banking doesn't have to be one of them, at least not at First Bank & Trust."

Tetzlaff explained while the



Kevin and Erin Tetzlaff have four children. In back is Baylee. In front is Zoë, Preston and Bergan.

slogan may seem a little cliche, it is the type of service, products and delivery channels the bank strives to offer customers, day-in and day-out.

In total, FFC employs approximately 450 people. A nice recruitment tools for the bank in Brookings is Kid's World, an in-house daycare and preschool. This, along with the promotion of a wellness culture and an employee stock ownership plan, are examples of the bank's strong family values.

First Bank & Trust is a full-service commercial bank offering a wide variety of products and services – all types of loans, deposit products, and a wealth management department with a full slate of trust and investment options including a Raymond James brokerage office.

FFC is the backbone providing the front lines with services such as credit administration, finance, risk management, IT, operations, marketing and HR. This allows the bank charters and branches to focus on serving their customers and communities.

"Local decision-making is definitely a strength," Tetzlaff said. "We try to drill down authority, responsibility and accountability as close to our customers and communities as possible, because we think that is where the best decisions can be made."

In addition, First Bank & Trust strives to offer innovative products that reward customers, such as easyGrow Checking, a high-yield checking account with worldwide ATM refunds or easyJAMS Checking, which rewards account holders with $5 of iTunes each month. Customers qualify for these benefits by using electronic means of banking like debit cards, e-statements, direct deposit or online bill pay.

Family and Community

While Tetzlaff and his wife, Erin, both graduated from SDSU at the same time, they didn't meet until a year later. Originally from Chicago, Erin's family moved to Elkton, S.D., when she was in middle school.

Erin has an undergraduate degree in early childhood and a master's degree in counseling from SDSU. She was the director of a preschool in Brookings, but when the family moved to Milbank, chose to stay at home full time to care for the couple's children. Preston, 14, is in eighth grade; Baylee, 12, is in seventh grade; Zoë, 5, is in kindergarten; and Bergan, 4, is in preschool.

The couple is very active in their children's activities. Both have tested their coaching skills, whether it be in their children's soccer, baseball, basketball or football.

"We spend a lot of time chasing our kids," Tetzlaff joked. "Day-to-day, it is often a hectic schedule. But, just as I learned from my football career, the most memorable times will undoubtedly be the journey."

In addition to coaching and taking part in his children's activities, Tetzlaff enjoys hunting and golfing. In addition to being a full-fledge Brookings Bobcat, he is also an avid

SDSU Jackrabbits supporter.

Tetzlaff continues his strong ties with SDSU. He serves on the university's Council of Trustees, SDSU Jackrabbit Advocates Board and SDSU Development Association Board. In the community, he is a member of the Brookings Economic Development Corporation, First National Community Development Corporation and the First National Venture Capital Corporation.

"True community bankers are such a vital role in the health and well-being of any community. Our belief is that we not only offer up our time and talents but that we have a responsibility to offer up our treasurers as well," Tetzlaff said.

First Bank & Trust is a large supporter of its community and designates a percentage of its income to support local causes. The Fishback Financial Corporation Community Fund supports programs that focus on developing youth, enhancing the liberal arts, advancing education and elevating the quality of life in its communities. Last year, the fund helped support 100 projects.

Supporting the Industry

Tetzlaff believes that all bankers need to be strong advocates for the industry. He asks, "If we bankers don't stand up and advocate for the industry, who do we expect will?"

Tetzlaff served a term on the SDBA's Board of Directors from 2006 to 2009 and currently serves on the SDBIS Board of Directors and as chairman of the SDBA's Legislative Committee.

One of Tetzlaff's interests on the Legislative Committee is whether now is the time to raise the issue of equitable taxation of credit unions and Farm Credit Service. He notes the concern of the increasing regulatory challenges due to the implementation of the Dodd-Frank Act. Many aspects of this legislation disrupts how banks can effectively serve their customers, he contends.

"That puts the challenge back on us. We must meet the new external requirements while keeping community banking our central focus," he said. "We need to be allowed to be innovative in how we serve our customers and take care of their needs on a very personal one-on one basis.

"This is what differentiates us from our more corporate banking counterparts – whether that is investment banks, Wall Street banks or mortgage banks. There is a difference. These are our strengths, not just at First Bank & Trust, but for all community banks."

Bankers, Tetzlaff believes, should take a cup-half-full approach. "Obviously, we are in the business of mitigating risk," he said. "But at the same time, our customers and our communities need entrepreneurial-spirited partners in order for opportunities to turn into realities.

"A lot of people expect great things to happen but aren't willing to commit to the preparation to make it happen."

Tetzlaff knows a little something about that commitment and passion. "It all goes back to the lessons I have learned – that the effort and focus of what you put into something, whether that is football, banking or life in general, is typically what you are going to get out of it." ■

Trusts, Estates and Inherited IRAs

By Mike Rahn, ERISA Consultant II, and Polly Heins, Writer/Consultant II
Ascensus

Most people who establish an IRA name a spouse, child or other individual as beneficiary. But sometimes an entity other than a person inherits the IRA assets, either by being named beneficiary or by default under the terms of the IRA document.

Although charities or other nonindividuals can be named as IRA beneficiaries, the two most common nonindividual beneficiaries are trusts and estates. Trusts are generally established either to limit tax consequences or to control the disposition of a deceased person's assets after death. If an estate becomes an IRA beneficiary, the IRA assets become part of the estate probate process of determining the ultimate disposition of the assets. (This could vary depending on the jurisdiction.) Too often, however, an IRA owner fails to consider the consequences of naming or not naming certain beneficiaries, and IRA assets that could have passed unimpeded to beneficiaries end up in an estate or a trust.

Trust and estate beneficiaries are now more frequently requesting IRS permission to establish inherited IRAs to hold IRA assets they have inherited through a trust or estate. They want to rewrite the history of the IRA and have options similar to those that would have been theirs if the IRA owner had named them as direct IRA beneficiaries. Individuals do this by applying to the IRS for a private letter ruling (PLR) which, if granted, may approve the action that an individual wishes to take.

Typical Trust or Estate Beneficiary Treatment

The payout options for IRA beneficiaries are generally life expectancy payments or the "five-year rule." The latter, available only when an IRA owner dies before RMDs must begin, has but one requirement: all IRA assets must be distributed before Dec. 31 of the fifth year following the year of the IRA owner's death. The life expectancy form of IRA payout is available in some circumstances for either a trust or an estate. If the trust is a qualified trust, the life expectancy of the oldest trust beneficiary can be used to determine the rate of IRA payout to the trust. If the original IRA owner dies after the date he must start taking RMDs, then an estate or a trust can use the deceased IRA owner's life expectancy to determine a rate of payout from the IRA to that trust or estate.

Note that all of these types of payments are made to the trust or estate – not to the estate or trust's beneficiaries.

Why Request IRA Beneficiary Status?

There are practical reasons why the beneficiaries of an IRA-funded trust or estate might ask the IRS to be allowed to establish inherited IRAs. Simplicity is one. If the IRS grants this status, there is no need for the underlying beneficiary to deal with the personal representative of the estate or with the trustee in order to receive IRA assets. Also, the privilege of transferring a beneficiary IRA from one custodian or trustee to another is reserved for the trustee or personal representative when a trust or estate is the direct IRA beneficiary.

Timing may be another reason. Estate settlement is typically a short-term proposition, and few personal representatives will want to keep an estate open beyond a typical 12 to 18-month probate period. IRA payouts can last for many years. Some trusts are created for a particular purpose, such as trusts that are set up to govern the transfer of assets to minors who may have reached adulthood by the time the trust's grantor dies. If an estate's or a trust's beneficiaries can be given the same status as an IRA beneficiary, there is no need to keep an estate or a trust open to receive assets from the IRA.

What the IRS Has Permitted

There is no official guidance that permits the beneficiaries of an IRA-funded estate or trust to establish inherited IRAs. The IRS has stated in PLRs that "neither the Code nor the regulations promulgated under Code section 401(a)(9) preclude the posthumous division of a deceased IRA into sub-IRAs or the distribution of such IRAs from a trust to the trust's beneficiaries." But nowhere in statute or regulations are provisions that specifically support – or even mention – the concept of "sub-IRAs." Nonetheless, the IRS has ruled in favor of such actions in PLRs (e.g., PLRs 200850058, 200740018, 200634070, 200538034, 2005380031, 200538033).

What the IRS Has Not Permitted

Although the IRS has allowed the creation of inherited IRAs for individuals who were not named direct IRA beneficiaries, the IRS has not allowed them to stretch out payments beyond the period that could be used by the trust or estate to receive the assets. So whether the beneficiaries are paid directly, or through the trust or estate, the tax paid to the IRS is the same. Even if these distributions were paid to the estate or trust, the trustee or personal representative of the estate would file IRS Form 1041, U.S. Income Tax Return for Estates and Trusts, and give a Form K-1, Beneficiary's Share of Income, Deductions, Credits, etc., to each of the underlying beneficiaries of the trust or estate for each share received. These underlying beneficiaries would be required to include the IRA distributions as ordinary income on their personal income tax returns, just as they would when they receive payouts from their "inherited IRAs."

Can Anyone Do This?

The standard legend appearing on PLRs issued by the IRS states that "[t]his letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent." This means that another taxpayer cannot rely on it to take the same actions, and the IRS is not bound to arrive at a similar finding for another taxpayer.

How to Respond to Such a Request?

If a bank is asked to set up inherited IRAs in trust/estate beneficiary scenarios, it may consider the following options and consult with its legal counsel. The bank could take a conservative approach, and only allow this transaction if an IRS PLR has been granted. (According to 2011 IRS guidance, most PLRs will cost roughly $10,000 in filing fees.) Or the bank may permit an underlying beneficiary of a trust or estate to create an inherited IRA after providing a hold harmless statement indicating that the taxpayer has sought and received competent legal and tax advice, and that the IRA custodian or trustee is acting only upon that taxpayer's direction. ■

Ascensus, an SDBA endorsed vendor, has been a respected leader in the IRA, qualified retirement plan and health savings account industries and understands the complexities and needs of the retirement marketplace. Questions, contact Jane Weizenegger, association relationship manager, at (800) 346-3860 or jane.weizenegger@ascensus.com.

Bankers Report Mixed Results in 2011 Exams

Bankers' regulatory examination experiences in 2011 can best be described as "mixed," according to a report released Jan. 26, 2012, on the ABA-state bankers associations' Regulatory Feedback Initiative. The RFI enabled more than 1,000 bankers to provide anonymous survey feedback in 2011 on their safety and soundness and compliance exams.

The report shows both good and bad results. While half of the surveyed bankers reported satisfaction with their examination experience, nearly one-third were either "dissatisfied" or "very dissatisfied," a result that both ABA and the state associations view as unacceptable. Thirty percent also reported being under some form of written agreement.

"While it is reassuring that half of all bankers surveyed were satisfied with their recent exams, the fact that 32 percent were dissatisfied, and that this number has risen slightly rather than declining, demonstrates ample room for work," according to the report.

The report contains a series of graphical representations of survey findings looking particularly at some key elements of safety and soundness exams. The focus is on areas where there could be found examination excesses, particularly in light of the current point in the financial cycle where the industry is emerging from stress, poised to participate in stimulating economic growth rather than descending into economic and financial retrenchment.

CAMELS ratings are improving, with upgrades slightly ahead of downgrades, and the associations hope banks are turning the corner on that important measure. They also are encouraging bankers to continue filing RFI surveys following both safety and soundness and compliance exams. Bankers can access the surveys through their state associations.

The ABA is using the exam data to advocate for bankers with the regulators and Congress and to present their story to the public. The full report can be read at http://www.aba.com/aba/documents/news/ExamReport12512.pdf. ■

Sen. Warner to Speak at ABA 2012 GR Summit

Sen. Mark Warner (D-Va.), a former businessman and current Senate Banking Committee member, who is known for his bipartisan, solutions-oriented approach to legislating, has been confirmed as a featured speaker at the ABA Government Relations Summit, on March 19-21, 2012, in Washington, D.C.

Warner will join other key lawmakers, agency leaders, Indiana Gov. Mitch Daniels (R) and NBC political pundit Chris Matthews.

Attendees will explore developments related to key issues that will impact the industry, including the implementation of Dodd-Frank and desired changes to the regulatory environment. And of course, attendees will meet with lawmakers on Capitol Hill to discuss their concerns about the state of the industry, their communities and our nation.

Talk to Power

Last year, nearly 1,000 bankers connected by a common cause joined ABA and the state associations in Washington for this important event.

ABA strongly encourages bank CEOs, employees and directors to "talk to power" by attending the summit, which is the largest gathering of banking leaders in the nation's capital. Your involvement will help legislators understand who bankers really are, and what banks do for their constituents. Our message is: Let bankers be bankers – an engine of economic growth and job creation in our communities.

This degree of legislative engagement also helps shape the regulatory process – a fact that will be reflected in the Summit agenda.

Incentive to SDBA Members

To encourage more bankers to attend the Summit, the SDBA is offering a $250 stipend to member bankers who attend this year's event.

The $250 stipend is limited to the first banker who registers from each SDBA member bank. SDBA Board members currently receive a stipend to attend the Summit, so their banks are not eligible to receive an additional $250.

While there is no registration fee, those who plan to attend must register with the ABA. The SDBA will issue stipends following the Summit. For more information and the registration form, visit http://www.aba.com/Events/GRS.htm. ■

Teach Children to Save Day

Registration and Resources Announced

The ABA Education Foundation has opened registration for Teach Children to Save Day on April 24 and it is urging at least 1,500 banks – or 20 percent of the industry – to participate. The foundation also is asking participating bankers to help put their lessons into practice by opening 100,000 children's savings accounts.

Teach Children to Save registrants will receive free tools, including getting-started tips, participation certificates and save-the-date announcements that can be customized with the bank's logo and contact information.

The foundation also is hosting free training webinars tailored to three audiences: those wishing to learn more about the program's new resource kit (Feb. 1); newcomers (Feb. 9); and Teach Children to Save veterans (Feb. 15). Each webinar will begin at 3 p.m. EST and will provide tips for planning successful events.

Gear Up Today

Each year, as part of the ABA Education Foundation's Teach Children to Save program, banker volunteers by the thousands brave classroom corridors, Brownie and Cub Scout troop meetings, and public library reading rooms. Their goal: bring savings education to as many young people as possible and help them to develop a savings habit early. Is your bank part of the movement?

Register your bank today for Teach Children to Save Day 2012, and your bank will be added to the Teach Children to Save Honor Roll and get instant access to free customizable tools.

TCTS Resource Kit Highlights

To make hosting your event turnkey for bank instructors and fun for students, the Teach Children to Save resource kit offers resources to help you plan, prepare and present engaging, interactive lessons to kids.

- 20 step-by-step lesson plans for ages 5-18.
- 45 student activities, props and PowerPoint presentations.
- Leave-behind materials for group leaders.

Order your kit today for $155 (ABA Member price). More information, including a list of kit contents, is available at http://www.aba.com/ABAEF/TCTSKit.htm.

Register. Recruit your audience. Review your materials. And you'll be ready to participate on Teach Children to Save Day (April 24) or any time this April. For more details and to register visit http://www.aba.com/ABAEF/teachchildrentosave.htm. ■

Ethics Rule – Management

By Sherry Bren
Executive Director, South Dakota Appraiser Certification Program

Appraisal Fees as Percentages of Value Conclusions

Is it acceptable for an appraisal fee to be based on a percentage of the value conclusion?

No. The Management section of the ETHICS RULE states:

An appraiser must not accept an assignment, or have a compensation arrangement for an assignment, that is contingent on any of the following:

1. the reporting of a predetermined result (e.g., opinion of value);

2. a direction in assignment results that favors the cause of the client;

3. the amount of a value opinion;

4. the attainment of a stipulated result (e.g., that the loan closes or taxes are reduced); or

5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose. (Bold added for emphasis.)

This is reiterated in the signed certification (Standards Rule 2-3, 3-6, 5-3, 6-9, 8-3, and 10-3) that must be included in each appraisal, appraisal review, or appraisal consulting report.

Appraisal Fee is Contingent on the Appraised Value

A potential client has asked me to complete a form indicating what my appraisal fees would be for different assignments. The form asks me to indicate my appraisal fees according to appraised value, e.g., to list the fee for assignments with appraised values between $100,000 and $299,000, $300,000 to $499,000, etc. Is it a violation of USPAP to quote fees in this manner?

Yes. This is in violation of USPAP. Completing and submitting such a form to a potential client establishes a compensation arrangement for assignments that is contingent on the amount of the value opinion. This is prohibited by the Management section of the ETHICS RULE, which states, in part:

An appraiser must not accept an assignment, or have a compensation arrangement for an assignment, that is contingent on any of the following:

1. the reporting of a predetermined result (e.g., opinion of value);

2. a direction in assignment results that favors the cause of the client;

3. the amount of a value opinion;

4. the attainment of a stipulated result (e.g., that the loan closes or taxes are reduced); or

5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose. (Bold added for emphasis.)

Notice: Public information regarding disciplinary action taken against an appraiser is available upon written request to the address or email above. Include in the request for information the name of the appraiser and the appraiser's city and state of residence. (Disciplinary action may include denial, suspension, censure, reprimand or revocation of a certificate by the department.) ■

If you have an appraisal related question that you would like to have answered in the "Ask the Appraiser" column, please submit it to Sherry Bren, executive director of the Appraiser Certification Program, 445 East Capitol Ave., Pierre, SD 57501, fax (605) 773-5369 or by email at Sherry.Bren@state.sd.us.

CFPB to Consider Rules Exemption for Smaller Banks

The Consumer Financial Protection Bureau will explore the possibility of exempting smaller banks from some of its rules, CFPB Director Richard Cordray told a House Oversight and Government Reform subcommittee on Jan. 24, 2012.

Cordray said the bureau may consider setting a minimum asset size to exclude community banks from new rules, and he added that the agency also will analyze how its rules would affect banks with fewer than $10 billion in assets. ABA is advocating that the CFPB and other regulators adopt an even more flexible, graduated approach to supervision that recognizes a wider range of sizes, charters and business models.

Cordray also assured lawmakers that the CFPB wouldn't abuse its power and promised that the agency would take action only against companies that break the law. "It … is not our intention to start going off and acting like we're some sort of mini-Congress, just doing anything we think is good and right," he said.

The agency will follow the existing interpretation of consumer laws covering financial products and "should not be going off in some wild, new unexpected direction" that would cause confusion among banks and other firms, Cordray said.

He also repeated a pledge – made at an earlier hearing – to reach out to small businesses and to convene panels of small-business leaders on any major regulation that could potentially affect them. ■

USDA Plans to Close 131 Farm Service Agency Offices

Agriculture Secretary Vilsack Announces Blueprint for Stronger Service to Increase Efficiency in USDA Operations

The Agriculture Department plans to close 131 Farm Service Agency offices in 32 states as part of a $150 million budget-cutting measure, the agency said in a press release on Jan. 9, 2012. The closings, projected to total 259 USDA domestic offices of all types, are in response to about $3 billion in cuts to the USDA's operating budget since 2010, Agriculture Secretary Tom Vilsack said.

USDA offices proposed to be closed in South Dakota include Farm Service Agency offices in Mound City, Buffalo, Kadoka and Wessington Springs, in addition to a Food and Nutrition Service office in Rapid City.

The USDA does not expect the FSA office closure plans to have any significant effect on farm loan borrowers or FSA guaranteed lenders, because "only a couple of employees with farm loan responsibilities" are affected by the closings, an agency official told ABA.

He explained that the vast majority of farm loan borrowers and lenders in affected counties are receiving loan services from staffers stationed in other, larger FSA service centers. More than 2,100 FSA offices would remain after the closings. The official added that while the USDA is working to improve its e-filing capabilities, the proposed closings will not lead directly to any new farm loan initiatives on that front.

According to the press release, the USDA must be built to meet the evolving needs of a 21st century agricultural economy, Secretary Vilsack said in presenting USDA's Blueprint for Stronger Service, a plan that helps producers continue to drive America's economy by streamlining operations and cutting costs.

"The USDA, like families and businesses across the country, cannot continue to operate like we did 50 years ago," said Vilsack. "We must innovate, modernize and be better stewards of the taxpayers' dollars. We must build on the record accomplishments of farm communities in 2011 with a stronger, more effective USDA in 2012 and beyond."

The Blueprint for Stronger Service is based on a Department-wide review of operations conducted as part of the Administration's Campaign to Cut Waste, launched by President Obama and Vice President Biden to make government work better and more efficiently for the American people. The agency took a hard look at all USDA operations, from headquarters to field offices. The end result is a plan that will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers.

Read the press release at http://www.usda.gov. ■

TCF Bank Expands in South Dakota, Creates Jobs

TCF Bank, a national bank holding company, is expanding its South Dakota footprint and creating hundreds of new jobs in the eastern part of the state.

TCF Bank will establish a contact and operations center in Sioux Falls in early 2012 and expects to have nearly 200 employees hired by October of next year. TCF Bank is looking primarily for inbound call-center associates and managers and operations support associates for the new facility on West 38th Street in Sioux Falls.

"South Dakota is widely known in the financial services industry for its highly-skilled workforce and its strong work ethic," said Viane Hoefs, director of human resources, TCF National Bank. "I am confident the Sioux Falls area will provide us with a great employee candidate pool to help augment TCF's already solid customer service team."

TCF Bank's hiring schedule is staggered, but the company is already accepting applications for the nearly 200 new positions. People interested in applying should visit tcfbank.com or www.sdjobs.org.

"We're excited to move forward with the hiring process," said Hoefs. "We have an ambitious timeline and would like to have the nearly 200 positions filled by July."

In 2009, TCF Bank relocated its charter from Minnesota to South Dakota and established a retail bank in Sioux Falls. Since then, the South Dakota Governor's Office of Economic Development has worked with the company to create additional jobs in South Dakota.

"TCF Bank is a first-rate business that is bringing solid jobs to our state," said South Dakota Gov. Dennis Daugaard. "I'm pleased to have a growing relationship with the company and look forward to its continued success in South Dakota."

TCF is a Minnesota-based national bank holding company with $19.1 billion in total assets. TCF has 436 branches in Minnesota, Illinois, Michigan, Colorado, Wisconsin, Indiana, Arizona and South Dakota, providing retail and commercial banking services. TCF also conducts commercial leasing and equipment finance business in all 50 states and commercial inventory finance business in the U.S. and Canada. ■

Black Hills Community Bank, Rapid City

Rick Brady has joined Black Hills Community Bank, Rapid City, as retail banking manager. Brady brings more than 30 years of Black Hills banking experience. As the retail banking manager, he will provide customers with financial expertise and a quality banking relationship.

Melissa Hood has been promoted to vice president of operations at Black Hills Community Bank, Rapid City. Hood has been with the bank since it opened in 2007. She has 18 years of banking experience working in both commercial loan and operations of banks in South Dakota and Iowa.

Shawn Kerns has been promoted to commercial loan officer at Black Hills Community Bank, Rapid City. Kerns joined the bank in 2009 as a credit analyst. He is a graduate of South Dakota School of Mines & Technology in Rapid City. ■

First Dakota National Bank Awards $8,000 to SDSU Student Entrepreneurs

South Dakota State University student entrepreneurs got a taste of the world of enterprise Dec. 8, 2011, when they presented their business plans to a panel of judges for new and original ventures. Successful plans captured nearly $8,000 in prize money to be awarded annually by **First Dakota National Bank**, Yankton.

"The real world-like competition for start-up funding with evaluation by successful business people and entrepreneurs brings an enriching complement to classroom instruction for our students," said David Hildebrand, interim head of the economics department.

The competition is part of a growing SDSU entrepreneurial studies program that began in 2003 and annually enrolls 380 students in classes that examine how to start new enterprises. ■

Eide Bailly and Wipfli Announce Plans to Merge

Eide Bailly LLP, an SDBA associate member, and **Wipfli LLP**, two prominent accounting and consulting firms that rank among the largest in the country, have announced plans to merge their professional practices. Pending regulatory approval, the two firms will officially combine on June 1, 2012.

The combined firm will be named **EB Wipfli LLP** and will rank among the nation's top 15 accounting firms – with annual revenue of more than $314 million. Combined, nearly 250 partners and staff will be dedicated to serving more than 1,100 financial institutions across the United States, providing them with a comprehensive range of audit and assurance, tax, strategic planning, technology consulting and general consulting services. ■

Clifton Gunderson and LarsonAllen Join to Form CliftonLarsonAllen

Clifton Gunderson and **LarsonAllen**, an SDBA associate member, ranked as two of the nation's top 20 certified public accounting and consulting firms, have merged to form one of the top 10 accounting firms in the U.S. The new firm is called **CliftonLarsonAllen (CLA)**.

The combination brings together two firms of significant magnitude to offer unprecedented emphasis on serving privately-held businesses and their owners, as well as not-for-profits and governmental entities. Access to a firm with a top 10 presence and capabilities committed to serving primarily these types of clients is rare. CLA has more than $550 million in combined revenue, employs more than 3,600 professionals, including 500-plus partners, and operates from more than 90 offices across the country. ■

SD Rural Enterprise Now Dakota Resources

South Dakota Rural Enterprise, an SDBA associate member, has changed its organizational name to **Dakota Resources**. The organization's board concluded that the name Dakota Resources better articulates the purpose of the organization to its constituents and will make more resources available for the work of those committed to the future of South Dakota's communities. Dakota Resources is a resource to development organizations that benefits their communities. ■

SHAZAM Launches New Blog

When it comes to innovation, financial institutions have depended on the **SHAZAM** network for more than 30 years to deliver leading-edge EFT products and services. SHAZAM, an SDBA associate member, is innovating the way it communicates with participants in more than 30 states with The SHAZAM Network Blog.

The objective of SHAZAM's blog is to share payments industry insights to help financial institution executives remain as savvy and up-to-date as possible. A unique feature is the team of SHAZAM senior executives that author the content. The bloggers share their expertise on topics like fraud prevention, regulations and compliance issues, payments innovations, and best practices for debit and ATM programs. ■

If you are an SDBA member bank or associate member, tell us about your new employees, promotions, community service projects, economic development efforts, honors and landmark anniversaries. Email your stories and photos to ademers@sdba.com or mail to: Alisa DeMers, SDBA, PO Box 1081, Pierre, SD 57501.

Ag/Commercial Lender (Liberty National Bank, Elk Point)

This is an extraordinary opportunity for the right candidate to work for a leading national bank with a growing loan department. Responsibilities include following established procedures and policies in securing and analyzing commercial and consumer loans, minimizing potential loan losses through frequent review of delinquency reports and changes of financial ratios that could indicate potential losses, working to market new and existing products according to the bank's strategic plan, providing superior customer service and contributing to an environment of teamwork and excellence, through effective communication and cooperation, actively participating in cross-selling bank services to new and existing customers and managing the Elk Point location. Requirements include a bachelor's degree and five-plus years of related experience and/or training. Please submit resume to Carrie Nothdurft, Liberty National Bank, 3520 S Louise Ave, Sioux Falls, SD 57106 or email carrien@libertynationalonline.com. Liberty National Bank is an Equal Opportunity Employer. ■

Bank Internal Auditor (First Dakota National Bank, Yankton)

With total assets exceeding $800 million and a financial team of more than 250 dedicated banking professionals, First Dakota National Bank has an exceptional opportunity for the right individual to join our team as senior internal bank auditor located at our corporate office in Yankton, S.D. Primary responsibilities will be to lead and manage the bank's internal audit program and personnel in accordance with generally accepted bank auditing standards. Qualified candidates will be hands-on, precise thinkers with excellent verbal/written communication and analytical skills. Must have a bachelor's degree with at least 10 years of bank internal audit, or equivalent, experience. Strong accounting knowledge and experience managing a bank audit program/department is preferred. Some light travel is required. First Dakota provides highly-competitive compensation and excellent benefits including medical/dental/vision insurance, life and long-term disability, career apparel, 401(k), vacation and sick leave. Successful applicants must pass pre-employment screening including credit history and criminal record check. Apply online at www.firstdakota.com/Employment or request an application. Or submit a resume and cover letter to: First Dakota National Bank, Rob Stephenson, president and COO, 225 Cedar, PO Box 156, Yankton SD 57078, email: rstephenson@firstdakota.com. EOE/AA M/F/V/D. Member FDIC ■

Business Banker (Dacotah Bank, Custer)

Dacotah Bank remains one of the largest Dakota-grown, state-charted banks in North Dakota and South Dakota. We are looking for an experienced, self-motivated individual to join our team as a business banker in Custer, S.D. This position manages relationships with community banking commercial customers; prospects and develops new customer relationships; retains and expands existing customer relationships. Experience with business lending and the ability to manage a diverse portfolio are preferred. This is a great opportunity to build your career in the business banking field. We offer an excellent benefits package, a competitive salary and an enjoyable work environment. Apply at: dacotahbank.com/careeropportunities or Dacotah Bank, 35 S 6th St., P.O. Box 4060, Custer, SD 57703. Equal Opportunity Employer ■

Mortgage Loan Underwriter (Black Hills Community Bank, N.A., Rapid City)

Black Hills Community Bank, N.A. is seeking an experienced mortgage loan underwriter. Qualifications include prior DE/FHA underwriting experience and familiarity with all real estate loan types. The candidate should be prepared to add value to a well-capitalized, fast-paced, community-oriented bank. Please send your resume to melissah@bhcbank.com or mail to the bank, attention Melissa Hood, 840 Mt Rushmore Rd, Rapid City, SD 57701. EOE ■

Trust Officer (Home Federal Bank, Sioux Falls)

Responsible for generating profitable investment management, personal trust, and dynasty/legacy trust business. Manages the existing personal trust accounts and will generate new trust business to reach goals and vision set for the trust department. Hours will vary from Monday through Friday 8 a.m. to 5 p.m. Other hours as needed. Some travel may be required. Responsible to supervise and maintain high quality customer service and public relations while maintaining technical and regulatory compliance. Provides input to management on competitor market information. Performs and/or supports projects that may arise in the normal course of business and adheres to stated deadlines regarding those projects while maintaining normal work flow. Works with other areas and departments within the bank on joint sales calls. Four-year college degree or four to seven years trust experience with a thorough understanding of trust products. Three to five years financial services experience preferred. Experience managing dynasty trusts and having a law degree is preferred. Please visit our website at www.homefederal.com to view the complete job description and to complete the online application. EOE/AA Employer ■

If you have a job opening at your bank or something to sell, send your classified listing to ademers@sdba.com and we will post it in South Dakota Banker and on the SDBA website. This service is free to member banks. The fee is $50 for non-members. (150 word limit.) Questions, call Alisa DeMers at (800) 726-7322.

Seminars and Conferences

SDBA State Legislative Conference, Reception & Dinner
Feb. 8, 2012: Ramkota RiverCentre, Pierre

NDBA/SDBA 2012 Bank Management Conference
Feb. 17-18, 2012: Scottsdale, Ariz.

Advanced IRAs
Feb. 28, 2012: SDBA Office, Pierre
Feb. 29, 2012: Ramkota Inn, Sioux Falls

Administrative Appraisal Review for Non-Appraisers
March 13, 2012: Sioux Falls

ABA 2012 Government Relations Summit
March 19-21, 2012: Omni Shoreham, Washington, D.C.

Bank Directors Workshop
April 3, 2012: Hilton Garden Inn, Sioux Falls

SDBA Agricultural Credit Conference
April 11-13, 2012: Ramkota RiverCentre, Pierre

Legal Issues of New Account Documentation
April 24, 2012: Hilton Garden Inn, Sioux Falls

IRA Fundamentals
May 8, 2012: SDBA Office, Pierre
May 9, 2012: Ramkota Inn, Sioux Falls

Call Report Preparation
May 10-11, 2012: Clubhouse Hotel & Suites, Sioux Falls

NDBA/SDBA Annual Convention
June 10-12, 2012: Ramkota Hotel, Bismarck, N.D.

February Webinars

The following are available as live webinars and/or recorded seminars. For more information and additional webinars go to www.sdba.com, Calendar of Events, and click on the "Search for Trainings" page.

- The Do's and Don'ts of Signature Card Contracts
- Issues Facing Fiduciaries in Post-Death Administration
- Loan Documentation 101: Part 3 – Reviewing Collateral Files
- Checks & Holds for Tellers: Part 1
- Employment Law Challenges for 2012
- Compliance Training in the Dodd-Frank Era
- Unfair, Deceptive, or Abusive Acts and Practices
- Advanced Collection Techniques
- Defining Leadership Development and Its Role in Community Banking
- Five Steps to a Successful IT Risk Assessment
- Financial Analysis Toolkit Part 1 – Personal Financial Statement Analysis
- Commercial Real Estate Cash Flow: Analyzing Income-Producing or Rental Real Estate, Plus Global Cash
- Checks & Holds for Tellers: Part 2
- BSA/AML & OFAC Compliance – Recent Developments and Examiner Emphasis
- Commercial Real Estate Appraisals: Reviewing and Interpreting
- Keys to Understanding Personal and Global Cash Flow from Tax Returns
- Regulator Implications of the FFIEC Issued Guidance
- Financial Analysis Toolkit Part 2 – Federal Tax Return Analysis
- Troubled Assets – Workouts and Sales
- The Risks of Corporate Account Takeover

Schools

Dakota School of Lending Principles
March 27-30, 2012: Bismarck, N.D.

GSB Human Resource Management School
April 15-20, 2012: University of Wisconsin-Madison

GSB Bank Technology Management School
April 22-27, 2012: University of Wisconsin-Madison

2012 Schools of Banking Operations School
May 15-17, 2012: Schools of Banking, Topeka, Kansas

Dakota School of Banking
June 17-22, 2012: Jamestown, N.D.

SDBA 2012 National School for Experienced Ag Lenders
June 25-28, 2012: Black Hills State University, Spearfish

Graduate School of Banking at Colorado
July 15-27, 2012: Boulder, Colo.

Graduate School of Banking at Wisconsin
Aug. 12-24, 2012: University of Wisconsin-Madison

GSB Senior Management Seminar
Aug. 19-22, 2012: University of Wisconsin-Madison

2012 School of Trust & Financial Services
Aug. 20-24, 2012: Schools of Banking, Topeka, Kansas

2012 Advanced Trust Operations
Aug. 21-23, 2012: Schools of Banking, Topeka, Kansas

GSB Financial Managers School
Sept. 23-28, 2012: University of Wisconsin-Madison

2012 Advanced School of Banking – Year 1
Oct. 1-5, 2012: Schools of Banking, Topeka, Kansas

Program and registration information is available six to eight weeks before each conference. For complete registration information, visit www.sdba.com.

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