Successful financial institution managers know the importance of achieving a high-performance plan. Establishing such a plan requires not only sound data and accurate information, but also an insightful partner; The Baker Group is that partner.

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FEATURES

14 The Importance of Using Multiple Marketing Platforms
We have all been living and working in a season that has put our crucial communications in the spotlight, and too many community banks have fallen far short of the ideal. At few times in modern history has it been so important to let our customers know about current and rapidly changing information.

20 Managing Bank Liquidity and Performance After COVID-19
2020 will certainly be remembered as the year COVID-19 changed the world as we know it. Likewise, the associated “Lockdown Recession” is already changing the way many banks manage their balance sheets. With loan demand dropping in most parts of the country and stimulus deposits adding to already bloated cash positions, proactive strategic planning has never been more crucial.

26 Litigation & Regulatory Risks to Banks from the Paycheck Protection Program
The PPP presents regulatory risk to banks, including but not limited to nonpayment of guarantee by the US Small Business Administration (SBA), fair lending risk, Bank Secrecy Act (BSA) compliance risk, and PPP compliance risk, each detailed in this article.

33 Pandemic and Pandemonium: Alabama’s 2020 Legislative Session
The oddest session of the Alabama Legislature in recent memory, if ever, adjourned on May 18. Disrupted by the coronavirus pandemic, more than half of the actual working days of the session were conducted in a State House closed off to the general public. After returning on May 4 from a nearly two-month break, legislators, particularly members of the House, were forced to observe strict social distancing practices; many Representatives, for example, had to sit in the House gallery rather than at their desks on the House Floor.

35 EDUCATION SPOTLIGHT: Advanced BSA Academy
A total of 39 people representing 34 banks attended ABA’s Advanced BSA Academy in early June at Callaway Gardens!
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Holding Company Loans
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The Vision No One Saw

Any vision you or I had for 2020 likely included a myriad of things other than a pandemic.

As of this writing, confirmed cases of the Coronavirus seem to be rising again, and the association announced a postponement of our highly anticipated Bankers2Leaders conference to the fall. Beyond the certainties of God’s promises at least one thing is true, and that is we will likely see a new normal in certain aspects of our lives going forward. In addition, as we know, crises often bring out the very best in people and the present COVID-19 pandemic is no exception.

Often in the shadows of the daily prominent news stories have been the more subtle reckonings of the good we are seeing in spite of the burdensome pandemic, such as the benefits of less mobility and more time at home. For Michelle and I, more evening walks in the neighborhood along with greetings (from afar) by neighbors we rarely see, checking in with confined friends who are ill or lonely, and a little more time to tend to things around the house that would have otherwise been put aside have been the positives we have observed in our own lives.

Yet among the greatest blessings for me is having seen firsthand — once again — our industry roll-up its sleeves and to work quickly on behalf of small businesses around our state. As soon as the pandemic began, banks were called on by the federal government to provide millions in rescue funding through the Small Business Administration’s Paycheck Protection Program to ailing small businesses in hopes of bridging an unforeseen gap. To say it happened easily would not be true; yet to say it happened in spite of government bureaucracy as a result of the tenacity and hard work of bankers would be the finest description one could write.

In less than 80 calendar days, Alabama banks as of June 30 completed 65,806 loans totaling $6,191,565,635 in PPP funding benefiting thousands of businesses and individuals across Alabama. In the words of one lender the process was “anything but banker-ish.” Yet to the credit of each institution, bankers worked around the clock to process applications in hopes of providing lifelines to customers known and valued throughout each community.

In much the same way, the ABA quickly engaged to provide help to bankers through seeking and sharing much needed guidance, by dialoguing with the SBA, Treasury and our state and federal regulatory agencies about issues relating to PPP, and by sharing newly discovered best practices among banks across the state as everyone worked to figure out just how to get the job done.

Perhaps the greatest privilege for us at the ABA was in working to positively impact public perception about our banks with media across Alabama. In a period of less than eight weeks, the ABA conducted 17 live news interviews with major television stations around the state and four radio news interviews; conducted over 20 print interviews; issued nine press releases on the safety and soundness of banks, the PPP, and on fraud prevention; and was active on social media in promoting positive messaging for consumers and small businesses tying both back to the banking industry. The outcome was that banks were portrayed in a very positive light, a vastly different outcome than in some states around the nation.

So the partnership between the ABA and its banks and the partnerships between the banks and customers across Alabama are strengthened in ways none would have imagined prior to the pandemic. Candidly, the story is not fully written as much is yet to be realized and work remains to be done. Yet crises do bring out the very best in people as we can see in our own homes, in our neighborhoods, and in our banks. I am thankful we do not have to look far at all to see heroes all around us, and I have never been prouder of our industry than I am today.

Together, we are stronger and as an industry, we are entrusted with much, and we have much to give. The ABA is privileged to work for and represent each of you on the best of days as well as the most challenging of days. Either way, our united vision and indivisible strength sets us apart.
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No representation is made that the quality of the legal services to be performed is greater than the quality of legal services performed by other lawyers.
A Summer Lesson in Banking

Now and then, I find myself thinking about how in the world I ever got into the banking business. As a child growing up on a small family farm, my knowledge of banking was an occasional trip to the bank with my parents - but summertime reminds me of an early teen activity that formed a building block for my future banking career.

As many of you can relate, summers in rural Alabama almost always included a garden with enough vegetables to feed your family and everyone else in the county - if you had plenty of rain at the right time! Tilling dirt, planting seeds, cultivating, hoeing weeds (I despise hoeing!), fertilizing, and finally gathering all those vegetables, the tasks seemed to never end on those long, hot summer days. Instead of giving away all those extra vegetables, I figured why not open up a fruit and vegetable stand? My childhood home is located on the very busy US Highway 231 and close to Lake Jordan, which insured plenty of opportunities to sell the excess of peas, butterbeans, squash, okra, cantaloupes, and the granddaddy of all summer crops, watermelons! The skill honed then and used now in banking was negotiation. If I thought the market price for a bushel of peas was five dollars or watermelon was worth six dollars, most of my prospective customers wanted to negotiate the price. Does that sound familiar? Negotiation is just part of our lives as bankers. It seems every certificate of deposit, loan, or banking service we offer is up for negotiation.

Though there are far fewer banks today than during my childhood, there is still plenty of friendly banks around the corner and competition from credit unions, fintech companies, Apple, and Google - just to name a few. With all the competition, our customers and prospects have plenty of opportunities to compare pricing on the products and services we offer. Negotiation allows us to “stay in the game” and try to capture the business. There’s a great book titled Negotiation and Solution Selling for Bankers by James I. Owens, Jr. In his writing, Mr. Owens reminds his readers, “yet now, perhaps more than ever, the success of a bank is predicated on a unique blend of financial, selling and negotiation skills to adequately balance the client’s and institution’s goals.” Whether selling fruits and vegetables or banking products and services, I’ve found that negotiation provides an opportunity to succeed.

We work in a great industry here in Alabama and across this country. I am honored to serve as your chairman of the Alabama Bankers Association!
### CAPITOL CONTRIBUTORS

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Many thanks to those who have responded to our call for commitments to our state political action committee, **BankPAC.**

May 19, 2019 to May 19, 2020
The COVID-19 pandemic placed an unpredictable and unimaginable strain on all aspects of our lives, but its impact on the business community has truly been mind-boggling. Through it all, Alabama’s banks remained open for business and worked tirelessly to help the customers and communities they serve. To facilitate the Paycheck Protection Program, for example, bankers across the state worked around-the-clock, processing nearly 67,000 PPP loans totaling $6.2 billion since April 3.

To honor the sacrificial spirit of the state’s bankers, Alabama Banking Services teamed up with the Alabama Recovery Coalition for the Financial Sector and our endorsed partner, Deluxe Strategic Sourcing, to acquire and hand-deliver 18,000 masks and 800 bottles of hand sanitizer to 93 banks across the state in early May. In all, association staff members drove more than 5,000 miles in three days to complete this task. To illustrate, that’s more masks than seats in the Legacy Arena at the Birmingham-Jefferson Civic Center, enough sanitizer to paint an entire basketball court four times, and the equivalent of driving from Birmingham to Seattle and back.

Not a single Alabama bank closed during the COVID-19 crisis, though most were forced to restrict lobby access and provide financial services either online or from a drive-thru window during the last few months. We hope these supplies have helped our bankers as they begin to safely re-open bank lobbies to the general public. Flip through the following pages to see photos of some of our deliveries!
Bank of Brewton

Bank of Evergreen

Bank of Vernon

Bank of Walker County

CCB Community Bank

Citizens Bank of Fayette

Escambia County Bank

Eva Bank

Farmers & Merchants in Piedmont

First Community Bank of Cullman

First Federal Bank of Tuscaloosa

First Progressive Bank

First State Bank

FNB Headland

Friend Bank in Dothan

Pinnacle Bank
Valley National Bank  West Alabama Bank & Trust  MidSouth Bank
Cheaha Bank  First Community Bank of Central Alabama
Peoples Exchange Bank  People Bank of Alabama in Cullman  Noble Bank in Anniston
Community Bank & Trust
Citizens State Bank of Vernon
Merchants Bank in Cullman
Citizens Trust Bank in Birmingham
Security Federal in Jasper
First National Bank of Hartford
SouthPoint Bank in Birmingham
River Bank & Trust
Smart Bank in Tuscaloosa
THE IMPORTANCE OF USING MULTIPLE MARKETING PLATFORMS

Whether during crisis or not, it is vital to have a blended plan!

by Chris Bates

We have all been living and working in a season that has put our crucial communications in the spotlight, and too many community banks have fallen far short of the ideal. At few times in modern history has it been so important to let our customers know about current and rapidly changing information. The grand lesson is that having limited means and tactics for communicating with and marketing to our communities is detrimental to customer relationships and the image of the bank. The time is now to prepare for the next COVID-19 crisis while hoping that it will never come. If we have our turbo-charged systems in place, our institutions will be all the better if we use them for more normal sets of circumstances while they are at the ready for the sudden and unexpected.
We also know that having limited platforms for messaging is not the way to go. While your website is the home base for all consumer information, and your phone number(s) is the most direct way for customers to reach you, neither works as the only way to converse with your audiences. People expect (and need) communications across multiple media methods, and your marketing platforms and tactics can make that happen. If you have reservations about social media or are avoiding the cost of having a highly mobile responsive website, you may have learned some hard lessons via negative customer feedback (known and unknown) during the pandemic. These are but a couple of examples of your core marketing strategies that need to be in place regardless of your bank size or footprint.

As you evaluate your strategies and methods it is best to consider a diversified blend. You should want to vary your positioning, timing and audience appeal using multiple media platforms. Some will read every email from their financial institution, while others pay better attention to a direct mail piece or possibly a digital ad that pops up on their mobile sports app. You will also need your platforms to be quickly adaptive so that a customer doesn’t see a Facebook post about your lobbies closing due to Coronavirus, yet is not able to find more extensive information on your website moments later. This may sound obvious, but many community banks are poorly prepared to do it extremely well. Those that communicated most effectively during shelter-in-place not only kept their customers comfortable but were also able to market to them appropriately about other services. They shone during that time because of the real value that they had to their communities.

A key question for now is whether you are using the right mix of platforms in the correct frequency and intensity. As a marketing agency we work constantly with clients on finding the right balance and integration for each bank’s marketing systems, and we are often surprised at the lack of prioritization for having a well-diversified strategic system for marketing and communications.

Here we will look through various tactics, followed by the process steps for finding the right mix for both crisis and ongoing marketing. We recommend having a fitting blend for your bank, regardless of size, within these key marketing tactic categories: traditional marketing, social media, website, seo, and digital advertising.

Following is a breakdown of each. Undoubtedly you are using some of these, but your opportunities to do more of them, mixed correctly, can make all of the difference.

**Traditional Marketing**

We are all familiar with these foundational elements of marketing for any business. For community banks, being locally present and well branded is key and these methods are still relevant and needed. The following all classify as traditional marketing platforms, in no particular order:

- Brochures/Statement Stuffors/Posters
- Newspaper/Magazine/Program Ads (Schools, etc.)
- Direct Mail Campaigns
- Outdoor Signage
- Radio Campaigns/Voice on Hold
- Television Campaigns
- Collateral Print Design
- Billboards
- Press Releases/Annual Reports
- Product Development
- Marketing Plans & Strategies
- Branding/Logos

**Social Media**

Your social media strategy is crucial, and it needs to be done well. This is an ideal way to quickly and effectively reach consumers and, when used correctly, sets you apart from the national financial institutions and even your local competitors. Reg Z and similar watch systems factor in, and the FFIEC social media guidelines mainly govern this area. The right mixture of organic traction, well planned campaigns, and
Bryant Bank’s Correspondent Services and Capital Markets team cares because Alabama is our home, too. Our vision is to see every Alabamian experience a financially stable future and live in a thriving community. To do this, we put care into action with Alabama’s community banks to help foster economic growth and empower potential. Through robust technology and unbeatable service, our partners experience legendary results.

Like us, your community bank aspires to be legendary and that calls for a local collaborative partner like Bryant Bank. We invite you to call us today!
social media advertising (brand awareness / ongoing plus boosted posts) will bring very measurable results. It is important to steer the social media presence for community bank clients via the right mix of:

- Community presence / organic / your people
- Resources and expertise: articles, blogs, tips
- Products and service: marketed briefly and positioned to help the consumer

Here are some vital strategies regarding social media campaigns and advertising:

- Just posting doesn’t cut it anymore. Sponsored (paid) posts and social advertising campaigns are prioritized over regular posts on business newsfeeds to consumers.
- Algorithms change constantly to best serve the platform user, not businesses.
- Visually appealing graphics & videos tell your story!
- Well planned campaigns that are expertly managed & budgeted adequately achieve measurable results.

**Website**

There are key elements to having the right website. Its design, development and management determine its viability and success with users. It is literally your window to the world at all times and is the front line for your brand, business development and customer interaction. Here are high points within those three areas:

- Design: Custom design is crucial to your brand. Keep in mind that your core systems and your front-facing website are two different things, and your front-facing site is where your audiences meet and interact with you. Sitemaping for the right navigation organizes everything. Functionality consulting to get the UI (user interface) and UX (user experience) right is vital.
- Development: Have a highly mobile responsive site or you can lose 68% of the online market. Make sure that the site integrates with “bolt-on” systems (core online banking, etc.) well. The site needs to be SEO ready.
- Web Management: have the right ongoing support even beyond your IT. Important other action elements are software updates, SSL security and even ADA compliance.

**SEO (Search Engine Optimization)**

SEO determines organic search results for web users. SEO drives long term, measurable engagement by building your bank’s online reputation and rankings over time so that your brand, products, and services are prioritized by Google and others. It takes lots of work over periods of time, and results are trackable and significant. Some of the essential components of impactful work on SEO are:

- Content
- Citations (online directories)
- Keywords (and phrases)
- Reviews
- Site Speed
- GMB (Google My Business) account accuracy
- Mobile responsiveness
- Backlinks
- CTAs (calls-to-action)

**Digital Advertising**

Digital Advertising is a category of visual ad display placements and text ads that is targeted to specific audiences. Typically, these audiences are determined by geography (within ‘x’ miles of each brand location) and demographic specifications within regulatory guidelines. As consumers ourselves we commonly see text ads at the top of search engine results pages when we use key words/phrases such as “banks in Jackson” or “small business lenders in my area.” We also see display ads re-served to us on mobile apps and websites, just like Amazon tracks and re-serves product ads to us on those screens. Various digital methods prevail in this category:

- SEM (Search Engine Marketing)/PPC/Google Ads
- Geofencing
- Domain Retargeting
- Keyword Contextual
- Search Retargeting
- Behavioral Targeting
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Where We Go from Here

From here it is important to make a strategic plan and implement it. Here are steps included in many of the processes we recommend for community banks:

• Define your marketing goals and outcomes
• Outline your positioning—the WHY for your bank
• Determine platforms and implementation time frames
• Market Surveys can be targeted, brief/pointed, and can capture key data
• Compile all of the above into a blended plan outline
• Develop a Strategic Marketing Plan
• List our who is responsible and be realistic about expectations
• Monthly meetings or check ins are crucial to the process
• Measure ROI (requires marrying marketing with your internal conversion system)
• Process with your team and a marketing partner or agency

Undoubtedly the right marketing, whether during a crisis or beyond, will change the future direction of your bank, its brand and market share. The blending of strategies and platforms in the right combination will help you to succeed and shine during any societal or financial climate. All of this leads to you having the greatest impact possible on the lives of your internal and external customers while being a dynamic community partner.

Chris Bates is the CEO of AgoraEversole. AgoraEversole is serving community banks throughout the southeast with comprehensive traditional, social, website, SEO and digital advertising solutions. They can be reached at www.AgoraEversole.com or 601-366-7370. AgoraEversole has been endorsed since 2006.
Managing Bank Liquidity and Performance After COVID-19

by Andrew Okolski

2020 will certainly be remembered as the year COVID-19 changed the world as we know it. Likewise, the associated “Lockdown Recession” is already changing the way many banks manage their balance sheets. With loan demand dropping in most parts of the country and stimulus deposits adding to already bloated cash positions, proactive strategic planning has never been more crucial. More to the point, proper liquidity management may offer some of the additional margin and income banks desperately need.
Cash and due from balances as a percentage of total assets reached 7.90% as of year-end 2019. As the chart above illustrates, that level of liquidity was already at or above the average level since 2007. The jump from 7.18% to 7.90%, which occurred 2018 to 2019, very closely mimics the pop in liquidity experienced from 2008 to 2009 (the beginning of the Great Recession). However, it is the three years after 2009 that we are most focused on. Liquidity continued to grow (hitting 10.59% in 2012) as the industry slowly recovered from weakened loan demand and increased deposits from an embattled customer base. The zero-bound range on overnights at the time led to significant drops in overall interest income. As we hit the midpoint of 2020, it appears that the industry must once again prepare to navigate similar waters.

Although we still do not fully understand COVID-19 or the longer-term impact it will have on our economy, we are not completely powerless when it comes to making better-informed decisions. In fact, our performance and trends from past times of crisis can actually become quite useful in a time like this. As we stated earlier, the Great Recession had several important impacts on the overall banking industry. The severe drop in interest rates, mixed with spiking unemployment (sound familiar?), applied extreme pressures on every balance sheet. As we can see in the chart to the right, Loan to Deposit ratios, Investment Yield,
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and ROA all fell while Provision for Credit Losses and Cash increased leading to lower Return on Equity. Although there isn’t a lot we can do about credit issues or lack of demand on the loan side of things, we can do a better job of managing liquidity and specifically cash this time around.

The three charts above show the potential outcome for our industry assuming a 75%, 100% and 125% magnitude of the impact from 2007–2009. While it can be tempting to “sit on the sidelines” and hope for a V-shaped recovery, we must weigh the potential negative implications from that approach if we end up being wrong. The correct strategy here is not to make a one-way bet in either direction. We can remain positioned for a quicker than expected recovery while also improving our hedge against a longer-term low rate environment like 2007–2012. It all comes down to executable ALM management.

As of Dec. 31, 2019 the industry was carrying just less than $222 billion in cash and due from balances earning roughly 1.50% on average. In just one month (March 2020) the return on that cash balance dropped to 0.05%, which equates to an annual interest income shortfall of $3.219 billion. To put it quite simply, we cannot afford to accept an income loss of that magnitude when we do not know how long the current situation could last. In fact, every day that we continue to receive 5bps instead of investing those funds, the foregone income becomes harder and harder to recover. If we assume that we can invest 50% of our cash balance as of year-end ($111 billion) at a yield of 1.10%, the foregone income from waiting in cash builds quickly. In just 6-12 months we will have already missed out on $580 million to $1.1 billion in additional interest income. To make matters worse we ran these figures using cash balances as of year-end 2019. We all know the first quarter always tends to bring the largest deposit growth. So, if we take that into account and also apply the growth trend in cash from the last crisis (+51%), the industry could be looking at another $100 billion in cash balances near-term. That could potentially double the foregone income figures below. Then we add in the potential windfall of liquidity coming from the forgiveness of PPP loans industry wide. That figure was sitting at $513 billion as of May 16, 2020. Add this all up and it is not sustainable for earnings or capital.

<table>
<thead>
<tr>
<th>Period in Months</th>
<th>Overnight Rate</th>
<th>Interest Income</th>
<th>Alternative Yield</th>
<th>Interest Income</th>
<th>&quot;Foregone&quot; Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>0.05%</td>
<td>$27,750,000</td>
<td>1.10%</td>
<td>$610,500,000</td>
<td>$582,750,000</td>
</tr>
<tr>
<td>12</td>
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<td>$55,500,000</td>
<td>1.10%</td>
<td>$1,221,000,000</td>
<td>$1,165,500,000</td>
</tr>
<tr>
<td>24</td>
<td>0.05%</td>
<td>$111,000,000</td>
<td>1.10%</td>
<td>$2,442,000,000</td>
<td>$2,331,000,000</td>
</tr>
<tr>
<td>36</td>
<td>0.05%</td>
<td>$166,500,000</td>
<td>1.10%</td>
<td>$3,663,000,000</td>
<td>$3,496,500,000</td>
</tr>
</tbody>
</table>

BANKING TRADITIONS The Magazine of the Alabama Bankers Association
A personal message from our President:

I founded STS Group in 2008, in the midst of one of the greatest financial crisis our nation has ever seen. America, along with the rest of the world, is being tested again today.

We rose to the occasion once... and now we are doing it again. We have established an emergency response team within our company. This team will be able to go day or night to help ensure our financial institutions are able to operate in these unprecedented times, keeping them secure and operational.

Our mission right now is to keep your institution operational so that you can serve American citizens in our great time of need. Reach out to us anytime. We are here for you.

Sincerely,
Scott Couch

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Let’s Talk.

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S t s g r p . c o m

S a l e s @ s t s g r p . c o m
It is our opinion that with proper balance sheet management you can have both. We can increase or at least protect margin and earnings through better investment and liquidity management. As for the potential liquidity worries down the road, that is where contingent liquidity comes into play through wholesale liquidity options. In fact, this is exactly why we have these lines of additional liquidity: so that we can put our cash to work at better yields and margins without worrying about funding future loan demand. It’s also important to note that the current costs to access these liquidity avenues are at historic lows as well. If we were to invest funds and then have a surprise jump in loan demand, I’m confident we would still be able to earn a healthy spread, funding it with advances or brokered deposits well below 1%. The rule of thumb is that as long as available investment yields are higher than borrowing costs, you will make more money investing your cash and borrowing to fund other liquidity needs.

The next 12-18 months will likely separate those who prepared versus those who chose to wait for it to be over. Current cash balances are already at unsustainable levels with much more likely on the way. There is still time to put together a strategic investment and liquidity management plan based on your specific balance sheet.

Andrew Okolski is a senior financial strategist at The Baker Group. He works directly with clients in a broad range of areas including ALM, education, portfolio management, interest rate risk management, strategic planning, regulatory issues, and wholesale market strategies for financial institutions. Contact him by email at andyo@GoBaker.com. The Baker Group has been
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Litigation & Regulatory Risks to Banks from the Paycheck Protection Program

by Robert L. Carothers Jr. and Graham H. Ryan

The PPP presents regulatory risk to banks, including but not limited to nonpayment of guarantee by the US Small Business Administration (SBA), fair lending risk, Bank Secrecy Act (BSA) compliance risk, and PPP compliance risk, each detailed below.

PPP Background
The PPP was established as part of the CARES Act, signed into law on March 27, 2020, to provide unsecured low interest rate loans to small businesses that have been impacted by the COVID-19 pandemic. PPP loans are funded by private lenders, including banks and financial services firms; are backed by the SBA; and are administered by the SBA in conjunction with the US Department of the Treasury (Treasury). The PPP provides for loan forgiveness of up to the full principal amount of qualifying loans. On April 24, 2020, $310 billion in funding was added to the initial $349 billion, bringing the total available PPP funding to $659 billion.

Litigation Risks
ELIGIBILITY RESTRICTIONS. One category of PPP litigation against banks involves prospective PPP loan applicants that claim they were unable to apply because of lender-specific policies that restricted PPP eligibility. In this category of PPP litigation, businesses have filed lawsuits, including putative class actions, alleging that banks imposed unlawful restrictions that required PPP loan applicants to have a preexisting borrowing relationship or deposit account with the bank, or that required applicants to not have a credit or borrowing relationship with another bank. These lawsuits have asserted claims for violation of the CARES Act and the SBA’s 7(a) loan program, negligence, unjust enrichment, declaratory judgment, and injunction to prevent banks from imposing restrictions on PPP borrowing, among other claims. Some lawsuits in this category have also asserted claims for violation of the Sherman Act and the Clayton Act, alleging that unlawful eligibility restrictions on PPP borrowing constitute a restraint of trade and anticompetitive conduct. In one early case on eligibility restrictions, a court issued a key opinion that the CARES Act did not establish a private right of action against banks. However, that legal opinion is not determinative in other cases and is the subject of ongoing litigation. Eligibility-restriction cases have been filed in various US district courts, including in Texas, Maryland, California, and other jurisdictions.

LOAN PRIORITIZATION. Another category of PPP litigation against banks involves PPP loan applicants that claim their loan was denied because of lender-specific policies that prioritized
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certain PPP loan applications. In this category of PPP litigation, loan applicants have filed lawsuits, including putative class actions, alleging that banks did not process PPP applications on a first-come, first-served basis, and instead unlawfully prioritized applications based on the loan amount, origination fee amount, size of the business applicant, and nature and extent of a client relationship. Applicants alleged that their loan applications were denied as a result of the unlawful loan prioritization. These lawsuits tend to allege that PPP loans are required to be processed on a first-come, first-served basis, which is a reference to guidance to PPP borrowers in the SBA Interim Final Rule issued on April 2, 2020. These lawsuits also tend to reference the processing fees paid by the SBA to lenders for processing PPP loans — i.e., 5% for loans of not more than $350,000; 3% for loans between $350,000 and $2 million; and 1% for loans of at least $2 million — which are contained in the SBA Interim Final Rule and the PPP Information Sheet for Lenders (PPP ISL). These loan-prioritization lawsuits have asserted claims for breach of contract, unfair business practices, violation of consumer protection laws, negligence, breach of fiduciary duty, fraudulent concealment, false advertising, and unjust enrichment, among other claims. Loan-prioritization cases have been filed in various US district courts, including in Texas, California, New York, Illinois, Colorado, and other jurisdictions.

AGENT FEES. Another category of PPP litigation against banks involves agents that claim banks have unlawfully withheld fees owed to agents for assisting in the PPP application process. Under the PPP, an agent, such as an accountant or consultant, can assist a lender with originating and preparing a PPP loan application. The PPP ISL provides in part that “[a]gent fees will be paid out of lender fees. The lender will pay the agent.” The SBA Interim Final Rule and the PPP ISL also establish the maximum fee that an agent may collect from a lender. In this category of PPP litigation, agents have filed lawsuits, including putative class actions, alleging that banks improperly withheld agent fees that must be paid out of the lender fees paid by the SBA to lenders. These agent-fee disputes raise issues regarding the source, amount, and timing of payment of fees to agents. Agents have also alleged that banks have improperly refused to accept loan applications from agents until agents acknowledged that no fees would be due from the bank. Agent-fee lawsuits have asserted claims for violation of the CARES Act and SBA’s 7(a) loan program, unfair business practices, violation of consumer protection laws, unjust enrichment, conversion, quantum meruit, and declaratory relief, among other claims. Agent-fee cases have been filed in various US district courts, including in Texas, California, New York, Illinois, Colorado, Florida, and other jurisdictions.

PPP LOAN AS DEFAULT ON EXISTING DEBT. Another category of PPP litigation against banks involves prospective PPP loan applicants that claim that PPP loans should not constitute new debt that would trigger a default under existing loan agreements. In this category of PPP litigation, loan applicants have sought a declaration regarding the enforceability of a loan agreement’s default provision regarding new debt, and whether the PPP loan constitutes a default thereunder.

FALSE CLAIMS ACT. Under the False Claims Act (FCA), the Department of Justice (DOJ) may bring an enforcement action against a party for knowingly or recklessly submitting a false claim for payment to the federal government. The FCA also allows private persons to file a civil suit for violations of the FCA on behalf of the government. The FCA authorizes various relief, including the potential for treble damages, civil penalties, and criminal liability. The SBA has indicated that it will “hold harmless” PPP lenders that rely on borrower attestations and documentation, but that hold-harmless arrangement assumes a lender’s compliance with certain requirements, and it is unclear whether it would extend to circumstances involving bank knowledge that contradicts borrower certifications. Absent sufficient guidance from the DOJ, the risk of investigation or enforcement by DOJ or FCA action by a private litigant is not foreclosed. FCA actions and claims may also be brought against borrowers based on allegations of ineligibility, false certifications, and noncompliance with PPP requirements, among other things.

OTHER PPP LITIGATION RISKS. PPP litigation trends suggest litigation risk exposure under both federal and state law. The PPP does not expressly authorize any private cause of action, but as evidenced by PPP litigation thus far, lenders may face state law claims based on the manner and timeliness of loan processing and underwriting, particularly given the unclear or inconsistent guidance. Other litigation risks may include state law consumer fraud and unfair business practice claims based on communications or statements by the bank regarding its PPP process and protocols. PPP litigation is still in its early stages, and litigation risk exposure will depend on a number of factors. Additional guidance and forthcoming court opinions will provide insight into the viability of litigation claims and defenses, and risk mitigation strategies.

LITIGATION RISK MITIGATION. To protect against litigation risk, banks should consider systems and measures to avoid conduct that could be interpreted as benefiting the bank to the detriment of applicants; to disclose the terms of the bank’s PPP program, including any protocols for processing applications; to maintain consistent internal communication.
and documentation regarding the bank’s PPP program and lending practices; to document all agreements with agents and third-parties, including terms of payment; to prevent fraudulent or inaccurate calculations; to carefully consider and document the rationale for any PPP program practices that are subject to unclear Treasury guidance; to ensure fair lending, BSA, CIP, and other compliance; and other measures that may be appropriate given the specifics of the bank’s PPP program, procedures, size, and customer base. Banks should also consider mitigation of regulatory risk through the measures discussed below.

Regulatory Risks and Risk Mitigation

In addition to litigation risks associated with the PPP, banks must also be cognizant of the regulatory risk associated with the program. The following outlines the primary risks from a regulatory perspective.

Small Business Administration

NONPAYMENT OF SBA GUARANTEE. One of the main risks associated with the program is the risk that the SBA will deny payment of its guarantee on a PPP loan. In the event that a PPP loan goes into default, a denial by the SBA of its guarantee would result in the lender having an unsecured loan that may not be repaid.

The SBA’s Interim Final Rule lists four actions a lender must take when underwriting PPP loans: (1) confirm receipt of borrower certifications contained in the PPP borrower application form; (2) confirm receipt of information demonstrating that a borrower had employees for whom the borrower paid salaries and payroll taxes on or around February 15, 2020; (3) confirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower’s application; and (4) follow applicable BSA requirements.

The SBA and Treasury issued supplemental guidance in the form of PPP Frequently Asked Questions (FAQ). The FAQ provides additional guidance on lender and borrower responsibilities in terms of the PPP loan process. One of the primary goals of the SBA and Treasury in launching the PPP was to get money into the hands of small businesses as quickly as possible. To facilitate this, the SBA Interim Final Rule and the FAQ allow lenders to substantially rely on the borrower in terms of providing certifications on program eligibility and certain other program requirements. For example, the SBA Interim Final Rule states, “SBA will allow lender to rely on certifications of the borrower in order to determine eligibility of the borrower and use of loan proceeds and to rely on specified documents provided by the borrower to determine qualifying loan amount and eligibility for loan forgiveness.” As another example, FAQ #1 states that providing an accurate calculation of payroll costs in the PPP application is the responsibility of the borrower and that the lender is expected to conduct a good faith review of the borrower’s calculations and supporting documentation. It further provides that if the lender identifies errors or lack of substantiation in the supporting documents, it should work with the borrower to remedy the issue.

The most likely issues that could lead to the SBA denying its guarantee include the lender’s failure to satisfy any of the four underwriting requirements set forth above, the lender’s failure to act in good faith when approving an application that it knew or reasonably should have known was ineligible under the program, or the loan amount being improperly calculated. Scenarios that could lead to issues on the guarantee include (1) the lender’s failure to notice that the borrower did not check the appropriate box on the certification form, resulting in the borrower being ineligible; (2) an error in the loan amount calculation that was apparent in the information submitted by the borrower to the lender; (3) the lender’s failure to obtain the required documentation evidencing the borrower had paid employees on February 15, 2020; and (4) the lender’s failure to properly obtain necessary BSA information on a customer when making a loan. It is possible that in certain situations the SBA could play Monday morning quarterback and attempt to assert that even though a lender met all four underwriting requirements, the lender knew or reasonably should have known that a borrower was ineligible or that other information provided by the borrower was inaccurate.

To mitigate the risks associated with the SBA guarantee, the lender should review each PPP loan and make sure all four underwriting requirements set forth above have been met and ensure the loan file contains documentation supporting each of the four requirements. If the lender submits a request to the SBA to pay on the guarantee, the SBA will request a copy of the entire loan file, and it will be important to demonstrate that all underwriting requirements were met. The risk is enhanced for loans of $2 million or greater, as SBA has indicated that these loans will be subject to an automatic audit and will receive more scrutiny. Further, when making a PPP loan, if the lender has concerns regarding borrower eligibility or the permissible loan amount, it should seek additional information to satisfactorily address the concern. While it may substantially rely on borrower certifications, it should
not ignore a certification that it knows or reasonably should know to be false. For example, if the lender has concerns over borrower eligibility, it might consider asking the borrower to obtain a legal opinion from the borrower’s legal counsel to support its application.

**Bank Regulatory Agencies**

Banks must also be prepared for review of its PPP loans by its federal and state bank regulatory agencies. The banking agencies will be evaluating certain compliance issues relating to the PPP, including fair lending compliance, BSA compliance, and PPP program compliance. If the banking agencies discover a violation in these areas, depending on the severity of that violation, it could result in criticism in the report of examination, a downgrade in CAMELS ratings, or the potential for an enforcement action.

**Fair Lending Risk**

The most significant compliance risk from a banking agency examination standpoint is the risk of fair lending issues associated with a bank’s PPP loan program. As discussed above, there have been several lawsuits and complaints by borrowers about the process banks used in evaluating and processing PPP loan applications. Many banks prioritized working with existing customers over new customers in making PPP loans, for many prudent and sound reasons, including the volume of applications being submitted compared with the bank’s bandwidth for processing them, the speed with which the program was being rolled out, the finite amount of money available under the program initially, and differences in the amount of information needed for BSA requirements. A bank’s approach to processing PPP applications could enhance the risk of a disproportionate impact on minority- or women-owned business applicants. At least one banking agency has already issued guidance on this topic. The Office of the Comptroller of the Currency issued a bulletin on April 27, 2020, in which it advised banks under its supervision to prudently document their implementation and lending decisions and encouraged banks to identify and track PPP loans made to small business borrowers with less than $1 million in annual revenue located in low- to moderate-income areas.

There are certain steps a bank can take to mitigate fair lending risk. For example, a bank should document the legitimate nondiscriminatory business reasons for its method of processing PPP applications. This can be provided to examiners if necessary to justify its loan approval process. A bank should also take steps to monitor the implementation of its PPP application process (including exceptions to such process) and whether it is having a disproportionate impact on certain types of protected classes of borrowers. It should also monitor any complaints received from disgruntled applicants. A bank might also consider reaching out to organizations that assist minority-owned businesses or businesses in low- to moderate-income areas to determine whether there are businesses they are aware of that need PPP assistance (at the time of the writing of this article, there was still funding remaining in the PPP program, so it is not too late to make such efforts). The bank should document such efforts so that this information can be provided to examiners if necessary to evidence a proactive approach to assisting all businesses.

**BSA Compliance Risk**

Another regulatory risk banks should be aware of is BSA compliance. The SBA Interim Final Rule and FAQ provided some relief from BSA requirements with respect to existing customers for which the bank had previously obtained the necessary BSA beneficial ownership information. For example, FAQ #18 states that if a PPP loan was being made to an existing customer and beneficial ownership information had been previously verified, the bank did not need to reverify the information. BSA compliance risk is especially relevant with respect to new customers of the bank receiving PPP loans. Banks can mitigate this risk by performing a quality control check on each PPP loan file to ensure the necessary information is in the file or a note is included in the file confirming that beneficial ownership information had previously been received and verified for the borrower. BSA compliance takes on extra importance since it is one of the four underwriting requirements from the SBA, and failure to comply could lead to SBA denying its guarantee.

**PPP Program Compliance Risk**

In addition to SBA review, the banking agencies may also look at PPP loans during their on-site examination for compliance with program underwriting requirements. Therefore, as explained above, banks should ensure their PPP loan files contain the necessary documentation evidencing that all four PPP underwriting requirements were satisfied.

Robert L. Carothers Jr. and Graham H. Ryan are partners at Jones Walker.
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The oddest session of the Alabama Legislature in recent memory, if ever, adjourned on May 18. Disrupted by the coronavirus pandemic, more than half of the actual working days of the session were conducted in a State House closed off to the general public. After returning on May 4 from a nearly two-month break, legislators, particularly members of the House, were forced to observe strict social distancing practices; many Representatives, for example, had to sit in the House gallery rather than at their desks on the House Floor. Not surprisingly, the scope of work during the session’s frantic final days was limited to budget-related bills and local bills.

In the end, the Legislature fulfilled its constitutional requirement of passing the Education Trust Fund and State General Fund budgets for the coming fiscal year, which begins Oct. 1. Thanks to proper planning and a robust economy, both budgets appear to be in better-than-average shape. But major items originally included in budget conversations, such as a pay raise for state employees and educators, were not added to the final document. Legislators made clear that the budgets could be revisited as needed, but wanted to help public entities, particularly schools, plan for next year as early as possible.

In addition to the budgets, legislators passed a bond issue for school construction. The effort will inject approximately $1.25 billion into the state’s public K-12, postsecondary, and higher education systems, making this the largest school construction funding mechanism in over a decade.

Finally, after much discussion between legislative leaders and the executive branch, Gov. Kay Ivey approved a plan on how the state would generally allocate the $1.8 billion it has received from the federal government as part of the CARES Act. The plan is as follows:

- $300 million to reimburse state agencies for pandemic-related expenses;
- $250 million to reimburse local governments for pandemic-related expenses;
- $250 million to “support the delivery of healthcare” to Alabama citizens;
• $300 million to support impacted citizens, businesses, and organizations;
• $53 million for the reimbursement of equipment and infrastructure necessary for remote work and public access to the functions of state government;
• $300 million for expenses related to remote instruction and learning;
• $200 million for pandemic-related expenses by the Department of Corrections;
• $10 million to “ensure access to the courts” during the pandemic;
• $5 million to the Alabama Department of Public Health; and
• Nearly $119 million for “any lawful purpose” provided for in the CARES Act.

The Alabama Legislature officially met for 21 legislative days during the 2020 Regular Session. In the end, representatives and senators introduced 856 bills. Statistically speaking, only 15 bills that became law were “general, statewide” bills, in that they were not proposed constitutional amendments, applied only at the local level, did not involve the state’s operating budgets, or were not enacted merely to allow a state agency to continue functioning.

Of these 15 bills, the most important and most controversial was the first bill signed into law by Governor Ivey in the year: House Bill 147. Sponsored by Rep. Chris Sells (R-Greenville), the bill prohibits any municipality that did not have an occupational tax in effect prior to Feb. 1 from imposing such a tax in the future unless specifically authorized to do so by local legislative act. This measure, which passed mostly along party lines, appeared aimed at efforts by the city of Montgomery to impose an occupational tax upon the local workforce.

With so few bills passing, many bills were left by the wayside, including the association’s top legislative priority, House Bill 207, the Financial Exploitation Protection Act. Sponsored by House Financial Services Committee Chairman Rep. Chris Blackshear (R-Phenix City), and managed in the Senate by Senate Banking and Insurance Committee Chairman Sen. Shay Shelnutt (R-Trussville), the legislation would have given financial institutions the discretion to refuse or delay a financial transaction when abuse of an elderly or vulnerable adult customer was suspected. Importantly, unless it was deemed to have acted unreasonably, the institution would be immune from any civil, criminal, or regulatory liability for delaying or refusing the suspect transaction. After working with several interested parties prior to its introduction, the legislation was met with bipartisan support in both chambers. In fact, no legislator had voted against the bill in a committee meeting or on the House floor. But unfortunately, the Legislature adjourned before the full Senate could send the bill to Gov. Ivey’s desk. Both Rep. Blackshear and Sen. Shelnutt have committed to sponsoring the legislation again at the earliest opportunity.

Speaking of which, the 2021 Regular Session begins next Feb. 2. Until then, Gov. Ivey — and only Gov. Ivey — has the ability to call legislators back to Montgomery for special legislative sessions that can last no longer than 30 calendar days. Considering that the Legislature was unable to pass many of its bills, politicos expect that there will be at least one special session during this interim. If there is, the topic du jour will more than likely be easy to pinpoint: legal immunity from coronavirus-related lawsuits.

During the latter part of the aforementioned two-month break, Senator Arthur Orr (R-Decatur) drafted and introduced Senate Bill 330. Simply put, this bill would have allowed business entities, health care providers, educational entities, churches, governmental entities, and cultural institutions to be immune from certain legal claims brought by persons alleging that they contracted or were exposed to coronavirus. The Association worked with the Alabama Civil Justice Reform Committee, a pro-business tort reform group, to help craft the legislation. It had widespread support from legislators – 24 of the state’s 35 Senators co-sponsored the bill – and the business community, and looked to be one of the session’s final, if not most important, legislative achievements. But difficulties caused by the social-distancing requirements of the State House prevented the Senate bill from receiving full consideration before adjournment, so the legislation did not advance.

Thankfully, shortly after the session concluded, Gov. Ivey inserted much of the language in Senate Bill 330 into an Emergency Executive Order. That decision comes with good news and bad news. The good news is that for the time being, businesses in Alabama are largely protected to the same extent as if Senate Bill 330 became law. The bad news is that because the protective language was inserted into an Executive Order and not a statute, the protections will expire when the Emergency Executive Order expires. In this case, that could still be weeks and months away. In other words, when there is no longer a declared public emergency, there can no longer be Emergency Executive Orders. But hopefully, either the need for the legal immunity will disappear, or the Legislature will be able to enact a more permanent fix.

Want more information about our state governmental affairs activities? Make sure you are signed up to receive ABA’s Capitol Notes, which comes out at least weekly during legislative sessions and at other times as needed. Jason Isbell is ABA’s Vice President of Governmental and Legal Affairs. He can be reached at jisbell@alabamabankers.com
A total of **39 people** representing **34 banks** attended ABA's Advanced BSA Academy in early June at Callaway Gardens! Attendees followed social distancing practices and the hotel required the use of masks when traveling through the facility. ABA Director of Education **Debbie Pharr** welcomed attendees for this week-long school led by **Dianne Barton**. A big thank you to **Warren Averett** for their sponsorship of this event!
Personnel

**CB&S Bank** headquartered in Russellville welcomes **Greg Taylor** who will serve as a senior vice president, commercial relationship manager at the Hough Road office in Florence. Taylor has 20 years of banking experience. Congratulations to two employees on their promotions. **Ryan Weeks** is a compliance auditor in Russellville and was promoted to assistant vice president. **Jonathan Sherrill** is branch sales manager at Town Creek and was promoted to vice president. The bank also named four new branch sales managers. Those bankers include: **Tara Abbott** who currently serves as assistant vice president in the Moulton office; **Rebecca Spear** who works in the Gilmer Road/Tallassee office; **Angela Russell** who works in the main office in Tallassee; **Zachary Rose** in the Doug Baker Boulevard office in Birmingham; and, **Steve Hopper** in the Beltline Road office in Decatur.

**First Metro Bank** in Muscle Shoals congratulates two employees on their recent promotions. The bank appointed **Scott Haataja** as chief lending officer. A native of Lauderdale county, Haataja joined First Metro in 2005 and has 24 years of banking experience. He previously served as Lauderdale County President. **Tony Brewer** has been named as Haataja's successor. He will serve as both the Lauderdale County President and the branch manager of the Pine Street office. Brewer has been in the banking industry since 1996 and has worked at First Metro since 2015. He previously served a senior vice president and commercial loan officer.

**Merchants Bank of Alabama** in Cullman congratulates **Charlie NeSmith** on his promotion to CEO of the bank. NeSmith succeeds **Steve Glasscock** who retired in mid-June. NeSmith initially joined the bank as senior vice president and senior lending officer in 2001 and was named as president in 2006. He got his start in banking in 1984 as a liability trader at Central Bank of the South in Birmingham. Before joining Merchants Bank NeSmith worked for two other area banks.

**NobleBank & Trust** is proud to announce **Sonde Coleman** as the newest senior vice president and commercial lender at the main office in Anniston. Sonde comes to NobleBank with 35 years of banking experience with many of those from BBVA Compass and Regions.

**Peoples Bank of Alabama** welcomed **Brian Bertella** as its new Jefferson County Market President earlier this year. Before joining the bank, Bertella worked as the Birmingham team manager for Mississippi-based BancorpSouth. Prior to his time at BancorpSouth, he served as a

Scott Haataja Tony Brewer

Greg Taylor

Ryan Weeks Jonathan Sherrill Tara Abbott

Rebecca Spear Angela Russell Zachary Rose Steve Hopper

Sonde Coleman

Brian Bertella

Charlie NeSmith

Peoples Bank of Alabama

ABA NEWSLINE Banking News from and for Alabama

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commercial lender at M&F Bank and as senior vice president of commercial banking at First United Security Bank. Bertella works at the Plaza location on the financial corner of Birmingham's Central Business District and leads the bank’s effort in growing its loan portfolio and deposit relationships in Jefferson county.

SmartBank welcomes Winton M. Blount IV as business development officer. He will be based in Tuscaloosa with opportunities to develop business for the bank throughout the southeast. Blount has an extensive background in business management, having worked with a wide variety of companies across the state of Alabama throughout the course of his career.

Mary O’Mary joined SunSouth Bank as a senior loan officer and president of the Dothan market in mid-March. He brings more than 30 years of experience having previously served as Ameris Bank Market President as well as a senior vice president with Regions Bank.

Director News

Southern States Bank in Anniston welcomes Cynthia S. McCarty to its board of directors. McCarty is a professor of economics at Jacksonville State University and has worked in higher education for more than 34 years.

East Alabama Medical Center President Laura Grill is the newest member of the board of directors at AmeriFirst Bank. The bank welcomes Grill to its board and notes her addition amplifies its commitment to provide exemplary banking services to families and businesses in the Lee County area.

Retirements

Bank Independent in Sheffield congratulates Helen Kerby on her retirement in late May. Kerby worked for the bank for 46 years at the Leighton sales office. She joined Bank Independent in 1974 as a part-time teller and was promoted to full-time teller within her first year with the bank. She was promoted to the position of customer service representative in 1981 and then again to sales manager in 2004. Kerby transitioned back to the role of a part-time personal banker in 2009 where she remained in that role until her retirement.

Allison Derby retired from Investar Bank (formerly the Bank of York) in late April after a 36-year career in the banking industry. He began working at the bank in 1984 and held almost every position in the bank including teller, assistant cashier, loan officer, branch manager, CFO, CEO and president.

Peoples Bank of Alabama congratulates Candace Hooten on her retirement as executive vice president and senior loan officer after 29 years of service to the bank. According to the bank, Hooten has been a great asset, role model, and friend, and she will be greatly missed. She will continue to serve on the bank’s board of directors.

Obituaries

Hugh D. “Toby” Miller passed away on April 28. Miller was a member of the board of directors of Cheaha Bank and part of the group that started the bank in 2000. He was the owner of Miller Funeral and Crematory in Oxford.
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Bank Independent Sews and Delivers more than 1,000 Masks to Local Hospitals

Since the pandemic began, Bank Independent team members have sewn and distributed more than 1,000 protective masks to hospitals across north Alabama to augment supplies during the COVID-19 crisis.

Bank Independent began implementing their pandemic plan during the early days of March in preparation for the unknown. They knew that social distancing would need to be factored in for most staff, and for some with underlying health issues, the safest distance would be working from home. The bank was determined to prioritize the health and safety of the team while ensuring everyone felt secure in their job position.

“Day to day work life changed pretty dramatically, especially for my team,” Community Engagement Officer Nikki Randolph said. “Bank Independent team members are personally involved in giving back to the community. In the span of just a few-days-time, we went from having a scheduled community event almost every day to trying to figure out how to continue to volunteer in this new, quarantined environment.”

The idea of sewing masks wasn’t original to the bank, but rather inspired by hundreds of other grassroots efforts around the country. Healthcare providers nationwide were facing an alarming shortage of personal protective equipment. Many people now found themselves on stay-at-home orders with time on their hands and a desire to help. A booming handmade production line was created to fill a growing need for masks.

Local hospitals began welcoming mask donations to support healthcare staff. Randolph immediately started researching patterns of hospital approved masks and the availability of materials both locally and online. Her first estimate of how many masks could be completed and distributed by her team were relatively modest when she submitted the idea to the bank’s Chief People Officer Penny Camp.

“That’s when the idea became bigger than the community engagement team,” Camp explained. “We sent the call for volunteers and they answered. Some people had a talent for sewing, others a simple passion to help and a willingness to learn. We had frontline workers sewing between transactions and office support cutting patterns between spreadsheets. And then we had some team members who had been sent home early on for health reasons suddenly find their purpose outside of their typical role, creating masks. With all the extra hands, we realized we could make a bigger impact than our early estimates.”

The team of volunteers followed very specific protocols in the production of masks. Hands, work areas and supplies were sanitized prior to construction. Only materials and patterns approved for use in medical facilities were used. And each finished mask was carefully individually packaged to minimize cross contamination before and after distribution.

“Our team of volunteers has been able to provide masks to hospitals across our business footprint,” Randolph said. “We’ve relied on our team members to reach out to friends and family working in the healthcare profession to discover where the need is greatest. Those contacts have been an invaluable resource accepting and distributing the masks within the hospitals. Their help has allowed us keep our social distance and our presence from being a disruption to the hospitals we support.”

The more than 1,000 masks were distributed to Keller Hospital, North Alabama Medical Center, Athens-Limestone Hospital, Huntsville Hospital, and the Decatur-Morgan Hospital.

“I’m very proud to see how this project has come together over the last few weeks,” Camp said. “I think it is a testament to the spirit of volunteerism here at the bank and across the communities we serve. The common thread is our shared gratitude for what we’ve been given and our commitment to pay it forward.”
Results that transform

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Regions Foundation Announces Grants for two Alabama Funds Supporting Businesses Impacted by COVID-19

The Regions Foundation, a nonprofit initiative of Regions Bank that supports community investments, announced in late April the latest in a series of grants to support organizations that are helping small businesses impacted by COVID-19. Two organizations in Alabama are among those receiving grants in this latest installment:

The Women’s Fund of Greater Birmingham
With a mission to accelerate economic opportunity for women and their families through philanthropy, research, and advocacy, the Women’s Fund of Greater Birmingham is delivering emergency philanthropy related to COVID-19. Specifically, the Rapid Operating and Relief (ROAR) for Women Fund is raising resources to support child care centers serving essential workers. The Women’s Fund is receiving a $50,000 grant from the Regions Foundation.

Small Business Relief Fund
West Alabama Chamber: The Small Business Relief Fund was launched by the Chamber of Commerce of West Alabama in partnership with the Community Foundation of West Alabama. The fund is geared toward businesses in nine West Alabama counties that have employed anywhere from two to 50 FTE (full-time equivalent) people and are experiencing financial difficulties prompted by COVID-19. The Small Business Relief Fund is receiving a $50,000 grant from the Regions Foundation.

Both organizations are working with businesses in several communities.

“Regions Bank and the Regions Foundation are committed to helping our communities pull through this difficult time,” added Elizabeth Winter, Tuscaloosa Market Executive for Regions Bank. “The organizations receiving grants from the Regions Foundation are working directly with businesses to help them weather this storm. In addition, at Regions Bank, our financial professionals are staying connected with bank clients to discuss options that can help. We will continue to use our resources and experience to support long-term recovery.”

ServisFirst Bank Earns Exclusive Endorsement from Alabama Banking Services for its Agent Credit Card Program

ServisFirst Bank earned the exclusive statewide endorsement by Alabama Banking Services for the agent credit card program offered by ServisFirst Bank. ServisFirst Bank is a full-service correspondent provider and currently issues cards for over 90 community banks across the country, including many that have recently converted from other agent credit card programs. Through the program, ABA members will be able to issue credit cards to their customers, both commercial and retail, with their own bank’s logo.

Alabama Banking Services approved the endorsement, citing ServisFirst Bank’s innovative product offerings, customer service and transparency on pricing. ServisFirst Bank provides a simple, straightforward program that includes credit card marketing and portfolio management services at no cost to American Bankers Association member banks.

ABA President and CEO Scott Latham says this endorsement will make our endorsed partner program even more robust. “We currently have a small list of trusted partners that serve Alabama bankers. ServisFirst Bank offers an excellent program and will be a valuable resource for our bank members,” Latham said.

“We started self-issuing credit cards in 2011 because we weren’t satisfied with any of the programs on the market,” said Rodney Rushing, ServisFirst Bank, executive vice president of correspondent banking. “We knew that other banks also wanted a card program focused on customer service and transparency, and that is what we are proud to offer. We are tremendously excited to be able to support the state banking associations by offering a program that will help their members offer quality products and solutions to their customers.”

ServisFirst Bank is also the exclusive agent credit card program for the American Bankers Association.
Southern States Contributes to J.W. Darden Foundation

Southern States Bank contributed $25,000 to the J.W. Darden Foundation on March 27. The presentation was made at the bank’s Opelika office. The J.W. Darden Foundation, established in 2001, is named in honor of Dr. Darden, the first black physician in Opelika, Alabama and Lee County. The primary purpose of the foundation is to provide health screenings and education to uninsured citizens. A collaborative effort of the J.W. Darden Foundation, Inc., the East Alabama Medical Center Faith Community Nurse Program, and the Auburn University School of Nursing, the J.W. Darden Wellness Center offers expert health information free of charge. In addition, the foundation provides scholarships to minority and underprivileged healthcare students in and around Lee County.

In attendance for the presentation of the check were Steve Whatley, chairman and CEO of Southern States Bank; Mark Chambers, president of Southern States Bank; Mr. and Mrs. George Allen, J.W. Darden Foundation Board Members; Barbara Patton, J.W. Darden Foundation Board Member; and, Kathy Jo Ellison, professor at Auburn University.

“Southern States Bank is honored to make this contribution to the Dr. John W. Darden Foundation of Opelika, Alabama,” said Whatley. “This foundation has a great cause of furthering medical educational training in our city and state. We praise the efforts and results of the dedicated Board of Directors of the J.W. Darden Foundation in Lee County and Opelika-Auburn, Alabama for their mission and their great work. We look forward to continuing to support this wonderful foundation and these outstanding leaders.”

“The J.W. Darden Foundation Board Members are very grateful to Southern States Bank and its local officers for their contribution. It is because of donors like this and others, we are able to perpetuate the legacy of Dr. J.W. Darden through free health care services and scholarships,” George Allen, president of the foundation, said.
**Associate Member News**

The **American Bankruptcy Institute** announced that **Robert P. Reynolds** of Reynolds, Reynolds & Little in Tuscaloosa has been selected by the ABI Board of Directors as its president-elect. He will serve a one-year term beginning in the spring of 2021.

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**IBT Apps Donates $15,000 Toward Disaster Relief in Boaz**

On April 12 an EF-2 tornado touched down in Boaz destroying more than 50 homes in the south end of the city. When word of the disaster reached **Mark Dittman** with IBT Apps he immediately called **Royce Ogle**, president and CEO of Peoples Independent Bank, to check on the bank and see if he could help.

According to Ogle, the Boaz Chamber of Commerce took the lead and opened an account to accept donations for disaster relief and once he told Dittman, IBT Apps responded by sending a check for $15,000 to help with recovery efforts.

“We changed our core processing to IBT Apps about four years ago and through our partnership, they have been everything they represented to us, and have brought great value to our franchise through their products and services,” Ogle said. “It is gratifying to know our core processor is more than just a vendor, but a strong, strategic partner to our banks and our markets.”
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Birmingham

**AUGUST 2020**

11  HMDA 2020 Update
Kathleen Blanchard
Prattville

13  Internal Audit
Chris Cain
Prattville

14  Call Report
Nicole Cunningham and Bill Curtis
Prattville

25  Alabama Homeland Security: ICE Breakers
Birmingham

26  Let’s Talk TRID
Patti Joyner
Birmingham

27-28  CAFP Prep School: Acing The Certification Test
Carl Pry
Prattville

**SEPTEMBER 2020**

3   Board Secretary: Policies, Training, Reg Requirements
Dawn Kincaid
Prattville

4   What You Need To Know About The Extras: Safe Deposit Boxes
Dawn Kincaid
Prattville

21-25  Advanced Compliance College
Dianne Barton
Sandestin Golf & Beach Resort

For more information on any of ABA’s live seminars, please contact Debbie Pharr at 334-386-5735 or email dpharr@alabamabankers.com.
REGISTRATION TODAY! For more information or to register for a seminar, visit [www.alabamabankers.com/edu](http://www.alabamabankers.com/edu). Most webinars are scheduled at 10 a.m. and 1:30 p.m. Central Time unless otherwise indicated. Visit [www.alabamabankers.com/edu](http://www.alabamabankers.com/edu) to confirm times.

**PLEASE NOTE:** ABA has changed its webinar provider to Total Training Solutions/Bank Webinars. In addition to live and on-demand webinar access, the company also offers webinars on CD-ROM. Questions about this new provider? Contact Debbie Pharr at (334) 386-5735.

### JULY 2020

21 Reg H (10:00 AM)
21 Rise of Fintech in Consumer Loans: Threat or Opportunity? (1:30 PM)
22 The Fair Debt Collection Practices Act: Then & Now (10:00 AM)
22 25 Overdraft Privilege Issues & How to Avoid Them (1:30 PM)
23 Executive Total Compensation – Strategies to Motivate and Incentivize (10:00 AM)
23 25 Questions Customers Ask About Business Accounts (1:30 PM)
24 SSAE 18, Soc 1, Soc 2 (10:00 AM)
27 CRE Appraisals: Regulations & the Review Process (1:30 PM)
28 Opening Minor Accounts (1:30 PM)
29 Improving Employee Performance in Everyday Work Situations & Reviews (1:30 PM)
30 Secrets to Being a Great Call Center Agent (10:00 AM)
30 Flood Rules for Commercial Real Estate (1:30 PM)
31 Bank Accounting for Beginners - Part 1 (10:00 AM)

### AUGUST 2020

1 Loan Participations (10:00 AM)
1 No Foolin': This is How Top Producers Prospect for Business (1:30 PM)
2 Dealing with Casual Days, Dress Codes and Work Appearance (10:00 AM)
2 Understanding Commercial Loan Documents (1:30 PM)
3 Equipment Lease Financing (10:00 AM)
6 Commercial & Business Lending Basics for Support Personnel (1:30 PM)
7 Overdrafts (10:00 AM)
8 Excel Explained: Creating Interactive Spreadsheets (10:00 AM)
9 Treasury Management: A Powerful Tool to Increase Deposits and Fee Income (1:30 PM)
9 New Release - FFIEC Business Continuity Management Handbook (10:00 AM)
14 What You Need to Know About Escrows (10:00 AM)
15 BSA/AML for Lenders (1:30 PM)
16 SAR: Line by Line (1:30 PM)
16 Quarterbacking Retail Deposits (10:00 AM)
20 Key Ratio Analysis (1:30 PM)
21 Signature Card Danger Zones (1:30 PM)

### SEPTEMBER 2020

1 Strategic Planning for Financial Institutions – It's All about Your Strategy (1:30 PM)
2 Excel: Automating Financial Statements (1:30 PM)
2 Thirty Steps to Audit Your Safe Deposit Area (10:00 AM)
3 Shattered Myths of Banking (10:00 AM)
3 Best-Ever Compliance Checklists for Commercial Loans (1:30 PM)
8 3rd Quarter Deposit Regulation Update (1:30 PM)
8 Garnishments (10:00 AM)
9 Audit Report Writing (1:30 PM)
9 Loan Participations for Community Banks (10:00 AM)
10 Quarterly Compliance: Fall (10:00 AM)
10 IRA: The Basics (10:00 AM)
10 Violence in Your Workplace (1:30 PM)
11 Seven Habits of Effective Credit Administration in Commercial Banks (10:00 AM)
14 Advanced Cash Flow (1:30 PM)
14 Flood Insurance (1:30 PM)
16 CRA Nuts and Bolts (10:00 AM)
16 Agricultural Loan Documentation (1:30 PM)
16 GetTechnical Streaming Event 1 (9:00 AM)
17 GetTechnical Streaming Event 2 (9:00 AM)
17 IRA Rollovers vs. Transfers (10:00 AM)
17 Create Engaging Conversations in the Branch of the Future (1:30 PM)
18 Call Report for Banks - Recent Changes, Highlights, and Pitfalls (10:00 AM)

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