Please renew your membership for 2021!

Watch for your 2020-2021 MBA Bank Membership Dues and Associate Membership Dues renewal invoices in the mail.

Thank you to all of our members for your on-going support. We encourage all of our member banks to let us know of any vendors, service providers, etc. that would benefit from and should consider an Associate Membership with the Montana Bankers Association.

It just makes ‘cents’
Couple does their part during nationwide coin shortage

Hearing about the nationwide problem with coins not in circulation, long-time customers of Bank of the Rockies Linda and Jay Doig decided to bring their piggy banks into the bank to do their part. The piggy banks were give-aways from Bank of the Rockies from many years ago—so long ago, apparently no one working there remembered when.

If you have fun, interesting, or informative information or photos you’d like to share with other bankers, please send it our way!

Send to:
cary@montanabankers.com
The Hegreblog

Getting your money’s worth from the MBA

The MBA recently sent dues notices to our bank members and our associate members, which generally prompts the decision makers in those companies to wonder, “Are we getting our money’s worth from that outfit?” While Pam, Tempi and I would like to think that is a no-brainer because we work hard every day on your behalf, we realize it is a legitimate question.

Here’s a way to assess the value proposition MBA offers to your bank or business: take the total annual dues you pay and divide it by $250 and by $100. Those are roughly the hourly rates charged by government affairs attorneys and lobbyists respectively. Our highest dues-payer members would get about 120 hours of an attorney’s time (10 hours per month) or about 300 hours of lobbyist’s time—or they could hire a half-time, entry level employee to glean political insights, follow interim legislative committees, work with state agencies, stay in touch with Congressional staffers, sift through reams of public comment notices, participate in dozens of conference calls, prepare and deliver testimony during legislative sessions, and produce clear, concise communications on their activities for bank management.

Our lowest dues paying members could procure about 8-15 hours per year of a consultant/attorney’s time in lieu of their annual membership dues to MBA.

That’s the beauty of an association. Working collectively, members can accomplish things for the industry that no one company could do alone. And speaking with a strong unified voice on any given issue is far more effective than the “every man for himself” approach. A common tactic used by political opponents and bureaucrats is to work one entity against another—the old “divide and conquer” strategy. Members working together through an association can easily avoid that trap by working their differences out, finding common denominators, and speaking through a single spokesman.

Then there is the education and training component of the MBA. Throughout the year, we offer seminars, workshops, conferences, webinars and leadership training that individual banks could not afford to organize themselves, not to mention the “networking value” participants gain from their peers. It is impossible to quantify a dollar value from sending employees to MBA educational programs, but we know from visiting with many of you that it is significant. Investing in your employees not only increases efficiency, it creates loyalty and enhances retention when they know you care about their career development.

During the past year, we sold half our ownership in our office building and moved into the “low rent” space, we eliminated yet another full-time position and outsourced functions, we updated investment policies to secure better rates of return on reserve funds, and we greatly streamlined our administrative costs. MBA/BANCSERVE should break even this fiscal year, providing we get 100 percent membership renewal and no big surprises.

Bottom line: in order to maintain “critical mass” and continue providing the relevant advocacy and services you expect from us in the long run, we need to convince all banks in Montana their dues would be a good business investment. As consolidation continues to erode our membership base, we are at a point where it will take “all hands on deck” to keep the ship steaming along.

I believe I speak for the MBA board in saying it is imperative for the banking industry in Montana to have a strong, consistent, responsive, dedicated, full-time, ongoing presence with State government, the Congressional delegation, the media, and the general public. Continued on the next page...
SBA Releases New PPP Forgiveness FAQs, Lending Data

The Small Business Administration today released a new set of frequently asked questions regarding the forgiveness of Paycheck Protection Program loans. The document includes sections addressing general questions on loan forgiveness, questions related to forgiveness of payroll and non-payroll costs and questions on forgiveness reductions.

“Borrowers and lenders may rely on the guidance provided in this document as SBA’s interpretation, in consultation with the Department of the Treasury, of the CARES Act, the Flexibility Act, and the Paycheck Protection Program Interim Final Rules,” SBA said.

As of July 31, a total of 5.08 million PPP loans were made totaling $521.4 billion, SBA reported in a new data release. Forty-four percent of PPP loans were made by lenders with less than $10 billion in assets. Firms between $10 billion and $50 billion accounted for 19% of overall PPP lending, while firms with more than $50 billion in assets accounted for 36%. The overall average loan size was $103,000.

CFPB Proposes Reg Z Changes for Libor Transition

With the London Interbank Offered Rate relied on by many banks not guaranteed to be available after 2021, the American Bankers Association and the Consumer Bankers Association today welcomed the Consumer Financial Protection Bureau’s proposed changes to Regulation Z designed to facilitate the transition away from Libor. In June, the bureau proposed changes to open-end and closed-end provisions to provide examples of replacement indexes for Libor indexes that meet Reg Z standards.

“The proposed roadmap to choose a compliant replacement index will be useful for compliance with Regulation Z and is also likely to be used by courts and others in interpreting contracts that, for compliance and other reasons, mirror regulatory text,” ABA and CBA said. “We strongly urge the bureau to finalize amendments quickly so that there is sufficient opportunity for banks and other creditors to prepare for and proceed with the transition from Libor beginning on the March 15, 2021, date proposed by the bureau.”

ABA and CBA recommended a few changes, including clarifying that replacement indexes identified in the regulation are illustrative only and providing criteria for identifying other acceptable Libor replacements and comparing available indexes. The groups asked the CFPB to specifically identify WSJ Prime as a comparable index for variable-rate closed-end loans and to consider identifying other appropriate replacements, including Ameribor and Constant Maturity Treasury. They also requested guidance on the meaning of an index becoming “unavailable.”
Understanding the SECURE ACT of 2020

IRA Basic and Advanced Issues

September 3-4, 2020

Thursday: 8:30-3:30p | Friday: 8:30-11:30a

Yes, it’s finally here. After a year of deliberations, the SECURE Act was signed into law under the Appropriations Act on December 20, 2019. Most of the provisions are in effect on January 1, 2020. These are the most substantial changes we’ve had to IRAs in almost 15 years. There are too many issues and too many potential pitfalls financial institutions will experience if they don’t have a working knowledge of these changes. Forms will be changed, IRA software must be updated which may take a while. Because of this, you may have to do some “manual” notices to your IRA client base to make sure these time-sensitive changes are implemented.

In the IRA Basic class on Day 1, you may be thinking, I don’t even know the old rules to know what the new changes are. Unfortunately, you will need to know the old and the new rules because most of the IRA rules prior to 1/1/2020 are “grandfathered”. But don’t worry, you will have the totally updated IRA “Red” Book Training manual with lots of “cheat sheets” to show you the “before” and “after”

In the IRA Advanced Day 2, we will summarize the changes and then actually get into the nitty gritty of new distribution regulations to owners and beneficiaries - what stays the same and what changes? How do we disclose all these changes to our customers?

Register HERE
Watch for upcoming Conferences and Workshops coming in 2020 at MontanaBankers.com or for more information contact Pam O'Reilly, Association Services Director at 800.541.5126 or Pam@MontanaBankers.com

Wipfli Community Banking Forum 2020

Live Webinars

October 7th, 2020
2:00 - 03:30p (CT)

2020 has been quite a year for banks and the world at large. Do you feel like your bank is keeping up with all the changes? Designed exclusively for executive officers and board members of community banks, the 2020 Community Banking Forum will provide you with insight into current topics impacting community banks today.

Past forums have been held in person, but this year we’re hosting the Community Banking Forum online via four impactful — and free — webinars. By signing up, you will automatically be registered for all four webinars, which will be held throughout the month of October. While you do not have to attend all four, we recommend you do, as each one will cover an important topic. PLEASE NOTE: By clicking on the registration button below, you will be registering for three of the four webinars including: 10/7 Lessons learned from the past year of unanticipated change, 10/14 What is your M&A strategy (or not)?, 10/21 The employee experience: What’s ahead?.

Register HERE

Four-webinar series designed for community banking executives and board members:

Lessons learned from the past year of unanticipated change

Date and time: October 7, 2020 | 2:00-3:30 p.m. CT

Webinar length: 90 minutes

Speaker: Marcie Bomberg-Montoja, Principal at Wipfli

2020 has been a year filled with unanticipated change. Wipfli Principal Marcie Bomberg-Montoja will share up-to-the-minute lessons learned from these changes, mistakes made and victories earned. In this webinar, you will learn how to develop the skills and discipline within your teams to enable resiliency.

What is your M&A strategy (or not)?

Date and time: October 14, 2020 | 2:00-3:30 p.m. CT

Webinar length: 90 minutes

Speaker: Kevin Janke, Partner and Valuation, Forensic, Litigation Support Services Leader at Wipfli; Paul Oweneel, Partner at Wipfli; Mike O’Meara, former owner of Peoples Bank Midwest; and Kelly George, President & Chief Executive Officer at mBank.

Every institution has an M&A philosophy. This panel session will include insights into the pros and cons of being a buyer, a seller or remaining independent.

Special guests include Mike O’Meara, who will lend his perspective from the seller’s side, and Kelly George, who will lend his perspective from the buyer’s side. Kevin Janke and Paul Oweneel will speak from their many years of experience assisting clients in acquiring new businesses or selling their own businesses.
Wipfli Community Bank Forum 2020 Continued

The employee experience: What's ahead?

Date and time: October 21, 2020 | 2:00-3:30 p.m. CT

Webinar length: 90 minutes

Speaker: Julia Johnson, Director of Organizational Performance at Wipfli

We often hear about the “fan experience” in the sports world. And now we hear that language being adopted by the business world as the “employee experience.” But what does it mean? What does it mean to you and your management teams as you attempt to attract, motivate and retain employees?

The employee experience is more important today than it was yesterday — and will be more important tomorrow than it is today. Julia Johnson, Director of Organizational Performance at Wipfli, will unpack thoughts for your consideration as you navigate what’s ahead.

Wipfli Keynote Session: 2020 U.S. Presidential Election

Date and time: October 27, 2020 | 2:00-3:30 p.m. CT

Webinar length: 90 minutes

Speaker: Andrew Busch, economist keynote speaker

The 2020 U.S. presidential election is between two very different candidates: President Trump and former vice president Joe Biden. The outcome of this election could have one of the biggest policy swings in U.S. history.

In this keynote, Andy will break down the candidates’ policies impacting the economy, business and jobs. He’ll cover what’s happening with the virus, economy and stimulus, as these impact the election. He’ll provide a treetop view of the candidates’ proposals on financial regulation, the Federal Reserve and trade. Also, Andy will cover the future opportunities for finance from the election outcome.

Register HERE

Learn more about the 2020 Wipfli Community Bank Forum Speakers HERE
Bylaw Updates

Read the finalized 2020 MBA Bylaws

1. CORPORATION NAME, PURPOSES, POWERS AND OFFICES

1.1 Name.
This Corporation shall be known as the Montana Bankers Association, Inc.

1.2 Authority.
This Corporation is incorporated under, and shall be operated according to the Montana Nonprofit Corporation Act (the “Act”).

1.3 Purpose.
The purpose of this Corporation shall be to promote the general welfare and usefulness of the banking industry in Montana; to furnish opportunities for open discussion and lawful interchange of information concerning all facets of the banking industry in Montana; to accumulate and disseminate information concerning the banking industry and generally to foster the best interests of the public and the banking industry.

1.4 Powers.
This Corporation shall have all the powers conferred on non-profit corporations by the state of Montana.

1.5 Registered Office.
The registered office of this Corporation required by the Act to be maintained in the state of Montana may be, but need not be, identical with the principal office in the state of Montana, and the address of the registered office and registered agent may be changed from time to time by the Board of Directors.

1.6 Exempt Activities.
Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 501(c)(6) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

1.7 Prohibited Distributions.
No part of the net earnings, properties or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of, or be distributable to, its members, directors, officers or other private person or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered.

2. MEMBERSHIP RIGHTS, PRIVILEGES AND MEETINGS

2.1 Classes of Members.
Membership in the Corporation shall consist of three classes of members called “voting,” “associate,” and “emeritus” with the qualifications and rights of each class as follows:

(a) Voting Members. The corporation shall have voting members who shall have all of the rights and privileges of members of the Corporation. The board of directors of the Corporation shall determine those entities that are eligible to become voting members, together with the specific number of votes allowed to the entity. Application may be made to the board of directors for membership in the Corporation by any federally or state-chartered bank with a physical branch location in the State of Montana. Credit unions are not eligible for voting membership in the Corporation. All voting members must agree to comply with the Corporation’s standards as approved by the board of directors.
(b) **Associate Members.** Associate memberships are available to those persons, firms, and corporations that furnish goods or services to banks, savings and loan institutions, thrift institutions or trust companies who seek to support the mission and further the purposes of the Corporation and desire to participate in the social and informational affairs of the Corporation. Associate members shall pay annual dues as set by the Board of Directors. Associate members shall not be entitled to vote at any meeting of the Corporation.

(c) **Emeritus Members.** Emeritus members may be selected by the Board of Directors, without dues, and may be any person who has rendered distinguished service to the Corporation or to the banking industry as a whole. Emeritus members, unless otherwise maintaining a voting membership, shall not be entitled to vote at any meeting of the Corporation.

2.2 **Membership Rights.**
All Voting Members shall be entitled to equal rights and privileges in the Corporation. All references to “Member” in the Articles of Incorporation, Bylaws, Resolutions and Minutes of this Corporation shall mean Voting Members, unless otherwise expressly stated. Non-voting Members have no right to vote. Non-voting Members have only such rights that are expressly stated by Resolution of the Board of Directors to apply to Non-voting Members, and the Board of Directors may change such provision without notice, and such changes may be retroactive.

2.3 **Dues.**
Every person, company, corporation or partnership admitted to membership in the Corporation as a voting or associate member shall pay dues, in advance, at the applicable rates and criteria established by the Board of Directors from time to time. In the case of resignation, dues are non-refundable unless expressly authorized by the Board of Directors.

2.4 **Votes Required for Action.**
Each voting member shall be entitled to one vote on any matter. Unless otherwise specifically stated in these Bylaws, a majority of votes present and entitled to be cast constitutes an action of the members, at any meeting at which a quorum is present. Votes of Voting Members may be cast in person, or written ballot, or by proxy as provided by Section 2.8 of these Bylaws.

2.5 **Annual Membership Meeting.**
The members of this Corporation shall hold an annual meeting at a time and place designated by the Board of Directors. Written Notice of the annual meeting shall be mailed or sent electronically to the voting members at the address or electronic identification shown for the voting member on the Corporation’s list of voting members at least thirty (30) days prior to the date on which the meeting will be held. The membership shall perform, consider and vote upon all business set forth on an agenda for the annual meeting, and no other. The agenda shall list by number and describe with particularity each item of business to be performed, considered, or voted upon at the annual meeting. The agenda shall be prepared at the direction of the Board of Directors of MBA. Each member shall be mailed or sent electronically, a copy of the agenda no less than thirty (30) days before the annual meeting of the membership of MBA. A majority of those present at the annual meeting may open the agenda for additional items of business, but, in such event, members not personally present may not vote upon such items. Any vote on such items can pass only if those voting affirmatively constitute a two-thirds majority of the entire membership.

2.6 **Special Membership Meetings.**
Special meetings of the Corporation may be called at any time by the Chairman; or in the Chairman’s absence, by another officer acting as Chairman; or upon receipt of a written request from 5% of the active voting members of the Corporation.

2.7 **Quorum.**
At all membership meetings of the Corporation, a quorum shall consist of a simple majority of the voting members of the Corporation. If at any meeting of the members there is less than a quorum present, a majority of those voting members present may adjourn the meeting, without further notice, until a quorum is present.
2.8 Proxy.
A member not present at any annual or special meeting of the members may vote by proxy as set forth herein. A proxy not meeting the standards set forth in these Bylaws is void and will not be counted as a vote at the annual or special meeting. To be valid, a proxy must:
(a) specify which voting member of the MBA the proxy is granted; and
(b) describe with particularity the specific issues on the agenda for the annual, regular or special meeting upon which the holder of the proxy is entitled to exercise the vote of the absent member.

2.9 Action by Written Ballot. Any action requiring approval by the voting members that may be taken at a meeting of the members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter and conducts the vote in accordance with Montana law. A written ballot must set forth each proposed action, and provide an opportunity to vote for or against each proposed action. The Corporation may deliver a written ballot by electronic communication as long as a voting member has provided consent. Consent by a voting member to receive notice by electronic communication in a certain manner constitutes consent to receive a ballot by electronic communication in the same manner.

3. BOARD OF DIRECTORS
3.1 Management by Board of Directors.
The Board of Directors shall have control of the activities of the Corporation, establish policies of the Corporation, and approve the annual budget. The Board of Directors may delegate to a Board Committee, or to the Chairman, the powers and authority, as it may deem necessary or advisable for the conduct of the affairs or to carry out the purposes of the Corporation.

3.2 Qualifications, Appointment, Election and Tenure of Directors.
(a) General Qualifications. A director must be an active senior corporate officer of a member, reside in the State of Montana, and have express authority to speak on behalf of such member. There shall be two separate classes of directors; Appointed and Elected. Directors of each class shall have the same voting rights and privileges.

(b) Appointed Directors. The members who represent the five largest banking institutions as measured by Montana consolidated banking deposits and payment of maximum dues, determined at the end of each calendar year by the Board of Directors (herein referred to as “Tier One Members”), each shall have the right and privilege to appoint one (1) director to the Board of Directors. An Appointed Director shall serve at the pleasure of the appointing member, so long as that member remains one of the Tier One Members. The Appointed Directors shall be subject to the same term constraints as the Elected Directors.

(c) Elected Directors. The remaining director positions, (other than the Appointed Directors) shall be elected by the members during the annual meeting. Directors shall be elected for a term of two years. If an individual serves as a Director for three consecutive terms, or more than one year of a partial term plus two full terms, he or she shall not be eligible to serve again as a director of the Corporation until one year after the end of that director’s third term; provided, however, that an individual serving as any officer other than Immediate Past Chairman during his or her third consecutive term as director, may be re-elected for an additional term.

3.3 Number of Directors.
The Board of Directors shall consist of directors representing three tiers of the membership as follows: Tier One consists of the five (5) appointed members specified in 3.2(b). Tier Two shall consist of 50 percent of the next largest banks, and Tier Three shall consist of the smallest 50 percent of banks, based on Montana deposits as of June 30 each year.
The number of directors may increase or decrease, but not to less than three (3) or more than five (5) from each of Tier Two and Tier Three without amendment to these bylaws. No decrease in the number of Directors shall have the effect of shortening the term of any director. In the event that there is a shift in the members that are represented in any of the tiers of membership, an existing Director may be allowed to complete his or her current term upon approval by the Board, providing that there is no conflict with Paragraph 2.4 or 3.2 of these Bylaws. Upon adoption of these (revised) bylaws, all currently serving Directors and officers are eligible to serve out their terms and are eligible for re-election representing their respective Tier.

3.4 Nominations and Election of Directors
Subject to 3.2(a), the Directors for Tier 2 and Tier 3 shall be nominated from among the members within each Tier, and shall be elected by the membership during the Annual Meeting. The terms of the directors in each Tier shall be staggered to the extent practicable to prevent all of the terms of Directors from that tier from expiring in any one year.

3.5 Vacancies.
A vacancy shall be deemed to exist if the individual serving as director ceases to be employed by or otherwise represent a member in good standing or upon the expiration of term of office, disqualification, resignation, removal, death, election as an officer or incompetence as a member of the Board of Directors. If a vacancy occurs in a Tier 2 or Tier 3 Directorship position, then the current Directors shall, as soon as practical, nominate one banker from the Tier to complete the term of the vacated director. The nominee shall fill the vacancy by the affirmative vote of a majority of the Board of Directors. If a vacancy occurs in a directorship position for a designated appointee of a Large Bank Member, then that Large Bank Member shall appoint the replacement board member.

3.6 Removal.
A director may be removed, with cause, if a majority of the Board of Directors present at a duly constituted meeting votes for the removal. If the director that is removed was a designated appointee of a Large Bank Member, then the Large Bank Member shall appoint a replacement board member.

3.7 Resignation.
A director may resign at any time by delivering written notice to the Board of Directors or to the Chairman of the Corporation. Unless the notice specifies a later effective date, a resignation is effective when the notice is received.

3.8 Meetings by Conference Telephone.
The Board of Directors may permit any or all directors to participate in a meeting of the Board of Directors by, or conduct the meeting through, the use of conference telephone or any means of communication by which persons participating in the meeting may hear each other simultaneously during the meeting. A director participating in the meeting by conference telephone is deemed present in person at the meeting. The chairman of the meeting may establish reasonable rules as to conducting the meeting by telephone.

3.9 Notice of Board of Directors Meetings.
If notice is given of a regular or special meeting, notice must be given to each Director either personally, by U.S. mail or private carrier, or other form of electronic, wire or wireless communication by correct address or authenticated electronic identification shown in the Corporation’s record of Directors. If e-mailed, a notice shall be deemed delivered when delivery receipt is received or an electronic notice of delivery is returned to the sender of the notice. If mailed, a notice shall be deemed delivered at the earliest of (i) five days after deposited in the U.S. mail, as evidenced by the postmark, if it is mailed postpaid and with the correct postage to the Director, (ii) the date shown
on the return receipt if sent by registered or certified mail and the receipt is signed by or on behalf of the Director, or (iii) the date received. Regardless of whether the meeting is a regular meeting or a special meeting, if a purpose of the meeting is to consider (1) an amendment to the Articles of Incorporation, (2) a plan of merger, (3) the sale, lease, exchange, or disposition of all, or substantially all of the Corporation’s property, (4) the dissolution of the Corporation, or (5) borrowing funds in excess of $5,000 and/or the pledging of corporate assets to secure any loan, then a notice must be given to each director at least thirty days before the meeting stating the purpose of the meeting, and the notice must be accompanied by a copy of or summary, if applicable, of the proposed amendment to the Articles of Incorporation, the proposed plan of merger, the transaction for the disposition of the Corporation’s property, or proposed plan of dissolution.

(a) **Waiver of Notice.** Any director may waive notice of any meeting. The waiver must be in writing, signed by the director entitled in the notice, and filed with the minutes or corporate records. A director’s attendance at a meeting waives the director’s right to object to lack of notice or defective notice of the meeting unless the director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

### 3.10 Quorum.
A simple majority of the number of directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

### 3.11 Manner of Acting.

(a) Unless otherwise provided by the Act or these Bylaws, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Each director shall have one vote.

(b) If a majority of the directors feel that an issue regarding a legislative, organizational or policy matter will be controversial between the Corporation’s members, the matter shall be submitted to a vote of the membership. All such matters must be approved by at least two-thirds of the members participating in the vote.

### 3.12 Actions Without Meeting.
Any action required or permitted to be taken at a meeting of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote.

### 3.13 Presumption of Assent.
A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director’s dissent shall be entered in the minutes of the meeting or unless a written dissent to such action is filed with the person acting as the secretary of the meeting before the adjournment thereof, or unless such dissent is forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of such action.

### 3.14 Remuneration.
No remuneration shall be paid to an elected officer or any director for services performed on behalf of the Corporation unless authorization for remuneration shall have been approved by the Board of Directors before the services were rendered.
3.15 Director Committees.
The Board of Directors may create one or more committees and appoint directors to serve on them. Each committee must have two or more directors, who serve at the pleasure of the Board of Directors.

(i) Selection of Members. A committee is created and members appointed to it, by an affirmative vote of a majority of the directors present at a meeting where a quorum is present.

(ii) Required Procedures. The sections of these Bylaws which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the Board of Directors, and action without meetings apply to committees and their members. However, if a committee has less than 5 members then a majority of the committee members shall represent a quorum. In addition, the committees shall keep regular minutes of their proceedings and report the same to the Board of Directors. The committees are subject to all the procedural rules governing the operation of the Board of Directors itself.

(iii) Authority. Each committee may exercise the specific authority which the Board of Directors confers upon the committee in the resolution creating the committee; provided, however, a committee may not (1) approve the dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Corporation’s assets; (2) elect, appoint, or remove directors or fill vacancies on the Board of Directors or on any of its committees; or (3) adopt, amend, or repeal the Articles of Incorporation or Bylaws.

5. EXECUTIVE COMMITTEE AND NOMINATING COMMITTEE.

5.1 Executive Committee.
An Executive Committee is hereby established to consist of the four officers of the Corporation as voting members, plus the President as a nonvoting member. The Executive Committee shall be delegated such authority over duties as the Board of Directors may determine from time to time, except that the Executive Committee will not have any authority with respect to the submission to members of any action requiring the approval of the members, the filling of vacancies on the Board of Directors or any committee, entering into or modifying any employment contracts, the amendment or repeal of the Bylaws or adoption of new Bylaws or the amendment or repeal of any resolution of the Board of Directors which by its terms will not be amendable or repealable.

5.2 Nominating Committee.
Nominations for officers shall come from current or past members of the Board of Directors. The Nominating Committee for officers, shall consist of the Immediate Past Chairman, the Chairman, and the Vice Chairman.

6. OFFICERS

6.1 Elected Officers.
Each officer, when elected, shall take office immediately upon the adjournment of the meeting at which he or she is elected and shall continue to serve as such officer as long as he or she is qualified or until a successor is elected and takes office. The officers to be elected shall be a Chairman, a Vice Chairman, and a Secretary/Treasurer. The Chairman, at the end of his or her term, shall automatically become the Immediate Past Chairman for the following year. The same individual may not simultaneously hold more than one office in the Corporation.

6.2 Qualifications, Election and Term of Office.
The Directors shall elect officers of the Corporation for a one-year term unless a longer or shorter term is specified.
At least one, but no more than two of the officers shall be representative of a Tier One Member. If an officer is no longer employed by a member financial institution, that individual shall vacate his or her office and the Board of Directors shall elect a replacement by majority vote. Each officer shall hold office until a successor is duly elected and qualified or until he or she resigns, dies or is removed. A designation or a specified term does not grant to the officer any contract rights, and the Board of Directors can remove the officer at any time prior to the termination of the designated term. No individual shall serve as an officer for more than four consecutive terms.

In the event of disqualification, resignation or death of any officer, upon such fact being determined by the Board of Directors, the Board of Directors shall thereupon elect by majority vote a successor from within the Board to complete the unexpired term.

### 6.3 Duties of Officers.

(a) **Chairman.** The Chairman shall be the Chief Elected Officer and shall preside at meetings of the Executive Committee, Board of Directors, convention, and any other special membership meetings. The Chairman shall be an ex-officio member of all committees. The Chairman shall perform such other duties included in the office as prescribed by the Board of Directors. At the end of the term, the Chairman automatically becomes the Immediate Past Chairman.

(b) **Vice Chairman.** The Vice Chairman shall perform, in good faith, the Chairman’s duties if the Chairman is absent, dies, is unable or refuses to act. If the Vice Chairman acts in the absence of the Chairman, the Vice Chairman shall have all powers of the Chairman and be subject to all the restrictions upon the Chairman. The Vice Chairman shall perform any other duties that the Chairman or Board of Directors may assign to the Vice Chairman.

(c) **Secretary/Treasurer.** The Secretary/Treasurer shall be responsible for periodic reviews of the Corporation’s budget and shall report on the financial position of the Corporation at the Annual Meeting and at each meeting of the Board of Directors. He or she shall also work with Corporation staff to oversee budget preparation. In the absence of the Chairman or Vice Chairman, the Secretary/Treasurer may perform the duties of the Chairman, and when so acting, shall have all the powers of the Chairman.

(d) **Immediate Past Chair.** The Immediate Past Chair shall serve as an officer of the Board of Directors and as a member of the Executive Committee and have full voting privileges in both capacities.

### 7. ANTITRUST

No attempt will be made by the Corporation to influence policies or practices of any part or segment of the banking industry that would tend to lessen competition within the industry or otherwise violate applicable federal or state anti-trust laws.

### 8. INDEMNIFICATION AND ADVANCE FOR EXPENSES

The Association shall indemnify any and all persons who may serve or have served at any time as Directors or Officers, against any and all expense, including amounts paid upon judgments, attorney’s fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, or which may be asserted against them or any of them by reason of being or having been Directors or Officers of the Association, except in relation to matters as to which any such Director or Officer has been guilty of negligence or misconduct in the performance of his duties to the Association. Such indemnification shall be in addition to any other rights to which such Officers or Directors may be entitled under any law, bylaw, agreement, vote of the members, or otherwise.
9. MISCELLANEOUS

9.1 Books and Records.
The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be inspected by any director, voting member, or his or her agent or attorney, for any proper purpose at any reasonable time.

9.2 Fiscal Year.
The fiscal year shall begin on the first day of July and end on the last day of June in each year, unless otherwise established by the Board of Directors.

9.3 President.
A President may be appointed or hired by the Board of Directors and shall have the following duties and responsibilities:
(a) act as Chief Executive Officer of the Corporation; (b) be responsible for the records of the Corporation; (c) carry out the policies and programs of the Corporation at the direction of the Board of Directors; (d) implement the personnel policies of the Corporations as set forth by the Board of Directors or by written contract to administer the affairs of the Corporation; (e) delegate duties to staff, or contract as appropriate, to administer the affairs of the Corporation and accomplish the duties and responsibilities of the President; and (f) carry out any other actions as directed by the Board of Directors.

9.4 Amending Bylaws.
These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of the members, at any regular or special meeting of the members, or by written ballot. Notice of such election must be given in accordance with Section 2.5 and the notice must also state that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the Bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment.

9.5 Order of Business.
The following, as applicable, shall be the order of business for membership meetings of the Corporation and its Board of Director meetings:
(a) Call to Order. (b) Reading, Correcting and Approval of Minutes. (c) Reports of Officers. (d) Reports of Committees. (e) Other Reports (f) Unfinished Business. (g) New Business (h) Adjournment.

On all parliamentary questions involving the regularity of the proceedings of all the meetings, Roberts Rules of Order shall govern.

9.7 Electronic Transmissions.
Unless otherwise provided in these Bylaws, and subject to any guidelines and procedures that the Board of Directors may adopt from time to time, the terms "written" and "in writing" as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions, such as facsimile or email, provided (i) for electronic transmissions from the corporation, the corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (ii) for electronic trans missions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission; and (iii) the transmission creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.
Press Releases

Montana Chamber of Commerce Releases its 7th biennial review of the Montana Supreme Court

HELENA- The Montana Chamber presents its 2020 Judicial Review of more than 50 Montana Supreme Court decisions from 2018 and 2019 that impacted business and the economy.

You can read the Judicial Review here.

“The Montana Chamber is one of the only organizations that reviews court decisions with special attention to their long-term impacts on doing business in Montana,” said Bridger Mahlum, government relations director for the Montana Chamber. “As the third branch of our state government, it’s just as important to evaluate the activity of the judiciary as it is to engage in its legislative and executive counterparts.”

Each justice received a rating based on their participation and position in each case. Overall, the Court received a 74 percent rating for its decisions on crucial business cases – a slight improvement from its 72 percent rating on the 2018 review. Receiving the highest individual rating for the second consecutive cycle was Justice Laurie McKinnon at 83 percent (Career Judicial Score of 87 percent). Other ratings of justices included:

- 68 percent for Chief Justice Mike McGrath (57 percent Career Judicial Score);
- 78 percent for Justice Beth Baker (67 percent);
- 64 percent for Justice Ingrid Gustafson (64 percent);
- 80 percent for Justice Jim Rice (78 percent);
- 71 percent for Justice Dirk Sandefur (71 percent); and
- 72 percent for Justice Jim Shea (67 percent).

As a part of our continued focus on worker’s compensation, the Montana Chamber included a review of the Worker’s Compensation Court’s performance from 2018 and 2019. Twenty-six cases were reviewed, with Judge David Sandler ruling on all those cases. His rating was 62 percent, bringing his career score to 66 percent.

The Montana Chamber of Commerce tracks all activities related to business in Montana. With legal reform as part of its Envision 2026 business climate objective, the Chamber facilitates the Montana Justice Coalition and produces the Judicial Review under the auspices of that coalition. The Coalition brings together business leaders, attorneys, association directors, and other stakeholders to track Montana’s legal climate, monitor important cases, and develop legal reform measures.

Send your press releases to: cary@montanabankers.com
The Consumer Finance Protection Bureau (CFPB) has been busy during the last several months, and the next twelve months promise even more change. The CFPB recently published its Spring 2020 Agenda as part of the Trump administration’s Spring 2020 Unified Agenda of Federal Regulatory and Deregulatory Actions. The agency recapped some of its actions from recent months and gave us a preview of the regulatory roadmap through Spring 2021. Many of the changes follow up on proposals the agency had already announced.

Changes are underway to the escrow requirements of higher-priced mortgage loans (HPMLs). Under Section 108 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA), Congress instructed the CFPB to conduct a rulemaking to exempt loans from the escrow requirements applicable to HPMLs if the lender has $10 billion or less in assets and meets other criteria. The CFPB published a notice of proposed rulemaking on July 2 to implement Section 108 of the EGRRCPA. Comments are due by September 21, 2020.

As we enter into the fall, the CFPB plans to take a significant step forward toward implementing section 1071 of the Dodd-Frank Act. Section 1071 requires lenders to identify women-owned, minority-owned, and small businesses and collect data related to the race, sex, and ethnicity of the business owners, the purpose of the loan, the action taken with regards to the loan, the business’s gross annual revenue, and “any additional data that the [CFPB] determines would aid in fulfilling the purposes of this section.” In October, the CFPB will convene a panel under the Small Business Regulatory Enforcement Fairness Act to discuss this matter. Ahead of the event, the CFPB will be releasing materials that the group will discuss with representatives of small entities likely to be directly affected by the Bureau’s rule to implement section 1071.

The fall will also likely see two proposals to modify the Home Mortgage Disclosure Act (HMDA). The first proposal follows the May 2019 advance notice of proposed rulemaking concerning data points that banks must report under the 2015 HMDA rule and coverage of business or commercial purpose loans. The second proposal addresses the public disclosure of HMDA data in light of consumer privacy interests.

In October, the CFPB expects to issue a final rule after the May 2019 proposed rule that would prescribe rules under Regulation F to govern the activities of debt collectors. The proposed rule would address communications in connection with debt collection; and interpret and apply prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection. The CFPB did not announce when it plans to take final action on its supplemental proposal issued in March 2020, which addressed time-barred debt disclosures.

Finally, the CFPB is considering a proposed rule that would offer a new “seasoning” definition of Qualified Mortgages (QM). This definition would create an alternative pathway to QM safe-harbor status for mortgages

Compliance Alliance

CFPB Announces Its Spring Agenda

The challenges we have faced in 2020 have come at us out of nowhere and at a lightning pace. The world continues to face a global pandemic, while regulators and businesses are largely reinventing significant industries. We have dealt with the Paycheck Protection Program, stimulus checks, mountains of loan modification requests, significant pushes to online services, and many other things that were not on our 2020 roadmap. With so many unplanned developments, it’s nice when we have the opportunity to anticipate some of the changes that will require us to take action.

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Finally, the CFPB is considering a proposed rule that would offer a new “seasoning” definition of Qualified Mortgages (QM). This definition would create an alternative pathway to QM safe-harbor status for mortgages
when the borrower has consistently made timely payments for a period. This action would come on the heels of proposals to address the impending expiration of the Government-Sponsored Enterprises (GSE) Patch and to amend the General QM definition in Regulation Z to replace the Debt-to-Income limit with a price-based approach. The comment periods for the existing proposals close on August 10 and September 8, respectively.

The CFPB also discussed its participation in the interagency rulemaking processes to update the guidelines issued by Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This partnership with the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Federal Housing Finance Agency is developing regulations to implement the amendments made by the Dodd-Frank Act to the FIRREA guidelines concerning appraisals. The changes require implementing regulations for quality control standards for automated valuation models (AVMs).

One of the items listed in the preamble to the CFPB’s Spring Agenda that has not generated much attention is the agency’s study of the impact of artificial intelligence (AI) in the context of Federal consumer financial laws and regulations. Banks raised issues related to AI in response to the CFPB’s 2017 Request for Information Regarding Use of Alternative Data and Modeling Techniques in the Credit Process, the Bureau’s 2018 Calls for Evidence, and in other outreach since then. The Bureau continues to monitor developments concerning AI and is evaluating whether rulemaking, a policy statement or other action may be appropriate. With the OCC’s recent proposal regarding technological innovation, it would not be surprising to see the CFPB announce something on this topic in the near future.

To fulfill its obligation under Section 1022(d) of the Dodd-Frank Act, the CFPB is also conducting its five-year review of its Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule and certain amendments. The CFPB announced it plans to issue its TRID Rule assessment report by October.

The CFPB also expects to conduct an additional review under section 610 of the Regulatory Flexibility Act, which requires the Bureau to consider the effect on small entities of the rules it promulgates. The agency plans to review the Regulation Z rules that implement the Credit Card Accountability Responsibility and Disclosure Act of 2009.

Stay tuned to Compliance Alliance for announcements on these developments and more.

Biography of Author
Chris W. Bell serves as Associate General Counsel for Compliance Alliance. He holds a bachelor’s degree in Political Science from the University of Memphis, a master’s degree in Political Management from the George Washington University, and a law degree from the St. Mary’s University School of Law.

Chris began his career working for a regional bank in Tennessee, where he developed a passion for serving customers through the banking system. In law school, Chris focused his studies on the different financial aspects of the law, including the Internal Revenue Code and Uniform Commercial Code. Chris has worked in the legal department of a federal savings bank and for the Texas Department of Banking. As one of our hotline advisors, Chris helps C/A members with a wide range of regulatory and compliance questions.

Chris W. Bell is an Associate General Counsel at Compliance Alliance. He has worked in the legal department of a federal savings bank and for the Texas Department of Banking. He is one of the C/A hotline advisors.
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Contact your Montana Calling Officers:

Eric Sundberg
VP, Investments
eric.sundberg@ubb.com

Tony Venditte
VP, Correspondent Banking Officer
tony.venditte@ubb.com