

# Issues & Answers



January 2025

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## Budget Decisions Will Define 2025 Legislature



*By Glen Simecek,  
President & CEO,  
Washington Bankers  
Association*

Imagine you're sitting in your office, evaluating a loan application. The potential borrower's income

has more than doubled since 2013, but they haven't put any money into savings, instead spending every dollar they've brought in. In fact, despite dramatic income growth, they've actually pulled money out of their savings so they could spend more. They even used a one-time bonus to cover the downpayment and first year's monthly payments on an expensive new car, but now they are confronted with a continuing obligation and no ongoing income to pay that bill.

Would you look favorably on that applicant? Or would you have doubts about their ability to manage their finances? Would words like "reckless" or "irresponsible" creep into your evaluation?

That's precisely the situation facing Washington state residents as the Legislature heads to

Olympia for the 2025 session.

Lawmakers are talking about a projected \$10-12 billion budget gap between the revenues they expect to collect and the cost to keep funding existing state programs. It's important to understand that this gap isn't for a fiscal year or even a biennium; it's for the upcoming four-year planning cycle, which begins in July 2025 and runs through June 2029. Even more important, the estimated shortfall does not result from declining revenues. State collections are projected to continue growing, albeit at a slower rate than they have in recent years.

Instead, the budget "crisis" legislators are wringing their hands over is almost entirely of their own making. Like the hypothetical loan applicant, lawmakers have increased state operating expenditures at a dizzying rate, more than doubling the budget from \$33.66 billion in the 2013-15 biennium to \$71.90 billion in the most recent version of the 2023-25 biennial budget, which they adopted in the 2024 session. That's an increase of more than 110 percent. For reference, Washington's population grew by a little over 15 percent during the

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## Issues & Answers – January 2025

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same period, and state per-capita income rose by about one-third.

Also, like our hypothetical loan applicant, lawmakers didn't add to the state's reserve funds during a decade-plus of dramatic revenue growth; they actually pulled funds from some reserve accounts to enable even more spending. They fudged the forecast for future revenues to make the out years of the planning cycle look balanced, even though they knew they weren't. Finally, they spent some one-time federal COVID relief funds to create or expand programs that will now require ongoing state funding if they are to continue.

Reckless? Irresponsible? Arguably so.

If legislators want to change that assessment, they'll need to take a hard look at their past spending patterns and adopt a more prudent approach to the budget. Unfortunately, early indications out of Olympia are that their first instinct will be to raise taxes to fill in the gap.

The range of tax ideas is eye-popping. We've heard calls for a new "wealth tax" that would make Washington the first jurisdiction to tax unrealized gains on investment assets. Others are proposing a new statewide payroll tax on high earners, modeled on Seattle's "Jumpstart" payroll tax. There's almost no end to the range of ideas being bandied about: increase in the property tax; increase in real estate excise taxes; extending sales taxes to services; surcharges or permanent hikes to the B&O tax; creating a new delivery tax; and eliminating some tax preferences. That last category presumably could include another run at the first mortgage interest deduction for smaller banks.

In short, the business community will be playing defense during the 2025 session and organizing accordingly. We will remind legislators and the public alike that this crisis is not caused by a tanking economy but by unsustainable spending. If lawmakers can't get the budget under control, we'll not only see negative consequences for the state economy now, but they'll also be setting up even more significant problems if the economy ever does go south.

Despite our state's strong economy, bankers know that too many customers struggle to make ends meet. According to US News & World Report, Washington now has the third-highest cost of living in the country. Lawmakers shouldn't make an already unaffordable state even more so.

We would expect our hypothetical borrower to make dramatic changes in behavior, and we should expect nothing less of the Legislature.

### Contact Us

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Call us at (206) 447-1700 and visit us on the web at [wabankers.com](http://wabankers.com).

### Connect With Us

Connect with the WBA online by following us on our social media accounts.

### On the Cover

The sun rise covers untouched snow at the ski area at the top of Mt. Baker, a local favorite for skiers and snowboarders in the Northwest.

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# It's Time for a Regulatory Reset



*By Rob Nichols, President & CEO,  
American Bankers Association*

Over the last four years, the banking industry has battled an onslaught of new rules and regulatory changes that have threatened to fundamentally alter how financial institutions in this country operate.

Regulators have taken a de facto “one-size-fits-all” approach to rulemaking — ignoring the diversity of bank sizes, charters and business models within the banking sector, as well as the undeniable trickle-down effects of regulations that are, on paper, only targeted toward larger institutions. For whatever reason, they have also chosen to pursue rulemakings more tied to the past than the present. It’s time to stop fighting the last war and stay focused on the present and the future.

ABA and the state associations have stepped up on behalf of our members, challenging misguided final rules in court wherever warranted and pushing back with facts and data to stop faulty assumptions from underpinning major regulatory changes and bogus claims about our industry from spreading. We’ve had some notable successes over the last four years, but it hasn’t been easy.

As we welcome 2025, a new presidential administration and a new Congress, it’s time to reset the conversation around banking regulation.

That effort began right after the election during the transition, as ABA worked to communicate our priorities to the incoming Trump administration. With leadership changeovers anticipated at the regulatory agencies following the inauguration — including at the FDIC, OCC and CFPB — we expect to have the opportunity to share our perspective with the new players and help refocus the conversation around rightsizing the supervision and regulation of the banking sector.

But while we can expect some of the new regulators

to pause some proposed rulemakings altogether, and Congress could use the Congressional Review Act to undo some of the most recent regulatory proposals, it’s important to remember that the new administration and new Congress will not wield a magic wand.

Undoing policy changes in a durable way can take just as long as putting new regulations into place, since the Administrative Procedure Act and its notice and comment procedures apply. As we have noted in our many active lawsuits, regulators have frequently flouted the APA in recent years, and partisan agendas have too often driven a rulemaking process that is supposed to be even-handed and fact-based.

We have the opportunity now to get it right — by following a transparent process and by working constructively to engage policymakers of both parties in crafting commonsense regulations that ensure our banking sector remains safe, sound and well-capitalized. That’s how we bring about meaningful, long-lasting change.

At ABA, we are ready to roll up our sleeves and get to work, together with our state alliance partners — and we need your help.

We need every banker in this country to stay engaged on the issues that matter. Reach out to your members of Congress, particularly in states where freshmen lawmakers are taking office. Get to know your representatives, invite them to your bank and introduce them to your customers and your employees. Help them to understand not just the important work banks do each day, but the ripple effect that the provision of credit can have in our cities, towns and neighborhoods.

Finally, I invite every banker in this country to join us in Washington, D.C. April 7-9 for the 2025 ABA Washington Summit. This year’s annual gathering of bank leaders will be critically important in making sure we have a policy environment that will unleash economic growth and allow banks to serve their customers and communities. We need all of you there to make sure our industry’s voice is heard loud and clear.

## Events Calendar

**Jan. 21** – 2025 Executive Development Program

**Feb. 12** – 2025 Bankers Day on the Hill

**Feb. 26** – WBA Night at Spokane Chiefs

**Feb. 27** – Commercial Lending Development Program

**March** – RMA Women in Banking Luncheon

**April 3** – Understanding Bank Performance

**April 7-9** – 2025 ABA Washington Summit, D.C.

**April 14** – Credit Analyst Development Program

**April 16** – Management Development

**April 29** – Virtual Engage Conference

**May 7-9** – Agricultural Bankers Conference, ID

**May 13** – CBA Annual Conference, La Quinta, CA

**May 22** – OBA Women in Banking Luncheon, OR

**May 30** – PSBJ Women Who Lead

**June 5** – WBA Night at Spokane Indians

**July 10** – Understanding Bank Performance

**July 28-30** – 2025 Annual Convention; Coeur d’Alene, ID

**Aug. 14-16** – KBA Fraud Academy

**Aug. 21** – Commercial Lending Development Program

**Sept. 16** – Understanding Bank Performance

*To register or to learn more about any of the listed events, please visit [www.wabankers.com/calendar](http://www.wabankers.com/calendar).*

# Washington State Legislative Preview

The Washington State Legislature will convene for the 2025 Session this month, which marks the beginning of a two-year biennium. The session is expected to last through April, and lawmakers must agree on a balanced budget before adjourning.

In 2025, the state will welcome a new executive team, with Gov. Bob Ferguson succeeding Jay Inslee, who held the position for 12 years. Inslee's retirement triggered a wave of candidates vying for various offices as seats became available. The new administration features Nick Brown as attorney general and Patty Kuderer as insurance commissioner. Although many fresh faces are entering the legislature, Democrats gained seats in both the House and Senate. These developments strengthen a Democratic-led policy environment, which may continue the state's progressive paths in financial regulation, consumer protection, and environmental mandates.

In December, the Legislature unveiled updated committees reflecting recent election outcomes. The Senate Committee has a new chair and several new members. At the same time, in the House, the Consumer Protection & Business Committee was expanded to incorporate gaming and liquor control, marking a significant broadening of committee jurisdiction.

Despite strong revenue forecasts for the first time in over a decade, the state must consider budget cuts. This necessity arises from rapidly increasing spending commitments, partly due to one-time funding received from the federal government during the COVID pandemic. Consequently, a substantial deficit is estimated to be in the \$12-14 billion range over four years. Lawmakers have indicated they will explore cuts and new revenue sources.

This signals vigilance regarding potential new tax increases for the banking industry, whether targeted at the industry or the broader business community. Before the session commenced, the most discussed proposals included a wealth tax, payroll expense tax, and property tax hikes.

Outgoing Governor Jay Inslee has recommended a 1 percent wealth tax on personal fortunes exceeding \$100 million to help bridge the budget gap. According to a press release from the governor's office, the tax is projected to raise \$10.3 billion over four years and would affect approximately 3,400 residents. Its



intent is to prevent cuts to essential services such as education, mental health care, and law enforcement.

Governor-elect Bob Ferguson is reviewing Inslee's proposal and has not ruled out tax increases to address the budget deficit. In contrast, Republican legislators contend that the state's fiscal issues arise from excessive spending rather than a lack of revenue. The proposed wealth tax, unprecedented in its structure within the United States, has ignited debate concerning its potential economic effects, including apprehensions about deterring investment and administrative complexities.

On the policy front, the WBA will again advocate for a bill to make financial education a requirement for high school graduation. A proposal has also been introduced to prohibit interchange fees on taxes, tips, and gratuities when using a credit card. A similar measure was passed in Illinois earlier this year, which was promptly challenged with a lawsuit from the industry. While achieving the goal of lowering costs for merchants appears unlikely, the proposal entails a high cost of implementation, as there currently needs to be a method to differentiate the interchange fee from the rest of the purchase at the point of sale.

The industry also anticipates legislation addressing artificial intelligence regulation, industry-specific fees, foreclosures, and other issues. Lawmakers have indicated they prioritize education funding, housing, and healthcare alongside industry-specific proposals.

To get more information about banking related legislation, sign up for the Legislative Update by emailing [megan@wabankers.com](mailto:megan@wabankers.com).

## CareerWork\$ Receives \$750,000 Grant from FHLB Des Moines and Wells Fargo

CareerWork\$ announced in late December that Wells Fargo and the Federal Home Loan Bank of Des Moines (FHLB Des Moines) have awarded them a \$750,000 grant from the FHLB Des Moines Member Impact Fund. This matching grant program, introduced in 2023, provided nearly \$12 million to eligible Washington organizations to strengthen communities in targeted areas of the FHLB Des Moines district.

"This generous grant comes at a time when our programs are experiencing incredible momentum, paving the way for even greater impact," says Ranko Fukuda, Managing Director of CareerWork\$. "Thanks to the support from FHLB Des Moines and Wells Fargo, we'll be able to increase our capacity in ways that will directly and positively benefit many more individu-

als."

"We are pleased to be part of this important grant to foster the great work CareerWork\$ does across Washington," said Wells Fargo Washington Senior Community Impact & Sustainability Specialist Liz Lorenzo. "At Wells Fargo, we are committed to opening pathways to economic opportunity in Washington by connecting people with resources, services, products, and career opportunities so we can help empower them to help reach their full potential."

These funds will allow CareerWork\$ to expand its offerings to new cities throughout the U.S. The organization is preparing to launch its first BankWork\$ class in the Washington D.C., Maryland, Virginia, region in 2025. It continues to expand on

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# Unlocking Leadership Potential: 2025 Management Development Program

The 2025 Management Development Program (MDP) will offer invaluable insights for bankers looking to elevate their leadership skills and grow within their organizations. Designed specifically for those in management roles or aspiring leaders in the banking industry, the MDP offers a comprehensive approach to building the core skills necessary for success in today's dynamic financial environment.

## An Updated Focus on Project Management

This year's session will include an updated session on project management. Effective project management is crucial for navigating complex initiatives, such as launching new products, implementing technology upgrades, or managing organizational changes. With these demands rising, the MDP offers practical strategies and tools to enable participants to manage projects from conception to completion successfully.

## Why Attend the MDP?

**1. Leadership Development:** The MDP is not just about technical skills but about fostering the leadership capabilities necessary to inspire teams, manage change, and drive organizational success. Participants will learn to make strategic decisions, handle complex situations, and become more effective leaders.

**2. Customized for Bankers:** Unlike general management programs, the MDP is tailored specifically for those in the banking industry. The curriculum focuses on issues and challenges unique to the financial sector, offering practical solutions that can be immediately applied within participants' roles.

**3. Hands-on Learning:** The program is designed to be interactive and immersive. Participants will work on real-world case studies, allowing them to apply what they've learned to actual situations they may face in their day-to-day responsibilities.

**4. Boost Your Career:** The MDP is an invaluable investment for those looking to climb the corporate ladder. By



## Why Join MDP?

★★★★★

"This has been one of the most beneficial courses I have ever taken. It was challenging, but it made the information that we learned more valuable and helped me apply what I have learned."

gaining new skills and knowledge, you'll be better equipped to take on higher-level responsibilities and lead your bank into the future.

## Key Takeaways

The 2025 Management Development Program allows bankers to enhance their project management skills while continuing to develop as strategic leaders. This updated session, which focuses on agility, risk management, and resource optimization, is designed to help participants tackle today's banks' increasingly complex challenges.

If you're ready to take your leadership abilities to the next level, the MDP provides the tools, insights, and network. Don't miss the chance to participate in this exclusive, banker-focused leadership development opportunity. Secure your spot today and prepare to take charge of the future of banking.

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its virtual BankWork\$ Fundamentals class, which is open to anyone in the U.S.

FHLB Des Moines provides funding solutions and liquidity to more than 1,200 members to support mortgage lending, economic development, and affordable housing in the communities they serve. The Member Impact Fund provides \$3 for every \$1 of an eligible FHLB Des Moines member's grant donation to strengthen the ability of not-for-profits or government entities to serve their communities' affordable housing or community development needs. The Member Impact Fund awards are given in partnership with member financial institutions to communities in their district to become more vibrant

places to live and work.

The Member Impact Fund is just one way FHLB Des Moines enables their members to connect directly with local organizations who matter to them, creating value and a lasting impact in their own communities," said Kris Williams, president and CEO of FHLB Des Moines. "The commitment of members like Wells Fargo, and their connections to organizations like CareerWork\$ help advance the positive work being done in its community."

In 2024, the Member Impact Fund matching program supported organizations in Hawaii, Montana, North Dakota, Oregon, Washington, Guam, American Samoa, and the Northern Mariana Islands.

Member institutions in these locations submitted applications in 2024; funds were distributed directly to the member institution, which then provided the funding alongside a matching grant from FHLB Des Moines for the partner/recipient organization.

Recipient organizations were selected based on their need for grant funding to support capacity-building or working capital necessary to strengthen their ability to serve affordable housing or community development needs, including job training, affordable housing, financial literacy, food banks, and youth programs.

CareerWork\$ is an affiliate of the Washington Bankers Association and is a 501(c)3 organization.





### Yakima Federal Savings & Loan Donates to Catholic Charities

Yakima Federal Savings & Loan announced a \$10,000 donation to Catholic Charities in late November.

The donation will help provide affordable housing and services to central Washington residents, including those living in the bank's footprint.



### Bank of America Donates to Nisqually Indian Tribe

Bank of America made a \$25,000 donation to the Nisqually Indian Tribe this fall.

The donation will help the tribe teach financial education as part of a long-standing partnership between the two organizations.



### Chase Partners with Year Up United

The local Seattle JPMorgan Chase team recently met with Year Up United program students for a financial health workshop. During the workshop, students learned about setting goals, building budgets, and saving.



### Banner Bank Rings Salvation Army Bell in Spokane

Banner Bank volunteered during the holiday season by ringing the Salvation Army bell in Spokane.

The team used their paid time off benefit as part of the corporate kettle kickoff.



### Peoples Bank Volunteers for Christmas House

The Snohomish County Peoples Bank branches recently volunteered for Christmas House.

The branches from Smokey Point, Everett, Snohomish, Mill Creek, and Edmonds recently came together to collect gifts for the organization that donates to families in need during the holiday season.

The branches collected toys, books, socks, gloves, and other items to be given to the nonprofit.



### U.S. Bank Volunteers at Food Lifeline

During Giving Tuesday in early December, Seattle U.S. Bank team members spent part of the day volunteering at Food Lifeline.

The team organized 4,415 pounds of bakery items to be donated to food banks at the end of the year, helping those in need.



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### Bank of the Pacific Announces Federal Home Loan Bank of Des Moines Member Impact Fund Donations

Bank of the Pacific announced several donations to local nonprofits thanks to matching grants from the Federal Home Loan Bank of Des Moines Member Impact Fund.

Bank of the Pacific Donated to the Thurston County Food Bank, Homes First, Lydia Place, Coastal Harvest Food Bank District Center, St. James Family Center, and Skagit Valley Neighbors in Need.

The funds will help the various organizations remodel offices and expand services and programs.



### Washington Trust Bank Volunteers For Vanessa Behan

Bankers from Washington Trust Bank spent a morning volunteering at a call center for the nonprofit Vanessa Behan.

The group helped raise over \$17,500 during the annual event at KHQ in Spokane and returned in the afternoon to operate the phones again.



### Cashmere Valley Bank Participates in Toy Drive

Cashmere Valley Bank participated in the annual North Central Washington Community Toy Drive during the holiday

season.

Toys or donations could be dropped off at branches in Wenatchee and East Wenatchee to help local children have a wonderful holiday.



### Community First Bank Participates in 3 Rivers Community Foundation Event

Community First Bank recently participated in the 3 Rivers Community Foundation Celebration of Philanthropy. During the event, 3RCF distributed \$330,000 to local nonprofits, reinforcing a commitment to creating strong communities.

The bank partners with the organization to offer the Richard C. Emery Business and Finance Scholarship.



### Bank of America Makes Holiday Cards for Meals on Wheels

The Seattle Bank of America team came together for Meals on Wheels's annual holiday card-making event.

Each winter, the team hand-makes cards for seniors who get meals through Meals on Wheels and donates and wraps toys for kids at Lake City Collective.

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## Industry News

### New Hires

Jon Jones  
Vice President and Community Advisor at Washington Trust Bank

Kevin Daniels  
Vice President and Branch Manager at Banner Bank

Brooke Gibson  
Community Lending Officer at Washington Trust Bank

### Promotions

Kristy Dickson  
Market Retail Leader at KeyBank

Emily Cummings  
Market Retail Leader at KeyBank

Have Industry News to share with WBA?  
Email [megan@wabankers.com](mailto:megan@wabankers.com) or call (206) 344-3472.



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**Olympia Federal Savings Banker Participates in Fruits Sales Fundraiser**

Casey Kilborn, a banker at Olympia Federal Savings, recently participated with his family in a fruit sales fundraiser at his daughter's school, where his wife also teaches.



**16 Bankers Graduate from the Career Path Services BankWork\$ Program**

The Career Path Services BankWork\$ program recently celebrated 16 graduating students in early December.

The students completed eight weeks of classes focused on banking-related skills, preparing them for industry careers.

“You kept moving forward, adapting to each shift and making the most of every situation—that is no small feat. It’s one of the many things that has impressed all of us about this class,” said Shelley McHugh, CPS BankWork\$ Instructor.



**WaFd Bank Donates to Local Nonprofits**

WaFd Bank recently partnered with Network of Giving, a purpose-driven platform that helps businesses and customers give back when they shop.

The network supports organizations such as United Way of King County, Make-a-Wish Alaska and Washington, and Northwest Harvest with every purchase.

**Olympia Federal Savings Donations to Community Foundation of South Puget Sound**

Olympia Federal Savings donated \$2,807 to the Community Foundation of South Puget Sound through the 2 Cent Program in November.

The organization aims to build a lasting culture of generosity and well-being in South Puget Sound.

**Sound Community Bank Volunteers with Emergency Food Network**

The Sound Community Bank team recently volunteered with Emergency Food Network.

The group helped out with the Empty Bowls Fundraiser, and with every purchase of a custom artwork or bowl, someone hungry was helped.



**Kitsap Bank Volunteers at Renewal Food Bank**

Kitsap Bank recently volunteered at Renewal Food Bank, the bank's final volunteering event of 2024.

The team packed and prepared food for needy families, packed boxes, stocked shelves, and helped the local community.



**Washington Trust Bank Donates to Spokane Home Builders Association**

Washington Trust Bank recently announced a \$20,000 donation to the Spokane Home Builders Association to help expand homeownership access in the area.

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During a Spokane Journal of Business event, Washington Trust Bank Economist Steve Scranton explained that affordability is still low. At the same time, the housing supply has increased, and homeownership is out of reach for many families. The bank donated to the Builders to support their work and mission.

### State Bank Northwest Donates to Pride Cup Foundation

State Bank Northwest donated \$10,000 to the Pride Cup Foundation, with a matching grant from the Federal Home Loan Bank of Des Moines Member Impact Fund.

The Pride Cup Foundation has helped children in Spokane and the surrounding areas learn about golf and participate in the annual Pride Cup Invitational Golf Tournament. The donation will continue the tradition of over 90 kids per year enjoying a week of summer camp at YMCA Camp Reed.



### WaFd Bank Volunteers with South Puget Sound Habitat for Humanity

The WaFd Bank team members recently spent a day volunteering with Sound Puget Sound Habitat for Humanity.

The group worked on a house where a family would soon move in and have an affordable home for the future.



### Commencement Bank Hosts Giving Tree for Gig Harbor Lions Club

During the holiday season, the Commencement Bank Gig Harbor branch hosted a Giving Tree for the Gig Harbor Lions Club.

The gifts would be given to children in need, from infants to 18-year-olds, to help ensure a magical holiday.



### Cashmere Valley Bank Donates to Santa's Stars

The Cashmere Valley Bank Customer Support Center recently donated their denim fund money to the Santa's Stars program.

The bank raises money by allowing employees to wear jeans on Fridays by donating to their department's donation fund account.

The Santa's Star program helps ensure that no children or family is forgotten during the holiday season, providing gift cards and sending them shopping with a first responder to buy gifts for their family.



### Baker Boyer Bank Participates in Parade of Lights

Baker Boyer Bank recently participated in the annual Walla Walla Parade of Lights in early December.

The event celebrates the holiday season with a festively lit train, Santa, and more.



### Wheatland Bank Sponsors Waterville Christmas Tree Lighting

Wheatland Bank participated in the annual Waterville Christmas Tree Lighting event.

The bank sponsored hot drinks and treats for the third consecutive year.



### Kitsap Bank Rings Salvation Army Bell

During the holiday season, Kitsap Bank volunteered to ring the bell for the Salvation Army at several locations throughout Kitsap County.

The funds raised helped the Salvation Army with its mission in the area.

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### First Fed Foundation Announces \$300,000 In Grant Funding

In mid-December, the First Fed Foundation announced it had awarded \$300,000 in grant funding to 18 nonprofits in Clallam, Jefferson, Kitsap, and Whatcom Counties and the City of Bellevue.

“With these fall grant awards, the Foundation’s giving has exceeded \$7.3 million to date. Our funding is guided by the vision of our sole donor, First Fed, as we invest in efforts that foster the well-being of our friends and neighbors in the communities where the bank operates full-service branches,” said Jan Simon, First Fed Foundation’s Executive Director.

Most of the grants were to help fund organizations operating in the housing, food, childcare, and healthcare industries.



### Wheatland Bank Donates to Habitat for Humanity Spokane

Wheatland Bank partnered with its sister division, Mountain West Bank, to donate \$10,000 to Habitat for Humanity Spokane.

The grant will help the community build strength, stability, and self-reliance through shelter.



### Washington Trust \$500,000 to Washington Nonprofits

Washington Trust Bank made 10 donations to Washington non-profits totaling \$500,000.

The Federal Home Loan Bank of Des Moines Member

Impact Fund, a program with a 3-to-1 matching contribution, made the funding possible.

The nonprofits include Samaritan Hospital Foundation, which received \$100,000; Excelsior Wellness in Spokane received \$100,000; the Rainier Valley Community Development Fund in Seattle received \$50,000; and Thrive International received \$50,000. AHANA Multi-Ethnic Business Association in Spokane received \$40,000, as did Habitat for Humanity of Greater Moses Lake. Impact Capital in Seattle and Open Houser Ministries in Vancouver received \$30,000, while Grant County Economic Development Council and Lighthouse Financial Foundation in Vancouver each received \$20,000.



### Sound Community Supports Holiday Giving Tree

During the holidays, the Sound Community Bank Port Ludlow branch hosted a giving tree for Bayside Housing & Services.

The organization’s mission is to strengthen the community through housing, advocacy, human services, and social and economic independence.



### KeyBank Partners with Salvation Army for Toy Drive

During the holidays, KeyBank in Eastern Washington partnered with the Salvation Army to host a toy drive in its branches.

Customers were encouraged to drop off presents for local children to help them have a wonderful Christmas.



# Maximizing Acquisition Strategies: How to Take Control and Drive Growth Through Data-Driven Insights

In today's data-driven economy, understanding and managing consumer data has become a critical aspect of successful marketing strategies.

With the elimination of third-party cookie tracking, financial services marketers are increasingly relying on their first-party customer data to gain insights into consumer behavior, preferences and needs, and to develop targeted campaigns that maximize acquisition and retention.

However, while first-party data provides a wealth of information about existing customers, it doesn't capture the broader view of the market or potential customers who have not yet interacted with an institution or brand.

The sheer volume and complexity of consumer data can be overwhelming, and effectively managing and utilizing it requires collaboration. By harnessing the power of first- and third-party consumer data and leveraging two-party collaborative approaches, marketers can achieve greater engagement and conversion rates, while also building stronger relationships with their customers.

## Power Personalized Financial Services Acquisition With 6 Types of Data

To address a campaign's goals and objectives, it's important to collect the most relevant and valuable data. There are six kinds of data that can be useful for creating a targeted, personalized marketing campaign for financial services acquisition.

- Consumer behavioral data – Actions, preferences, and decision-making processes provide insights needed to develop effective strategies and positive customer experiences.
- Digital marketing insights – Tools and techniques to understand how consumers interact with digital marketing channels, such as a social, email and websites.
- Loan and deposit activity – Critical for identifying opportunities, developing relevant messaging, and optimizing product offerings
- Credit data – Essential for identifying potential customers, assessing risk, and understanding individual customer needs
- Loan application data – Crucial component for understanding customer behavior, assessing needs and tailoring messaging accordingly
- Competitive data – Understand your position in the market, and obtain valuable insights into trends, positioning and marketing tactics.

## Why Intelligent Marketing Spend Is Essential and Expected

Marketers are under increasing pressure to deliver measurable results in a highly competitive and changing environment. The enormous amounts of data produced every day by consumers' interactions with various channels and platforms enable marketers to make more informed decisions on how to allocate their marketing spend and improve the effectiveness of campaigns.

## 6 Key Factors to Planning Marketing Budget Allocation

Determining a marketing allocation strategy requires careful consideration of several key points. At Vericast, we recommend these six important factors to keep in mind:

1. Targeting approach – Choose a level and approach designed to effectively reach and engage your audience
2. Audience – Gain a better understanding of your audience to reach the right people and optimize ROI
3. Channels – Choosing the right channels can have a significant impact on the success of a campaign in areas of reach, engagement and measurement
4. Reach – Achieve maximum reach for building brand awareness, increasing market penetration and optimizing cost efficiency
5. Frequency – Measuring how often your audience is exposed to your message plays an important role in determining message retention and achieving a higher ROI
6. Price – Understanding how price impacts channels, strategies, innovation, and competitors affects the total cost of a campaign

Let's explore how the importance of understanding, managing, and collaborating on consumer data, and the key strategies and best practices for optimizing marketing performance and driving business growth.

## Data Informs and Optimizes Acquisition Marketing Strategies

By using data and analytics to inform your acquisition marketing strategies, you can be more strategic and purposeful, more cost-effective, gain better customer insights, and generate more effective leads. Here's ways data information and analysis enhance acquisition marketing:

- Strategic and Purposeful: By analyzing consumer data, you can identify the most effective channels and tactics for reaching your target audience and create campaigns that are tailored to their specific needs and interests.

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# Climate-Related Risk Management: More than a BCP

By Compliance Alliance

As many of our members begin to work on recovering – and assisting the communities they service in recovering – from two recent intense hurricanes to hit the United States, it seems timely to take a look at the climate-related risks that banks are currently facing. A recent bulletin from the Federal Housing Finance Agency (FHFA) provides guidance to Federal Home Loan Banks (FHLBanks) on how they should prepare for future natural disasters from a risk management perspective. While this guidance is limited to FHLBanks, it may also serve as a useful starting point for other banks looking to ensure that they are effectively managing climate-related risks.

Under the FHFA guidance, the bank's board, in fulfilling its obligation to ensure safe and sound operations, should oversee the management of climate-related risks. This should include incorporating climate risk into the three lines of defense to ensure that appropriate responsibilities are delegated to business lines and audit, in addition to risk management. It will also require the board to be aware of relevant risks, laws and regulations, metrics, disclosure and reporting requirements, and pertinent risk management activities, to ensure that the board's decision making is well-informed.

Risk assessments will be the starting point for effective climate-related risk management. The FHFA guidance lists five example risks in a non-exhaustive list:

- **Credit risk:** climate change may materially alter collateral values; extreme weather events may affect consumers' creditworthiness to the extent that they may suffer

physical harms or be required to relocate.

- **Liquidity risk:** cash inflows and outflows may be affected by climate events.
- **Market risk:** climate change may lead to sudden shifts in real estate markets.
- **Operational risk:** climate events may lead to business disruptions for banks, third parties, and other business partners.
- **Legal and Compliance risk:** climate-related risks are identified as a fair lending concern for FHLBanks

These risks should be incorporated into the bank's overall risk framework and risk appetite, which will in turn be used to shape existing policies and procedures and inform the bank's overall strategy and business objectives. Ongoing risk mitigation and monitoring should be aligned with the risk appetite and based on relevant metrics and data.

The metrics and data that are relevant and available may change over time, so it is also important that banks continue to enhance the collection and maintenance of this information in order to quantify exposures and assess the effectiveness of any mitigation measures taken. The risk management process should endeavor to identify and close any gaps in the available data to improve the accuracy of the bank's methods and modeling. The FHFA encourages banks to use this data to improved climate-related scenario analyses, which it describes as an important approach for identifying, measuring, and managing climate-related financial risk.

Hurricanes are, of course, at top of mind in the aftermath of Helene and Milton, which serve as a reminder that disaster preparedness is essential for banks in terms of ensuring physical safety and serving their communities during times of greatest need. The FHFA guidance focuses on a different type of disaster preparedness that includes responding to sudden, catastrophic events and also long-term planning to manage the cumulative risks presented by changes in the climate.

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## Continued from page 10

- **Cost-Effective:** By targeting specific segments, you can reduce wastage and optimize your marketing spend. Additionally, by analyzing the performance of your campaigns in real-time, you can quickly identify and adjust any campaigns that are underperforming, allowing you to save money and maximize ROI.
- **Better Insights:** Gain a deeper understanding of your customers' and prospects' needs and preferences. This can help you to create more targeted and personalized marketing messages that resonate with your audience, increasing the

likelihood of converting them into customers.

- **High-Quality Lead Generation:** By analyzing customer data, you can identify potential customers who are most likely to be interested in your financial institution's products or services and create campaigns that are designed to appeal to them specifically.

### Unlock the Secret to Omnichannel Acquisition Marketing Success

An omnichannel acquisition strategy relies on quality first- and third-party data to provide personalized, consistent, and optimized experiences for customers across multiple channels, such as online, mobile, email, print and

in-branch. By leveraging both first- and third-party data that is gathered, vetted, and optimized in partnership with an experienced data vendor, financial institutions can gain a more complete and accurate picture of their customers and deliver the best possible experience.

Vericast offers advanced data collection, enhancement, and analysis capabilities that help optimize acquisition marketing strategies. Our AI-powered predictive insights and industry-leading analytics provide valuable data that informs better decision-making, ultimately resulting in desirable outcomes.

Learn more ways to use data to fuel your acquisition marketing by downloading the Using Data to Drive Acquisition report.



# Account Agreements and Compliance Considerations for Banks



*By Jefferson Sorley, CRCM, Director of Reviews and Products, Compliance Alliance*

Banks provide account agreements to consumers, outlining critical terms and conditions that govern their business interactions. These agreements serve as essential documents that clarify the rights, obligations, and expectations of the banking relationship.

Typically, banks provide two types of agreements: one for bank accounts and another for loans. The details included in these agreements vary depending on the type of account or service. Common categories of information in the agreements include bank and customer liability, deposit and withdrawal rules, check processing, rights to setoff (offset), account information security, and procedures for addressing disputes and errors. Additionally, they serve to ensure that consumers are well-informed about their relationship with the bank, enhancing transparency and fostering a better understanding of each party's responsibilities.

## Content Requirements and Disclosures in Agreements

Banks have some flexibility in determining the content of their account agreements; however, state and federal regulations mandate certain disclosures to be provided to consumers at specific stages, such as at application or at account opening. Integrating these disclosures directly into their account agreements helps banks streamline processes and mitigates the risk of regulatory breaches. In addition to regulatory compliance, banks often incorporate legal disclaimers and waivers to minimize liability and clarify any limitations on the bank's obligations to customers.

## Ensuring Compliance through Clear Disclosures

Regulatory requirements extend beyond simple disclosure mandates. Banks must also ensure that disclosures are clear, accurate, and not misleading. Ambiguities or inaccuracies can expose banks to litigation and regulatory penalties. Effective disclosures empower consumers by providing them with the knowledge they need to make informed decisions about their banking relationships. Consequently, banks must review their agreements regularly to ensure that the language used remains consistent with current legal standards and consumer protection regulations.

## Prohibited Terms and Conditions in Consumer Agreements

While banks have considerable leeway in crafting their agreements, certain terms and conditions are explicitly prohibited by law. In June 2024, the Consumer Financial Protection Bureau (CFPB) released a circular highlighting unlawful and unenforceable terms that banks must avoid. The circular, "Unlawful and Unenforceable Contract Terms and Conditions" (CFPB Circular 2024-03), outlines a range of prohibited practices that banks need to be aware of. Prohibited terms and conditions commonly seen in agreements that need to be corrected or clarified include:

### 1. Prohibited Arbitration Clauses in Mortgage and Credit Agreements

The inclusion of certain terms in contracts for consumer financial products or services may violate the prohibition when applicable federal or state law renders such contractual terms, including those that purport to waive consumer rights, unlawful or unenforceable. The Truth in Lending Act (TILA) prohibits the inclusion in a resi-

dential mortgage loan or open-ended consumer credit plan secured by the principal dwelling of terms requiring arbitration or any other nonjudicial procedure as the method for resolving any controversy or settling claims arising out of the transaction. This measure ensures consumers retain the right to pursue legal action in court if necessary. By maintaining consumer access to judicial recourse, TILA reinforces critical consumer protection measures. See 12 CFR 1026.36(h)(1) § 1026.36 Prohibited acts or practices and certain requirements for credit secured by a dwelling. | Consumer Financial Protection Bureau (consumerfinance.gov)

### 2. Limitations on Servicemembers' Legal Rights

The Military Lending Act (MLA) generally prohibits terms in certain consumer credit contracts that require servicemembers and their dependents to waive the covered borrower's right to legal recourse under any otherwise applicable provision of state or federal law, including any provision of SCRA. See 32 CFR part 232.8(b) eCFR :: 32 CFR 232.8 -- Limitations.

If the Servicemembers Civil Relief Act (SCRA) applies, creditors may not compel arbitration. Additionally, the SCRA was amended to codify the unwaivable right of servicemembers to bring and participate in class actions, "notwithstanding any previous agreement to the contrary." See 50 USC 4042(a) USCODE-2022-title50-chap50-subchapVIII-sec4041.pdf (govinfo.gov)

### 3. Restrictions on Remittance Transfer Consumer Claims

Under the Electronic Fund Transfers Act (EFTA), remittance transfer providers are barred from limiting a consumer's ability to seek damages or recover costs and attorney fees in disputes. Such limitations are in direct conflict with provisions found in sections 1693m(a)(3) and 1693(l) of the EFTA, which establish liability for providers and ensure that consumers have recourse to adequate remedies. This protection emphasizes the importance of holding remittance providers accountable for errors, delays, or failures that can have significant financial repercussions for consumers. See 15 USC 1693(m)(a)(3) and 1693(l) USCODE-2011-title15-chap41-subchapVI.pdf (govinfo.gov)

### 4. Disclaimers that Misrepresent Legal Obligations

Contractual disclaimers such as "subject to applicable law" or "except where unenforceable" are insufficient to cure the inclusion of otherwise unlawful terms. The use of these disclaimers can mislead consumers into believing certain actions are permissible under some conditions when, in fact, they are not. Courts, including in *Ruth v. Triumph Partnerships* (577 F.3d 790, 801-02), have found such phrasing problematic, as it implies a conditional legality that is often legally unsupported. Banks must avoid using disclaimers that create an appearance of legality where none exists.

## Regular Compliance Reviews and Legal Counsel Involvement

Given the complex and evolving regulatory landscape, banks are encouraged to conduct compliance reviews of their account agreements at least annually. Legal counsel should play a key role in this review process, as attorneys can provide expertise on current legal standards, identify potential issues with existing disclaimers and waivers, and recommend necessary updates to reflect new legal developments. Banks that proactively monitor agreements ensure terms and conditions uphold consumer protections and minimize legal risks.

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**Mountain Pacific Bank Attends Red Cross NW Heroes Breakfast**

The Mountain Pacific Bank team recently attended the Red Cross Northwest Heroes Breakfast. The event celebrates local heroes who go above and beyond to help those in need and was a wonderful reminder of the power of community.



**Baker Boyer Bank Volunteers with Meals on Wheels**

The Baker Boyer Bank Kennewick team recently volunteered with Mid-Columbia Meals on Wheels through Senior Life Resources Northwest, packing over 900 bags to be delivered to seniors in the community. The program brings nutritious meals and support to those in need throughout the area.



**U.S. Bank Volunteers with Salvation Army**

The U.S. Bank team in Pasco recently volunteered with the Salvation Army, helping to prepare gift packages for local children. The team prepped over 300 gift packs for kids in need during the holidays.

**First Fed Bank Hosts Bellevue Chamber Business After Hours**

The First Fed Bellevue branch recently hosted a Bellevue Chamber of Commerce Business After Hours event. The event is a chance for local chamber members, including businesses and



residents, to meet fellow business owners, see local companies after their businesses are closed, and network.



**Mountain Pacific Bank Hosts Toy Drive**

Before the holidays, the Mountain Pacific Bank Everett branch hosted an Operation Elf toy drive benefiting Dawson Place Child Advocacy Center. The organization provides services to children impacted by abuse, making sure they have access to care to be safe, seek justice, and heal.



**Liberty Bank Sponsors Silverdale Rotary Turkey Trot**

Liberty Bank sponsored the 7th Annual Silverdale Rotary Turkey Trot in November. Galina Georgieva, VP/Relationship Manager, her husband Josh, and her daughter Vivian attended the event. This year's event included over 770 participants who raced in the Kid's Dash, 1

mile, 5K, or 10K runs. The event raised \$15,000, supporting Rotary's Fight Hunger programs, which provide food for young people and families throughout the year. This includes filling over 400 bags of food to give to kids from Central Kitsap Schools so they have plenty of food during the two-week winter break.



**KeyBank Hosts Holiday Party**

The KeyBank North Seattle area team recently hosted its holiday party, bringing together the entire team to celebrate the holidays and the end of the year. It was also a chance for the team to welcome new team members who joined the bank in November.

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### Commencement Bank Volunteers at Santa's Castle

Commencement Bank's DEI team recently volunteered at Santa's Castle on Joint Base Lewis-McChord.

The program, which is celebrating 30 years, helps ease holiday stress by providing new toys, board games, and books to active military families in Washington who are experiencing financial hardships.

The bank team helped the families shop for their gifts at the store in preparation for the holidays.



### Washington Trust Bank Hosts Christmas Tree Giveaway

Washington Trust Bank once again hosted its annual Christmas Tree Giveaway in downtown Spokane.

Despite wet and cold weather, the team distributed trees purchased from Hutton Settlement to those in need.



### Yakima Federal Hosts Toys for Tots Drive

Every year, Yakima Federal Savings partners with the Marine Corps Reserve to host a Toys for Tots drive, ensuring that no local child goes without a Christmas present.

Thanks to generous customers and staff, the boxes across the bank's footprint this year were full and distributed to the donation center before the holidays.



### Washington Trust Bank Donates to Nonprofits Near New Branch

To celebrate the newest Washington Trust Bank branch opening in Vancouver, Wash., the bank announced several donations were being made.

Columbia Play Project received a \$2,000 donation, which will help them continue to create exploratory play spaces and shared play experiences for the young and young-at-heart.

Other organizations that received donations included the Evergreen School District Foundation, the Foundation for Vancouver Public Schools, Live Love Outreach, and Battleground Healthcare.

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# 2025 VIRTUAL ENGAGE CONFERENCE



## April 29

Learn more online:  
[wabankers.com/engage](http://wabankers.com/engage)



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### Cashmere Valley Bank Volunteers at Wenatchee Valley Museum & Cultural Center

Cashmere Valley Bank recently volunteered to host a craft table at the Wenatchee Valley Museum & Cultural Center's Holiday Family Fun Day event.

The event brought together crafts and holiday cheer from throughout the community.

### Baker Boyer Bank Supports Giving Tree for Akin

Baker Boyer supported a giving tree for Akin, former the Children's Home Society of Washington.

Employees came together to donate presents to ensure the holidays were happy.



### Kitsap Bank Volunteers at HopeSparks Family Services

Kitsap Bank recently spent a morning volunteering at HopeSparks Family Services.

The team helped sort toys, shoes, and stocking stuffers for the organization's family shopping event, which was held before the holidays.

### Commencement Bank Participates in Hams for the Holidays

Commencement Bank, the Tacoma Dome, and Nourish Pierce County hosted the first-ever Hams for the Holidays this December.

The event provided support to over 1,200 families during the holiday season.



### U.S. Bank Volunteers at Animal Shelter

The U.S. Bank team in Eastern Washington recently spent part of a day volunteering at a local animal shelter.

The group helped prepare the dogs for a walk and socialization, which helped prepare them for adoption.



### WaFd Bank Hosts Toy Drives

Throughout the holiday season, WaFd Bank branches were encouraged to do things to help those in need in their communities.

It varied throughout the region, ranging from food drives to gift collections for families in need to toy drives for local children.

### First Interstate Bank Donates Over \$980,000 In Member Impact Fund Grants to Washington Nonprofits

Thanks to the Federal Home Loan Bank of Des Moines Member Impact Fund, First Interstate Bank will donate over \$980,000 to 33 Washington nonprofits this year.

The recipients were selected based on the need for grant funding to support capacity building to working capital necessary to strengthen their ability to serve affordable housing or community development needs.

"This is what community banking is all about—helping the places we call home reach their greatest potential," said First Interstate Bank's Pacific Northwest regional president, Ryan Boschee. "These nonprofits' impact can't be understated. We are grateful to FHLB Des Moines for partnering with us on this initiative and thrilled to put our values into action to benefit our communities."

*If you have WBA member news to share, please send it to [megan@wabankers.com](mailto:megan@wabankers.com). Submissions are run on a space available basis.*

# COMMERCIAL LENDING DEVELOPMENT PROGRAM

Session starts February 19!

Learn more:  
[wabankers.com/cldp](http://wabankers.com/cldp)





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