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Standing Out In A Vanilla Mortgage Market

By Audrey Wright-Cipriano, director of marketing & brand strategy, ICBA

During a time when consumer mortgage lending instruments are virtually identical from bank to bank, Waterford Bank, N.A. in Toledo, Ohio has distinguished itself among its competitors, including credit unions and large regional banks, by building a better customer experience.

Al Tinney, vice president of lending operations at Waterford says that the bank was founded in 2007 after its three principals—all former executives from a large regional bank—saw the need in Lucas County for personalized financial services backed by the power of local decision making.

“Reaching out to customers on a direct basis versus a broad basis is what we’re all about,” says Tinney. “With almost every financial institution offering the

same mortgage products, we set ourselves apart by offering competitive pricing and a streamlined processing approach to enable our customers to get to the closing table as quickly as possible”

To achieve this end the \$463-million asset bank employs a tight-knit team of seasoned loan officers and underwriters who are compliance focused and can quickly move from point A to point B in an efficient and streamlined manner. By keeping originations, processing and underwriting in house, Waterford Bank retains complete control of the process and at any point in time can tell the consumer and the referral source (usually real-estate agents) the status of the loan.

“When consumers work with a large regional or national bank, many times they don’t know where their

loan is in the process until there’s a problem or they hear, ‘Hey, we’re not going to be able to close.’” Tinney says that scenario never happens at Waterford Bank because they always know where the loan is and stay in constant communication with their customer and the loan source.

Communication on the back end is as integral to the process as communication on the front end. Waterford works with a small stable of mortgage investors that provide funding for its consumer mortgages, among them ICBA Mortgage Solutions, Powered by LenderLive[™]. Tinney says that the bank sought out ICBA Mortgage Solutions because his staff heard that the correspondent lender shared its hands-on approach to customer service.

(continued on page 3)



Joe Chodkiewicz, regional account manager for ICBA Mortgage Solutions, Al Tinney, vice president of lending operations and Larry Boyer, president of Waterford Bank, N.A.

IN THIS ISSUE:

- 2 **Product News—Making Loyalty Pay**
- 2 **ICBA Reinsurance and Transamerica Work Together**
- 3 **ICBA Services Network Knowledge Center**
- 3 **Standing Out In A Vanilla Mortgage Market (cont.)**

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PRODUCT NEWS

Making Loyalty Pay

By Nicole Swann, director of marketing & brand strategy, ICBA

Up until three years credit cards didn't factor into GNB Bank's profitability picture much, says Shane Tiernan, senior vice president and chief of

Proof in the Pudding

By most measures transitioning from a vanilla card offering to one with a competitive rewards component has served the bank well. "We were a little worried about a rewards pro-

gram because redemption comes out of our income, but even on net basis it appears to be pretty profitable." "We haven't really increased the number of cards outstanding at this point in time so apples to apples we improved revenue between \$25,000 to \$35,000 a year," Tiernan says.

Visit www.icbabancard.org or call (800) 242-4770 to learn more about ICBA Bancard's credit card programs.



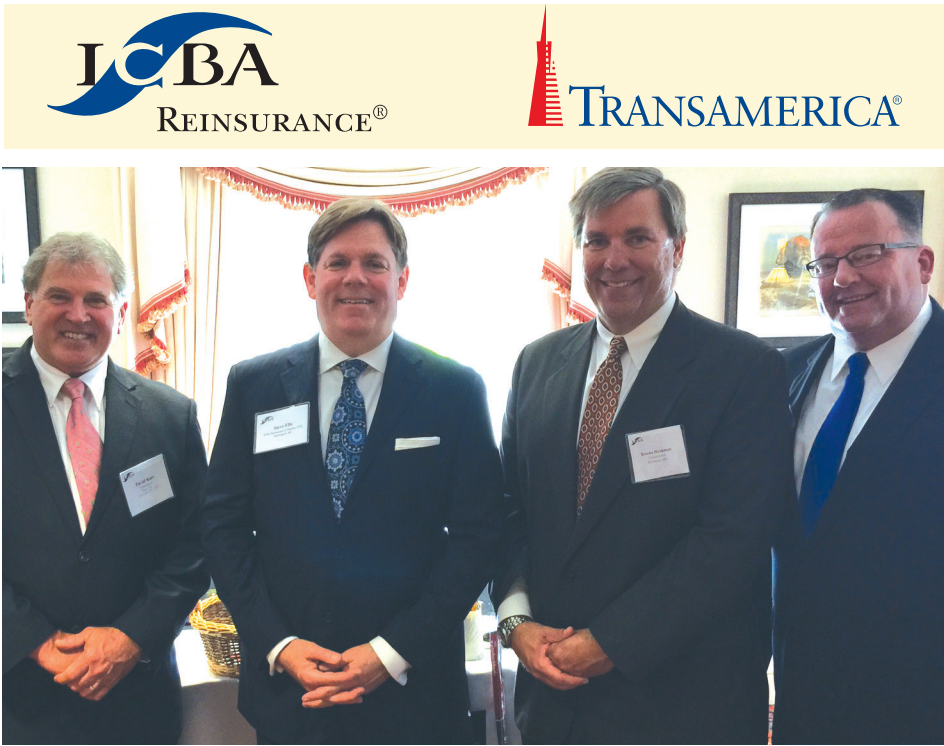
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lending at the bank. It was your "basic, plain-Jane" offering, explains Tiernan, who notes management's take on cards at the time was more as a service to customers rather than an income producer for the bank.

That perception was put to the test, however, when GNB acquired another bank with roughly the same number of cards outstanding but a portfolio twice as big. "They had rewards, we didn't," Tiernan says, and it turns out that made all the difference.

A closer look at the numbers and a portfolio consultation with ICBA Bancard's Julie Hanson confirmed Tiernan's conclusion: structured properly a rewards program could not only turn a profit for the bank, but strengthen customer ties. Particularly, if Tiernan followed Hanson's advice and not only offered a rewards program for consumers, but expanded the bank's product lineup to include a business credit card option.

"That piqued my interest because we had a number of businesses that used the card. It also gave us an opportunity to penetrate the market further by offering a business rewards card. The fact that small business cards yield an additional 50 basis points in interchange fee income didn't go unnoticed either.



ICBA Reinsurance and Transamerica Life & Protection have been working together to provide community banks with industry-leading payment protection insurance products since 2007. Above, ICBA and Transamerica officials meet during ICBA's Washington Policy Summit this past spring, an event that Transamerica helped sponsor. From left are Dave Karr, a Transamerica regional vice president; Steve Ello, president and CEO of ICBA Reinsurance; Brooke Strohman, a Transamerica vice president of technology services; and Frank McShalley, a Transamerica client services manager.

Visit www.icbareinsurance.com or call (888) 790-6625.

KNOWLEDGE CENTER

Fannie Mae's Housing Finance Institute® (HFI™) is launching a new interactive training tool, *Planning Your Fannie Mae Training*.

By simply clicking on the role you play in the mortgage process (underwriting, loan origination, quality control, etc.) a comprehensive, customized training plan will appear. Each training plan outlines and links to the variety of training resources available through Fannie Mae that are best suited to your role at your bank.

Your tailored training plan will include eLearning courses, virtual classrooms, job aids, frequently asked questions, and more. You can also print out your recommended training plan and check off which resources you have accessed and when. This is a great resource for professional development or for new hires.

ICBA members also have the benefit of accessing the HFI InDepth courses at a **50 percent discount**.

HFI InDepth courses offer comprehensive curriculum taught by expert instructors—all in an online virtual classroom, saving you valuable time and travel expense. Classes feature task-based learning scenarios, discussions and limited class sizes so ICBA members are ensured a fully interactive learning experience.

ICBA members will receive a 50 percent discount when registering for HFI InDepth courses by typing in "**AP50**" (case sensitive) in the discount code field on the registration form.

Visit Fannie Mae's HFI Training Page today at www.fanniemae.com/singlefamily/training to access these interactive training plans, and HFI InDepth course details and class schedules.

WEBINAR: Capital Market Solutions to Enhance Core Banking Activity

WHEN: Wednesday, August 12, 2015 at 11 a.m. (Eastern time).

DESCRIPTION: Through the use of interest rate products, not only can your lending competitiveness improve, you can also very efficiently fix an asset/liability problem or lock in long-term, low cost funding at levels well below your core market. We will discuss these strategies which community bankers are using to enhance their profit margins.

PRESENTER: Chris Goodson is responsible for marketing and trading for Vining Sparks Interest Rate Products. Chris has over 10 years experience with regional broker/dealers marketing and structuring derivative trades, developing hedging strategies and providing ASC 815 accounting support for derivative clients.

REGISTER: Visit www.icbasecurities.com in late July to register.

Standing Out In A Vanilla Mortgage Market

continued from page 1

"Communication is key in this business and unfortunately there are companies out there that leave you staring into a black hole. We decided to work with ICBA Mortgage Solutions because we wanted a one-on-one, personal experience instead of a huge corporate feel," Tinney says. Adding that ICBA Mortgage Solutions' non-compete guarantee is another huge benefit. "There are investors out there that will tell you in their initial contract that after 12 to 24 months they are going to begin soliciting your customers. Obviously, we want to keep our customers as our customers. Our loan officers want to retain that customer going forward, and if there is an investor out there soliciting them, we're not happy."

Robert Kallio, senior vice president of ICBA Mortgage Solutions says that often times in secondary market transactions when banks think they are selling the loan they are really selling the customer. "As an arm of the Independent Community Bankers of America®, helping community banks succeed in this industry is our focus," he says, "We don't have another agenda."

Kallio points to ICBA Mortgage Solutions' new correspondent rebate program, which on an annual basis rebates the standard correspondent fees on the first 20 delegated loans purchased (\$4,000) and on the first 10 non-delegated loans purchased (\$4,500). "We were pleased to recently recognize Waterford Bank as the first community bank to qualify for the rebate since we introduced the program," he says.

Tinney says that there are no similar rebate programs offered by the other investors with which the bank works. "The rebate actually paid for Waterford Bank's ICBA dues. We hope to qualify for it every year."

For more information about the ICBA Mortgage Solutions program contact Robert Kallio at (614) 785-6444 or visit www.icbams.com.