

# BANKWEST NEWS

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## how low will mortgage rates go?



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The Federal Reserve Bank recently announced it has started buying mortgage-backed securities (MBS) as part of its program to improve credit market liquidity and jump-start the housing market. Now that the MBS buying program is in full swing and will continue as needed, the

media are offering their own interpretations of what this will mean to the market. In some cases, the media have portrayed the Fed's words on continuing its purchasing program to mean that rates will continue to drop lower, and remain low into the summer.

But is this really what that means? Not exactly.

### Here is the truth.

Yes, the Fed has been buying MBS, most of which are Fannie Mae (FNMA) 30-year 5.5% and 5.0% bonds. These bonds are unlikely to have large impact on present interest rates. Why? Because the Fed is smart: they are purchasing MBS at 5.5%, which represents outstanding mortgages with rates of 6-6.50%. With current mortgage rates at low levels, many of the mortgages in these FNMA 5.5% pools being purchased by the Fed will be refinanced and paid. This gives the Fed a quick recoup on some of their investments and may be a reason why the Fed said that

it would continue its purchasing program beyond June, if necessary.

### Bottom line.

The Fed buying the higher-rate MBS will not necessarily cause rates to decrease as its action does not impact the loans being originated at today's low rates.

### Here is the most important part.

Some of you may be in a situation where it makes sense to refinance right now. For example, let's assume that you would save \$250 per month by refinancing. When you hear media reports regarding lower rates ahead, you decide to hold off in the hope of gaining additional savings with an even lower rate. By doing this, you take a risk that the rates could increase and that this window of opportunity could pass you by entirely.

Even if you are correct in timing the market and eventually nab that lower rate, it is important to consider what may have been lost by waiting. While you delayed, you may have lost the savings that you could have gained by taking action sooner or as in the example used, \$250 for every single month that you waited.

I don't want anyone to miss an opportunity by waiting or not understanding what is at stake. Please call me and let's discuss your best course of action!



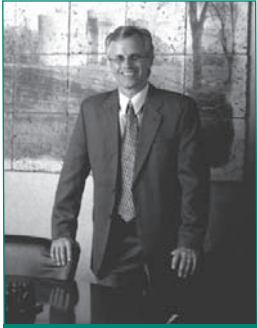
## BANKWEST Power Checking

### OUR WAY OF HELPING BOOST THE ECONOMY



**Stop in  
today  
and start  
earning  
your  
rewards!**

## from the president's desk



Steven Huston

In late March, I was part of a delegation of Minnesota bankers involved in the American Bankers Government Relations Summit. There were 850 bankers from all around the United States in attendance. We heard from several high level speakers including House Financial Services Chairman Barney Frank, Director of the National Economic Council Lawrence Summers, and FDIC Chair Sheila Bahr.

Our 40 bankers from Minnesota had an excellent day on Capitol Hill as we visited with all nine members of the Minnesota Congressional delegation including all eight US Representatives and Senator Amy Klobuchar. We discussed many issues including how important it is for legislators and the public to understand that traditional banking organizations did not cause the current financial situation and that bankers in community banks will be one of the key components in setting the best course for our economic future.

Another important topic of conversation related to the FDIC Deposit Insurance Fund. There has been much media attention in recent months and bankers decided to communicate key points as follows to customers and the public:

- Bankers support making permanent the increase in basic

FDIC insurance coverage from \$100,000 to \$250,000.

- Since the creation of the fund in 1933, no depositor of an FDIC-insured bank has ever lost a penny as long as the ownership of those funds was set up correctly.

- The FDIC Insurance Fund is not funded by taxpayers, but by premiums paid by FDIC-member banks.

- Traditional community banking has not caused most of the problems in the financial sector and will continue to be a key component in getting our economy back on the right track.

- In uncertain financial times like those recently experienced, people need to seek a trusted advisor at an FDIC-insured financial institution.

On behalf of our staff, I want to let you know how much we appreciate the confidence you place with us by entrusting us with your financial services business. Working together through uncertain and difficult times has always been a trademark of our communities and this great country. Thank you for letting us be an important part of your financial future.



Congresswoman Michelle Bachmann and Steve Huston during the Minnesota Congressional delegation in March.

## community banks finally get 'official' recognition

When Federal Reserve Chairman Ben Bernanke gave a speech to bankers recently, it was refreshing and long overdue to hear a top-ranking federal official finally address community banks and their challenges. It was as profound a moment as when, several months ago, government officials finally voiced to the public the difference between investment banks that do deals and move money around (not really banks at all) and real banks that make loans and have deposits.

Working extensively with the community banking sector, my partners and I have shared their pain from being tarred with the same brush as their larger and generally more troubled brethren. Publicly held community banks with sound capital structures, holding no toxic assets or subprime loans, making loans, growing deposits, demonstrating growth and even posting earnings have seen their stock prices plummet. Their capital structures have been pinched by noncash devaluations caused by mark-to-market accounting of sound but illiquid holdings.

The bad economy has forced most banks to set aside additional reserves for losses. Many have suffered from troubled real estate and construction lending. Banks lend to finance retail and commercial real estate, and the sharp downturn in real estate left few untouched. Many got caught with their pants down, and there were some poor underwriting decisions made, but I still think more of a bank damaged by a construction loan that went bad than a bank creating phantom assets with exotic financial



derivatives.

In general, community bankers have done everything possible to continue lending, paying fair interest rates to depositors, charging fair rates to borrowers, addressing their mistakes, and serving their communities despite being shunned, vilified, and misunderstood by the media and federal government.

Far from making profits at the expense of customers, community banks prove that by running a customer-focused, service-oriented business, they can serve their communities and also create value for shareholders. Across the country, community bankers have battled liquidity and capital availability issues to continue serving people as best they can.

Chairman Bernanke acknowledged community banks as a primary source of credit for small business. He spoke of nurturing the opportunity well-managed community banks have to continue lending at a time when troubled megabanks have been forced to pull back.

by: Ted Gage, executive vice president of Capital Insight Partners, has more than 25 years experience in financial journalism, investor communications, and management consulting.

## remote deposit for business comes to BANKWEST!

### Finally a quick and efficient way for merchants to electronically process their paper checks!

Remote Deposit allows your business to deposit customer checks any time from the convenience of the company PC. No more rushing to make deposit cutoff. No more transportation or courier costs. And no more added delays waiting for funds to clear.

Save time and boost productivity! It's fast, it's easy, it's available 24/7!

Here's how it works:

You'll need a PC with high-speed internet connection, a scanner and software provided by BANKWEST. Once your system is set up you'll scan each customer check to create a check image deposit item. During scanning, MICR-line information is read from the check; at the same time, an endorsement can be imposed on the back of the check.

Then an electronic file of the check is sent to BANKWEST via a secure Internet connection and the deposit becomes available according to our existing availability schedule.

This checklist will help you determine if Remote Deposit is right for you. The more "yes" answers that apply, the more you could benefit.

- Yes  No *Do you, or would you like to make deposits after normal business hours?*
- Yes  No *Do your deposits consist mostly of checks?*
- Yes  No *Do you now use valuable staff time to deliver deposits, or do you pay a courier?*
- Yes  No *Are you located a significant distance from our nearest branch?*
- Yes  No *Do you photocopy checks for your records?*
- Yes  No *Do you receive checks in more than one location?*
- Yes  No *Do you have multiple locations and maintain multiple banking relationships?*

Interested? Just call BANKWEST at 763-477-5231 for more information. We'll be happy to answer any questions and help you discover if Remote Deposit is right for you!

## Introducing The Parent Care SOLUTION™



*A Legacy of Love...*

*a process that helps children care for their aging parents without financially or emotionally destroying the family*

### attention: daughters, daughter-in-laws and children of aging parents!

Did you know that over 90% of those coordinating and providing care for senior family members are either daughters or daughter-in-laws? Is the process looming in your near future, or are you currently dealing with issues of caring for an aging parent?

The Parent Care Solution™, a service of BANKWEST, helps families all but eliminate the added stress by planning in advance as well as minimizing that same stress for those currently dealing with these concerns.

Come learn about the unique process that helps boomers and/or their parents prepare for the issues surrounding aging from Tom Wick, Parent Care Consultant, at a **FREE BANKWEST Parent Care Seminar on June 4 at the Rockford office.**

The normal aging process parents go through creates its own set of issues, decisions and challenges for all family members. Add to the mix an unexpected accident, illness or death, and families are often thrown into turmoil.

Somebody has to deal with the circumstances and the family dynamics surrounding them, but most don't have the time or energy to do it. The Parent Care Solution™ can help.

The Parent Care Solution™ provides a comprehensive approach to the long-term issues that eventually everyone must face. This program addresses the feelings, wishes, family dynamics and emotional aspects of the aging process in addition to the practical and financial components. Parent Care Consultants use a step-by-step approach to create a highly personalized plan for each client.

There are three categories that every adult needs to address - do you know what they are? Find out from our Parent Care Consultant Tom Wick at the seminar on June 4.

**Call 763-477-7420 to reserve your seat for either an 11 am or 6 pm session. A light meal will be served.**

## safe computing practices — a team effort

At BANKWEST your privacy is our priority. Keeping financial information secure and confidential is one of our most important responsibilities. We also understand that security and privacy are perhaps the leading concerns when our customers use Internet Banking.

Internet Banking includes several security features: encryption, multifactor authentication, automatic time out, audit logs and reports. While BANKWEST's Internet Banking security meets industry standards, the best way for you to secure your online experience is to become knowledgeable about internet security and safe computing practices.

Listed below are several safe computing practices:

**Anti-Virus Software** – Install and update Anti-Virus software on your computer and regularly scan your computer to make sure it is free from viruses. Anti-Virus software is your computer's best defense against viruses, trojan horses and worms.

**Updates and Patches** – Make sure your computer and browser have the latest updates, which may include important security patches.

**Spyware** – Use spyware detection software.

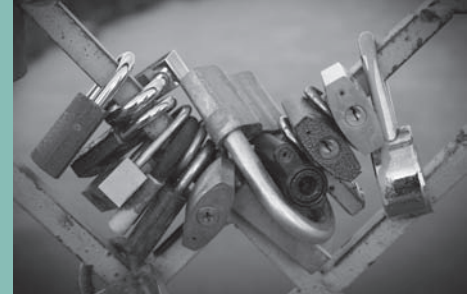
**Firewall** – Use an updated firewall. A firewall protects your computer from intruders.

**Personal Information** – Avoid filling out forms in email messages that ask for personal financial information.

**Passwords** – Use passwords that combine numbers, letters and special characters. We strongly urge that you do not use obvious passwords, such as your birth date and name. Also, you should never share your password with anyone. It is important to change your password frequently.

**Detecting and Reporting Unauthorized Transactions**– View and reconcile all transactions in a timely manner and report discrepancies or errors immediately.

Although the safe computing practices listed above are not exhaustive, they contain some key points that will help you use the Internet in a more secure manner. Please use these practices along with caution and good judgment.



## one-time economic recovery payment

The Department of the Treasury's Financial Management Service (FMS) will disburse more than 64 million economic recovery payments under the "American Recovery and Reinvestment Act of 2009" signed into law by President Obama on February 17, 2009.



These one-time payments in the amount of \$250 will be disbursed to individuals receiving benefits from the Social Security Administration, Railroad Retirement Board, and Department of Veterans Affairs.

A significant portion of the 64 million payments will be disbursed during the first half of May. The remaining portion will be disbursed in equal volumes each week for the remainder of May and during June. These will be separate payments and not included in regular monthly benefits. The same disbursement mechanism used for an individual's regular monthly benefits will be used for these one-time payments.

The paying agencies are providing information to individuals about these one-time payments. Below is their contact information. You can go online for information at any time; however, please wait until after June 5 (July 6 for VA) to call the agency if payment has not been received.

Paying Agency	Internet Address	Telephone Number
Social Security Adm.	<a href="http://www.socialsecurity.gov">www.socialsecurity.gov</a>	1-800-772-1213
Railroad Retirement Board	<a href="http://www.rrb.gov">www.rrb.gov</a>	1-877-772-5772
Dept of Veterans Affairs	<a href="http://www.va.gov">www.va.gov</a>	1-800-827-1000

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