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IBAT Leadership Division Names Monk Chairman

The Leadership Division of the Independent Bankers Association of Texas (IBAT) elected new board members in June at the close of the IBAT Leadership Conference. The newly elected board members of the 537-member division will serve through 2013-2014. The announcement was made at the IBAT Leadership Conference on June 14 in Horseshoe Bay.



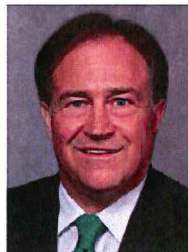
Monk

Board members elected to guide the Leadership Division include: chairman, **Kevin W. Monk** of Alliance Bank in Sulphur Springs; chairman-elect, **Michael Moores** of Citizens National Bank in Henderson; vice chairman, **Mark Sheffield** of Roscoe State Bank in Bastrop; and secretary-treasurer, **Doak Crabtree** of Happy State Bank in Stratford.

Monk serves as senior vice president and senior operations officer for Alliance Bank in Sulphur Springs

Comerica Taps Hellman FW Market President

Comerica Bank, Dallas, TX, has announced that **Donald P. Hellman** has been named its first Fort Worth market president. Hellman, with 32 years of Dallas/Fort Worth commercial banking experience, has led Comerica's middle market business since opening the regional headquarters in Tarrant County in 2008. He will continue in that role and will report to David B. Terry, SVP and division manager of corporate banking. In his new role as regional market president, Hellman will report to J. Patrick Faubion, Comerica's TX market president, and will join Comerica's Texas Management Council.

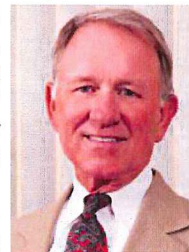


Hellman

He began his banking career in Fort Worth in 1981. Active in community and civic affairs, he serves on the board of directors for Downtown Fort Worth Inc. and Communities in Schools of Greater Tarrant County

Beatty Named SVP, Plaquemine Bank, LA

Stephen Panepinto, chairman and president/CEO of Plaquemine Bank & Trust Company, Plaquemine, LA, reported the hiring of **G.R. "Bubba" Beatty** as senior vice president and chief lending officer.



Beatty

He was previously SVP and commercial loan officer with Anthem Bank & Trust, Plaquemine.

Beatty began his banking career in 1976 and has served in commercial lending since 1983. He is a graduate of Louisiana State University, as well as the LBA School of Banking, the Banking School of the South at LSU, and the ABA National Commercial Lending School at University of Oklahoma.

He is charter president, past president, and current member of the Iberville Kiwanis Club; past president of Dixie Business Development Center; and past board chair of Dow West Side YWCA

Please route this issue:

Home BancShares/Liberty Bancshares Merger to Create Second Largest Bank Based in Arkansas

Home BancShares Inc. of Conway announced on June 25 the signing of a definitive agreement worth \$280 million to acquire Liberty Bancshares Inc. of Jonesboro, the largest in-state bank transaction in AR history.

Under terms of the agreement, approximately 400 shareholders of Liberty will receive \$250 million of Home BancShares common stock plus \$30 million in cash, representing a multiple of 1.06X actual shareholder equity

and about 1.6X BV. The combination of the two banking franchises, numbers three and five respectively in size, will create the second largest bank headquartered in AR. Only Arvest Bank of Fayetteville with \$14.2 billion assets will be larger.

Home BancShares, a public company and holding company for Centennial Bank of Conway, has total assets of more than \$4.2 billion. The company

(continued on Page 7)

In This Issue...

Complying with Changes to Truth in Lending (Regulation Z), Part II Feature.....	3
NM and AZ Banks to Merge.....	8
Charter Activity.....	9
Classified.....	10

COMPLIANCE

Complying with Changes to Truth in Lending (Regulation Z), Part II

By
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This article is the second in a two-part series covering the impact of upcoming changes to Truth in Lending, Regulation Z.

As discussed in Part I, compliance professionals are working to get policies, procedures, and systems in place to comply with the Regulation Z changes taking effect in January 2014.



Zaret



Cannon

Equity Protection Act of 1994 (HOEPA) loans, also referred to as "high priced" or "Section 32" loans. In Part II we will discuss the Qualified Mortgage Criteria pertaining to residential home loans and effective January 10, 2014.

For more than two years, residential mortgage lenders have been working under the "higher-priced mortgage" (HPML) rules codified under Section 35 of Truth in Lending Regulation Z. Unlike the "high priced" HOEPA mortgage loans discussed in Part I of this article, HPML rules impact many small and intermediate-sized institutions originating residential loans for their portfolios. HPMLs are consumer credit transactions secured by a consumer's principal dwelling with an APR that exceeds the average prime offer rate for a comparable transaction by 1.5 percentage points or more (3.5 percentage points for second liens). Lenders originating HPMLs have had

to comply with additional requirements such as clearly documenting the consumer's repayment ability and establishing escrow accounts.

One of the changes effective January 10, 2014, impacting both HOEPA and HPML loans will be meeting the Qualified Mortgage (QM) requirements set forth under Section 43 of Regulation Z. Lenders who fail to meet those requirements give borrowers a defense against the assertion of "ability to repay" as a foreclosure defense. In addition, failure to meet

the QM standards will be viewed as a violation of Regulation Z and subject the lender to potential civil liability provisions, which include liability for actual damages, attorneys' fees, and a penalty of at least \$2,000. An additional Qualified Residential Mortgage standard has been adopted by the Federal Trade Commission Standard for residential home loans sold on the secondary market.

To verify the consumer's repayment ability, there is no particular under-
(continued on Page 8)

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NEW MEXICO AND ARIZONA

Alamogordo's BANK'34 and Phoenix's Bank 1440 Execute Merger Agreement to Become \$260 Million-Asset Bank

BANK'34 and its publicly traded parent Alamogordo Financial Corp., both of Alamogordo, NM, and Bank 1440, Phoenix, AZ, jointly announced in late June the execution of an agreement and plan of merger for the two community banks.

The announcement was issued by **Randal L. Rabon**, chairman of the board of directors of BANK'34, and **Michael Mandell**, chairman of the board of directors of Bank 1440. "Our respective boards and executive management teams share a common vision for this opportunity, that being a true union of complementary community banks," said Rabon. Mandell confirmed these sentiments, "Randy and I are committed to combining two community banks in a manner that serves the best long term interests of our respective customers, communities, employees and shareholders."

In connection with the transaction, common and preferred shareholders of Bank 1440 will have the right to elect to receive either cash or shares of Alamogordo Financial Corp. common stock, or a combination, subject to exchange ratios and proration procedures set forth in the merger agreement. Based upon Alamogordo Finan-

cial's closing price as of June 25, 2013, the transaction is valued at \$3.41 per share of Bank 1440 stock or approximately \$7.6 million in the aggregate.

The merger transaction is subject to customary closing conditions, including approval by Bank 1440 shareholders and applicable banking regulators. Alamogordo Financial intends to file a registration statement with the Securities and Exchange Commission with respect to its shares of common stock to be issued in the transaction.

Following the merger with \$79 million-asset Bank 1440, BANK'34 is projected to have assets above \$260 million and a tangible common equity to tangible asset ratio exceeding 11%. Bank 1440's two offices will become branches of BANK'34. The combined bank will have four full-service banking centers, one each in Alamogordo and Las Cruces in southern NM and in Peoria and Phoenix in Maricopa County, AZ.

Jill Gutierrez, president/CEO of BANK'34, will continue to serve in this same capacity after the merger.

BANK'34 was chartered in 1934. Bank 1440 was chartered in 2007. Both banks offer a complement of consumer and business banking services ■

Compliance (continued from Page 3)

writing model that must be used; however, there are eight factors that must be considered:

- Current or reasonably expected income or assets
- Current employment status
- The monthly payment on the covered transaction
- The monthly payment on any simultaneous loans
- The monthly payment for mortgage-related obligations
- Current debt obligations, alimony, and child support
- The monthly debt-to-income ratio or residual income
- Credit history

The rule does not allow lenders to simply rely upon tax returns, paystubs, or other documentation provided directly by the applicant without further verifying the information from independent third parties. Lenders must use reasonably reliable third-party records to verify income used to qualify the borrower, such as income tax transcripts obtained directly from the IRS or verifications of employment obtained directly from the consumer's employer.

In considering the monthly debt-to-income ratio or residual income, the total debt-to-income ratio cannot exceed 43 percent if the loan is to meet the safe harbor blanket presumption of compliance. A new Appendix M has been added to Regulation Z that details the calculation of the total debt-to-income ratio and is modeled from the Federal Housing Administration (FHA) underwriting guidelines ■

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