90 Day Note

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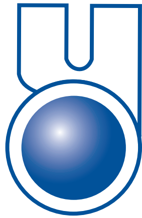

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Corporate Change to Foster Growth

By: Jerry Sutherin, President and CEO

I am pleased to announce some changes to the structure of Young & Associates, Inc. that took place in September. The following individuals have received promotions to help our organization continue to grow and guide our organization into 2020 and beyond.

1. Bill Elliott – Director of Compliance Education
2. Karen Clower – Director of Compliance
3. Bob Viering – Director of Lending
4. Aaron Lewis – Director of Lending Education
5. Kyle Curtis – Director of Lending Services
6. Mike Detrow – Director of Information Technology Audit/Information Technology
7. Martina Dowidchuk – Director of Management Services
8. Dave Reno – Director of Lending and Business Development
9. Jeanette McKeever – Director of Internal Audit

Each of these individuals possesses a vast amount of experience, knowledge, and contacts in the financial services industry, and have, time after time, been called upon to utilize this experience and knowledge for the betterment of our clients and, in turn, for the betterment of Young & Associates, Inc. While much of the day-to-day, primary duties and responsibilities of these recognized individuals will remain unchanged, the new role will involve them to a higher degree in the business strategy and implementation needed to grow our business in 2020 and beyond.

The functional areas of Human Resources (Sharon Jeffries), Marketing (Anne Coyne), and Education Coordination (Sally Scudiere) will continue to be valuable advisors/resources to our corporate strategy and senior management team and will be fully utilized through the ongoing process of business growth in conjunction with maximizing employee potential.

Congratulations to all of these individuals on these important promotions. We look forward to working together to serve our current and potential clients in 2020! ❑

On November 13, 2019, Young & Associates, Inc. celebrated our 41st Anniversary. We would like to express our sincere appreciation to our valued clients and business partners with whom we have worked over the years, and look forward to establishing new relationships in the years to come. ❑

Capital Market Commentary

By: Stephen Clinton, President, Capital Market Securities

Mid-November Market Update

The U.S. is undergoing its longest economic expansion on record, breaking the record of 120 months of economic growth recorded from March 1991 to March 2001. Starting in June of 2009, this record-setting run saw GDP recording growth, albeit at a slower growth rate than previous expansions. The unemployment rate is at 3.6% and job growth continues with employers adding an average of 167,000 jobs this year. The current expansion also includes the longest stretch of job creation on record. The current U.S. economic growth is being driven by consumer spending as businesses have slowed business investment due to the uncertainties surrounding tariffs and global growth concerns.

In late October, the Fed lowered short-term interest rates for the third time this year. These moves follow last year's four interest rate increases designed to guard against concerns about inflation and financial bubbles. The move to a more accommodative stance is designed to cushion the economy against a slowdown in business investment and in recognition of the uncertainties surrounding the U.S.-China trade conflict. U.S. inflation remains low and below the 2% Fed target which has reduced the Fed's concern about rising prices and higher labor costs.

While the U.S. economy continues to chug along, things are not as optimistic for our trading partners. China's economy is slowing dramatically; Japan's economy grew at the slowest pace in a year in October; and Germany barely skirted a recession in the third quarter. These countries represent the world's second, third, and fourth largest economies in the world. The global economic slowdown may make it difficult for the U.S. to continue to record GNP growth.

The home mortgage market has benefited from lower interest rates. The average 30-year home mortgage rate has fallen to near 4% from a recent high of 5.2% last November. Lenders made $700 billion in home loans in the July-to-September quarter, the most in 14 years. Mortgage origination activity is on pace to hit the highest level since 2006, the peak of the last housing boom. Refinancing activity is in part responsible for this renewed lending activity with refinancings jumping 75% from last year.

The U.S. government spent nearly $1 trillion more in fiscal year 2019 than it took in, which resulted in the highest deficit in seven years. The deficit has now increased for the last four years, the longest stretch of U.S. deficit growth since the early 1980's, a period that included two recessions and an unemployment rate near 11%. The deficit has increased 68% since 2016 during a time when there is historically low unemployment and a growing economy. The loss of tax revenues from tax cuts, along with a bipartisan budget deal that increased government spending, are responsible for the growing deficits. Long-term costs associated with an aging population, including Social Security and Medicare, are expected to continue to put pressures on balancing the budget in the future.

U.S. corporate earnings remain strong. With most of the third quarter earnings announcements in the books, 75% have posted results above analysts' expectations. While overall profits are lower than last year by approximately 2.7%, analysts are projecting improved earnings next year. One growing concern about non-financial companies being discussed is the high level of debt corporations hold. The level of corporate debt is at the highest level ever. Low interest rates have made the choice of debt preferable to equity for corporations. This has caused a leveraging of balance sheets.

Short-term interest rates have fallen 35% this year as of November 15. The 3-month T-Bill ended at 1.57%, principally due to the three Fed interest rate cuts. The 10-year T-Note was at 1.84% at November 15, down 85 basis points from the end of last year. After spending some time with a partially inverted yield curve, the shape of the yield curve has moved to its more traditional upward slope. The spread between the 3-month T-Bill and the 10-year T-Note was a narrow 27 basis points.

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The stock market reached new highs as of November 15. The Dow Jones Industrial Index was up 20.05% for the year. The broader Nasdaq Index closed up 28.72%. The Nasdaq Bank index was up 16.73%, but the KBW Bank Index was up 26.44%. The stronger upward movement of the KBW Bank Index reflects the strong price increases recorded by larger banks this year.

The market has experienced a high level of market volatility this year. The ups and downs of the U.S.-China trade talks has caused wide market swings. Brexit has been a concern for the market. Protests in Hong Kong have captured attention. The U.S. impeachment inquiry presents market risk. We expect the market to continue to be volatile due to these concerns as well as other issues that may surface and capture the market's attention.

Interesting Tid Bits

Tariffs – The U.S. collected a record $7 billion in import tariffs in September. This was up 50% from last year as new duties kicked in on Chinese imports.

Taxation – For the first time on record, the 400 wealthiest Americans last year paid a lower total tax rate (federal, state, and local taxes) than any other income group. The overall tax rate on the richest 400 households was 23% last year compared to 70% in 1950 and 47% in 1980.

Manufacturing – Manufacturing makes up approximately 11% of the U.S. GNP, which is down from 16% twenty years ago. Factory workers now make up 8.5% of the overall workforce which is down from 13% two decades ago. There are now more local government employees than factory workers.

Merger and Acquisition Activity

Through November 15 this year, there were 229 bank and thrift announced merger transactions. This compares to 231 deals in the same period last year. The median price to tangible book for transactions involving bank sellers was 158%.

Capital Market Services

Capital Market Securities, Inc. has assisted clients in a variety of capital market transactions. For more information on our capital market services, please contact Stephen Clinton at 1.800.376.8662 or sclinton@younginc.com. ❑

Interest Rate Risk Reporting

By: Bryan Fetty, Senior Consultant

There are a few common findings that we note when conducting Interest Rate Risk Reviews for clients that are easily remedied and require very little work on the part of the financial institution. One supervisory requirement is to provide a sufficiently detailed reporting process to inform senior management and the board of the level of IRR exposure. Financial institutions are providing the reports to the board, but in the world of regulators, if it isn't documented in the minutes, you didn't do it.

Financial institutions should ensure that their committee and board minutes are detailed enough to show the level of discussion about their reports that takes place at the meeting. There doesn't need to be extensive narrative on the issues, but the minutes should reflect:

- Whether or not the board reviewed the quarterly IRR reports
- Whether or not the monitored risk measures were in compliance with the policy limits

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- If any measurements fell outside of the policy limits or the reports show presence of warning indicators, include a short explanation and management's recommendations/action items (if applicable)
- If there were any material changes in the risk measurement results compared with the previous period, include a short explanation (for example, changes made to the assumptions used in the model, material changes in the mix of assets or liabilities, any unique circumstances)
- On an annual basis, note when the board reviewed the policy, any independent review reports, the key model assumptions, and any stress or assumption tests
- Whether or not any other ALCO-related topics were discussed during the meeting.

For more information on how Young &Associates, Inc. can assist your financial institution with the annual IRR review and model back-testing process, please email Bryan Fetty at bfetty@younginc.com or give him a call at 330.422.3452. ❑

Agencies Amend Real Estate Appraisal Regulations

(September 27, 2019)

By: Kyle Curtis, Director of Lending Services

The OCC, Board, and FDIC adopted a final rule to amend the regulations requiring appraisals of real estate for residential real estate transactions. The rule increases the threshold level at or below which appraisals are not required for residential real estate transactions from $250,000 to $400,000.

The rule defines a residential real estate transaction as a **real estate-related financial transaction that is secured by a single 1-to-4 family residential property.** For residential real estate transactions exempted from the appraisal requirement as a result of the revised threshold, regulated institutions must obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices.

The requirements for an evaluation are set forth in the 2010 Appraisal Guidelines, and are more extensive than what many smaller institutions do for evaluations. Readers may wish to review the requirements in that document and determine whether changes need to be made regarding your evaluation practices.

The rule also amends the agencies' appraisal regulations to require regulated institutions to subject appraisals for federally related transactions to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice.

Effective Dates

The provisions of much of this final rule will be effective by the time you read this; however, the evaluation requirement for transactions exempted by the rural residential appraisal exemption and the requirement to review appraisals for compliance with the Uniform Standards of Professional Appraisal Practice are effective on January 1, 2020.

Incorporation of the Rural Residential Appraisal Exemption

Congress amended Title XI to add a rural residential appraisal exemption. Under this exemption, a financial institution need not obtain a Title XI appraisal if the property is located in a rural area; the transaction value is less than $400,000; the financial institution retains the loan in portfolio, subject to exceptions; and not later than three days after the Closing Disclosure Form is given to the consumer, the financial institution or its agent has contacted not fewer than three state-certified or state-licensed appraisers, as applicable, and has documented that no such appraiser was available within five business days beyond customary and reasonable fee and timeliness standards for comparable appraisal assignments.

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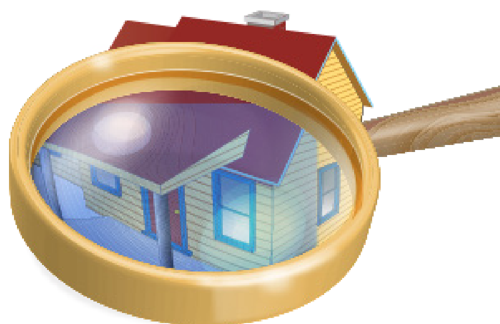
Given the general rule increase to $400,000, essentially these requirements become moot.

Addition of the Appraisal Review Requirement

The Dodd-Frank Act amended Title XI to require that the agencies' appraisal regulations include a requirement that Title XI appraisals be subject to appropriate review for compliance with USPAP.

Appraisal review is consistent with safe and sound banking practices, and should be employed as part of the credit approval process to ensure that appraisals comply with USPAP, the appraisal regulations, and a financial institution's internal policies. Appraisal reviews help ensure that an appraisal contains sufficient information and analysis to support the decision to engage in the transaction. We recently had a discussion with a banker who did not review an appraisal. When they "got around to it" they discovered that the appraisal was "not even close," and ordered a new appraisal. Based on the new appraisal, their LTV was over 130%.



Many financial institutions may already have review processes in place for these purposes. Evaluations need not comply with USPAP. While financial institutions should continue to conduct safety and soundness reviews of evaluations to ensure that an evaluation contains sufficient information and analysis to support the decision to engage in the transaction, the USPAP review requirement in Title XI does not apply to such a review.

The agencies decided to implement the requirement that financial institutions review appraisals for federally related transactions for compliance with USPAP. The agencies encourage regulated institutions to review their existing appraisal review policies and incorporate additional procedures for subjecting appraisals for federally related transactions to appropriate review for compliance with USPAP, as needed.

Conclusion

Readers who wish to read the entire 80-page document as prepared by the regulators can find it at:

https://www.fdic.gov/news/board/2019/2019-08-20-notice-sum-b-fr.pdf?source=govdelivery&utm_medium=email&utm_source=govdelivery

Young & Associates, Inc. can offer assistance with appraisal review, and any other compliance topics. Please feel free to contact me for information regarding these services at kcurtis@younginc.com or (330) 422.3445. ❑

HMDA Data for 2018 Released

By: William J. Showalter, CRCM, CRP, Senior Consultant

The Federal Financial Institutions Examination Council (FFIEC) recently announced the availability of data for the year 2018 regarding mortgage lending transactions at 5,683 financial institutions covered by the Home Mortgage Disclosure Act (HMDA) in metropolitan statistical areas (MSA) throughout the nation.

The newly available HMDA data include disclosure statements for each covered financial institution, aggregate data for each MSA, nationwide summary statistics regarding lending patterns, and the Loan Application Register (LAR) submitted by each institution to its supervisory agency by March 1, 2019, modified for borrower privacy. This release includes loan-level HMDA data covering 2018 lending activity that were submitted on or before August 7, 2019.

The FFIEC prepares and distributes these data products on behalf of its member agencies – the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board (FRB), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Consumer Financial Protection Bureau (CFPB) – and the Department of Housing and Urban Development (HUD).

The HMDA loan-level data available to the public will be updated, on an ongoing basis, to reflect late submissions and resubmissions. Accordingly, loan-level data downloaded from https://ffiec.cfpb.gov/ at a later date will include any such updated

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data. An August 7, 2019 static dataset used to develop the observations in this statement about the 2018 HMDA data is available at https://ffiec.cfpb.gov/data-publication/. In addition, beginning in late March 2019, Loan/Application Registers (LARs) for each HMDA filer of 2018 data, modified to protect borrower privacy, became available at https://ffiec.cfpb.gov/data-publication/.

Data Overview

The 2018 HMDA data use the census tract delineations, population, and housing characteristic data from the 2011-2015 American Community Surveys. In addition, the data reflect metropolitan statistical area (MSA) definitions released by the Office of Management and Budget in 2017 that became effective for HMDA purposes in 2018.

For 2018, the number of reporting institutions declined by about 2.9 percent from the previous year to 5,683, continuing a downward trend since 2006, when HMDA coverage included just over 8,900 lenders. The decline reflects mergers, acquisitions, and the failure of some institutions.

The 2018 data include information on 12.9 million home loan applications. Among them, 10.3 million were closed-end, 2.3 million were open-end, and, for another 378,000 records, pursuant to partial exemptions in the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), financial institutions did not indicate whether the records were closed-end or open-end.

A total of 7.7 million applications resulted in loan originations. Among them, 6.3 million were closed-end mortgage originations, 1.1 million were open-end line of credit originations, and, pursuant to the EGRRCPA's partial exemptions, 283,000 were originations for which financial institutions did not indicate whether they were closed-end or open-end. The 2018 data include 2.0 million purchased loans, for a total of 15.1 million records. The data also include information on approximately 177,000 requests for preapprovals for home purchase loans.

The total number of originated loans decreased by about 924,000 between 2017 and 2018, or 12.6 percent. Refinance originations decreased by 23.1 percent from 2.5 million, and home purchase lending increased by 0.3 percent from 4.3 million.

A total of 2,251 reporters made use of the EGRRCPA's partial exemptions for at least one of the 26 data points eligible for the exemptions. In all, they account for about 425,000 records and 298,000 originations.

Demographic Data

From 2017 to 2018, the share of home purchase loans for first lien, one- to four-family, site-built, owner-occupied properties (one- to four-family, owner-occupied properties) made to low- and moderate-income borrowers (those with income of less than 80 percent of area median income) rose slightly from 26.3 percent to 28.1 percent, and the share of refinance loans to low- and moderate-income borrowers for one- to four-family, owner-occupied properties increased from 22.9 percent to 30.0 percent.

In terms of borrower race and ethnicity, the share of home purchase loans for one- to four-family, owner-occupied properties made to Black borrowers rose from 6.4 percent in 2017 to 6.7 percent in 2018, the share made to Hispanic-White borrowers increased slightly from 8.8 percent to 8.9 percent, and those made to Asian borrowers rose from 5.8 percent to 5.9 percent. From 2017 to 2018, the share of refinance loans for one- to four-family, owner-occupied properties made to Black borrowers increased from 5.9 percent to 6.2 percent, the share made to Hispanic-White borrowers remained unchanged at 6.8 percent, and the share made to Asian borrowers fell from 4.0 percent to 3.7 percent.

In 2018, Black and Hispanic-White applicants experienced higher denial rates for one- to four-family, owner-occupied conventional home purchase loans than non-Hispanic-White applicants. The denial rate for Asian applicants is more comparable to the denial rate for non-Hispanic-White applicants. These relationships are similar to those found in earlier years and, due to the limitations of the HMDA data, cannot take into account all legitimate credit risk considerations for loan approval and loan pricing.

Government-backed Lending

The Federal Housing Administration (FHA)-insured share of first-lien home purchase loans for one- to four-family, owner-occupied properties declined from 22.0

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2020 Rescission Reference Chart Available

Click Here to view and download the 2020 Rescission Reference Chart to assist your lenders in preparing the Notice of Right to Cancel. Please forward this e-mail to someone in your bank who will use this helpful tool.

percent in 2017 to 19.3 percent in 2018. The Department of Veterans Affairs (VA)-guaranteed share of such loans remained at approximately 10 percent in 2018. The overall government-backed share of such purchase loans, including FHA, VA, Rural Housing Service, and Farm Service Agency loans, was 32.0 percent in 2018, down slightly from 35.4 percent in 2017.

The FHA-insured share of refinance mortgages for one- to four-family, owner-occupied properties decreased slightly to 12.8 percent in 2018 from 13.0 percent in 2017, while the VA-guaranteed share of such refinance loans decreased from 11.3 percent in 2017 to 10.2 percent in 2018.

New Data

The 2018 HMDA data contains a variety of information reported for the first time. For example, the data indicated that approximately 424,000 applications were for commercial purpose loans and approximately 57,000 applications were for reverse mortgages.

In addition, among the 12.9 million applications reported, 1.3 million included at least one disaggregate racial or ethnic category. For approximately 6.3 percent of applications, race and ethnicity of the applicant were collected on the basis of visual observation or surname. The percentage was slightly higher for sex at 6.5 percent.

For the newly-reported age data point, the two most commonly reported age groups for applicants were 35-44 and 45-54, with 22.7 and 22.4 percent of total applications, respectively. Just under 3.0 percent of applicants were under 25 and just under 4.0 percent of applicants were over 74.

Credit score information was reported for 73.1 percent of all applications. Equifax Beacon 5.0, Experian Fair Isaac, and FICO Risk Score Classic 04 were the three most commonly reported credit scoring models at 22.8 percent, 18.8 percent, and 18.2 percent of total applications, respectively. For originated loans, the median primary applicant scores for these three models were between 738 and 746. This compares to medians ranging from 682 to 686 for denied applications.

Debt-to-income ratio (DTI) was reported for 75.3 percent of total applications. Approximately 45.1 percent of applications had DTIs between 36.0 percent and 50 percent, with 7.0 percent of applications with less than 20 percent, and 7.1 percent with greater than 60 percent.

Loan Pricing Data

The 2018 HMDA also contains additional pricing information. For example, the median total loan costs for originated closed-end loans was $3,949. For about 42.5 percent of originated closed-end loans, borrowers paid no discount points and received no lender credits. The median interest rate for these originated loans was 4.8 percent. The median interest rate for originated open-end lines of credit excluding reverse mortgages was 5.0 percent.

The HMDA data also identify loans that are covered by the Home Ownership and Equity Protection Act (HOEPA). Under HOEPA, certain types of mortgage loans that have interest rates or total points and fees above specified levels are subject to certain requirements, such as additional disclosures to consumers, and also are subject to various restrictions on loan terms. For 2018, 6,681 loan originations covered by HOEPA were reported: 3,654 home purchase loans for one- to four-family properties; 448 home improvement loans for one- to four-family properties; and 2,579 refinance loans for one- to four-family properties.

Using the Data

The FFIEC states that HMDA data can facilitate the fair lending examination and enforcement process and promote market transparency. When federal banking agency examiners evaluate an institution's fair lending risk, they analyze HMDA data in conjunction with other information and risk factors, in accordance with the Interagency Fair Lending Examination Procedures. Risk factors for pricing discrimination include, but are not limited to, the relationship between loan pricing and compensation of loan officers or mortgage brokers, the presence of broad pricing discretion, and consumer complaints.

The HMDA data alone, according to the FFIEC, cannot be used to determine whether a lender is complying with fair lending laws. While they now include many

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potential determinants of creditworthiness and loan pricing, such as the borrower's credit history, debt-to-income ratio, and the loan-to-value ratio, the HMDA data may not account for all factors considered in underwriting.

Therefore, when the federal banking agencies conduct fair lending examinations, including ones involving loan pricing, they analyze additional information before reaching a determination regarding institutions' compliance with fair lending laws.

Obtaining and Disclosing HMDA Data

In the past, HMDA-covered lenders had to make the HMDA disclosure statements available at their home and certain branch offices after receiving the statements. Now, lenders have only to post at their home offices, and other offices in MSAs a written notice that clearly informs those interested that the lender's HMDA disclosure statement may be obtained on the Consumer Financial Protection Bureau's website at www.consumerfinance.gov/hmda.

In addition, financial institution disclosure statements, MSA and nationwide aggregate reports for 2018 HMDA data, and tools to search and analyze the HMDA data are available at https://ffiec.cfpb.gov/data-publication/. More information about HMDA data reporting requirements is also available at https://ffiec.cfpb.gov/.

More information about HMDA data reporting requirements is available in the Frequently Asked Questions on the FFIEC website at www.ffiec.gov/hmda/faq.htm. Questions about a HMDA report for a specific lender should be directed to the lender's supervisory agency. ❑

Marijuana/Cannabis and MRB Policy – $275

With thirty-three states, the District of Columbia, Guam, and Puerto Rico now allowing the use of marijuana to some degree, banks now need to spell out their responsibilities to conduct business with legal marijuana/cannabis businesses in their communities and at the same time mitigate legal and regulatory risks posed by doing so. Many financial institutions just decide they want no part of any marijuana related business, then one of their cherished customers rents a building to a grower or seller, putting the bank in a secondary or tertiary relationship with that marijuana/cannabis business. Situations such as this make the "we will not touch it" approach untenable. Young & Associates, Inc. has developed a policy that banks can customize to assure that staff knows how to handle many of the marijuana/cannabis issues that may arise for situations such as this. Click here for more information or to order. ❑

Banks as Federal Contractors, A Brief History

By: Mike Lehr, HR Consultant

Unless legal counsel says otherwise, if FDIC covers a bank's deposits, it's best to assume it's a federal contractor. That not only means the bank likely needs an affirmative action plan if it issues fifty or more different W2s in a year, but the federal government holds the bank to higher employment standards.

Still, as human resources professionals know, bank CEOs, presidents, and other senior executives often want to know, "What law says so?" After all, when we think of a "federal contractor," we often think huge employers with thousands of employees.

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For banks with only a few hundred (if that) employees, this all seems very unnecessary. Yet, the short answer is that a reinterpretation of existing law after the 2008 financial crisis made most banks federal contractors if they obtained federal deposit insurance.

Reviewing the way our government works and the history of banks as federal contractors can clarify this answer. After all, the law is not clear. It hasn't changed much in over twenty years.

This review begins by reminding others that federal laws change in three main ways:

1. Congress passes or revises laws.
2. Executive branch reinterprets existing laws.
3. Courts rule on and clarify regulations causing disagreements among parties.

While Congress neither passed nor revised any law specifically stating banks are federal contractors, the Department of Labor (DOL) reinterpreted the law. Until the 2008 financial crisis, the Office of Federal Contract Compliance Programs (OFCCP), an agency of the DOL, mainly interpreted the law to say FDIC made banks contractors. The DOL, its boss so to speak, never accepted this however.

So, until 2008, unless a bank clearly acted as "an issuing and paying agent for U.S. savings bonds and notes" or "a federal fund depository," in a substantial manner, the DOL likely didn't consider it a federal contractor.

Until 2008, FDIC payouts to banks were rare, almost non-existent. This crisis though saw many sizeable payouts. As a result, the DOL accepted OFCCP's interpretation of the law. The crisis forced the DOL to see FDIC coverage as doing business with the federal government. So now, by its "boss" agreeing, the OFCCP has more authority to enforce its regulations such as affirmative action plans on banks.

Again, a reinterpretation of existing law after the 2008 financial crisis increased dramatically the likelihood that a bank is a federal contractor. This brief history has helped human resources professionals answer questions related to "what law says so?"

For more guidance and support on complying as a federal contractor, you can reach Mike Lehr at mlehr@younginc.com. Mike Lehr is not an attorney. As such, the content in this article should not be construed as providing legal advice. For specific decisions on compliance with OFCCP regulations, readers should consult with their legal counsel. ❑

Member
FDIC

Young & Associates Employees Donate for Thanksgiving Food Drive

During the months of October and November, Young & Associates employees have generously donated to a canned food drive to benefit Kent Social Services for the Thanksgiving holiday. These donations will be used to provide food bags for Thanksgiving and throughout the coming year. Thank you to all who participated in this important corporate initiative to give back to our community! ❑

Capital Planning System

Assess capital adequacy in relation to your bank's overall risk and develop a customized capital plan for maintaining appropriate capital levels in all economic environments.

The latest update addresses the proposed Community Bank Leverage Ratio (CBLR) framework, as well as the impact that the anticipated implementation of the Current Expected Credit Loss (CECL) approach may have on the bank's capital levels.

Allows you to:

Develop a base case scenario in which minimum capital adequacy standards are established.

Identify and evaluate risk for your bank. Parameters in this analysis have been field-tested in our work with banks over the years and closely resemble adequacy standards established in consent orders.

Stress test capital by loan classification (as recommended by the FDIC and OCC).

Perform contingency planning for stressed events. All assumptions are stressed to determine the amount of capital needed and possibilities for increasing capital are examined.

Generate your capital plan in as little as 1 day. Data from the Microsoft® Excel spreadsheets can be easily transferred directly into a Word document that can be customized to fit the unique circumstances at your bank.

First Year License Fee (#304) – $1,095

Update/Annual License (#306) – $495

System Requirements: Microsoft® Excel 2007 or higher

Customizable Bank Policies

Young & Associates, Inc. has developed over 95 practical bank policies designed specifically for community banks that will ease the burden of developing bank policies from scratch.

- **Marijuana/Cannabis and MRB (#331) – $275**
  For more details, see page 8.
- **Flood Insurance (#123) – $225**
- **Bank Secrecy and Anti-Money Laundering (#109) – $350**
- **ADA Website Accessibility Accommodations (#327) – $125**
- **Cybersecurity (#313) – $195**
- **Complete List of Available Policies** – over 95 management, lending, and compliance topics

Liquidity Toolkit (#273) – $1,250

Includes:

- **Liquidity Cash Flow Planning Model (#271):** Forecast funding sources, funding needs, and cash flow gaps. Monitor availability of contingent liquidity. Monitor funding concentrations and dynamic cash flow ratios. Perform liquidity stress testing and multiple-scenario what-if analyses. (*regularly $950*)
- **Liquidity Contingency Funding Plan (#272):** Delineates strategies and actions addressing potential liquidity shortfalls in emergency situations. Includes identification of stress events, stress levels, early warning indicators, parameters for liquidity stress testing, sources of funds and funding strategies, lines of responsibility and communication, as well as a detailed crisis action plan. (*regularly $275*)
- **Liquidity Management Policy (#096):** Customizable policy designed to ensure that the bank is managed to provide an adequate level of liquidity to meet both predicted and unexpected cash needs while maintaining a planned net interest margin. (*regularly $225*)

System Requirements: Microsoft® Word 2007 and Excel 2007 or higher

Save $200 when you purchase the Liquidity Toolkit.

Threat Intelligence Program (#324) – $299

Documents the requirements for the institution's threat intelligence program, including: threat intelligence sources, the monitoring process, the analysis and response process, documentation requirements, and the reporting process.

- **Threat Tracking Summary Worksheet:** Microsoft® Excel-based workbook for tracking threat notifications and responses
- **Threat Tracking Detail Worksheet:** Microsoft Word-based worksheet for tracking details about the threat analysis and response process performed for each specific threat
- **Information Systems Event Management Policy:** Policy template that documents the requirements for information systems event management procedures
- **Event Management Procedures for Specific Systems Worksheet:** Excel-based workbook for documenting the event management procedures for each information system

System Requirements: Microsoft® Excel 2007 and Word 2007 or higher

This publication is designed to provide accurate and authoritative information concerning the subject matter covered. In publishing this newsletter, neither the author nor the publisher is engaged in rendering legal, accounting, or other professional advice. If legal, accounting, or other expert assistance is required, the services of a professional competent in the area of concern should be sought.
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