From Your Chapter President

Greetings and salutations fellow Empire Chapter members! It’s hard to believe that we’re at the end of 2016 and a quarter way through the RMA year as well. As the new Chapter President I’m just getting my feet wet and muddling through the responsibilities of such an exalted office. I appreciate all of the support and assistance I’ve been receiving from our past President and the other Board members. Speaking of our most recent past President, John Carpenter; I believe we should all give a round of applause to John for directing the Chapter these past three years and overseeing our Chapter’s accomplishment of reaching Platinum Level, the highest available! Kudos to Mr. Carpenter and everyone who worked so hard during the year!

We’ve had a pretty successful start to the 2016/17 RMA year, in September we held a joint event in Rochester with the Turnaround Management Association featuring Naomi Silver, President and CEO of the Rochester Redwings Triple A baseball club on “How to Hit a Home Run in Business”.

This was followed in October with our Women in Finance and Young Professionals “Senior Executive Leadership Panel” held in Dewitt at Community Bank’s training facility. The program was quite instructive, with the panelists (Tammy Reyes/Firley Moran et al; Joe Serbun/Community Bank; Chris Belna/A La Carte Business Services; Charla Roth/Dannible & McKee & Brian Bisaccio/Thompkins Trust) sharing their histories, career successes and challenges followed by an informative and fun Q&A session. We appreciate the panelists for their time and willingness to subject themselves to the inquisition!

The Chapter presented its big shindig, the Fall Conference in November. Our conference deviated a bit from the norm, as it was heavily centered on Enterprise Risk Management – as opposed to credit risk. The program was orchestrated by (dare I?) “Maestro” Paul Ward, SVP and Chief Risk Officer with Community Bank. Our industry co-sponsor was the IIA (The Institute of Internal Auditors CNY Chapter). We started with an economic update from Dr. Graig Arcuri and Dr. Tone-Rodgers, both professors at SUNY Oswego. Next came “ERM on a Budget”, a presentation by Paul Ward which was a logical lead-in to our “Chief Risk Officer Panel Discussion”. The panel included Paul Ward, Karen Makowski/EVP & CRO with Chemung Canal Trust; Laura Mazzara/SVP & CRO with Pioneer Bank; Phil McCann/EVP & CRO with Lyons National and Linda Schnitzler/SVP & CRO with Canandaigua National Bank. The panel had a combined 100+ years of banking and risk management experience, wow, that’s what you call knowledge! They were (cont’d on page 2)
Chapter President cont’d: happy to impart some of their knowledge to the 75+ in attendance. Based on the many critiques received from the audience, the program was an unmitigated success and MC Bill Hodel kept us on time and in line.

We need to show appreciation to our sponsors without whom the Chapter wouldn’t be able to present such quality programs; The Bonadio Group our event and annual sponsor; AmeriSOURCE Funding our refreshment break and annual sponsor and LCS, Inc. (Lender Consulting Services) an annual sponsor. Links to our sponsor’s websites can be found in the Sponsors section of this newsletter, please check them out.

Now that we’ve got some great programs behind us we’re looking at putting together more programs and events for the New Year. We have some good ideas from the Board members but WE’D LOVE TO HEAR FROM YOU, our greater membership, on programs that YOU would like to see held – whether educational or networking in nature. Please contact me or anyone of the Board members. On this subject, we’re always looking for talented members who may be interested in working on committees or with the Board, if you’re interested please reach out to any of us. Matter of fact, please check out the “Help Wanted” ad in this newsletter.

Alright, that’s it for my update; I promise not to be so verbose next time. – Bob Ellis

Upcoming Empire Chapter Open Enrollment Classes:

PLEASE register as soon as possible for these upcoming classes to make sure you get a seat!

- **Detecting Problem Loans | Albany, NY** – February 2, 2017
  - Online registration link: [https://www.rmahq.org/MeetingDetail.aspx?producltd=424922455](https://www.rmahq.org/MeetingDetail.aspx?producltd=424922455)

- **Cash Flow Analysis II: Applied Concepts | Syracuse, NY** – March 7 & 8, 2017
  - Online registration link: [https://www.rmahq.org/MeetingDetail.aspx?producltd=424922469](https://www.rmahq.org/MeetingDetail.aspx?producltd=424922469)

- **Analyzing Business Tax Returns | TBD, NY** - March 21, 2017
  - Online registration link: [https://www.rmahq.org/MeetingDetail.aspx?producltd=424922480](https://www.rmahq.org/MeetingDetail.aspx?producltd=424922480)

Please Welcome Our Newest Members!

Angela Kedik, Adirondack Trust Company
"Monique Holligan, Clarkson University
Robert Allen, Tompkins Trust Company
Priscilla Petta, Adirondack Trust Company
"Alex J. Wapniewski, SUNY Oswego
"Anna Eusebio, SUNY Oswego
"Jordyn Grant, Syracuse University
Lisa A. Shaw, Canandaigua National Bank
"Victoria Parker, Syracuse University
Christine L. Howard, NBT Bank NA
Shelly S. Myers, NBT Bank NA
"Samuel Gozinsky, Syracuse University
Wayne D. Horvath, Key Bank NA
"Roy Tin, Syracuse University
Alex Broccuto, Genesee Regional Bank
"Michael Carballada, SUNY Oswego
"Emily Kenney, Syracuse University
"Carlos Rodriguez-Sanchez, Syracuse University
"Ryan C. Wright, Syracuse University
Kirstin Benwitz, Genesee Regional Bank
Lida Kalantari, Genesee Regional Bank
"Ashley M. Edwards, SUNY Oswego
"Daniel Palladino, Colgate University
"Michael Josselyn, SUNY Oswego
"Madeline Farugia, St. John Fisher College
Danielle R. Asbjorn-Haynes, TD Bank National Association

* WOW! Look at all of our new Student Members!

Credit Risk Certification (CRC)

Why CRC?
In today's rapidly changing financial services industry, you need practical, day-to-day knowledge that will help you excel in your profession. You need the demonstrated ability to serve a diverse base of clients. A CRC validates your knowledge, skills, and abilities.

For more information, visit [http://www.rmahq.org/crc](http://www.rmahq.org/crc).
RMA Membership
INVEST IN YOURSELF!

Success in your career can hinge on having up-to-date information and useful professional contacts. Both of these advantages, and more, are available through your membership in The Risk Management Association (RMA).

As a member-driven professional association for financial professionals in the area of risk management, RMA provides exceptional resources to help you perform your job better and advance in your career. As a member, you are able to enjoy RMA’s many benefits, including the newly enhanced Members Only section of our website, http://www.rmahq.org/RMA/membersonly/default.htm, where you can find these valuable resources and more such as the RMA Xchange and RMA Journal.

Student Membership

One of the huge challenges banks face today is the growing shortage of the next generation of bankers. As you are probably well aware, baby boomers are retiring and banks are looking for new talent to become future leaders. RMA has recently created an Academic Program geared towards bringing young people into banking. Our program includes scholarships, free memberships with RMA, and a vast array of industry resources to help students succeed and see value in the banking industry. We also have curriculum to share with universities who may be thinking of teaching basic and advanced banking courses. If you know anyone who is interested in our academic programs, please contact a Board Member.

The RMA recently completed our first scholarship offering and received 298 applications and distributed 54 awards, with each scholarship averaging $2,000-$3,000. The scholarship is for juniors and seniors who have a demonstrated interest in banking.

RMA MEMBER-GET-A-MEMBER PROGRAM

- Must enroll to become a liaison.
- Enrollment form is available as a PDF or as an online form.
- Must be an Associate or Professional Member to enroll.
- All Associate and Professional Membership applications have a "referred by" line.
- New member must not have been a member during the prior year to qualify under the program.
- Periodic status updates will be sent to all program liaisons.

Award Levels:

All liaisons who obtain the One Star level or higher will receive a special gift and a special membership card. The membership card will include that individual’s discount code and Club Quarters discount information. Liaisons (One Star and higher) will also be recognized in The RMA Journal and on the RMA website.

One Star Liaison – 5 recruits
1. 10% discount on RMA products/open enrollments.
2. $10 Starbucks Gift Card.

Two Star Liaison – 10 recruits
1. 10% discount on RMA products/open enrollments.
2. $25 Amazon Gift Card.
3. Free individual membership for a year.

Three Star Liaison – 15 recruits
1. 10% discount on RMA products.
2. $50 Amazon Gift Card.
3. Free individual membership for a year.
4. Free registration and recognition at the annual conference.

Four Star Liaison – Top Recruiter (minimum achievement of Three Star level to be eligible)
1. All of the above.
2. Free registration and two (2) nights' hotel stay at the RMA Annual Conference.
3. Plaque awarded at the annual conference.
4. Invitation to Chairman's Dinner at Annual Conference.

See the RMA Member-Get-a-Member Program page for more details.

Membership Questions? Contact:
Stephanie J. Leonard, CRC
sleonard@solvaybank.com.
315-671-3492

RMA Writing Contest

Write an article on any topic re: financial services or risk management. Employees of RMA member institutions, any professional RMA member or student member can enter!

Deadline 3/17/17 For details, contact Andy Allaire: aallaire@amerisource.us.com
Risk Management Corner
by Paul Ward, Chief Risk Officer, Community Bank, NA

Who is Erm?

ERM is the acronym for Enterprise Risk Management. So Erm is not a person; BUT if he/she was, YOU (as employees of your Bank) would be Erm. Banks across New York State and the country have adopted ERM Programs, but a critical cornerstone to any ERM Program is the acknowledgment that Risk Management is Everyone’s Responsibility! All Bank employees play a vital role by, among other things: adhering to various codes of conduct and ethics; effectively communicating (including top-down, bottom-up); and focusing on both existing risks and those that are emerging. Employees are involved by understanding and supporting the management of risk (e.g., recognizing that there is risk inherent in what we do); and by following policies, procedures and maintaining proper internal controls. The “everyone’s responsibility” cornerstone is usually supported by a strong “tone at the top” and the corporate culture of the organization.

Several aspects of a good ERM program rely upon feedback and contributions from the Board and employees. Key elements of a good ERM Program may include: Board and Management involvement, a risk appetite statement, an emerging issues report, utilization of the COSO ERM (or other Sarbanes-Oxley) Framework for banks subject to this regulation, completion of multiple risk assessments covering several areas of the Company, and your representation on key committees and projects.

ERM is a regulatory expectation, but more importantly it is a sound business practice. By embracing and applying the various components of your risk management program, together you all serve to protect your Board of Directors, employees, customers, stockholders, and other “stakeholders”. We are all on the Risk Management team, in one way or another. By fulfilling our various roles we can continue to ensure the ongoing success of our organizations.

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Meet Our Empire Chapter Board

Bob Ellis  rellis@solvaybank.com
President

Jennifer Lovell  jlovell@fmfecpa.com
Secretary/Treasurer

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Chair, Young Professionals

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Dr. Graig Arcuri  graigarcuri@gmail.com
Chair, Academic Committee

Paul Ward  paul.ward@communitybankna.com
Chair, ERM Committee

Andy Allaire  aalaire@amerisourcefunding.com
Chair, Chapter Writing Competition

John Carpenter  rma.empirenychapter@gmail.com
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Victor Vaccaro, Jr  vvaccaro@dmcpas.com

Aaron Fehnel  apfehnel@grbbank.com

Help Wanted
Communication & Marketing Committee:
This committee has an urgent need for a Chair and committee members with strong social media, website and newsletter preparation skills. Creativity and marketing savvy are helpful traits but we’ll provide the training as best we can and we’ll grow with you!

APPLY TODAY by emailing rellis@solvaybank.com
Commercial Evaluation Compliance
By Michele Bittel – Lender Consulting Services (LCS), Valuation Department Manager

A lender needs to have an appraisal completed by a state licensed or certified appraiser for any lending transaction involving real estate. While this applies to the majority of transactions, there are exceptions which allow lenders to obtain an Evaluation in place of an appraisal.

What is an Evaluation?
Simply put, an Evaluation provides an estimate of market value. However, due to its limited scope, an evaluation does not need to be completed by a licensed appraiser, but rather a qualified professional who is:
- Independent from the transaction; and
- Capable of providing an unbiased opinion.

The Interagency Appraisal and Evaluation Guidelines (Interagency Guidelines) provide guidance on the development and use of an Evaluation which is defined as:

“A valuation permitted by the Agencies’ appraisal regulations for transactions that qualify for the appraisal threshold exemption, business loan exemption, or subsequent transaction exemption.”

Evaluations are less expensive than an appraisal; and, given the limited scope, take less time to complete, often allowing transactions to move to the closing table more quickly.

When can an Evaluation be used in lieu of an Appraisal?
The following are examples of when an evaluation may be ordered in lieu of an appraisal:
- Transactions in which the “transaction value” (generally the loan amount) is $250,000 or less.
- Real estate-secured business loans in which the transaction value is $1,000,000 or less and the sale of, or rental income derived from, real estate is not the primary source of repayment for the loan.
- Involves an existing extension of credit at the lending institution, provided that:
  - There is no advancement of new monies other than funds necessary to cover reasonable closing costs.

The Interagency Guidelines and FIRREA indicate that Evaluations are best utilized on the following properties:
- $250,000 and under in mortgage value; and/or
- Owner Occupied Properties at $1,000,000 and under.

What valuation approach is used in an Evaluation?
Some institutions order the Evaluation as a competitive tool in the Business Banking lending space without regard to owner occupancy provided that the Loan-To-Value, credit rating and analysis (along with other due diligence practices) indicate a low risk loan.

It should be noted that there is additional risk associated with a property that is not owner-occupied because the value is typically based on the Sales Comparison Approach, which is not the most relevant approach for an income-producing property. While an Income Approach can be developed within the Evaluation, it is not developed as thoroughly as an Income Approach within an appraisal.

Lastly, Evaluations are not applicable for special-purpose properties due to the lack of truly comparable sales.

In Conclusion…
Given the cost and timing, an Evaluation can prove to be a very competitive and effective valuation tool when used properly in accordance with the Interagency Guidelines.

For more information about Evaluations, contact mbittel@lenderconsulting.com or visit www.lenderconsulting.com

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