

South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | April 2016

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Lake Andes

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message from the chairman

BY RICK RYLANCE | Regional President | Dacotah Bank, Rapid City

The Chaotic Atmosphere of Washington



Having just returned from the ABA 2016 Government Relations Summit in Washington, D.C., I have one thing to say – gridlock.

First, it seems that without sufficient Republican numbers in the Senate, nothing will get done. Second, with House and Senate members who are up for election going home to campaign, nothing will get done. Third, we are in the middle of a presidential election, and nothing is going to get done.

Add that all up, and it looks like our industry will have to wait for a while until we see some reform move forward. That is how Washington operates these days, and I believe all sides are frustrated, including the congressional delegation.

I would personally like to thank the 18 bankers, staff and guests from South Dakota that took time to travel to D.C. and let our delegation know how frustrated we

are with the lack of action in Washington. While we had hoped to bring back better news, you can be assured that the ABA, along with the SDBA, will continue to keep at the heels of Washington and keep the push for reform moving forward.

I would also like to thank the bankers from North Dakota that joined us for dinner on Tuesday evening and brought some civility into an otherwise chaotic atmosphere. (See the coverage on pages 10-11.)

Also when we were in D.C., they shut down the Metro for 29 hours, and it was a mess with additional cars and an increased use of taxis by people who normally take the Metro.

What a relief it was to get back to South Dakota! ■

Rick Rylance is regional president for Dacotah Bank in Rapid City. Rylance can be reached at 605.394-9000 or rick.rylance@dacotahbank.com.

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ABA Government Relations Summit—A Path Forward



As I write this month's column, I have just returned from the ABA 2016 Government Relations Summit. (See the coverage on pages 10-11.) Eleven SDBA member bankers and several spouses joined AVP Deb Gates, SDBA Legal Counsel Brett Koenecke and myself as we made the trek to Capitol Hill to visit with Sen. John Thune, Sen. Mike Rounds and Congresswoman Kristi Noem and their staff about our industry's legislative priorities.

We spent the bulk of our time discussing prospects for a path forward for regulatory relief bills and laying the groundwork for making sure that credit union and Farm Credit tax breaks are on the table when Congress decides to move forward on reforming the federal income tax code. I want to express my sincere thanks to all of the bankers who recognize the importance of keeping our industry's issues in front of our elected policymakers. It is hard work that simply has to be done.

I know that bankers have grown increasingly frustrated with our collective lack of success in getting much needed, common sense, regulatory relief legislation across the Congressional finish line. Based on what we heard from various speakers during the Summit, and from the members of our own Congressional delegation, I think it is fair to say that many members of Congress share that frustration.

They recognize that even though it has only been partially implemented, Dodd-Frank has created unintended, negative consequences for banks, especially smaller community banks. But staunch, vocal congressional opposition to changing any part of that five-year-old measure, combined with the continuing threat of a presidential veto, have created an extremely toxic environment for regulatory relief legislation, especially in the U.S. Senate where it takes 60 votes to do almost anything. That is today's political reality.

So what can bankers do to perhaps change that reality? For one thing, we need to work to change the dialogue about the negative unintended consequences of Dodd-Frank in a small but fundamental way. As an industry, we have done a good job of quantifying and communicating the ways that one-size-fits-all regulation impacts the bank and its bottom line. The ever-increasing number and complexity of regulations means banks must spend more money and time on compliance staff, consultants and systems. Increased compliance costs means lower profits. Increased compliance costs make it harder for banks to compete against unregulated or

«.....»
I want to express my sincere thanks to all of the bankers who recognize the importance of keeping our industry's issues in front of our elected policymakers.
».....»

lightly-regulated competitors. Those are serious issues that should be addressed, for the long-term good of the nation's banks and for the nation's economy.

But unfortunately, those are not issues that pull at the heart strings of many members of Congress. Why?

Staunch supporters of Dodd-Frank firmly believe that bill was all about consumer protection. As an industry, we have not done a good enough job of showing Dodd-Frank supporters that some of its provisions, while well-intended, are actually working to the detriment of the consumers it was designed to protect.

We need to provide examples of credit-worthy home buyers who your bank has had to turn away because they don't fit nicely into Dodd-Frank's qualified mortgage box. We need to provide real-life stories of borrowers who walk out of your bank in disgust because they are frustrated with the never-ending list of disclosures and requirements they can't understand or because the closing process takes far more time than it should because of a Dodd-Frank mandate.

To the extent that Dodd-Frank-driven regulations are limiting or completely denying your ability to serve the personal or business banking needs of your customers, you need to document those stories. I realize that it might not always be easy and that it will take some time to reduce those stories to writing.

But those stories are absolutely critical to changing the dialogue about making common-sense changes to Dodd-Frank—changes that will ultimately benefit the consumers of financial services. I look forward to working with you to develop and communicate those stories to Congress in the months ahead. ■

Curt Everson is president of the South Dakota Bankers Association. Everson can be reached at 605.224.1653 or ceverson@sdba.com.

Management & Professional Liability Coverage: Part 2



Please take time to review this overview of management and professional liability coverage by OneBeacon Professional Insurance. Because of the length of this article, the first part of this story appeared in last month's issue of South Dakota Banker.

Insuring Agreement E: Fiduciary Liability

Insuring Agreement E provides coverage for claims brought against the financial institution and its insured persons by employees of the financial institution for violations of ERISA or wrongful acts in the administration of employee benefit plans.

- **Insuring Agreement E1, Voluntary Correction Program:** Provides \$100,000 in coverage for fees, fines or penalties assessed by the government for inadvertent noncompliance by an employee benefit plan with any statute, rule or regulation, when the financial institution enters into a voluntary compliance resolution program.

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Insuring Agreement G: Bankers Professional Liability

Insuring Agreement G provides coverage for claims against the financial institution or insured persons for wrongful acts related to the provision of, or failure to provide, fee-based services to our customers. The claim must be brought by or on behalf of a customer of the financial institution. Certain fee-based services are not covered, including but not limited to health care, real estate appraisal, architect/engineer, law, actuarial or trust services.

- **Insuring Agreement G1, Expanded Bankers Professional Liability:** Provides coverage for claims against the financial institution or insured persons for wrongful acts related to the provision



of, or failure to provide, fee-based services to customers. The claim may be brought by or on behalf of any third-party.

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- **Insuring Agreement G3, Broker/Dealer Services:** Provides coverage for claims against the financial institution or insured persons for wrongful acts related to the provision of broker/dealer services transacted through a registered representative of the financial institution or a third-party service provider.

Insuring Agreement H: Trust Errors and Omissions

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Mike Feimer is president of the South Dakota Bankers Insurance & Services (SDBIS), Inc. Feimer can be reached at 605.660.2341 or mfeimer@sdba.com.

OneBeacon Financial Services, an SDBA associate member, provides insurance and risk management solutions for community banks. For more information contact Craig Collins, financial services president, at 952.852.2434 or ccollins@onebeacon.com. Or visit www.onebeaconfs.com.

Bankers Enjoy Weather at Bank Management Conference



From left are Glenda and Curt Hage, formerly with Home Federal Bank, Sioux Falls; Deb Gates, SDBA, Pierre; and Dave Rozenboom, First PREMIER Bank, Sioux Falls.

Great weather and an amazing resort welcomed 140 bankers, business partners, spouses and guests who attended the 2016 NDBA/SDBA Bank Management Conference held Feb. 12-13 at The Westin Kierland Resort & Spa in Scottsdale, Ariz.

The conference program featured an economic outlook as well as presentations on improving performance through operational excellence, safety and soundness, succession planning and cybersecurity from speakers Ryan Hayhurst of The Baker Group, Eric Weikart of Cornerstone Advisors, Chad Knutson of Secure Banking Solutions, Christina Long of Eide Bailly, Flynt Gallagher of Compensation Advisors, and Brad Spears of Federal Home Loan Bank of Des Moines.

For the final general session, spouses and guests joined bankers and business partners for a remarkable



From left are Evan Ingebrigtsen, Minnwest Bank, Sioux Falls; motivational speaker V.J. Smith, Brookings; and Gene Uher, Bell State Bank & Trust, Sioux Falls.

presentation by South Dakota motivational speaker V.J. Smith, who talked about “Replenishing the OhZone” by improving listening skills. In addition, bankers enjoyed networking opportunities, golfers played an 18-hole event at the Westin Kierland Golf Club, and spouses and guests enjoyed a special breakfast and olive oil workshop.

Special thanks to all of our sponsors, whose support and partnership made this event possible. Platinum sponsor were: Ascensus, The Baker Group, Dell SecureWorks, Dougherty and Company, Federal Home Loan Bank of Des Moines, NDBA Services, Secure Banking Solutions and Moody’s Analytics. Gold sponsors were: Bell State Bank & Trust, Eide Bailly LLP, First Data, Graduate School of Banking at the University of Wisconsin-Madison, Promontory Interfinancial Network and United Bankers’ Bank. ■

CFPB Rule Broadens QM Coverage for Rural, Underserved Areas

The Consumer Financial Protection Bureau on March 22, 2016, issued an interim final rule broadening the availability of certain special provisions for small creditors operating in rural or underserved areas. The rule implements a regulatory relief measure, long advocated by ABA, that Congress passed in December.

Under the interim rule, small creditors—or banks that made no more than 2,000 first-lien covered transactions and have less than \$2 billion in assets—will be eligible for special qualified mortgage provisions if they originate at least one covered mortgage loan on a property located in a rural or underserved area in the prior calendar year. Specifically, it allows small creditors to make certain balloon payments, which are otherwise not allowed under the QM rules.

Previously, small creditors were only eligible for these provisions if they operated predominantly in rural or underserved areas. This new rule significantly enlarges that rural and underserved carve-out.

The interim final rule is the second rule this year the CFPB has issued to address the rural and underserved measures included in the December legislation. Earlier in March, the bureau issued an ABA-advocated rule establishing a process by which businesses and individuals could appeal the bureau’s designation of a rural area.

The CFPB will accept comments on the interim rule for 30 days after its publication in the final register. For more information, contact the ABA’s Rod Alba at ralba@aba.com. ■

Conference To Focus on Trust Officers' Unique Responsibilities

The Tri-State Trust Conference, hosted by North Dakota Bankers Association, focuses on trust officers' unique responsibilities and their need for quality information and training to serve customers. The conference features two days of educational sessions led by experts in the business of trust and wealth management.

The 2016 Tri-State Trust Conference will be held April 25-27 at the Hilton Garden Inn in Fargo, N.D. Highlights include:

- David Richman, Eaton Vance: "Client Primacy: Inspiring Intentional Outcomes"
- Jim DeMasi, Stifel: "Economic and Interest Rate Outlook"
- Sharon Carson, J.P. Morgan: "Healthcare Costs in Retirement"
- Jonathan Blattmachr, Pioneer Wealth Partners: "Estate Planning Update"
- Hot topics: Leadership Ethics, Unique Asset Management, Update on the IRS 2 Percent Trustee Fee Regulation, and a Retirement Plan Legislative and Regulatory Update
- Plus, magician and mentalist Tim David's opening keynote on "Body Language and Magic Words for Managers."
- In addition, more than 30 companies will participate as exhibitors.

The room block at the Hilton Garden Inn will be available until April 7. To reserve your room, call the hotel directly at 701.499.6000 and ask for "ND Bankers."

Conference content has been approved for continuing education credit by: ND Commission for Continuing Legal Education (10.5 ND CLE credits, plus 1 ND Ethics credit, or 11.5 ND CLE credits) and ND Insurance Department (10 general credits, plus 1 ethics credit, or 11 total). Conference content has been submitted for continuing education credit with: CFP, ICB (CTFA and CRSP) and SD Division of Insurance.

For more information and to register visit www.sdba.com/events. Or contact Dorothy Lick, NDBA, at 701.223.5303 or dorothy@ndba.com. ■



IRA Basics Seminar To Be Offered in May

The IRA Basics Seminar gives attendees a solid foundation of IRA knowledge. Real case problems and examples are included throughout the day to help participants apply information to job-related situations. The SDBA will offer the IRA Basics Seminar on May 3 at the Ramkota Inn in Sioux Falls.

Attendees will leave this session able to work with IRA holders and process basic IRA transactions with confidence. The course is for people who are in a backup position or an IRA support person wanting to stay current, and this is also a great review course for those that have been away from IRAs for a couple of years.

This course goes in a logical order from opening an IRA, to talking about contribution rules, then on to distribution rules and regulations, which include RMDs and death distributions, plus the course will address moving money as a transfer or rollover.

The course will be taught by Mike Nelson, who taught marketing for 13 years at Central Lakes Community College in Brainerd, Minn., before starting JM Consultants. Nelson conducted insurance, real estate and securities training seminars and developed financial training services for financial institutions. JM Consultants has merged with Convergent Retirement Plan Solutions in Brainerd, Minn., to expand products and services offered.

For more information and to register visit www.sdba.com/events. Or contact Deb Gates, SDBA, at 605.224.1653 or debates@sdba.com. ■

FHA and USDA Mortgage Skills Course To Be Held in May

The SDBA and Diehl Financial Education will hold the FHA and USDA Mortgage Skills Course on May 18-19, 2016, at RedRossa Italian Grille in Pierre.

This training will cover the critical fundamentals of processing and underwriting these loan types along with all the changes and impacts in the past 12 months. Day 1 will cover FHA, and Day 2 will cover USDA underwriting.

These programs offer participants the opportunity to gain valuable knowledge as they are guided through basic rules, regulations and changes issued by HUD and USDA through interactive learning, exercises and case studies.

Register early to ensure you receive a comprehensive training workbook. Visit www.sdba.com/events. Or contact Deb Gates, SDBA, at 605.224.1653 or debates@sdba.com. ■

Two Companies Join SDBA as Associate Members

The SDBA Board of Directors recently approved two companies as new SDBA associate members.

Cain Ellsworth & Company, LLP

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Email: sjager@cainellsworth.com
Website: www.cainellsworth.com



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From left, Curt Everson, SDBA, Pierre; Rick Rylance, Dacotah Bank, Rapid City; Brad Seaman, First State Bank of Warner, Aberdeen; Tanner Kost, Dakota Prairie Bank, Fort Pierre; Paul Domke, Heartland State Bank, Redfield; Dave Rozenboom, First PREMIER Bank, Sioux Falls; and Kristina Schaefer, First Bank & Trust, Sioux Falls.



From left, Curt Everson, SDBA, Pierre; Larry Jones, SD/ND relationship manager, Farmer Mac; and Steve Bumann, BankWest, Pierre.



From left, David Nelson, First Fidelity Bank, Platte; Curt Everson, SDBA president; Bernadette Nelson, Platte; and Deb Gates, SDBA administrative vice president.



From left, NDBA Chairman Corey Cleveland, SDBA Chairman-Elect Paul Domke, NDBA Chairman-Elect Tom Stennes and SDBA Board of Director Brad Seaman.



From left, SDBA Chairman Rick Rylance, Dacotah Bank, Rapid City, and SDBA Vice Chairman Dave Rozenboom, First PREMIER Bank, Sioux Falls.



Back L-R: Brett Koenecke, SDBA legal counsel, Pierre; Curt Everson, SDBA, Pierre; Steve Bumann, BankWest, Pierre; David Nelson, First Fidelity Bank, Platte; Dave Rozenboom, First PREMIER Bank, Sioux Falls; Tanner Kost, Dakota Prairie Bank, Fort Pierre; Becky Byrum, Spearfish; Deb Gates, SDBA, Pierre; Laurie Lillibridge Kenzy, Burke; and Bernadette Nelson, Platte.

Front L-R: Claire Koenecke, Pierre; Bruce Byrum, Black Hills Community Bank, Spearfish; Phil Johnson, The First National Bank of Sioux Falls; Rick Rylance, Dacotah Bank, Rapid City; Brad Seaman, First State Bank of Warner, Aberdeen; Paul Domke, Heartland State Bank, Redfield; George Kenzy, First Fidelity Bank, Burke; and Kristina Schaefer, First Bank & Trust, Sioux Falls.

SD Bankers, SDBA Staff Travel to Washington

South Dakota bankers, their family members and SDBA staff traveled to Washington, D.C., for the ABA Government Relations Summit March 14-16.

Tanner Kost, Dakota Prairie Bank, Fort Pierre, and Kristina Schaefer, First Bank & Trust, Sioux Falls, were

the recipients of an ABA scholarship to help cover their expenses to attend the ABA Emerging Leaders Forum, which was held in conjunction with the GR Summit.

Thank you to Farmer Mac for sponsoring a dinner for bankers from South Dakota and North Dakota. ■



Sen. Mike Rounds speaks with South Dakota bankers.



Congresswoman Kristi Noem listens to South Dakota bankers.



Claire Koenecke, Pierre, listens to Sen. John Thune speak.



Curt Everson (left) asks questions of Sen. Mike Rounds' staff



Sally Winter is president, CEO and chairman of Andes State Bank in Lake Andes. Her son, Jay Petrik, is assistant vice president and loan officer. Winter's office at the bank houses her father, Morris Winter's, coin collection (pictured in the background).

Striking the Right Chord in Banking

Meet Sally Winter Andes State Bank, Lake Andes

By Alisa DeMers, Editor

What at one time seemed like punishment to Sally Winter has turned into a fulfilling, life-long career.

Winter is president, CEO and chairman of Andes State Bank in Lake Andes, which her parents established in 1962. While originally planning to pursue a career in music, she has now worked in banking for more than 40 years.

"I looked for jobs in banking because I had experience, and I didn't have any trouble getting a job," Winter said. "I was hired right away, and I have just always stuck

with it. And I have enjoyed it. I like the work."

Growing Up in the Family Bank

When she was four years old, Winter's family moved to Lake Andes when her parents, Morris and Doris Winter, opened Andes State Bank. At the time, her parents, grandmother and two sets of aunts and uncles owned First State Bank of Armour and Delmont.

Winter's family, which included an older brother, lived in town. While growing up, she enjoyed

riding her horse and playing the piano. Her father's family was very musical, and his sister excelled at playing the piano. Winter received lessons once a week from her aunt, who lived in Armour, starting in the second grade through high school.

Winter jokes that she was made to work at the family bank as punishment.

"I can remember coming down to the bank when I was in early grade school. They would only cycle statements once a month, and it was all the statements," she recalled. "Sometimes my mom would bring

me down, and I would help stuff envelopes. The wives would often come down to help out as there were so many statements."

Winter began working more regularly at the bank when she was a freshman in high school and also worked there during the summers. At that time, the bank was open on Saturday mornings, and Winter would come in and run proof—a job which she enjoyed.

When Winter graduated from high school in 1975, she really didn't know what she wanted to do with her life. She attended the University of South Dakota in Vermillion for one semester studying music and piano and then got married and started a family.

Learning All Areas of Banking

After college, Winter worked for what was then American State Bank in Yankton. At first, she worked in bookkeeping filing and coding checks and was later moved into proofing.

She worked at the bank for two years, and the family then moved to Pierre, where she worked at what is

now BankWest. Winter was hired to back up the proof department, the in-house computer, bookkeeping, general ledger, the CD desk and filming.

"Basically, if someone was gone from the basement, which is where these departments were, then I had to fill in," she explained. "It was a really wonderful learning experience. It was challenging because you had to learn all of these different areas and be ready to go if someone was sick or on vacation for two weeks, and you had to be able to handle it."

Winter worked at BankWest for five years until the family moved to Washington, D.C. There, Winter worked in a bank's comptroller's office where she was in charge of wire transfers and assisted with compiling board reports.

After working in D.C. for a year, Winter was looking for a job back in Sioux Falls when her dad offered her a job at the family bank. Recently divorced and raising three children, she decided to move back to Lake Andes in 1984 to be closer to her family.

When she returned, Winter

started out working in bookkeeping, the teller line, proofing and just getting to know the customers again as she had been gone for nine years.

After working in bookkeeping, she was moved into loans doing mainly installment loans and some ag loans. From there, she was in charge of heading up the "back room," which she didn't mind as she enjoyed that type of work.

Winter was first named chairman of the bank and later president and CEO in 1997. While her father didn't want her to serve as president, he later changed his mind.

"My dad actually never wanted me to be president because of the stress," Winter explained. "He wanted me in as chairman of the board so I had the final say, but he didn't want me to have the day-to-day stress."

Establishing a New Bank

When Morris and Doris Winter opened Andes State Bank in February of 1962, Morris was also chairman of the Armour and Delmont banks. Lakes Andes is approximately 26 miles from Armour.



Andes State Bank is located at 213 Main Street in Lake Andes. It was previously a movie theater and has been added onto twice.

A small community of around 900 people, Lake Andes is located in the southern part of the state in Charles Mix County. At that time, Lakes Andes didn't have its own chartered bank and was served by a branch of Commercial State Bank, Wagner.

"My mom said they were very nervous on opening day. And my dad spent a lot of time prior to opening the bank driving around visiting farm customers trying to get some commitments from people to at least come give us a chance," Winter recalled. "They said their fingers were crossed that first day. There were a lot of people that stayed with Commercial State Bank, but there were also a lot of people that came here to do business."

While Winter's mom didn't work at the bank, she helped out on statement days. Also, Winter's dad would often bring people home from the bank for lunch or supper—business people the bank worked with such as correspondent bankers and bank examiners.

"She didn't work for the bank, but she basically worked for the bank all the time," Winter joked. "He would call her at 11:30 and say he was bringing a couple of people home for lunch. She had to be on her toes basically to entertain at any time."

"They really couldn't find much for housing here, so my parents built

a house. They built it with that in mind that he was going to be doing a lot of entertaining. It gave them a private area to be able to talk about banking, which you couldn't do if you went to a restaurant."

Today, Winter lives in the house that her parents built.

Morris Winter was heavily involved in the SDBA and served as president of the association in 1972-1973. Winter can remember her dad traveling to all of the state's banks as that was his goal when he was going through SDBA's officer positions.

Winter's dad semi retired in 1984 when she returned to the bank, but remained chairman of the board. That same year, the family sold the Armour and Delmont banks to the Lewis family.

Running a Community Bank

As Andes State Bank is a small community bank, Winter has worked in every area of the bank at one time. She currently handles the call reports, payroll, quarterly reports, and bond buying and selling. She is no longer the head loan officer as she is looking to "ease herself out" of that area of the bank. The majority of the bank's loans are now handled by Patti Ronfeldt and Jay Petrik.

"I have pretty much enjoyed most aspects of banking. In the years past, there were some tedious jobs such as filing checks, and statements used to be very tedious having to

count all of the items," she explained. "I don't think anyone really liked those type of jobs. But outside of that, I pretty much enjoyed all aspects of working at the bank."

Andes State Bank prides itself in knowing its customers by name. The bank employs six people, including Winter, and a part-time employee. Petrik, who is Winter's son, began working at the bank full time in 2012 and is assistant vice president and a loan officer.

"Everyone who works at the bank has grown up and has always lived here. I think that makes a difference because you have a personal relationship with so many of your customers," Winter said. "And you are also giving your local people an opportunity for some good jobs."

The bank's service area is approximately a 30-mile radius. The bank prides itself on providing products that are straightforward and low cost. Andes State Bank offers all types of deposits and loans, and Winter said the bank never got out of residential real estate lending.

"Examiners, even though they found a couple of i's not dotted years back when the regs got so ridiculous, they still encouraged us to stay in it," Winter explained. "They could see the writing on the wall. There was no other place for people in a small town to go get a residential real estate loan."



Morris and Doris Winter (Sally Winter's parents) on opening day of Andes State Bank in February 1962.



The lobby of Andes State Bank in Lake Andes on opening day in February 1962.

Andes State Bank handles around four to five residential real estate loans a year. If the bank didn't provide this service, Winter said people would have to get their loans from online mortgage companies, which often charge extra fees.

"I think we save them money, plus we service the loans," Winter said. "We don't sell them off. In my experience, they have always been one of the safest loans that we can make. That is the last thing people are going to default on."

Returning to Her Music

Winter has six children, including Jay. Her oldest son, Justus, is an art teacher at the school and is close to getting his master's degree in administration. Son Aram lives in Lake Andes, and daughter Alexa works for the Rural Office of Community Service in Lake Andes. Son Grant is an area farmer, and his twin brother, Graham, has an automotive shop in Platte.

Winter's family also includes three grandchildren, two step-grandchildren and one great-grandchild.

After 60 years in banking, Winter's father passed away in 2004. Her mother lives in the local nursing home, and Winter spends three to four nights a week visiting her.

In her free time, Winter enjoys playing the piano. She recently "splurged" and purchased a digital piano, and when she retires would like to play for First Presbyterian Church.

"It goes back to music. That is what I spend a lot of time doing," she said. "For so many years with kids at home, I couldn't sit down and play the piano. I almost had to start over teaching myself because if you don't use it, you lose it."

In addition to involvement with her church, Winter is also involved in the Lake Andes Community Club. For eight years, she has headed up organizing a free fish dinner during Fish Days, which is Lakes Andes' annual summer celebration.

Helping the Community

In looking at the future of Andes State Bank, which has remained a



From left are Andes State Bank employees Jay Petrik, Jayme Bergin, Patti Ronfeldt and Sally Winter.

single-location, family-owned bank, Winter said the one thing that could cause the bank to sell out would be the costs associated with keeping up on increasing regulations. Another challenge for the bank could be a downturn in the state's ag industry.

"Banking is not a business for everybody—it is not the kind of work that everybody would like to do. It can be really challenging, especially when things are really tough," Winter said. "I have been through the '80s and that farm crisis, and we are basically heading into another one, I think.

"A lot of the farmers came up short this year, and most of them weren't expecting that. So the next year it is going to be who tightens their belt and who doesn't, because the outlook is not good as far as prices go. And our real estate tax has just jumped like crazy.

"I think we are in for some tough years, and if the farmers aren't doing well, that hurts the retail business."

A positive for the community of Lakes Andes could be a possible restoration of the nearby lake. A local committee, the Lake Restoration Committee, has been working for a

number of years to get permission from the state to dredge and clean up part of Lake Andes. Winter said at one time the lake, which is six miles from town, was a popular resort area and a big bass fishing lake.

In addition, new playground equipment has been purchased for a park near the lake, and Dollar General is opening a new store in the area.

"If everything works, it could make a real difference for the community," Winter said about the projects.

As Lakes Andes moves forward with community improvement projects, Andes State Bank will remain alongside its customers serving its hometown as it has done since 1962.

"I think we do a service for the community. I think we help people. I think it would be really tough for any community to not have a bank," Winter said. "We try to be as customer friendly as we possibly can and bend over backwards to try and help people. It is always a good feeling if you can help someone out who is in a bind to get them past a rough patch in their life." ■

From Farm Credit to Fintech: The Case for Leveling the Playing Field



This past December, after years of waiting by bankers, members of the House Agriculture Committee finally brought in representatives from the Farm Credit Administration for the agency's first oversight hearing in more than a decade. It was a chance to ask some long

overdue questions about the Farm Credit System's abuse of taxpayer benefits in financing such non-farm related activities as loans to telecom giants and chain restaurants.

The hearing was held after repeated calls from ABA and the state associations for more responsible management of a government-sponsored enterprise that has far exceeded the intended scope of its mission for far too long. While we rightfully counted this hearing among our year-end victories, we also acknowledged that this is just one step in an ongoing battle to achieve a fair and level playing field for banks.

It's a battle that extends beyond the Farm Credit System (FCS) to other competitors that are getting a leg

up from the government. The National Credit Union Administration, for example, continues to confuse its role as regulator with that of a cheerleader. In recent months, it has approved a dramatic expansion of credit unions' business lending powers and issued a wildly expansive membership proposal that, combined, make credit unions tax-exempt banks. The agency's actions are nothing short of an end-run around Congress, where bankers have succeeded in making credit unions' legislative wishlist too controversial to touch.

Other competitors may be getting a less visible but almost as powerful boost from regulators' passivity, not activity. I'm referring to the fact that our regulatory structure and rules have not kept pace with the rapid emergence of financial technology products, or "fintech."

Fintech has dominated headlines in almost every major financial publication in recent months as countless new payment, lending and investment innovations have flooded the market, backed by billions of dollars of venture capital. It represents an area of great opportunity for us—already, we're seeing banks beginning to partner with these providers in new and innovative ways. But we must be mindful that the emergence of this new sector also comes with the potential for yet another unlevel playing field.

As I noted in a recent American Banker op-ed, banks and fintech firms have different supervisory regimes, even though the products they offer—such as payments, loans and deposits—are essentially the same. Banks are regularly examined to ensure consumer protections and cyber defenses are in place, for example. Fintech firms are not. That has consequences not only for consumers but also for banks' ability to partner with and match the innovations of fintech providers.

These inequities are why creating a level playing field is the first pillar of ABA's Agenda for America's Hometown Banks (aba.com/Agenda). We are advocating for prudent and responsible oversight for fintech companies, not simply because it impacts our bottom line, but because it impacts our customers. We are also pursuing the elimination of the special tax status for FCS and credit unions when they act outside their missions.

These are big asks, and progress toward these goals will require tremendous patience and persistence. But we saw our persistence pay off with the FCS hearing—a small yet crucial first step. And we hope our steady drumbeat about our tax-advantaged competitors will pay off whenever Congress turns its attention to tax reform. ■

Rob Nichols is president and CEO of the American Bankers Association (ABA). You can reach Nichols at nichols@aba.com.

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ask the appraiser

BY SHERRY BREN | Executive Director | South Dakota Appraiser Certification Program

USPAP Composition, Structure and Compliance Differences Between Appraisal and Appraisal Report



Question: I have heard some very experienced appraisers and appraisal clients use the terms appraisal and appraisal report interchangeably. I know they are each defined separately in USPAP; what is the difference between the two?

Response: It is important to understand that USPAP distinguishes an appraisal from an appraisal report. An appraisal is an opinion of value. An appraisal report is the communication of an appraisal, which is transmitted to the client upon completion of an assignment. In other words, the appraisal is the opinion itself, while the appraisal report is the communication of that opinion to the client.

Ethics Rule—Management “USPAP Certified” Advertisement

Question: Recently, I have seen numerous advertisements from individuals who may have completed a USPAP course and describe themselves as “USPAP certified appraisers,” or their reports as “USPAP certified appraisals.” Is this an actual credential, and if not, is that wording misleading?

Response: There is no such credential. The use of the expression “USPAP certified appraiser” is misleading. Completing a USPAP course does not entitle one to call oneself a USPAP certified appraiser.

One requirement for an appraisal or appraisal review is that the report include the appraiser’s certification that: to the best of his or her knowledge and belief the work was performed “*in conformity with the Uniform Standards of Professional Appraisal Practice.*”

The use of language such as “USPAP certified appraisal” could be taken by intended users to mean that there was some independent certification of compliance. If that could be inferred from the language used, this would also be misleading.

Notice: South Dakota does not allow an appraisal management company to prohibit an appraiser from reporting the fee paid to the appraiser in the body of the appraisal report. Violation of ARSD 20:77:07:03 is grounds for disciplinary action against the appraisal management company.

Notice: Public information regarding disciplinary action taken against an appraiser is available upon written request to the South Dakota Department of Labor and Regulation’s Appraiser Certification Program at the address or email below. 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, submit it to Sherry Bren, executive director of the Appraiser Certification Program, 308 S. Pierre St., Pierre, SD 57501, fax 605.773.5405 or by email at Sherry.Bren@state.sd.us.

CFPB Recommends Steps for Banks to Protect Seniors

The Consumer Financial Protection Bureau on March 23, 2016, released an advisory and report highlighting voluntary best practices for banks to protect seniors from financial exploitation.

The bureau stressed the importance of employee education, of proper and timely reporting of suspicious activity and of building strong, collaborative relationships with local law enforcement and Adult Protective Services in order to deter elder fraud and educate consumers. It also encouraged banks to continue offering age-friendly services to older customers and to incorporate technologies like predictive analytics into their fraud monitoring programs.

ABA has long been committed to leading the charge

against the financial exploitation of older Americans. Nearly 600 banks have registered to participate in the ABA Foundation’s new Safe Banking for Seniors program to help banks educate seniors and their caregivers on the risks of financial fraud.

The program provides free materials and resources to help bankers lead sessions on various topics, including identity theft prevention and financial caregiving. The Foundation is joined by more than 35 state bankers associations, including the SDBA, that have pledged to promote these resources to bankers in their states.

Learn more at www.sdba.com/safe-banking-for-seniors or see the ad on page 19. ■

Technology's Role in Compliance and Lowering Auditing Costs

By Rene Lindio, Chief Technical Officer, Azeus Convene



Banks are getting hit hard with new banking regulations. More specific, business-facing banking regulations were enforced, collectively compelling banks to increase expenses related to regulatory compliance. Regulatory compliance costs are viewed as a dip in income or a rise in expenses associated with conforming to banking rules, regulations and supervisory guidelines.

Some of the legislation that drove up regulatory compliance costs are the Home Mortgage Disclosure Act, Unfair and Deceptive Acts and Practices, Fair Lending, Bank Secrecy Act, USA Patriot Act, Privacy Notices, Electronic Funds Transfers Act and Dodd-Frank.

The Federal Deposit Insurance Corporation identified two kinds of costs associated with regulatory compliance of banks: direct and indirect.

Direct costs pertain to those that are straightforwardly spent on compliance, easily distinguishable from the rest of the items in the general ledger. These direct costs for regulatory compliance include the salaries and training expenses for compliance personnel, as well as fees for consultancy, external and internal audits, and IT tools for compliance. Indirect costs refer to expenses that are associated with—but are not exclusive to—compliance.

According to a national survey by Community Banking in the 21st Century, the total expenses of banks for compliance costs reached \$4.5 billion in 2015 alone—roughly 22 percent of their combined net income that same year. Regulatory compliance also accounted for 48 percent of consulting expenses, 38 percent of accounting and auditing expenses, 20 percent of legal expenses, 16 percent of data processing expenses and 11 percent of personnel expenses.

Notably, these figures apply only to banks with assets under \$10 billion, whose assets represent only one-fifth of the whole American banking industry.

These considerable resources needed for compliance, coupled with the intricacies of existing and upcoming regulations, leave many banks overwhelmed. This leads them to tap the services of consultants and third-party providers of tools—including hardware and software—that aid in achieving compliance. One such tool, the board portal, is used by banks around the world to streamline meeting processes, ensuring that compliance objectives are met from start to finish. A board portal—also known as board meeting software—lets administrators manage meetings and board files to enable secure, convenient mobile collaboration among business leaders.

To help them maintain good governance practices

and reduce overall compliance costs, what features should banks look for in a board portal?

First, a board portal should have a centralized document library. This gives directors online and offline access to board files from their preferred devices. From an auditing perspective, maintaining a single digital repository for board packs—instead of relying on traditional paper-based storage systems—makes it easier to reduce gaps in information sharing.

With the ease of accessing all board files and other compliance requirements through a document library, banks can prevent incurring penalties from regulatory agencies for incomplete records.

Second, after maintaining an efficient virtual storage system, banks must ensure that their corporate files are protected from unauthorized access.

Board portals can address this with fine-grained access right control. Administrators should be able to set role-based permissions for individual users or committees—making documents accessible only to authorized individuals or groups.

To secure the integrity of data, access rights should be managed on a folder, subfolder or individual document level. A board portal should have the flexibility to restrict access (e.g. censoring whole documents from board members who may have conflicts of interest) while also granting limited access (e.g. to third-party users such as auditors and examiners) as needed.

Lastly, ignorance of new and updated legislation—especially on requirements and processes related to auditing and discovery—can prove costly to banks. This makes it crucial for banks to choose only those providers who can customize board portals not only based on the client's needs, but also based on ever-changing industry regulations and standards.

The key is to find a vendor with a solid track record of delivering quality business solutions—preferably to clients worldwide in a broad range of industries, such as banking, government and nonprofit, among others.

With these features, board portals can help banks keep their records safe, their auditing expenses low and their organization compliant. ■

Azeus Convene, an SDBA associate member, provides the perfect end-to-end business solution for bankers to enhance the effectiveness and efficiency of board meetings. It collapses the multiple, painstaking steps of a traditional meeting process cycle into a secure and convenient one-stop platform. Financial institutions, governments, FTSE 100 and Fortune 500 companies in more than 30 countries rely on Convene for their meeting needs. For more information visit www.azeusconvene.com or email sales@azeusconvene.com.



Protect Older Americans from Financial Abuse

Did you know that older Americans lose \$2.9 billion each year to fraud? The **Safe Banking for Seniors** campaign helps older customers and their financial caregivers understand and mitigate the risks of fraud and financial abuse.

Join us in pledging to empower your customers with the facts, tools and best practices they need to bank more securely.

Visit aba.com/Seniors to get involved.



Dacotah Bank Updates Regional Management

Dacotah Bank has announced a new regional management structure that positions the company for the next stage of growth. The roles of the four regional presidents have expanded to include additional oversight and strategic guidance of their respective geographical regions of the growing company.

"To meet the needs of our customers, our four regional presidents are being tasked with more active engagement with their markets. Four new market presidents have been promoted from within the company to concentrate on personalized attention to our clients and core values," said President/CEO Joe Senger. "The enhanced structure allows Dacotah Bank to innovate and expand while maintaining the local customer experience on which we have built our brand."

Regional presidents Dave Bangasser of Sioux Falls, Brad Moore of Aberdeen, Rick Rylance of Rapid City and Dan Vollmer of Minot, N.D., have all assumed their new responsibilities.



Kelly Bursinger



Kip Hansen



Randy Silver



Matt Smith

Dacotah Bank locations with newly-appointed market presidents are Kelly Bursinger in Rolla, N.D., Kip Hansen in Aberdeen, Randy Silver in Rapid City and Matt Smith in Sioux Falls.

Bursinger graduated from the University of North Dakota with a degree in business management and the Colorado School of Banking. An agricultural banker with Dacotah Bank since 2002, Bursinger is also the mayor of Bisbee, N.D. He began his banking career at Merchants Bank of Rugby in 1995 as a loan officer. He also owns a small farming operation in the Bisbee area.

Hansen is a graduate of South Dakota State University and completed the Graduate School of Banking at Colorado in 2006. He has been with Dacotah Bank for more than 20 years and most recently held the position of market president in Watertown. Kip and his family are relocating to Aberdeen.

Silver has been in banking since 1978 and is a graduate of Black Hills State University with a bachelor's of science degree in business administration and accounting.

Smith has been with Dacotah Bank since 1998 and is a graduate of the University of Sioux Falls with a degree in accounting and business administration. In 2006, he completed the Graduate School of Banking at the University of Wisconsin-Madison. ■

Pioneer Bank & Trust Promotes Employees

Pioneer Bank & Trust has made several promotions.

Alex Gustafson has been promoted to vice president and retail banking manager, and Jodi Parker has been promoted to assistant vice president at Pioneer Bank & Trust's Administration Center in Spearfish.

Donna Bradley has been promoted to assistant vice president at Pioneer Bank & Trust in Belle Fourche.

Steele Bendigo has been promoted to personal banking officer at Pioneer Bank in Rapid City.

Julie Rice has been promoted to assistant vice president at Pioneer Bank & Trust in Spearfish.

And Lindsay M. Schreiber has been added as an auditor at the Administration Center in Spearfish. ■



Alex Gustafson



Jodi Parker



Donna Bradley



Steele Bendigo



Julie Rice



Lindsay Schreiber

UBB, GLBB Agree to Merger

Officers representing the holding companies of Minnesota-based United Bankers' Bank (UBB), an SDBA associate member, and Ohio-based Great Lakes Bankers Bank (GLBB) have signed a definitive merger agreement.

The merger is of the two holding companies—United Bankers' Bancorporation, Inc. (UBBI), Bloomington, Minn., and Bankers Bancshares, Inc. (BBI), Worthington, Ohio—along with their banks and respective subsidiaries.

"Simply put, the merger of these two institutions means community banks will be able to compete with anyone," said Dick Behl, UBBI chairman and president of Farmers & Merchants State Bank of Scotland, S.D. "That's good for the banking industry. It's good for our shareholders and customers. And it's good for the communities they serve."

The merger agreement will be filed with the Federal Reserve Bank of Minneapolis for approval. Once approved, the merged bank will do business as UBB and remain headquartered in Minnesota. ■

ira question & answer

BY JULIE K. ROBINSON, CISP | Manager of Compliance | Convergent Retirement Plan Solutions, LLC



What is the deadline for making an IRA contribution to either a Traditional or Roth IRA for tax year 2015?

The deadline for making Traditional and Roth IRA contributions (i.e., regular contributions, spousal contributions and catch-up contributions) is the individual's tax-filing deadline for the year, which is usually April 15. The IRA contribution deadline does not include any tax filing extensions. For example, most IRA owners had until April 15, 2015, to make Traditional and Roth IRA contributions for 2014.

The deadline for making Traditional and Roth IRA contributions for tax year 2015, however, is Monday, April 18, 2016, for all U.S. taxpayers except for residents of Massachusetts and Maine who will have until Tuesday, April 19, 2016, to make their contributions to IRAs. The later-than-usual contribution deadline is the result of April 15, 2016, landing on a holiday which is immediately followed by a weekend, and then yet another holiday for some taxpayers.

By law, filing and payment deadlines (including the deadline for making IRA contributions) that fall on a

Saturday, Sunday or a legal holiday are timely satisfied if met on the next business day. Legal holiday includes a legal holiday observed in the District of Columbia. For tax year 2015 IRA contributions, the later-than-usual contribution deadline is a result of Emancipation Day (a holiday observed in the District of Columbia), which falls on Saturday, April 16, being observed on Friday, April 15. As a result, all U.S. taxpayers, nationwide (with the exception of taxpayers who are residents of Massachusetts and Maine), have until Monday, April 18, 2016, to make Traditional and Roth IRA contributions for tax year 2015. The IRA contribution deadline for taxpayers that are residents of Massachusetts and Maine, however, is further extended to Tuesday, April 19, due to the observation of Patriot's Day in those two states on Monday, April 18.

Also, it is important to note that if an IRA contribution is mailed to a financial organization, it is deemed timely contributed if post-marked by the due date. ■

Convergent Retirement Plan Solutions, LLC, offers a comprehensive array of IRA retirement plan products and services. If you have an IRA or retirement plan related question that you would like to have answered, submit it to Julie K. Robinson, CISP, manager of compliance, Convergent Retirement Plan Solutions, at Julie.Robinson@Convergentrps.com.

classifieds

Agriculture/Commercial Vice President/Loan Officer, Security State Bank, Southeast South Dakota/Southwest Minnesota

Security State Bank (Tyndall, Chancellor and Heron Lake), founded in 1932, is a \$150-million independent community bank and a leading agricultural and commercial lender in southeast South Dakota and southwest Minnesota. SSB is seeking a top performing vice president agriculture/commercial loan officer to grow our market share. The successful candidate will be responsible for developing new loan and deposit relationships. Strong sales and credit administration skills are necessary. Strong knowledge of accounting/financial systems. Excellent oral and written skills are essential. Basic Microsoft Office skill set required. Bachelor's degree in finance or agricultural economics required. Minimum of 10 years of experience in like industry. Family farm background preferred. The successful candidate should be well established in the agricultural industry network. Please send cover letter, resume and

salary requirements to John J. Baumiller at johnbaumiller@banksecuritystate.com. ■

Mortgage Loan Officer, State Bank of Alcester, Alcester, S.D.

State Bank of Alcester, a locally-owned bank, is in need of a mortgage loan officer. Responsibilities will include originating new loans and servicing existing loans. This great office environment includes the benefits of a 401(k), health insurance, onsite fitness center and more. A qualified applicant would be experienced in residential mortgage lending and processing, have knowledge of pertinent laws and regulations, possess excellent communication skills and reading comprehension ability, be highly organized and enjoy customer interaction. Please send resume to Jaimey Schempp, State Bank of Alcester, PO Box 168, Alcester, SD, 57001 or email to jaimey.schempp@statebankofalcester.com. Equal Opportunity Employer ■

If you have a job opening at your bank or something to sell, send your classified listing via email to ademers@sdba.com and we will post it on the SDBA website, print it in one issue of the South Dakota Banker Magazine and include it in the SDBA eNews. This service is free to member banks and associate members (200 word limit). The fee is \$50 for nonmembers. Questions, contact Alisa DeMers at 800.726.7322.

Seminars and Conferences

Legal Issues of New Account Documentation

April 7, 2016: Clubhouse Hotel & Suites, Sioux Falls

2016 SDBA Agricultural Credit Conference

April 13-15, 2016: Ramkota RiverCentre, Pierre

Tri-State Trust Conference

April 25-27, 2016: Hilton Garden Inn, Fargo, N.D.

IRA Basics Seminar

May 3, 2016: Ramkota, Sioux Falls

FHA and USDA Mortgage Skills Course

May 18-19, 2016: RedRossa Italian Grille, Pierre

2016 NDBA/SDBA Annual Convention

June 12-14, 2016: Ramkota Hotel, Bismarck, N.D.

2016 National School for Experienced Ag Lenders

June 20-23, 2016: Black Hills State University,
Spearfish, S.D.

2016 SDBA IRA School

Sept. 7-9, 2016: Clubhouse Hotel & Suites, Sioux Falls

2016 SDBA Bank Technology Conference

Sept. 20-21, 2016: Sioux Falls

Webinars

The following are available as live webinars and/or recorded seminars. For more information and additional webinars, visit www.sdba.com/webinars.

- April 5, 2016: Uniform Commercial Code: What You Need to Know
- April 5, 2016: Handling Checks at Death of Account Holder
- April 6, 2016: Using Personal Tax Returns for Global Cashflow: What's Cashflow and What Isn't
- April 7, 2016: Advanced Topics in Commercial Lending
- April 11, 2016: The Bank CEO's Guide-Five Keys to Building a High Performance Sales Team
- April 12, 2016: Flood Insurance Hotspots
- April 12, 2016: Critical Issues on Certificates of Deposit (CDs)
- April 13, 2016: Fair Credit Reporting Act Compliance—10 Critical Issues
- April 14, 2016: Opening New Accounts II—Business Accounts
- April 14, 2016: Mastering the Balancing Act
- April 15, 2016: BSA Officer Series: Managing Your BSA Alerts
- April 20, 2016: Do's and Don'ts of Checks: How to Avoid Loss
- April 20, 2016: Developing and Organizing an

Effective Remote Deposit Capture Program (RDC)

- April 21, 2016: Reg E Compliance—Five Best Practices for Handling Disputes
- April 26, 2016: Analyzing Appraisals for Mortgage Decisions
- April 27, 2016: TRID for Construction Loans
- April 28, 2016: Auditing Your Safe Deposit Department: 30 Important Steps (2016 Update)
- April 28, 2016: Compliance Perspectives
- April 28, 2016: Opening New Accounts III—Trust, Fiduciary and Minor Accounts
- May 3, 2016: Call Reports: RC-C Loan Coding and Related RC-R Reporting
- May 4, 2016: Real Estate Law for Bankers
- May 4, 2016: Coaching Excellence: The Real Solution
- May 5, 2016: Writing an Effective Credit Memorandum
- May 5, 2016: All About Escrows
- May 9, 2016: Are They Really a Bank Prospect?
- May 11, 2016: Understanding Commercial Loan Documentation

Banking Schools

GSB Human Resource Management School

April 10-15, 2016: Madison, Wis.

GSB Bank Technology Management School

April 17-22, 2016: Madison, Wis.

GSB Financial Managers School

May 9-13, 2016: Amherst, Ma.

Dakota School of Banking

June 19-24, 2016: University of Jamestown, N.D.

2016 National School for Experienced Ag Lenders

June 20-23, 2016, Black Hills State University,
Spearfish, S.D.

Graduate School of Banking at Colorado

July 17-29, 2016: University of Colorado in Boulder

Graduate School of Banking at Wisconsin

July 31-Aug. 12, 2016: University of Wisconsin-Madison

GSB Financial Managers School

Sept. 18-23, 2016: Madison, Wis.

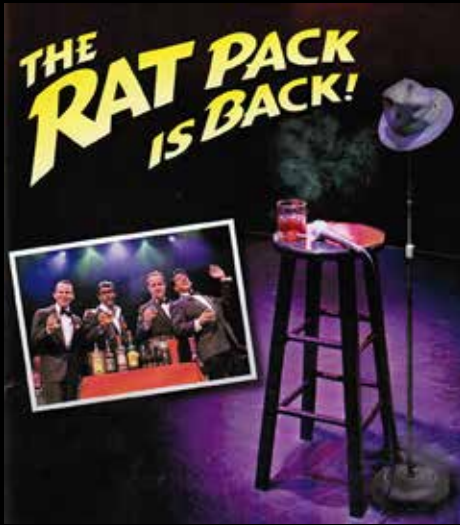
GSB Bank Technology Security School

Oct. 23-28, 2016: Madison, Wis.

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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Tuesday, June 14

With a stellar cast of some of the finest performers in the business, *The Rat Pack is Back!* has been hailed as the next best thing to seeing the original Rat Pack themselves.

Relive the days of the Rat Pack with Las Vegas' most famous entertainers and their live big band. *The Rat Pack is Back!* has logged over 5000 performances in over 40 states and 3 foreign countries.

When the Rat Pack gets together onstage, it's magic. With Frank, Dean and Sammy performing, it's there...the same magic that filled the room when these three icons performed at Sands during the '60s and '70s. *The Rat Pack is Back!* takes audiences back to an era when the Strip had live music and entertainers knew how to work the crowd.

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INTRUSION ALARM



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PHYSICAL SECURITY