



# COMMUNITY BANKER UPDATE

JANUARY  
FEBRUARY  
2021



## COVID-19

State and Federal Resources | What We Know & Don't Know About Farmers & PPP  
Cybersecurity in the Year of the Pandemic | BSA/AML Reform Is On the Horizon  
Disaster Recovery Planning | The Emergence of the Virtual Family Office

# UPCOMING WEBINARS



## Want To Attend A Webinar?

Click **MORE INFO** for a full description or to register.

Visit [cbiaonline.org](http://cbiaonline.org), for details on CBI webinars and other events, or call us at 515-453-1495 for more info.

Click for **2021 Schedule**

## COVID-19 WEBINARS

- [MORE INFO](#) Feb. 10 Overdraft Hotspots Including Regulations, Lawsuits & Guidance
- [MORE INFO](#) Feb. 11 E-SIGN Series: 'No-Contact' Account Opening: E-SIGN Compliance
- [MORE INFO](#) Feb. 12 New ATR & QM Rule Changes Effective July 1, 2021s
- [MORE INFO](#) Feb. 17 New Security Officer Training: Your Bank Protection Act Responsibilities
- [MORE INFO](#) Feb. 18 Determining Cash Flow from Personal Tax Returns Part 1: Form 1040, Schedules B & C
- [MORE INFO](#) Feb. 24 The Top 10 ACH Exception Handling Questions
- [MORE INFO](#) Feb. 25 The Board's Role in Cyber Security Risk
- [MORE INFO](#) Feb. 26 FDCA Changes Round 2: 12/18/2020 Final Rule on Fair Debt Collection Practices Act
- [MORE INFO](#) Mar. 2 Advanced BSA Officer Training: In-Depth Risk Issues & Difficult Situations
- [MORE INFO](#) Mar. 3 Determining Cash Flow from Personal Tax Returns Part 2: Schedules D, E & F
- [MORE INFO](#) Mar. 4 Flood Series: Flood Forms Line-by-Line

## UPCOMING COVID-19 WEBINARS

- [MORE INFO](#) Feb. 9 Remote Workforce Series: Work from Home Risks: How Compliance Can Limit Liability
- [MORE INFO](#) Feb. 23 Remote Workforce Series: Security Compliance for Work from Home Staff
- [MORE INFO](#) Mar. 8 SBA Lending Update 2021: Rule Changes & PPP FAQs

## 2021 CBI Event Schedule

*Not an exhaustive list of all live events; dates are subject to change.*

### March 31

- **CBI Legislative Reception**  
*Tentative pending Iowa Legislature COVID-19 guidelines*

### April 1-2

- **LOT 19th Annual Leadership Conference**

### April 10-17

- **Money Smart Week**

### May 27

- **CBI Midwest Ag Conference**  
*Virtual Format*

### July 21-23

- **CBI 50th Annual Convention**

### September 13

- **CBI 14th Annual Golf Classic**

### October 21

- **CBI Pheasant Hunt**

### November

- **CBI Legislative Tour**

### TBD

- **LOT Business Meetings**

### Other Industry Events:

#### March 9-10

- **ICBA Connect**  
*Virtual Format*

#### TBD: March

- **IBA Banker Day on the Hill**

#### April 6

- **SHAZAM Forum**  
*Virtual Format*

#### April 27

- **ICBA Capitol Summit**  
*Virtual Format*

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# CBI Offers 140+ Webinars in 2021

Get Affordable, Professional Training  
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CBI is offering over 140 webinars this year, covering critical issues for every level of the financial institution. Industry experts with long-term, real-life, hands-on experience deliver high quality webinars that are exclusively tailored for community bankers.

EIGHT specialized topic series of webinars are in focus for 2021:

- [Remote Workforce Series](#)
- [Flood Series](#)
- [E-SIGN Series](#)
- [Collection Series](#)
- [Credit Analyst Series](#)
- [Job-Specific Series](#)
- [New Accounts Series](#)
- **NEW!** [Alphabet Soup for Lenders](#) (pre-recorded only)

CBI webinars have three registration options:

1. **LIVE WEBINAR.** The live webinar option allows you to have one Internet connection from a single computer terminal. You

may have as many people as you like listen and watch from your office computer. Registrants receive a website address and pass code that will allow entrance to the seminar. The session will be approximately 90 minutes, including question and answer sessions. Seminar materials, including instructions, pass code, and handouts will be emailed to you prior to the broadcast. You will need the most-current version of Adobe Reader, available free at [www.adobe.com](http://www.adobe.com).

2. **RECORDED WEBINAR.** Can't attend the live webinar? The recorded webinar is a recording of the live event, including audio, visuals, and handouts. We even provide the presenter's email address so you may ask follow-up questions. Approximately one week prior to the webinar, you will receive an email with the archived webinar link. This webinar link can be viewed anytime 24/7, beginning 6 business days after the webinar and will expire 6 months after the live program date. You will also receive instructions on how to download a digital copy of the webinar which you may keep and use indefinitely. You can also listen to archived webinars on your iPad, iPhone, or Android device!
3. **BOTH LIVE WEBINAR & RECORDED WEBINAR LINK.** Options 1 and 2 described above.

For more information and to view current webinar offerings, visit our [Events Calendar](#). To view all 2020-21 CBI webinars visit the [Webinars](#) page on [cbiaonline.org](http://cbiaonline.org). Check back often, as more webinars are often added to the roster throughout the year.

Still have questions? Contact Pretty Patel at 515-453-1495 or [ppatel@cbiaonline.org](mailto:ppatel@cbiaonline.org). ■

## Welcome New CBI Members!

Community Bankers of Iowa would like to welcome the following organizations to the association, and thank them for their support:

**Community Bank & Trust**  
Muscatine

**D.A. Davidson & Co.**  
Des Moines

**Downing Construction, Inc.**  
Indianola

**PCI Performance Management**  
Apple Valley, MN

**UFS**  
Grafton, WI

## SAVE THE DATE:

COMMUNITY BANKERS OF IOWA  
**LEADERS OF  
TOMORROW**



**19<sup>th</sup> Annual Leadership  
Development Conference**

**April 1-2, 2021**

Check [cbiaonline.org](http://cbiaonline.org) for updates  
on this and other CBI events.

# Meet Our 2021 CBI Hall of Fame Sponsors

**CBI would like to thank our 2021 Hall of Fame Sponsors!** Continued support like theirs ensures the future of the Community Bankers of Iowa organization—the *only* statewide association advocating exclusively for community banks and bankers in Iowa.

*Interested in sponsorship opportunities? Contact Jackie Haley, VP of Services & Strategic Partnerships at 515-975-8727 or [jhaley@cbiaonline.org](mailto:jhaley@cbiaonline.org).*





















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*Mary Voss*

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CBI Affiliate member [Iowa Student Loan \(ISL\)](#) can help fill the gap in your offerings **at no cost to your institution** through their Private Loan Referral Program. By providing information to your customers and referring them to Iowa Student Loan, you can help them learn about transparent, competitively priced college funding options and your institution can earn referral income. Established in 1979, Iowa Student Loan is a 501(c)3 nonprofit offering private student loans for students and families who have exhausted other sources of aid. In addition, they provide scholarships and programs for Iowa families, and reinvest funds in programs to benefit Iowa students and borrowers.

With 40 years of experience in the student loan industry, Iowa Student Loan is different than other banks and credit unions because they only offer student loans, and will not cross-sell other products to your customers. Their goal is to not only fund loans for

students and families but to help educate them so that they can make better decisions when financing college costs. ISL will also provide marketing materials to inform your customers on funding options and other financial education to make it a smooth process for your organization.

For more on Iowa Student Loan products and services and how your organization may participate, visit [www.iowastudentloan.org](http://www.iowastudentloan.org) to request information or call (855) 811-9849. ■

### Did you know Iowa Student Loan offers a \$2,000 college scholarship to 30 Iowa high school seniors each year?

Help your customers' families with college-bound seniors become aware of this educational funding opportunity by sharing [fliers](#) at your locations. You may use templates for [social media announcements](#) or an [article](#) for your newsletter or website. Custom banner ads are also available for your website upon request. Direct your families to [www.IowaStudentLoan.org](http://www.IowaStudentLoan.org) to learn more, read the [complete rules](#), or to [register](#) a student.



## CBI Education Foundation

*Consider the Future of Community Banking In Your Giving Program*

The [CBI Education Foundation](#) was formed to help improve the financial literacy of Iowa's students, to support higher education for Iowa college students and encourage senior level students to consider community banking as a career, to support community bankers' professional education, and to recognize the accomplishments of community bankers, both to the industry and their communities.

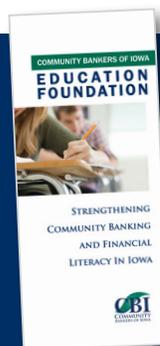
The Foundation is an IRS-approved 501(c)(3) organization, governed by the Community Bankers of Iowa [Council of Presidents](#). Since its inception in 2014, the CBI Education Foundation has received funds from over 60 donors and raised nearly \$57,000 in funding. However, it is the Foundation's plan to build a self-sustaining source of support for financial education by soliciting contributions, both for immediate project funding and larger donations to provide for additional funding well into the future.

### Major programs funded by the CBI Education Foundation include:

- [Money Smart Week Elementary Student Poster Contest](#)
- Community Bankers [Summer Internship Program](#)
- Leaders of Tomorrow (LOT) [Scholarship Program](#)
- Ongoing educational opportunities for bankers and prospective bankers across Iowa.

**Contributions of any size are accepted and encouraged.** Various levels of recognition have been established to spotlight those who show enhanced support. Contributions made by both personal and corporate donors are tax deductible to the fullest extent of the law.

Your donations go right to where they can do immeasurable good in making Iowa's communities and their banks an ongoing, critical part of everyday life. Never before has there been such a focused effort to support education related to community banking across Iowa. For more information and to find out how you can participate, visit our [website](#) or contact Krissy Lee at [kee@cbiaonline.org](mailto:kee@cbiaonline.org). ■



Would you like to make a tax deductible donation to help ensure the future of community banking in Iowa?

[Click here](#) for more information or to download the Brochure and Donation Form.

# LOT Members: Volunteer for a Leaders of Tomorrow Committee

## VOLUNTEER TODAY!

Join [Online](#), or click the link below  
to download a volunteer form:

> [2021 LOT Committee Volunteer Form](#) <

CBI's Leaders of Tomorrow (LOT) Group members can participate in steering their career development by volunteering for a LOT Committee. These committees allow LOT members the opportunity to guide the direction of LOT group events, meetings, award-giving and more. Consider volunteering for one (or multiple) of the following committees and have a say in the LOT group activities. *Participants are needed on the Scholarship and Up & Coming Banker Award Committees in particular.*

### Leadership Development Conference Committee

Determines topic material, recommends speakers, plans peer networking events, and assists in marketing the Leadership Development Conference, LOT's largest event of the year.

### Business Meeting Committee

The committee is responsible for obtaining speakers for any of the supplemental LOT Member business meetings held outside of the annual Leadership Development Conference. LOT co-chairs prepare the agenda; the group as a whole may select topics and suggest speakers.

### Scholarship Committee

Determines criteria for scholarship eligibility, reviews all applications received, and selects two scholarship winners. A representative LOT member presents the scholarships during the opening ceremonies of the CBI Annual Convention held in July.

### Up & Coming Banker of the Year Committee

The committee is responsible for setting criteria and selecting the winner of the Up and Coming Banker of the Year Award, reviewing all candidates and making the final determination. Award criteria are based on individual achievements in banking, individual community involvement, and bank performance. The award is presented during the CBI Annual Convention held in July.

These committees are open to all current LOT members. To volunteer, [complete the form](#) and email to [klee@cbiaonline.org](mailto:klee@cbiaonline.org), or [join online](#). ■

## Education for Every Level of Your Financial Institution



CBI offers nearly 150 webinars every year covering critical issues for every level of the financial institution. Industry experts with long-term experience deliver high quality sessions exclusively tailored for community bankers.

Find them here: [cbiaonline.org/webinars](http://cbiaonline.org/webinars)



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# Questions to Answers

*Net interest margin in jeopardy?*

*Here are some solutions.*



**Written By: Jim Reber**  
**President and CEO**  
**ICBA Securities**



To start out the year, I'd like to both properly memorialize the late, great Alex Trebek and provide some helpful suggestions for investment management in this challenging rate environment in which we find ourselves.

And I'd like to do it in the space of this column, so let's pick up our signaling devices and see what answers we have in front of us.

**Answer:** This segment of the municipal bond market is being embraced by community banks after being shunned for the last three decades.

**Question:** What are general market munis?

General market munis are differentiated from bank qualified (BQ) munis in two ways. First, there is no limit on the size of the issue (BQs are limited to \$10 million per issuer, per year). Secondly, the uses of the proceeds in general market munis are virtually limitless; BQs must be for essential services.

As to why BQ issues have been favorites of community banks since 1986, they qualify for beneficial tax treatment related to an institution's cost of funds. This TEFRA application normally creates higher tax-equivalent yields for bank-qualified issues. However, this advantage begins to shrink when tax rates and/or cost of deposits decline, and both of these conditions have been in play since 2017. The result? Community banks have been buying roughly twice the volume of general market issues vis-à-vis BQs lately. We'll see if that trend continues if cost-of-funds levels—or marginal tax rates—ever rise again.

**Answer:** Community bank bond strategies have recently begun including these types of mortgage-backed securities (MBS).

**Question:** What are multifamily MBS?

All three of the major housing agencies, GNMA, FNMA and FHLMC, have stepped up their issuance of multifamily MBS in the past five years. The main reason for the growth is that more of us are living in 5+ family dwellings than ever before. Another is that they can offer some structural advantages over generic pass-throughs.

For example, many multifamily pools have short state final maturities of seven to 10 years. Another is that they almost all have some type of prepayment penalty baked into the structure. While penalties (or "yield maintenance" provisions) are common in commercial real estate lending, they're almost non-existent for single family loans. The prepayment protection they afford are especially attractive in yield environments like we have at the present.

**Answer:** These three factors can each help limit prepayment risk on amortizing securities.

**Question:** What are borrowers' rate, loan size and geography?

At the end of the day, there are only a few criteria that can provide tangible protection against wholesale refinancing (read: prepayment risk) in generic MBS. The one with the most causal relationship is the borrowers' rate (in bondspeak, the "gross WAC"). Obviously, the lower the current rate, the harder it is for a homeowner to economically benefit from a refinancing. There is a high correlation between note rate and prepayment speeds.

Similarly, the more a borrower owes on his or her dwelling, the more likely the math works in favor of a refinancing. What isn't quite as universally known is that certain states (e.g., New York and Florida) have punitive taxes and fees that make the prospects of cutting the debt service costs much more difficult. As an investor, you can ask for "prepayment friction" pools containing some type of specific collateral that can significantly reduce prepayment risk.

**Answer:** This is by far the most popular month for municipal bond maturities and calls.

**Question:** What is January?

Given that we're embarking on a new calendar year, and, generally speaking, community banks have more cash and liquidity than they prefer, it's worthwhile to mention in the near term there will be a lot of money being turning over in muni land. It's possible that the "January effect" could play out in all its glory this year.

That is the outcome from a lot of money chasing a limited supply of bonds. Many municipal borrowers, and this certainly includes BQ issuers, don't tap the market until later in the year. So, it's entirely plausible that the combination of the wave of redemptions coupled with scant early-year supply will put a serious lid on yields. Many community banks forward purchase in January and February once they identify which bonds in their portfolio will be maturing or will be called away.

**Answer:** This financial services sector punched above its weight in extending credit to small businesses at the height of the COVID-19 pandemic.

**Question:** What are community banks? ■

*Jim Reber is president and CEO of CBI Endorsed Member ICBA Securities, ICBA's institutional, fixed-income broker-dealer for community banks. He can be reached at 800-422-6442 or [jreber@icbasecurities.com](mailto:jreber@icbasecurities.com).*

# 2021 CBI Speakers Bureau Guide Now Available

## Your Resource to Find Industry Presenters for Your Seminars and Events

Need a speaker for your next event or seminar? CBI has done the research for you! The 2021 [CBI Speakers Bureau Guide](#), a comprehensive list of over 150 experts on community banking industry issues, has been compiled to assist you in finding that perfect presenter. This valuable resource contains contact information for each speaker, presentation topics, and more.

**The CBI Speakers Bureau Guide is available EXCLUSIVELY to CBI members!**

For your convenience, the 2021 CBI Speakers Bureau Guide is completely digital and free of charge.

To [download](#) the 2021 CBI Speakers Bureau Guide, submit your request by filling out the form on our website. The file will automatically download, in Excel spreadsheet format. (Sorry, we cannot provide the Guide in any other format).

Get your copy of the 2021 CBI Speakers Bureau Guide today!

For more info on the CBI Speakers Bureau or how to become a presenter, contact Jackie Haley at 515-453-1495 or [jhaley@cbiaonline.org](mailto:jhaley@cbiaonline.org). ■

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# COVID-19: THE SHOCK HEARD ROUND THE WORLD

Unprecedented has probably been the most over-used term in the last 10 months, but it's still a fitting adjective for a state of the world not seen in over 100 years. Like it or not, people from America to New Zealand were suddenly forced to alter nearly everything in their lives practically overnight.

The world--and the rules--changed faster than we could keep up with. And if a global health crisis wasn't enough, derechos, hurricanes, flooding and other natural weather disasters dogpiled on. Many of us scrambled to create new contingencies, hoarded disinfectants and protective equipment, launched into new modes of conducting business (how many Zoom meetings can one attend in a single day??), and hunkered down at home creating Tik Tok videos to stave off constant confinement and the potential desire to throttle your relatives after enduring each other 24/7/365.

But perhaps none of us scrambled more than small business owners desperate to save their livelihoods and those of their employees, and the community banks that reached out to them when others wouldn't. It is indeed the function and "life purpose" of community banks to care for the communities in which they reside. *And wow...community banks sure answered the call.*

No one knows for sure when the pandemic all-clear will be sounded. But it is clear that some of these changes are here to stay, and even more clear that community bankers are needed now and in the future more than ever. Even post-vaccine, there will still be development and infrastructure needing to be funded, there will still be an economy to support, there will still be innovations needing investment, and there will still be communities to rebuild. And none do that better than community bankers.

In this and future issues of *Community Banker Update* you'll find a wealth of COVID-19 information, resources, guidance and much more. But you'll also get the insights of CBI members as they've waded through the clear-as-mud times we live in. You'll find [videos](#), webinars, articles and more on their experiences in Paycheck Protection Program lending, emergency disaster relief, re-fitting bank branches to accommodate social distancing guidelines, operational changes brought on by the need for a remote workforce, and generally figuring things out as they went along and MacGyver-ing solutions on the way.

We've made every effort to provide the latest information as of publication, but things are changing quicker every day. [Subscribe](#) to *Mid-Week Account*, our newest publication on COVID-19-related news and regulatory information at the State and Federal levels, or visit our [COVID-19 News & Resources](#), [COVID-19 Services Corner](#), and [COVID-19 Media & Webinars](#) pages for the latest updates.

A community banker's work is never done, but we hope the information found here makes your jobs even a little bit easier. CBI is here for you, so you can continue to be here for all of us.

By the way...in case the world forgot to say it.... *thank you.* ❤️

# FEDERAL COVID-19 RESOURCES

## US TREASURY & FEDERAL RESERVE RESOURCES

Click buttons below for topic resources and information

[CORONAVIRUS DISEASE \(COVID-19\)](#)

[Supervisory and Regulatory Actions](#)

[Supervisory and Regulatory FAQs](#)

[General Frequently Asked Questions](#)

[Consumer Resources](#)

[Community Development & Small Business Resources](#)

[Funding, Credit, Liquidity and Loan Facilities](#)

[Reporting](#)

[CARES Act - Assistance for Small Businesses](#)

[CARES Act - Assistance for Workers and Families](#)

## U.S. GOVERNMENT AGENCY RESOURCES

Click the links below for more information, resources, assistance programs and guidance from U.S. Government agencies and other organizations.

- [1. Federal Resources for US Small Businesses](#)
- [2. Federal Reserve Bank of Kansas City](#)
- [3. Federal Reserve Bank of Chicago](#)
- [4. Federal Reserve Bank of Boston Main Street Lending Program](#)
- [5. Federal Trade Commission](#)
- [6. FDIC Coronavirus Information for Bankers](#)
- [7. FDIC FAQs for Financial Institutions](#)
- [8. FDIC National Survey of Unbanked and Underbanked Households 2019](#)
- [9. OCC COVID-19 Information Page](#)
- [10. CFPB COVID-19 Resources](#)
- [11. USDA COVID-19 Resources](#)
- [12. USDA Coronavirus Food Assistance Program \(CFAP\)](#)
- [13. IRS Resources for Coronavirus Tax Relief](#)
- [14. IRS Economic Impact Payment Information Center](#)
- [15. FinCEN COVID-19 Updates](#)
- [16. US Dept. of Labor Coronavirus Resources](#)
- [17. SEC Coronavirus \(COVID-19\) Response](#)
- [18. Centers for Disease Control \(CDC\) COVID-19 Site](#)
- [19. CDC COVID-19 Resources: Businesses & Employers](#)
- [20. World Health Organization COVID-19 page](#)
- [21. Red Cross COVID-19 Help](#)
- [22. Red Cross COVID-19 Tips](#)
- [23. Dept. of Veterans Affairs: Coronavirus Disease](#)
- [24. White House / CDC / FEMA](#)
- [25. OSHA COVID-19 page](#)
- [26. OSHA Guidance: Preparing Workplaces for COVID-19](#)
- [27. US Equal Employment Opportunity Commission Coronavirus and COVID-19](#)

Stay current on the latest COVID-19 regulations and news

## Get a Mid-Week Account

Mid-Week Account is a weekly e-newsletter that keeps you informed of current COVID-19 related news and guidance at the State and Federal levels, delivered to your email inbox every Wednesday.

Is everyone in your organization receiving *Mid-Week Account*? If not, [Subscribe Online](#), or send a list of the names and email addresses that you would like added to the recipient list to [klec@cbiaonline.org](mailto:klec@cbiaonline.org).

**CBI MID-WEEK ACCOUNT** February 3, 2021  
COMMUNITY BANKERS OF IOWA

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### SBA Updates

#### SBA updates PPP FAQs with BSA/AML guidance

The SBA updated its frequently asked questions on the Paycheck Protection Program with guidance on the Financial Crimes Enforcement Network and BSA/AML compliance. The updates note that FinCEN's April 2020 FAQs on the PPP apply to second-draw loans. Further, lenders can use borrowers' first-draw PPP loan information for a second-draw loan application for purposes of BSA/AML compliance, if the borrower is an existing customer.

SBA's Iowa District Office has stated that FAQs 1-53 are in the process of being revised and do not yet reflect changes made by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act enacted on December 27, 2020. As such, they do not encourage lenders to completely rely on all guidance in the FAQ for Round 2 First and Second Draw loans. As those revisions are made they will be announced. The Iowa



# SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

Find guidance from the Small Business Administration on the Paycheck Protection Program (PPP), established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. It expands the SBA's 7(a) loan program to help small businesses cover their near-term operating expenses and retain employees.

[FOR LENDERS](#)

[FREQUENTLY ASKED QUESTIONS  
FOR PPP LENDERS & BORROWERS](#)

[LENDER FORMS](#) [LENDER GUIDANCE](#)

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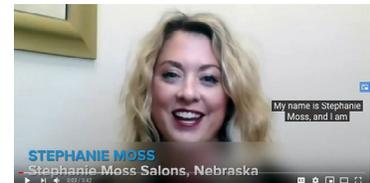
[1ST DRAW PPP](#) [2ND DRAW PPP](#)

[FREQUENTLY ASKED QUESTIONS  
ON PPP LOAN FORGIVENESS](#)

## ICBA Video Series Features Small Biz Owner Assisted by Iowa Community Bank

Last October ICBA launched a series of videos featuring small-business owners who received Paycheck Protection Program loans from community banks, often after megabanks proved unresponsive. The video series on the updated [banklocally.org](http://banklocally.org) includes several entrepreneurs from across the country whose local community banks worked around the clock to process their loans as the coronavirus pandemic hit.

Stephanie Moss of Stephanie Moss Salons in Nebraska was featured for her testimony praising her experience with Audubon State Bank here in Iowa, and their assistance in helping her to obtain a First-Round PPP loan. ■



[Click to watch video.](#)

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Chris Berglund, Chief Lending Officer

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# IOWA COVID-19 RESOURCES

**CLICK THE LINKS BELOW FOR MORE INFORMATION  
ON COVID-19 ASSISTANCE RESOURCES IN IOWA**

1. [COVID-19 in Iowa - Latest data](#)
2. [COVID Recovery Iowa](#)
3. [Iowa Economic Development Recovery Guidance](#)
4. [Iowa Economic Development COVID-19 Relief Resources](#)
5. [Iowa Finance Authority Assistance](#)
6. [Assistance for Iowa Renters and Homeowners](#)
7. [Iowa Housing Recovery](#)
8. [Iowa Spanish Helpline](#)
9. [Iowa Dept of Agriculture COVID-19 page](#)
10. [Aging Resources of Iowa](#)
11. [Small Business Administration Iowa Regional Offices](#)
12. [Iowa Small Business Development Center](#)
13. [DSM Business Record COVID-19 Coverage](#)
14. [Iowa Legislature](#)
15. [Iowa Legal Aid COVID-19 Page](#)
16. [Iowa Student Loan Assistance Information](#)
17. [America's SBDC Iowa #Back2Biz Resources #Back2Biz Guidebook COVID-19 Resources](#)

## What We Know & Don't Know on Farmers and PPP



CliftonLarsonAllen



by **Paul Neiffer**  
Principal  
CliftonLarsonAllen

As we continue to get more guidance from SBA; more emails and calls from readers; and discussions with certain officials in Washington DC; it has become apparent that PPP loans for farmers is a moving target.

The Consolidated Appropriations Act (CAA) added in a new provision that allows certain self-employed farmers to receive both an increase in their first draw PPP loan and a second draw PPP loan if they had at least a 25% reduction in gross receipts. But what does all of this mean. Right now, there is not that much clarity. Let's review what we know and don't know.

First, if you are a self-employed sole proprietor farmer and you reported less than \$100,000 of net farm income on your 2019 Schedule F (or a loss), you are allowed to increase your loan to a maximum \$20,833 based on your line 9 gross income assuming it is at least \$100,000. This assumes you have no employees. You are not allowed to count any gains from selling or trading farm assets that may be reported on Form 4797.

If you have employees, you likely still qualify for the same amount for your SE earnings. You are allowed to get a PPP loan based on the amount of employee payroll costs plus you are allowed to get a loan on your SE income based on:

- Line 9 (Gross Income), minus
- Line 15 (Employee Benefits), minus
- Line 22 (Labor), minus
- Line 23 (Pension and Profit Sharing), minus
- Line 37 (this line is wrong, it likely should be Line 29 Taxes related to employee payroll).
- After you net these amounts, if it is still greater than \$100,000, then you limit it to \$100,000 divide by 12 and times by 2.5

However, if you are a single member LLC that files a Schedule F on a Form 1040, you may or may not qualify for this provision. We have heard of some banks disallowing the loan since an LLC is not an "individual". However, we know for income tax purposes the LLC is disregarded and this should be treated the same as a self-employed individual with no LLC.

Farm partners appear (as of this writing) to be stuck with the old rules based solely on net SE income reported on their Schedule K-1. As of yet, they are not allowed to base their loan on line 9 Gross Income of Schedule F filed with Form 1065.



The SBA seems to require a farmer who gets an increase in the first draw or gets a first draw for the first time to wait at least 8 weeks (and in many cases 11 weeks) before they can ask for a second draw loan. SE farmers are not required to write a check to themselves (although I still recommend it), but it appears you need to wait that long before you can ask

~Farmers & PPP: CONTINUED ON PAGE 27

# The Year in Review: Cybersecurity in the Year of the Pandemic

Written By: **Mike Gilmore**  
Chief Compliance Officer  
**RESULTS Technology**



2020 was a year like no other in recent memory. For years, regulators have required that annual Risk Assessments include rating the risk of pandemics... now we know why. Banks, like all businesses were largely caught by surprise with minimal plans in place when the shutdown happened.

Because banks are required to provide essential services to their communities, banks remained opened. But in order to protect the health of their employees and customers many banks turned to a work-from-home model.

## Working from Home

One surprising discovery from this year is that working from home... works! Brick-and-mortar is not as important as it once was for the service industry. The right technology has peaked at the right time with readily available high-speed home internet allow ready connectivity. Zoom, Microsoft Teams or other conferencing software permit face-to-face communication with co-workers and clients, and available secure VPN and multi-factor authentication tools can help ensure security over the internet.

Most banks already had some level of web or mobile banking, ATM networks, bill payment and other "hands-off" technology in place. The forced closure of lobbies and social distancing measures helped reinforce the importance of that technology to modern banking.

We live in a world where technology makes working from home not only possible, but efficient and easy for many workers. It can continue to be a great option for banks, not only in an emergency, but every day if all the risks are identified and controlled. Most banks have proved that they are well equipped to handle pandemics or other natural disasters in the future.

## Cybersecurity Risks

But working from home, and the existence of the virus increased cybersecurity risk as well. In addition to the risk of viral infection, banks were at much greater risk of malware infection in 2020. The Boston Consulting Group in 2019 found that Banks were

300% more likely to suffer cyber-attacks than the average for all industries. VMWare's Carbon Black Cloud further found attacks on banks and other financial institutions spiking an additional 38% in February and March alone and accounting for 52% of all observed attacks.

They stated that "Cyber criminals often exploit fear and uncertainty during major world events by launching cyber attacks. These attacks are often performed with social engineering campaigns leveraging malicious emails that lure victims to install malware that steals financial data and other valuable personal information or, in some cases, turns a user's computer into a crypto-mining zombie."

Another group, ZeroFOX found that cyber scamming incidents have increased by 519% in 2020 compared to last year, including a 423% spike in scams targeting financial services.

While attacks on banks increased, working from home also has the potential to increase risk. Networks in bank offices are strictly controlled with strong firewall rules, web access controls, system logging, security event detection, antimalware, wireless restrictions, and policies to prevent unmanaged devices on the network. A home internet connection is generally set up with minimal security controls and could be providing a shared network for phones, home computers, gaming stations, doorbells, thermostats, security systems, garage door openers, refrigerators, smart speakers, televisions, light bulbs and dozens of other possible "smart" devices, all which could potentially provide a route for infection.

Banks in 2020 have had to treat home workers as part of their extended network, and extend cyber security controls and management outside of the traditional bank walls.

## Additional Controls

Federal regulators recognized the increased risk to cybersecurity in 2020 as well. The new cycle of exams and InTRES document requests have added a new level of scrutiny on protections against cyber scams, malware and authentication for remote workers. They recognize that no institution, no matter how small or technologically limited is immune from the threat of ransomware.

**~Cybersecurity in the Year of the Pandemic: CONTINUED ON PAGE 17**



# BSA/AML Reform Is on the Horizon



**By: Steve Manderscheid**  
**Compliance Officer, Compliance Alliance**



When Congress pushed through the National Defense Authorization Act for fiscal year 2021, the banking industry breathed a sigh of relief with the glimmer of hope for the potential elimination of excessive regulatory burdens under the Bank Secrecy Act.

The reason for hope is the section within the legislation dedicated solely to improvements to anti-money laundering rules, including to:

- Improve coordination and information sharing among the agencies tasked with administering anti-money laundering and countering the financing of terrorism requirements, the agencies that examine financial institutions for compliance with those requirements, Federal law enforcement agencies, national security agencies, the intelligence community, and financial institutions;
- Modernize anti-money laundering and countering the financing of terrorism laws to adapt the government and private sector response to new and emerging threats;
- Encourage technological innovation and the adoption of new technology by financial institutions to more effectively counter money laundering and the financing of terrorism;
- Reinforce that the anti-money laundering and countering the financing of terrorism policies, procedures, and controls of financial institutions shall be risk-based;
- Establish uniform beneficial ownership information reporting requirements to—
  - Improve transparency for national security, intelligence, and law enforcement agencies and financial institutions concerning corporate structures and insight into the flow of illicit funds through those structures;
  - Discourage the use of shell corporations as a tool to disguise and move illicit funds;
  - Assist national security, intelligence, and law enforcement agencies with the pursuit of crimes; and
  - Protect the national security of the United States; and
- Establish a secure, nonpublic database at FinCEN for beneficial ownership information.

The main purpose of this immense undertaking will continue to focus on safeguarding the United States financial system and those financial institutions that make up that system from the abuse of money laundering, terrorist financing, and other illicit financial crimes.

Today, banks must develop and implement an effective risk-based AML program consistent with rules that transcend roughly fifty

(50) years of banking. Over that period of time many things have changed, especially the recent digital innovations relating to how consumers interact and conduct their banking and transactions. Unfortunately, the same cannot be said for the regulatory burden to file reports under archaic and arbitrary thresholds.

Under the current BSA Currency Transaction Reports (CTRs) requirements (not considering exemptions as they are a burden unto themselves), financial institutions must report currency transactions over \$10,000 conducted by, or on behalf of, one person, as well as multiple currency transactions that aggregate to be over \$10,000 in a single day.

In addition to filing CTRs, the industry must report suspicious activity under the following thresholds:

- Criminal violations involving insider abuse in any amount.
- Criminal violations aggregating \$5,000 or more when a suspect can be identified.
- Criminal violations aggregating \$25,000 or more regardless of a potential suspect.
  - Transactions conducted or attempted by, at, or through the bank (or an affiliate) and aggregating \$5,000 or more, if the bank or affiliate knows, suspects, or has reason to suspect that the transaction involves money laundering or other illegal activity, evades the BSA or has no business or apparent lawful purpose.

Under the current legislation, the Treasury Department is to undergo a formal review of these current arbitrary thresholds established for filing CTRs and Suspicious Activity Reports (SARs), including:

- Review of Thresholds for Certain Currency Transaction Reports and Suspicious Activity Reports.
  - The Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of Homeland Security, the Federal functional regulators, State bank supervisors, State credit union supervisors, and other relevant stakeholders, shall review and determine whether the dollar thresholds, including aggregate thresholds, under sections 5313, 5318(g), and 5331 of title 31, United States Code, including regulations issued under those sections, should be adjusted.
- Considerations. In making the determinations required under subsection (a), the Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of

- Homeland Security, the Federal functional regulators, State bank supervisors, State credit union supervisors, and other relevant stakeholders, shall:
  - Rely substantially on information obtained through the BSA Data Value Analysis Project conducted by FinCEN and on information obtained through the Currency Transaction Report analyses conducted by the Comptroller General of the United States; and
  - Consider:
    - The effects that adjusting the thresholds would have on law enforcement, intelligence, national security, and homeland security agencies;
    - The costs likely to be incurred or saved by financial institutions from any adjustment to the thresholds;
    - Whether adjusting the thresholds would better conform the United States with international norms and standards to counter money laundering and the financing of terrorism;
    - Whether currency transaction report thresholds should be tied to inflation or otherwise, be adjusted based on other factors consistent with the purposes of the Bank Secrecy Act;
    - Any other matter that the Secretary determines is appropriate.
- Report and Rulemakings. Not later than 1 year after the date of enactment of this Act, the Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of Homeland Security, the Federal functional regulators, State bank supervisors, State credit union supervisors, and other relevant stakeholders, shall:
  - Publish a report of the findings from the review required under subsection (a); and
  - Propose rulemakings, as appropriate, to implement the findings and determinations described in paragraph (1).
- Updates. Not less frequently than once every 5 years during the 10-year period beginning on the date of enactment of this Act, the Secretary shall:
  - Evaluate findings and rulemakings described in subsection (c); and
  - Transmit a written summary of the evaluation to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; and
  - Propose rulemakings, as appropriate, in response to the evaluation required under paragraph (1).

How will all this play out? Well, we'll have to wait and see. Hopefully, an increase in the reporting thresholds will bring some semblance of actual tangible benefits to financial institutions being burdened under the current BSA regulatory reporting structure. ■

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Steve Manderscheid brings over 25 years of experience to the Compliance Alliance team. Previously, he focused on all aspects of regulatory compliance risk management while also serving in a BSA officer capacity. In his role as Compliance Officer he brings all of his experience to completing reviews, and working on developing tools, training materials, and training events For more on CBI Affiliate Member Compliance Alliance, visit [www.compliancealliance.com](http://www.compliancealliance.com).

**CONTINUED FROM PAGE 15**

In 2020 the program adopted a focus on the five Basic Controls established by the Center for Internet Security (CIS).

These controls are:

- Inventory and Control of Hardware Assets (How do you manage and allow only authorized devices?)
- Inventory and Control of Software Assets (How do you assure that only authorized applications are allowed?)
- Continuous Vulnerability Management (Once a year Vulnerability scans are not enough!)
- Controlled Use of Administrative Privileges (How do you know when Admin accounts are established and used?)
- Secure Configuration for Hardware and Software on all devices (Have you established and enforced standards for “hardening” on all devices?)

**Lessons Learned**

What lessons can we take from 2020 to ensure safe and secure operations in the future?

- Work from home and extended networks are here to stay.
- Risk and vulnerability assessments must include the new extended networks including home workers.
- New tools and new controls must be put in place to meet both the increased risks from extended networks and the ever-increasing rate of attacks.
  - Secure the home network.
  - Secure all remote devices.
  - Keep up the security awareness training and phish testing.
  - Add multi-factor authentication for all network access.
  - Add tools to help you monitor and alert to any unusual activity and all administrative activity.
  - Conduct frequent internal and external vulnerability scans.

2020 may have been a new and unique experience from recent years, but it may also be a harbinger of the future. Take the lessons of the Year of the Pandemic to heart and prepare for a safe and secure future. ■

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*Mike Gilmore is the Chief Compliance Officer of RESULTS Technology and a Certified Information Systems Auditor (CISA) with more than 30 years' experience in the banking industry. In his role as CCO, he provides compliance and risk assessments, audit and exam support and policy documentation. He can be reached at [mgilmore@resultstechnology.com](mailto:mgilmore@resultstechnology.com). For more information on CBI Affiliate Member RESULTS Technology visit [www.resultstechnology.com](http://www.resultstechnology.com).*

# Disaster Recovery Planning: Key Strategies in Navigating the Unknown

by Jennifer R. Grier, Senior Examiner  
Supervision, Regulation, and Credit  
Federal Reserve Bank of Atlanta



Hurricanes. Cyberattacks. Pandemics. Wildfires. Whether resulting from natural causes or human intervention, all these events pose the potential risk of significantly disrupting a community bank's normal operations. Unfortunately, there is no fail-proof predictor of when or if a disaster event will occur at any given time. Therefore, it is important that bank management be proactive in developing a comprehensive disaster recovery and business continuity plan (BCP) to mitigate the uncertainty of these risks.

The occurrence and severity of natural disasters have increased significantly over the past decade. Between 2010 and 2019, the United States experienced almost twice the number of billion-dollar natural disasters than in the 2000s, at 119 and 62, respectively.<sup>1</sup> During 2020, the United States was impacted by 16 separate billion-dollar disasters (see Figure 1): one drought event, 11 severe storms, three tropical cyclone<sup>2</sup> events, and one wildfire<sup>3</sup> event. As of October 7, 2020, the 16 weather/climate disaster events resulted in losses exceeding \$1 billion in the United States.<sup>4</sup>

In addition to natural disasters, banks are also the frequent target of cybersecurity threats, such as malware and distributed denial-of-service attacks. Reportedly, banks and financial services organizations represented 25.7 percent of all malware attacks in 2018.<sup>5</sup>

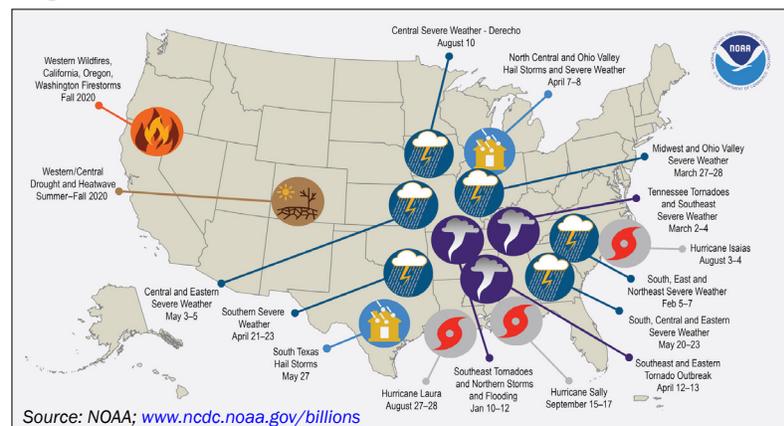
Whether or not a bank can quickly resume operations after a disaster can have a lasting effect on its brand. From a macro perspective, a bank's quick recovery can also serve as a positive sign of resilience for the local community. Not surprisingly,

preparation is the key distinguishing characteristic of those banks that have been able to demonstrate agility and resilience during a crisis. These banks developed a disaster recovery plan with the intention of minimizing disruptions to both the bank and its customers.

## Business Continuity Plan

A thoroughly tested BCP provides bank management with the appropriate framework for decision-making in the midst of a crisis. Lessons learned from previous disasters, such as Hurricane Katrina in 2005 and Superstorm Sandy in 2012, have highlighted why banks should develop a BCP that defines how to respond to and recover from business disruptions. The goal is to review all of the possible disruptions that could occur and then identify the appropriate mitigant for each risk.<sup>6</sup>

**Figure 1: U.S. 2020 Billion-Dollar Weather and Climate Disasters**



Source: NOAA; [www.ncdc.noaa.gov/billions](http://www.ncdc.noaa.gov/billions)

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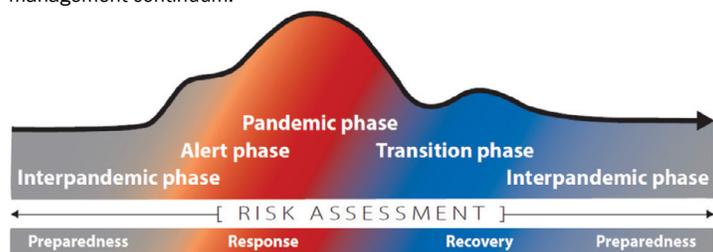
For most banks, the planning process to develop an effective BCP will require multiple iterations. As outlined in the 2015 Community Banking Connections article “Business Resumption Planning for Banks,”<sup>7</sup> an effective business continuity program has four key components: (1) business impact analysis, (2) risk assessment, (3) risk management, and (4) monitoring and testing.<sup>8</sup> Additionally, if the bank uses outside vendors for key bank functions, there should be a discussion of the potential third-party risk.<sup>9</sup>

### Pandemic Planning

Until recently, most banks developed BCPs that primarily focused on recovery strategies for cyberattacks and natural disasters most prevalent in their respective markets. However, the COVID-19<sup>10</sup> global pandemic has heightened the awareness and need for all banks, regardless of asset size and complexity, to incorporate pandemics in their BCPs.

**Figure 2: The Continuum of Pandemic Phases**

This continuum is according to a “global average” of cases, over time, based on continued risk assessment and consistent with the broader emergency risk management continuum.



Source: Reproduced from Pandemic Influenza Risk Management: A WHO Guide to Inform & Harmonize National & International Pandemic Preparedness and Response, WHO/WHE/IHM/GIP/2017.1, Chapter 2: WHO Global Leadership, p. 13, May 2017, ©WHO 2017; <https://apps.who.int/iris/bitstream/handle/10665/259893/WHO-WHE-IHM-GIP-2017.1-eng.pdf>; used with permission, accessed November 2, 2020.

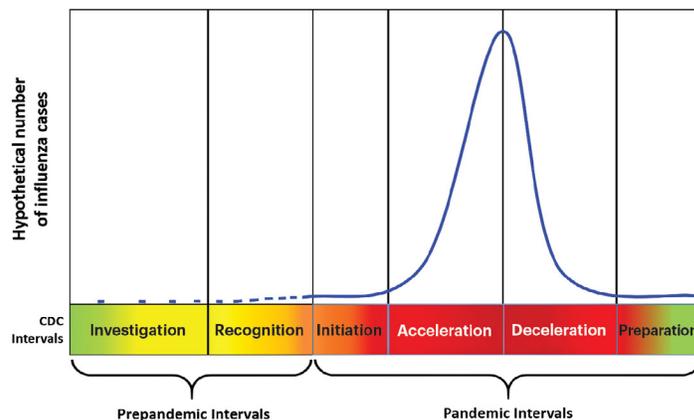
On March 10, 2020, the Federal Financial Institutions Examination Council (FFIEC)<sup>11</sup> issued updated guidance identifying actions that financial institutions should take to minimize the potential adverse effects of a pandemic. Supervision and Regulation (SR) letter 20-3/Community Affairs (CA) letter 20-2, “Interagency Statement on Pandemic Planning,”<sup>12</sup> encourages financial institutions to periodically review related risk management plans, including BCPs, and ensure that an institution is able to continually deliver products and services in a wide range of scenarios with minimal disruption (see Addressing the Unique Challenges of Pandemics box).<sup>13</sup>

### Unique Characteristics of Pandemic Planning

Pandemic planning presents a unique challenge for financial institutions because there are more unknown factors to consider than in plans for recovery from a natural disaster or a business disruption. For example, the planning process should consider the difference in anticipated scale and duration of the bank’s operational disruption, as the disaster event may be more widespread, limiting public and commercial services in the bank’s community. Furthermore, unlike traditional disasters that have limited time durations, previous pandemics have been

characterized by waves of activity spread over several months (see Figures 2 and 3).<sup>14</sup>

**Figure 3: Preparedness and Response Framework for Novel Influenza A Virus Pandemics: CDC Intervals**



Source: CDC; [www.cdc.gov/flu/pandemic-resources/national-strategy/intervals-framework.html](http://www.cdc.gov/flu/pandemic-resources/national-strategy/intervals-framework.html)

The ramifications of a pandemic are far-reaching and encompass many disparate issues, including health and economic concerns. A severe pandemic could lead to extensive illness, loss of business productivity, and disruption or closure of school systems. For example, during the 2006 avian flu outbreak in Southeast Asia, the U.S. pandemic plan recommended that the public and private sectors assume that up to 40 percent of their staff might have been unable to report to work for two weeks because of personal or family sickness.<sup>15</sup> The potential lack of vital staff to deliver an institution’s critical financial services (i.e., operational resiliency) and to maintain its infrastructure (i.e., technology and cybersecurity risks) should be incorporated into the ongoing business impact analysis and risk assessment processes. Thus far in the COVID-19 pandemic, financial institutions have generally demonstrated operational resilience related to cybersecurity and technology risks. However, institutions need to remain vigilant by considering the probability of additional service disruptions and update their BCPs accordingly.

### Addressing the Unique Challenges of Pandemics

SR letter 20-3/CA letter 20-2 suggests that a financial institution’s BCP address five elements:

1. A preventive program
2. A documented strategy that provides for scaling the institution’s pandemic efforts
3. A comprehensive framework of facilities, systems, or procedures
4. A testing program
5. An oversight program to ensure ongoing review and updates to the pandemic plan.

See the full text at [www.federalreserve.gov/supervisionreg/srletters/SR2003a1.pdf](http://www.federalreserve.gov/supervisionreg/srletters/SR2003a1.pdf).

~Disaster Recovery Planning: CONTINUED ON PAGE 21

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# The Emergence of the Virtual Family Office



By: **Jason Kuruvilla**  
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As the human and economic toll of the coronavirus mounted in the first half of 2020, organizations of all kinds were forced to consider what the future of their operations would look like in a post COVID-19 world. Family offices were no exception.

Rapidly fading are the days when a family office would hire the right staff members, provide a space where they could work and then convene the family members a couple of times a year to discuss the strategy.

Most of these physical offices now stand empty as working from home has become the new normal. At the same time, family members—especially the younger generation—have been demanding ever more access to the office’s day-to-day workings as the economy has experienced wrenching change.

The answer, for many family offices, is to become a virtual family office.

But getting there has not been easy. Many family offices were simply not equipped with the technology to support a seamless remote work environment. They needed to quickly upgrade their technology and temporarily outsource back-office functions—all of which changed the way offices met the needs of individual family members.

As this coronavirus pandemic heads into the second half of 2020, family offices will have little choice but to evolve as the digital transformation is forcing them to begin exploring the new world of a virtual family office.

## Second Business

Family offices have existed in many shapes and sizes since the 19th century, serving names like Rockefeller, Morgan, Rothschild and others. According to PitchBook, a research firm that compiles data on family offices, there are more than 1,900 offices around the globe, with more than 800 in the United States.

And there is no set approach. In some cases, multifamily offices provide investment management services to a range of families. In others, a single family office has several generations to support.

## Increasing Costs

Families are dealing with a number of issues such as

cybersecurity, tax law changes, regulation updates, family dynamics and the digital transformation. With all of these variables in play, the mobility and intellectual horsepower of the single-family or multifamily office structure is debatable.

In addition, there are a number of vulnerabilities in the traditional family office structure that were exposed during the pandemic. A perfect example of this was outdated technology where working from home was a challenge. As the costs to manage the business climb and performance fades because of economic conditions, the structure of the office might limit the ability to meet the family’s goals.

## The Next Generation

According to Bloomberg, millennials are set to inherit about \$30 trillion from their parents in the coming decades.

Those in the next generation share very different characteristics from their parents. First, they are always connected. This is a generation that grew up with technology and demands full transparency to data and information with no disruption. Second, this is a generation that expects immediate results. They live faster-paced lives and demand immediate changes when problems arise.

## Digital Transformation

A virtual family office is the ideal structure to do more with less by leveraging outside specialized expertise, embracing emerging technologies and deploying resources more quickly. This structure allows the family to have a leaner staff that is focused on the biggest goals for the family. In addition, there is no need to have a physical office because everything can be done remotely.

As the next generation is about to take the reins of the office, a single platform holistically focused on the family that provides real-time data and transparency will be adopted more quickly than the older office structures. ■

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*Jason Kuruvilla is a financial services professional aligned with RSM’s tax practice. Working primarily financial services clients, he has expertise in meeting the needs of family offices. For more info on CBI Affiliate Member RSM, visit [www.rsmus.com](http://www.rsmus.com).*

## Conclusion

The increasing occurrence and severity of natural disasters and other business disruptions have heightened the potential risk to community banks. Based on lessons learned from previous disasters, a bank should consider using an organization-wide approach in developing a BCP to ensure that the institution's board of directors and senior management are aware of their respective roles in limiting disruptions to the bank's operations and services to its customers. In addition, the bank's BCP should address a pandemic event and provide for an appropriate operational response, a documented strategy scaled to the stages of a pandemic outbreak, a comprehensive framework to ensure the continuance of critical operations, and a testing program to ensure that the BCP is effective in recovering critical operations. To confirm the adequacy of the planning process and the execution of the plan, the BCP should identify roles and responsibilities for overseeing business continuity during a disaster, including periodic review and updating of the plan to reflect actual experience in recovering from a disaster.

## Notes:

1. These figures are from the National Oceanic and Atmospheric Administration's (NOAA) National Centers for Environmental Information; they have been adjusted for inflation.
2. The NOAA defines a tropical cyclone as a "rotating low-pressure weather system that has organized thunderstorms but no fronts (a boundary separating two air masses of different densities). Tropical cyclone with maximum sustained winds of 39 mph or higher are called tropical storms. When a tropical storm's maximum sustained winds reach 74 mph, it is called a hurricane."
3. According to the National Weather Service Instruction 10-1605, wildfire is defined as "any significant forest fire, grassland fire, rangeland fire, or wildland-urban interface fire that consumes the natural fuels and spreads in response to its environment." Significant is defined as "a wildfire that causes one or more fatalities, one or more significant injuries, and/or property damage." See [www.nws.noaa.gov/directives/sym/pd01016005curr.pdf](http://www.nws.noaa.gov/directives/sym/pd01016005curr.pdf).
4. See NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2020, available at [www.ncdc.noaa.gov/billions/](http://www.ncdc.noaa.gov/billions/); DOI: 10.25921/stkw-7w73
5. "Banking and Financial Services Threat Landscape Report," Banking & Financial Services, INTSIGHTS, April 2019, p. 3, available at <https://tinyurl.com/y4po3484>.
6. Aaron Cohen and Anthony Toins, "Business Resumption Planning for Banks," Community Banking Connections, Third Quarter 2015, available at [www.cbefrs.org/articles/2015/q3/business-resumption](http://www.cbefrs.org/articles/2015/q3/business-resumption).

7. See Cohen and Toins.
8. See the discussion of the Business Continuity Planning Process (page 3) in the FFIEC Business Continuity Planning IT Examination Handbook, available at <http://ow.ly/STGbe>.
9. See Cohen and Toins.
10. According to the World Health Organization, COVID-19 is an infectious disease caused by the most recently discovered coronavirus. The first reported outbreak was in Wuhan, China, in December 2019. COVID-19 is now a global pandemic.
11. The FFIEC comprises principals of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau, and the State Liaison Committee.
12. SR letter 20-3/CA letter 20-2 is available at [www.federalreserve.gov/supervisionreg/srletters/SR2003a1.pdf](http://www.federalreserve.gov/supervisionreg/srletters/SR2003a1.pdf).
13. Additional information is available in the FFIEC Business Continuity Management Examination Handbook, available at <https://ithandbook.ffiec.gov/it-booklets.aspx>.
14. See Pandemic Influenza Preparedness and Response: A WHO Guidance Document, Geneva: World Health Organization, 2009, available at [www.ncbi.nlm.nih.gov/books/NBK143061/](http://www.ncbi.nlm.nih.gov/books/NBK143061/).
15. United States Homeland Security Council, Implementation Plan for the National Strategy for Pandemic Influenza, May 2006, p. 20, available at <https://georgewbush-whitehouse.archives.gov/homeland/pandemic-influenza-implementation.html>.



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To sign up: Contact **Ernie Goss**  
[ernieg@creighton.edu](mailto:ernieg@creighton.edu)



# Your computer may be more valuable to an attacker than you think



**By: John Streff**  
**IT Security Specialist**  
**Vantage Point Solutions**



We hear so much about data breaches and cyber attacks these days. Learning that hackers exposed millions of credit card numbers or other pieces of personal

information seems to happen more and more. Even large companies with well-funded security such as Facebook, Microsoft, and Equifax suffer at the hands of malicious cyber attackers. Considering how these mega-companies make such high-value targets, you may wonder, “How does this affect me?”

Why do I need to care about cybersecurity? Why would an attacker want my computer? There is nothing of value on it, and I only use it for email, social media, and occasional online purchases.” What many people forget is that hackers are not only dangerous because of what they can take from you, but also because of what they can give you. While it may be true that your personal computer does not store millions of credit card numbers, your PC still has potentially tremendous value to an attacker. You need to care about cybersecurity. So, what can an attacker do with your computer? Let’s look at some of the major reasons for which an attacker may want your computer.

If you have saved your email password to your computer so you don’t have to type it every time you log in, attackers may be able to access your email account. They could read your emails. They could even send emails in your name to wreak havoc in your life or damage your reputation. They could obtain the contact information of your friends and family. With access to your email, it would also be possible to reset the passwords of any online accounts that you have set up with that email address using the “Forgot my Password” button on a website’s login page. Access to your email provides wildcard access to most of your online accounts. Consider what these other online accounts are. Someone with access to your Amazon account could probably make purchases using the credit cards you have saved in your account. Think of the damage an attacker could do to your personal and professional reputation with access to your Facebook, Twitter, and LinkedIn accounts.

A hacked computer is also dangerous because it may allow attackers to access your computer’s webcam and microphone. Attackers could potentially take pictures of you without your knowledge. If the images captured were of a private nature, they

could blackmail you. For this reason, it is always a good idea to keep your webcam covered when not in use.

With access to your computer, attackers could also install malware (malicious software) capable of encrypting all your files and making them unusable until you pay a price to have the files decrypted. This is commonly called ransomware as the attackers hold your computer for ransom. Even if you don’t have anything of value on your computer that you are afraid of losing, there is still danger. Some malware can spread from one computer to another on a network. Other computers on the network may contain important files that must remain safe.

As if all of this were not enough, an attacker could use your computer to host a malicious website that infects the computers of all who visit that site with malware. Your computer could spread malware all over the world without your knowledge! An attacker could even place illegal content on this website, and you are legally responsible for your computer’s contents.

An attacker could also use your computer’s processing power to send spam emails all around the world. These emails may contain attached malware or links to malicious, malware-hosting websites. An attacker could also install malware that joins your computer to thousands or millions of other hacked computers around the world to form a “botnet,” which is an army of compromised computers. This botnet could collectively overwhelm a target website (such as Amazon) and cause it to crash. This is known as a distributed denial-of-service (DDoS) attack.

An attacker could also use your hacked computer to generate revenue through cryptocurrency mining. Cryptocurrencies such as Bitcoin are completely digitized forms of money. Sometimes, attackers will try to induce people to visit websites that host pirated movies. While the victim is spending time watching the pirated movie, the website “hijacks” the victim’s Internet browser and uses its processing power to mine cryptocurrency.

As you can see, a hacked computer is an asset to an attacker. Much more is at stake than your personal photos and text documents. Downloading and opening a malicious file or clicking a single link to a malicious website is enough to unleash the

chaos described in the preceding paragraphs. There is, however, no reason to despair. You can take practical steps to protect yourself.

- Be careful what you click on. Don't click on links or open attachments from emails you are not expecting. Verify the origin of the message. Hover your mouse over a link before clicking it to see where it will take you. If the site is unfamiliar or looks suspicious, do not click on the link.
- Do not use passwords. Instead, use passphrases! The length of a passphrase is far more important than the complexity. Often, websites will insist that you must use a certain number of uppercase letters, numbers, and special characters. The length, however, is far more important. Use at least 12 characters. An example of a good passphrase is "DeskComputerPhoneBottle20!"
- Apply updates when they become available, and do not repeatedly postpone them. Software vendors often release updates to fix critical security vulnerabilities.
- Use updated antivirus software.
- Take regular backups of your important files in case of a ransomware attack. If you are the victim of ransomware, do not pay the ransom as this encourages the attackers. Simply reinstall everything on your computer and restore your important files from the backups.
- Keep your webcam covered when you are not using it.
- Monitor your financial accounts for suspicious activity. A good credit monitoring or credit freezing service can help with this.
- Finally, do not enter sensitive information such as credit card numbers into a form on a website that has HTTP in the address bar. Ensure that the site uses HTTPS, which means that your information will be encrypted when sent to the website.

Remember that even though you may not store millions of credit card numbers on your computer, you can still be a target. Recognizing that every computer has potential value to an attacker and taking the steps listed above will help you stay safe in the dangerous cyber world. ■

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*John Streff is an IT Security Specialist with Vantage Point Solutions where he helps financial institutions secure their data networks through penetration testing, vulnerability management, policy and other measures. He specializes in social engineering, security awareness training and malware analysis. Learn more about CBI Affiliate Member Vantage Point Solutions at [www.vantagepnt.com](http://www.vantagepnt.com).*

## Do You Know About Community Bankers Services & Insurance (CBSI)?



Save money AND support your association! Providing best of breed services, products and insurance to member banks has been the mission of [Community Bankers Services and Insurance \(CBSI\)](#) since 1984. CBSI provides exclusive CBI-member pricing on a range of products and services and the benefits of joint purchasing power, while at the same time benefiting the association.

CBSI has done the research for you! Endorsed service providers undergo a rigorous due diligence process and are ultimately chosen by a panel of community bankers. Critical due diligence is always performed when launching new services. The review process for each program is intended to ensure that no service program is undertaken unless it will prove to be beneficial for the membership.

CBSI and its partners continue to work together to enhance member products and services. The [CBSI Board of Directors](#) meets quarterly to review endorsed vendors and consider new partnerships, often suggested by members. Your bank and your association will benefit when you have a choice of the best providers. ■

**See full lists of CBSI providers at [cbiaonline.org](http://cbiaonline.org)**

**Join the growing list of Endorsed Partners of Community Bankers of Iowa!**

For more details on the endorsement process, please contact Jackie Haley, Vice President of Services & Strategic Partnerships at (515) 975-8727 or [jhaley@cbiaonline.org](mailto:jhaley@cbiaonline.org).

# From the Top

Written By: Noah Wilcox, Chairman of ICBA



Community banking relies on digital-first—but Zoom-fatigued—environment, it's more important than ever that we find new ways to make those connections stick.

At the highest level, customers just want to know we care. At our bank, we've been getting creative with how we demonstrate that sentiment. For example, I have told my lending team to call and talk to customers, send handwritten notes or offer small personal gestures that show we're thinking about them. In these times, we need to double or triple down on that kind of effort to keep the connection alive.

But it's not only our customers we need to consider. For instance, my assistant has been with the bank for 46 years. She was my grandfather's assistant, then my dad's and now mine; she's like an extension of our family. So, imagine my surprise when she told me she was worried I had forgotten about her, because we haven't seen each other much since March. Talk about a lesson learned. We really need to go the extra mile with our teams right now, too, so they remain connected to the bank.

What about other community bankers? When I think back to the start of the pandemic and the corresponding Paycheck Protection Program craze, I realize that I couldn't have navigated it as well as I did without this network. We were sharing information, offering updates and asking questions of one another on a near-continuous loop. That type of connection helps us build up the business of community banking while inspiring new ideas for our industry.

That's our goal with ICBA Connect this year: to strengthen the bonds of community banking. ICBA Connect will bring us together virtually in a way that creates a dynamic, collaborative experience. In addition, the sessions will

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*"I hope to see you virtually at ICBA Connect. For community bankers, it's all about that connection."*

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address the emerging issues facing community bankers, including ways we can better click with our teams through creativity, culture and engagement. Plus, it's virtual, so even more of our team will be able to experience ICBA Connect for themselves.

And what an experience it will be! When we come together as a community of community bankers, there's no denying the energy. When we work toward a common goal, strategize new ways to solve bank problems, get inspired to look at a topic through a new lens or establish a new relationship, we are at our very best.

So, I hope to see you virtually at ICBA Connect. For community bankers, it's all about that connection.

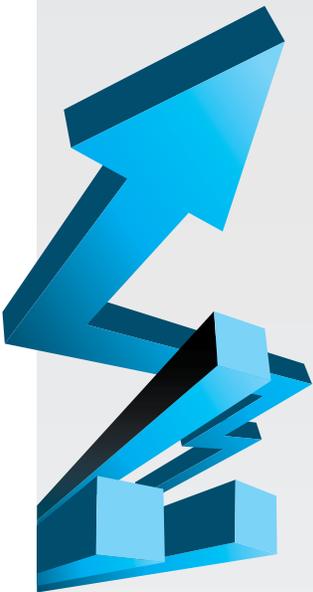
### My Top Three

The top three reasons to attend ICBA Connect:

1. Take a two-day learning retreat with fellow bankers.
2. Bring your whole team with the bank registration package.
3. Kick-start your energy, imagination and overall performance. ■

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Noah Wilcox is Chairman, President and CEO of Grand Rapids State Bank in Grand Rapids, MN. Connect with Pres [@NWWilcox](#).



# Flourish

Written By: Rebeca Romero Rainey, President & CEO of [ICBA](#)



When I consider what I love I get a clear visual: overlapping concentric circles with one common center. Each circle represents an element of your impact on communities, including people, culture, economic growth, personal and professional development, and more. But in the center of everything lies the human connection. Relationships—with your teams, customers and communities—sit at the very heart of all you do. This deep focus on the people behind the transaction is the secret sauce of community banking.

Whether it's a young couple closing on their first home, a ribbon-cutting ceremony at a construction project or a new line of inventory at a local business, community bankers have the fortune to stand witness to their impact. You are in this for the long haul, but your communities flourish precisely because of the small successes you make happen on a daily basis.

For example, when the Paycheck Protection Program launched amid a cloud of uncertainty, community banks didn't hesitate to take action.

Even when the rules were changing on the fly, you continued pushing loans forward, because your communities needed you. That's what makes community banking what it is: doing the right thing for community, despite challenges and difficulties.

Community banking truly is about investment in communities, far beyond solely addressing customer financial needs. When I think back to my own community banking experiences, whether it was helping a small business make the transition to its next generation of leadership, participating in community development initiatives or supporting scholarship programs, our bank was

devoted to the people who made our community what it is. I know I speak for all of us when I say community banking extends past dollars and cents.

The beauty of all of this is that it is core to ICBA as well. For 90 years, this human connection has been at the heart of all we do. It comes from mirroring the community bank culture and environment, and I hope you'll join us for ICBA Connect next month to witness it firsthand.

For now, with the backdrop of Valentine's Day, it's the perfect time to reflect on what you love about community banking and share it with your colleagues and communities. ICBA will be supporting you with its "I Love My Community Bank" campaign, emphasizing all that distinguishes you. From your focus on people to the good that you do, you make a lasting impact, and that's what makes you uniquely who you are.

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*"From your focus on people to the good that you do, you make a lasting impact, and that's what makes you uniquely who you are."*

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*What you need to know*

Share the love for community banking and join us for [ICBA Connect](#). Bring your team and let's continue making our secret sauce together. ■

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*As well as being President & CEO for ICBA, Rebeca Romero Rainey is CEO of Centinel Bank in Taos, New Mexico. Connect with Rebeca [@romerorainey](#)*



# 5 Ways to Improve Efficiency

By: Loren Prairie, President  
PCI Performance Management

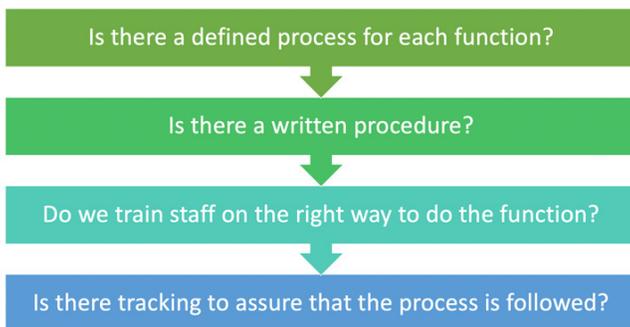


With the current pressures on margins and profitability, operating efficiency is critical to both short-term and long-

term success. Operating processes are the backbone to how your bank's processes get done. Bankers know operating efficiency is important. However, many senior bank managers are more focused on other priorities than to stop and focus on operating efficiency.

There are 5 key ways your bank can improve operating efficiency and keep you a step ahead. This article will outline the what and the how of successfully improving efficiency in your bank.

1. STANDARDIZATION – Does everyone doing the same job do it the same way?



Any time you bank has staff completing the same function in different ways, you have inefficiency and risk. Identify the “best practice”, draft a procedure and train staff on the way that procedure should be completed.

Many banks do not have standard operating procedures, nor do many banks have a standard way of training staff on the procedure. Often, training is completed with a “sit by me” approach. Depending on who the employee is learning from, the training on a process could be vary. Consistency of operating processes is the foundation for efficiency.

2. AUTOMATION – Are we fully utilizing the capabilities of automation?

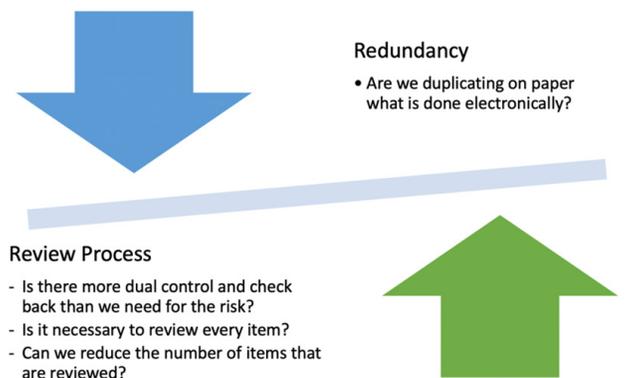


We must remember, technology is a tool, not a solution. It is necessary to have standard processes in place and we need to define how technology will support any given process.

It is important to have an “owner” of various applications. These “owners” must know the features and functions of any technology, draft procedures and train staff on full utilization of the technology.

It is necessary to review various workflows to examine how technology is being used for the process. One simple example is a review of your bank's accounts payable process. How many vendors are being paid via ACH rather than by check?

3. ELIMINATION - Are there tasks that we can simply stop doing?



It is necessary to review individual processes within your bank, with the eye on carefully asking “why is this process being completed?”

One of the biggest culprits in this category is then tendency to “over-control” a simple process. While a certain amount of check-back and verification of input is necessary, is there more being done than necessary? Some bank staff will review input “just to be sure”, when there is no real benefit to the review.

4. WORKFLOW – Do we have the right work on the right desk?



Efficiency will always be at its best when we have the work assigned to the correct desk. It's critical to ask ourselves, “Are we best matching the skills of our team with the work that needs to be done?”

Centralized expertise can generally be valuable when very specialized functions are considered. Many banks are centralizing fraud, IRA, and other key functions.

Where are your bank's most critical functions performed? Should some functions be centralized? Is there logic in where the administrative and processing functions performed?

5. STAFF PRODUCTIVITY – Do you have the right people with the right skills doing the right things?



Do we have the right skills in our staff?



Do we measure activity volumes / by department / by staff member?



Do we have standards?



Do we track errors (quality)?



Do we provide feedback to our employees on their performance?

Productivity is the most important element yet can be the most difficult to manage. Are our people professionally trained and matched with jobs that fit their skillset? If not, is further training needed to excel or do some employees need to be shifted to other positions to best meet their professional aspirations and the needs of the bank?

The key to staff productivity is metrics. A bank needs to measure activity volumes, quality (errors), and production. Turning metrics into ratios is the key to productivity measurement. How many new loans per lender? How many new accounts per banker? How many input errors to total transactions? Banks are realizing the need for department scorecards and use them as measures of productivity. These will point out areas to improve.

As many organizations are looking to 2021 as another challenging year within the banking sector, striving to implement strategies to run lean and efficiently will be key to overall profitability. ■

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*Loren Prairie has over thirty years of experience in all phases of bank operations in a variety of sizes of banks, including operations workflow, efficiency, strategic planning, staffing, and organizational issues. Since 1998, Loren has worked as a consultant exclusively for community banks. For more information on CBI Affiliate Member PCI Performance Management visit [www.prairiebankconsulting.com](http://www.prairiebankconsulting.com).*

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**~Farmers & PPP: CONTINUED FROM PAGE 14**

for a second draw. We don't believe the law requires this for SE farmers, however, this appears to be the rule. In that case, if a farmer qualifies for a full second draw and let's say they received \$10-15,000 in the first draw, they may want to consider skipping the first draw and simply apply for the second draw. This rule is based on the fact that the covered period is a minimum of 8 weeks and you need at least 11 weeks to get full forgiveness of your SE earnings PPP loan if you don't spend money on any other qualifying costs.

We now have Senator Thune (R-S.D.) and Senator Baldwin (D-WI) asking the SBA to clarify that CFAP payments received by farmers in 2020 are not required to be counted as gross receipts. There is no authority for these items to not be considered gross receipts since they were not exempted as part of the CAA unlike PPP loan forgiveness and EIDL advances; however, this appears to be a political statement and politics may trump authority. We shall see if SBA makes this ruling.

Many farmers have commented to us that they would like to use any three month period in 2020 versus the same three month period in 2019 to determine if they have a 25% reduction. Based on discussions with staff in DC, it appears that farmers and other PPP borrowers must use the calendar year quarters (Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec) to determine gross receipts reduction.

Commodity wages continue to be in a state of flux. We have heard of at least two banks going back and "resizing" loans based on not allowing commodity wages to qualify as payroll costs. This may result in farmers owing PPP loans based on the commodity wage amount. This can even result if your loan was under \$150,000. If you obtain a new PPP loan based on commodity wages, be forewarned that you may not get forgiveness on this amount even if you pay cash wages during the covered period. The latest guidance from SBA referring to line 5 Medicare Wages of Form 943 does not help farmers and we have communicated this issue to DC.

We continue to believe that H2A wages do not qualify for PPP loans even if the workers are here more than 6 months. However, there has not been any full guidance on this. There was a FAQ indicating

that they might qualify but that FAQ has been withdrawn. We are trying to find out if these wages may qualify.

Gross receipts for a cash basis farmer is likely based on when the farmer receives the "cash". This means that crop insurance proceeds received in 2020 will be "gross receipts" even if the farmer makes an election to defer these proceeds to 2021. It may also mean that deferred payment contracts will be based on when the farmer receives the cash even if they elect out of the installment method. However, no guidance has been issued by SBA on this subject. At a minimum, the SBA will require farmers to determine gross receipts using the same method for 2019 and 2020.

The IFR does mention that net capital gains and losses are not part of gross receipts. We continue to believe that Section 1245, Section 1250 and Section 1231 gains must be counted as part of gross receipts even if 1231 gains may end up being taxed using capital gains rates. You are allowed to reduce the sales price by the net tax basis.

Also, remember that all of the entities that are under "common" control must be aggregated to determine if gross receipts have decreased by at least 25%. You will back out receipts that are made between these entities. For example, assume a Hog LLC sells \$2 million of hogs and purchases \$500,000 of corn from a related partner Corn LLC. Gross receipts is \$2 million, not \$2.5 million.

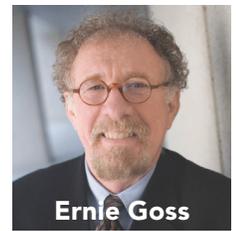
As you can see, PPP loans for farmers is still a moving target. Some items are very straight-forward, but many others are not. We are trying to get some of these items resolved; however, this can be a very slow process and the window for PPP loans may fully close before we get all of the answers. ■

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*Paul Neiffer is a Principal with CliftonLarsonAllen and is a certified public accountant and business advisor specializing in income taxation, accounting services, and succession planning for farmers and agribusiness processors. Raised on a farm in central Washington, he has been immersed in the ag industry his entire life, including the last 30 years professionally. For more on CBI Affiliate Member CliftonLarsonAllen, visit [www.claconnect.com](http://www.claconnect.com).*



# Main Street Rural Economic Survey



Ernie Goss

## Rural Mainstreet Farmland Prices Show Strongest Growth Since 2013; Economy Stabilizes in Growth Range

### Farm Equipment Sales Highest Since June 2013; Concerns Over Loan Defaults Drops Significantly

#### December 2020 Survey Results at a Glance:

- Overall index rose to its second highest reading in the past 10 months.
- For the first time since June 2013, the farm equipment-sales index rose above growth neutral.
- For the first time since 2013, the farmland price index rose above growth neutral for three straight months.
- Bankers ranked water availability as the top 2021 farm economy issue; farm labor cost/availability was ranked as the second biggest issue or concern.
- Among 10 farm concerns for 2021, farm income and farm liquidity were the two issues of least concern. Growth in agriculture income pulled farmer borrowing down for a second straight month.

OMAHA, Neb. – For the second time in the past three months, the Creighton University Rural Mainstreet Index (RMI) climbed above growth neutral. According to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy, the index increased to its second highest level in the past 10 months.

**Overall:** The overall index for December rose to 51.6 from November's 46.8, but was down from October's 53.2. The index ranges between 0 and 100 with a reading of 50.0 representing growth neutral.

“Recent improvements in agriculture commodity prices, federal farm support payments, and the Federal Reserve’s record low short-term interest rates have underpinned the Rural Mainstreet Economy,” said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University’s Heider College of Business.

**Farming and Ranching:** For a third straight month, the farmland price index advanced above growth neutral. The December reading was unchanged from November’s solid 55.0. This is first time since 2013 that Creighton’s survey has recorded three straight months of rising farmland prices.

The December farm equipment-sales index increased to 50.2, its highest level since June 2013, and up from 42.9 in November. After 86 straight months of readings below growth neutral, farm equipment bounced into growth territory for the month.

**Banking:** Bankers once again reported anemic loan volumes. The December loan volume index expanded to 43.7 from November’s record low 25.8. The checking-deposit index dropped to 78.1 from November’s record high 87.1, while the index for certificates of deposit, and other savings instruments fell to 42.2 from 46.8 in November.

#### January 2021 Survey Results at a Glance:

- Overall index rose to its second highest reading since before COVID-19.
- Bankers biggest economic concerns for 2021 are excessive inflation and higher long-term interest rates.
- For the first time since 2013, Creighton’s survey has recorded four straight months of above growth-neutral farmland prices.
- Farm equipment-sales index rose to its highest reading since April 2013.
- Approximately 44% of bank CEOs expect low loan demand to be the greatest issue facing their banks for 2021, up from 7% last year at this time.
- Only 4% of bankers indicated that rising loan defaults and bankruptcies represented their greatest concern for 2021, down significantly from the 32% in 2020 survey.

OMAHA, Neb. – For the third time in the past four months, the Creighton University Rural Mainstreet Index (RMI) climbed above growth neutral. According to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy, the index increased to its second highest level since January 2020.

**Overall:** The overall index for January rose to 52.0 from December’s 51.6. The index ranges between 0 and 100 with a reading of 50.0 representing growth neutral.

“Recent sharp improvements in agriculture commodity prices, federal farm support payments, and Federal Reserve’s record low short-term interest rates have underpinned the Rural Mainstreet Economy in a solid and positive growth range. However, the rural economy remains well below pre-pandemic levels,” said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University’s Heider College of Business.

“Bankers reported that their biggest economic concerns for 2021 are excessive inflation and higher long-term interest rates,” said Goss.

Jim Levick, president of Nebraska State Bank in Oshkosh, Nebraska said, “I feel the economy is moving in a positive direction that can be rattled by a combination of higher taxes, higher inflation, and a return of stricter regulation.”

**Farming and Ranching:** For a fourth straight month, the farmland price index advanced above growth neutral. The January reading climbed to 56.3, its highest level since July 2013, and was up from 55.0 in December. This is first time since 2013 that Creighton’s survey has recorded four straight months of above growth neutral farmland prices.

The January farm equipment-sales index rose to 54.5, its highest reading since April 2013, and up from 50.2 in December. After 86 straight months of readings below growth neutral, farm equipment sales bounced into growth territory for the last two months.

[CLICK TO READ MORE OF DECEMBER'S SURVEY](#)

[CLICK TO READ MORE OF JANUARY'S SURVEY](#)

Each month, community bank presidents and CEOs in nonurban agriculturally and energy-dependent portions of a 10-state area are surveyed regarding current economic conditions in their communities, and their projected economic outlooks six months down the road. The Rural Mainstreet Index (RMI) is a unique index covering 10 regional states, focusing on approx. 200 rural communities with an average population of 1,300. Ernie Goss and Bill McQuillan, former chairman of the ICBA, created the survey in 2005. Below are state reports for January 2021.

**Colorado:** Colorado's Rural Mainstreet Index (RMI) for December improved to 42.9 from November's 40.0. The farmland and ranchland-price index slipped to 50.5 from 52.1 in November. Colorado's hiring index for December sank to 46.7 from November's 50.3. Over the past 12 months, Colorado's Rural Mainstreet economy has lost 7.4% of its nonfarm employment compared to a 3.8% loss for urban areas of the state.

**Illinois:** The December RMI for Illinois increased to 51.5 from 50.2 in November. The farmland-price index slumped to 54.8 from November's 57.2. The state's new-hiring index sank to 51.0 from 55.5 in November. Over the past 12 months, Illinois' Rural Mainstreet economy has lost 5.3% of its nonfarm employment compared to a 7.1% loss for urban areas of the state.

**Iowa:** The December RMI for Iowa increased to 50.2 from November's 47.4. Iowa's farmland-price index rose to 54.1 from 53.4 in November. Iowa's new-hiring index for December fell to 50.3 from 54.0 in November. Over the past 12 months, Iowa's Rural Mainstreet economy has lost 5.0% of its nonfarm employment compared to a 4.5% loss for urban areas of the state.

**Kansas:** The Kansas RMI for December increased to 52.7 from 52.2 in November. The state's farmland-price index sank 55.4 from November's 58.2. The new-hiring index for Kansas fell to 51.6 from 56.4 in November. Over the past 12 months, Kansas' Rural Mainstreet economy has lost 3.7% of its nonfarm employment compared to a 3.5% loss for urban areas of the state.

**Minnesota:** The December RMI for Minnesota slumped to 46.3 from November's 52.1. Minnesota's farmland-price index dropped to 52.2 from 54.4 in November. The new-hiring index for December fell to 48.3 from November's 52.7. Over the past 12 months, Minnesota's Rural Mainstreet economy has lost 6.6% of its nonfarm employment compared to a 6.2% loss for urban areas of the state.

**Missouri:** The December RMI for

Missouri jumped to 60.3 from 57.3 in November. The farmland-price index dipped to 59.2 from 60.8 in November. The state's hiring gauge declined to 55.4 from 59.0 in November. Over the past 12 months, Missouri's Rural Mainstreet economy has experienced an increase in the size of its nonfarm employment by 0.8%, compared to a 4.7% loss for urban areas of the state.

**Nebraska:** The Nebraska RMI for December jumped to 54.2 from 45.1 in November. The state's farmland-price index declined to 56.2 from last month's 58.7. Nebraska's new-hiring index fell to 52.3 from 56.9 in November. Over the past 12 months, Nebraska's Rural Mainstreet economy has lost 2.6% of its nonfarm employment compared to a 2.5% loss for urban areas of the state.

**North Dakota:** The North Dakota RMI for November dropped to 36.8 from October's 42.7. The state's farmland-price index improved to 50.5 from 45.8 in October. The state's new-hiring index sank to 48.7 from October's 50.1. Over the past 12 months, North Dakota's Rural Mainstreet economy has lost 7.4% of its nonfarm employment compared to a 3.8% loss for urban areas of the state.

**South Dakota:** The December RMI for South Dakota advanced to 57.7 from 55.9 in November. The state's farmland-price index declined to 57.9 from November's 60.1. South Dakota's December hiring index sank to a solid 57.9 from 58.3 in November. Over the past 12 months, South Dakota's Rural Mainstreet economy has lost 1.3% of its nonfarm employment compared to a 4.4% loss for urban areas of the state.

**Wyoming:** The December RMI for Wyoming improved to 49.4 from November's 41.2. The December farmland and ranchland-price index fell to 53.8 from 56.1 in November. Wyoming's new-hiring index slumped to 49.9 from November's 54.3. Over the past 12 months, Wyoming's Rural Mainstreet economy has lost 4.3% of its nonfarm employment compared to a 4.7% loss for urban areas of the state.

	Dec. 2019	Jan. 2020	Nov. 2020	Dec. 2020	Jan. 2021
Area economic index	49.1	55.9	46.8	51.6	52.0
Loan volume	50.0	48.5	25.8	43.8	33.9
Checking deposits	61.1	76.5	87.1	78.1	88.0
CDs & Savings instruments	50.0	60.3	46.8	42.2	46.0
Farmland prices	52.8	45.6	55.0	54.8	56.3
Farm equipment sales	27.9	35.0	42.9	50.1	54.5
Home sales	58.6	59.1	73.3	71.0	60.0
Hiring	60.0	61.8	53.2	50.0	46.0
Retail business	51.4	45.6	37.9	40.6	42.0
Confidence index (area economy 6 months out)	45.8	50.0	50.0	62.9	60.0

	Average Score
1. Water availability	7.4
2. Farm labor (cost and availability)	7.0
3. Third party financing	6.7
4. Land rents and land values	5.7
5. Uncertainty around tariffs and trade	5.3
6. Covid-19 and its economic impacts	4.9
7. Total leverage	4.5
8. Federal government financial support	4.4
9. Farm income levels	4.3
10. Farmer liquidity (working capital)	3.8

Source: Creighton's December 2020 Rural Mainstreet Survey

	Average Score
1. Excessive inflation & higher long-term interest rate	4.1
2. A double-dip recession (W-shaped recover)	4.0
3. Trade restrictions and/or higher tariffs	3.6
4. Higher loan defaults and bankruptcies	3.4
5. Rising federal taxes	3.0
6. Higher and more restrictive regulations	2.8

Source: Creighton's January 2021 Rural Mainstreet Survey

	Percent Reporting	
	Jan. 2020	Jan. 2021
1. Low loan demand	7%	44%
2. Competition from Farm Credit	5%	24%
3. Rising regulatory costs	29%	16%
4. Rising loan defaults	32%	4%
5. Falling farmland values	7%	0%
6. Other	20%	12%

Source: Creighton's January 2021 Rural Mainstreet Survey

For historical data and forecasts, visit: [www.creighton.edu/economicoutlook](http://www.creighton.edu/economicoutlook). Follow Ernie Goss on Twitter [www.twitter.com/erniegoss](https://www.twitter.com/erniegoss)

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