

Strange Animal Stories And Helping Customers

by [Steve Brown](#)

We recently read a heart-warming story on the website Mother Nature Network. It was about 10 remarkable animals that have saved lives: the pig that dashed into the street for a heart attack victim, the goat that fed a farmer milk and kept him warm for five days, the beluga whale that saved a drowning diver and the horse that protected its owner from a stampeding cow. Very strange to be sure, but the list goes on and on.

We find these types of stories a welcome respite from serious daily financial and political news. There is so much going wrong in the world it is easy to get depressed so we welcome reading feel-good stories. That is even truer when such stories involve community banks. That's why we were so excited to read about an initiative a few banks across the country are taking to help homeowners find jobs and avoid defaulting on their loans.

Through a partnership with NextJob Inc., a reemployment solutions company in Klamath Falls, OR, a handful of banks is reportedly seeking to help customers reduce foreclosures caused by unemployment. The banks are providing job-seekers with personal career counseling services as well as online access to webinars and other materials to help in their job search.

We think this is a creative way to solve an image problem many banks are facing--that of the big, bad foreclosure wolf. While some of the problem has diminished as market conditions have improved, there's still a lot more foreclosure activity than pundits would like to see, based on data for foreclosures that have been completed and those that are still in progress.

According to data cruncher CoreLogic, there were 47K completed foreclosures nationally in May, down 9.4% from 52K a year earlier. While it's a step in the right direction, between 2000 and 2006 completed foreclosures averaged 21K per month nationwide, or less than half the current number, according to CoreLogic data. Since September 2008, there have been roughly 5mm completed foreclosures in the US.

Meanwhile, as of May, around 660K homes in the U.S. were in some stage of foreclosure, down 37% from 1mm a year earlier. The foreclosure inventory as of May 2014 represented 1.7% of all homes with a mortgage, compared with 2.6% a year earlier.

While it seems foreclosure trends have taken a turn for the better, it's nonetheless an extremely negative experience for the individuals ensnared in the process. What this select group of banks is doing to help customers is a good example of how a bank can actively problem-solve and generate goodwill at the same time. Sure, offering career counseling costs the bank money, but foreclosing on an individual's property may cost even more. Plus, these programs generate much more positive feelings toward banks than foreclosing, meaning there's more of a chance to nurture long-term customer relationships.

Just as it's refreshing to read about a squawking parrot saving a toddler from choking or an elephant rescuing an 8-year-old child from drowning in a tsunami, we also like hearing about the good things community banks are doing to help customers. We hope to share more happy banker and happy customer stories with you in the future.

ECONOMY & RATES

Yesterday

A sharp drop in the stock market, coupled with comments from the ECB President sent investors running to Treasuries, which caused yields to tumble 5bps by the close of the day.

Today

Treasury yields are currently unchanged while the market gets read for the upcoming release of [GDP](#), scheduled for release later this morning.

Rates As Of: 09/26/2014 07:48AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.01	0.00	0.00
6M	0.03	0.00	0.00
1Y	0.09	0.00	0.00
2Y	0.57	0.00	0.00
5Y	1.79	0.00	0.00
10Y	2.53	0.00	0.00
30Y	3.23	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.25	0.00	
Prime	Unemployment	Oil	
3.25	0.00	\$0	

[More Market Rates](#)

BANK NEWS

M&A

Private equity fund Ford Financial Fund II LP (run by Gerald Ford and Carl Webb) has entered into an agreement to acquire 51% (up to as much as 65%) of Mechanics Bank (\$3.3B, CA) at a premium of about 62% over the last reported sale price.

M&A

Sunflower Bank (\$1.7B, KS) will acquire First Western Trust Bank (\$610mm, CO) for an undisclosed sum.

M&A

Webster Bank (\$21.5B, CT) will acquire the health savings account business from JPMorgan Chase for an undisclosed sum. The move gives Webster 700k accounts and \$1.3B in deposits, as it expands its health savings account business line.

Official Merger

The boards of FHLB Des Moines and FHLB Seattle have agreed to merge, moving the first-ever merger of this sort into the hands of the FHFA for approval and then to the members of each for ratification. The combined FHLB would have \$119B in assets, be headquartered in Des Moines and have 1,500 members in 13 states.

Competition

Walmart announced it will now begin to give customers the ability to open a mobile checking account with a linked debit card through the Green Dot. These accounts will cost customers \$8.95 per month and can be opened just by using a smartphone.

Fixed Income

Bloomberg reports that data from the Securities Industry & Financial Markets Association finds the average

daily turnover in the bond market has tanked 22% in the past 7Ys. More regulation, higher capital requirements and tighter margins have all led to lower trading activity and increased layoffs for bond sales and trading teams throughout the fixed income industry.

Fined

The CFPB and OCC have ordered US Bank to pay nearly \$59mm in restitution and civil money penalties to settle allegations around identity theft products billed by a third party related to 420,000 consumer accounts. Consumers were reportedly billed for products but did not receive the full benefit of what they purchased.

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.