



Winter 2017

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RMA Wisconsin Chapter Newsletter

Board Member Spotlight

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Each newsletter, we will highlight a member of the Wisconsin Chapter Board to give our members a chance to get to know who is serving you. Feel free to contact any of our board members with any questions or suggestions you have about RMA and the local Wisconsin chapter.

This month we will highlight **Derek Moehring**. Derek is Senior Vice President and Senior Lender for Capitol Bank, where he oversees all lending and credit functions. He is the longest-tenured RMA Wisconsin Chapter Board member, a former Board President and current Secretary of the Board. Derek appreciates the value that RMA brings to its members and member institutions, and has been passionate about growing that value throughout his time on the Board. Derek's passion for making RMA membership an even greater value to its members and member

President's Corner

RMA Members - What an exciting and event filled year the RMA Wisconsin Chapter has had so far! Thanks to you and your continued support of RMA and the RMA Wisconsin Chapter, we have been able to support you with local programming, roundtables and educational classes! We are looking to finish our year strong with our Credit Analyst as well as Senior Credit Office Roundtables; the Wisconsin Lenders Conference and a social event still to be finalized!

RMA is looking to promote banking and the financial services industry to students of colleges and universities through RMA's academic initiative. RMA membership is FREE to these students and offers so many benefits including opportunities for scholarships, access to internship positions and all of the resources that paying members enjoy. If you have college or university students working with you, please introduce them to RMA membership by directing them to www.rmahq.org/src.

Do you have excitement and a passion for the mission of RMA and appreciate the events brought to the local market? The RMA Wisconsin Chapter is searching for board members to add to our current leadership. Board member appointment is a great leadership opportunity and a way to make an effect on the local market. Please contact me if you have an interest in board membership or an interest in becoming more involved in the chapter.

Please visit our [chapter website](#) and [LinkedIn page](#) to stay up-to-date on all of our events and what is to come!

Sincerely,

Melissa Torres, President, RMA Wisconsin Chapter

institutions has ranged from working to define educational tracks such as the Credit Analyst Series and Advanced Credit Analyst Series, to helping organize Credit Officer Roundtables to allow area professionals to share observations and information with one another.

Derek began his banking career at the National Bank of Detroit (NBD) after graduating from Andrews University with his degree in Business Administration. After a few years as a credit analyst at NBD, Derek transitioned into a commercial lender role; in 1996, Derek relocated to Ohio and spent time as a commercial lender for Bank One. In 1998, Derek moved to Madison and joined Associated Bank in a Vice President role until 2004. At that time, Derek joined Capitol Bank, a \$350-million-dollar locally-owned, full-service community bank. Derek has led the bank's commercial lending group through consistent loan growth year after year, and strong performance across business services. His career with Capitol Bank began as Vice President and Senior Lender for several years before being named Senior Vice President in 2007.

Derek brought his strong credit skills to the Bank and helped build a strong credit culture that brought Capitol successfully through the great recession.

Vice President - Credit Risk Management
State Bank of Cross Plains

Multi-Family Lending Bubble Yet to Burst

Since 2014, the headlines have told us a multi-family bubble is building. There is certainly no lack of data to support the assertion that multifamily construction has been growing in most urban centers. Whether or not the increase in construction has fueled a bubble that is about to burst depends on who you ask. Leasing agents will cite the fact that, to date, vacancy rates are steady to decreasing in most urban markets and rents have continued to climb. However, if you focus on the pipeline for delivery of new buildings in 2016 and 2017, it appears that the test of the sustainability of low vacancy levels and growing rents has only just begun. One source which examines the dynamics of the multi-family markets in 62 MSAs puts 34 of them late in the expansion phase, signaling that increasing vacancy rates and stagnant or decreasing effective rents are on the horizon. Yet, not all multi-family properties are equal. The bulk of new construction consists of luxury urban buildings with high cost to build requiring ever high rents to support the debt. In the meantime, existing multi-family projects in urban neighborhoods and suburbs are becoming more attractive given the lower rents and larger space.

The picture becomes even more confused when you examine the drivers behind increased multi-family absorption nationwide. Most sources cite millennials' desire for urban living with short commutes and lack of the responsibilities of home ownership as a primary force. But the ability of millennials to pay an ever larger portion of their salary in rent is questionable. Employment statistics tell a story of growth on the surface, but reports of decreases in labor participation rates and under-employment belie the statistics.

Without employment growth, the sustainability of multi-family absorption rates is suspect, as is the ability to maintain current rent levels. Finally, there is no consensus on when the pendulum will begin to swing from rent to buy. As renters with strong incomes are able to save for a down payment and mortgage rates remain low-with the threat of increases around the corner-will the pool of renters begin to flock to home ownership just as the bulge in the new multi-family construction pipeline hits the market?

One thing that is clear about the multi-family market is the need for lenders (and developers and investors) to be disciplined and maintain sound underwriting standards. Understanding the underlying economic and demographic drivers in the MSA and the submarket where a

Derek gives back to the community as President of the Board of Directors for the Madison West Towne-Middleton Rotary Club, whose initiatives include vocational, community and international support. Derek has worked to engage the Rotary's funds in addressing hunger locally and abroad, empowering students in our community, and supporting health and educational initiatives abroad. Derek graduated from Leadership Greater Madison Class #12.

Derek was born and raised in Jamestown, New York, and enjoys traveling, reading about history, volunteering, running, and spending time with his wife Karyn and three daughters.

Member-Get-a-Member Program

RECRUIT YOUR COLLEAGUES AND EARN REWARDS

Who better than you, an RMA member, to share the benefits of membership with your peers? RMA's Member-Get-a-Member Program is an opportunity for Associate and Professional members to encourage colleagues to join RMA and earn reward points for doing so. Not only will you receive rewards like

property is located and the pipeline of new projects, both rental and for-sale, is even more critical in this stage of the cycle. Lenders must be cautious not to over-leverage projects by underwriting to trended rents and abnormally low vacancies. Underwriting must focus on sustainable NOI and amortizing debt service coverage rather than a low loan to value that can be attributed to a low cap rate. Loan structures need to include leasing and debt service covenants that track to a normalized absorption projection, supported by interest and operating reserves that are in sync with those assumptions.

Multi-family bubble? Yes, some sectors of the market are a cause for concern. Continue to make new multi-family loans? Yes and no; some sectors of the market display strong demand dynamics at a relative value that support multi-family investment, but it is challenging to make new construction work in many markets.

From the Credit Risk Council 2016 Industry Insights

Upcoming Events

Following is the Spring 2017 Educational Calendar:

- 03/28/17 - Advanced Documentation and Structuring - Oconomowoc
- 04/06/17 - Structuring Commercial Loans I - Madison
- 04/24/17 - Construction Loan Management - La Crosse
- 04/25/17 - Principles and Practices of Credit Risk Admin. - Appleton
- 05/08/17 - Cash Flow - Beloit

The RMA Wisconsin Chapter has a nice line-up of classes scheduled for the Spring 2017 calendar. Please visit our website regularly for our 2017 educational line-up and local programming events including roundtables, lunch-n-learns and other networking events.

For more information or to register for any of these programs visit our website at www.rmawi.org.

Upcoming Programming Events

Following are programming events we have scheduled or are working on:

- Madison -
- 04/25/17 - Credit Analyst Roundtable
- 05/02/17 - Senior Credit Officers Roundtable

discounts on RMA events and products, but your networking opportunities will grow as new members join. Example of award -

- Free individual RMA membership for a year, valid from 9/1/17 to 8/31/18

Enroll today to become a program liaison. Please visit [this page](#) for more information and an application form.

Get Involved!

The RMA Wisconsin Chapter presents opportunities for individuals to get involved. Chapters rely on the talents of volunteers to stage many of their programs, conduct membership development efforts, and promote the ideals of the Association. To find out more about how you can get involved in our chapter, contact Sandy Gruber at sandy@rmawi.org or any of our chapter board members. Our current Chapter Board Members include:

Melissa Torres, President
State Bank of Cross Plains

Pete Brethouwer, Treasurer
Independent Consultant

Derek Moehring, Secretary
Capitol Bank

Gary Maples
River Edge Consulting

Northeast WI (Green Bay or Appleton) -
04/18/17 - Senior Credit Officers Roundtable
Fall 2017 - Operational Risk Management Roundtable

Milwaukee -
05/2017 - Loan Review Program

More information will be sent out once we get closer to each event. Also, visit our [website](#) to sign up for these events or to get more information.

2017 Annual Wisconsin Lenders Conference

The RMA Wisconsin Chapter continues to be one of the sponsors for the Annual Wisconsin Lenders Conference. This year the conference is being held on May 18 and 19, 2017, at the Kalahari Conference Center in Wisconsin Dells. The Keynote Speaker is Scott Gittrich, President of Toppers Pizza, Inc.

On Thursday there will be twenty workshops, which includes a RMA trac. RMA speakers include the Regulators Panel (FDIC, OCC & State Representatives), Ardmore Advisors speaking on Proactive Credit Management for community banks including stress testing, CECL and concentration management, Federal Reserve economist, and Asset Based Lending by two presenters from Associated Bank.

On Friday, the Jules Matsoff Memorial Golf Outing will be held. And for those non-golfers, the RMA Wisconsin Chapter's Gary Maples will hold a special workshop entitled "So... You've Calculated 55 Different Ratios... Now What?"

To get more information about the conference please click on [this link](#).

RMA WI Chapter State Supporter Fees

Invoicing for the RMA Wisconsin Chapter State Supporter Fees have been emailed out the last week of December 2016. The Supporter Fees cover Jan-Dec 2017. All National RMA members are invited to become State Chapter Supporters. The Supporter Fees help the Wisconsin Chapter stay active and in Wisconsin! Without your local RMA Chapter you would have to travel to other States for RMA programming.

Another huge benefit of becoming a State Chapter Supporter is additional savings on programming when we use local speakers. A Chapter Supporter usually pays \$100 less in registration fees versus a non-member.

Kevin Graff
Enlighten Financial

Jeff Justin
The Equitable Bank

Harlan McLain
State Financial Bank

Robert Brothers
Associated Bank

David Wilbik
Johnson Bank

Cyrene Wilke
Investors Community Bank

Sylvan Erickson
First Bank of Baldwin

Stay Connected with Us

[LinkedIn](#) -
Join the RMA Wisconsin
Chapter LinkedIn Group to
stay informed about our
upcoming events.

Join Our Mailing List -
Contact sandy@rmawi.org

The RMA Wisconsin
Chapter Website
-www.rmawi.org

Contact Us -
sandy@rmawi.org
Phone - 608-588-3100

The RMA Wisconsin Chapter Supporter Fees are invoiced per institution (not by associate). The Senior RMA Associate from your bank is who should have received the invoice. If you do not know if your fee has been paid you can contact Sandy at sandy@rmawi.org.

Thank you New RMA Members

Following is a list of new RMA members since January 2017.

Thank you for your membership. Please let us know if there is anything we can do to help you understand all your benefits!

Luke Frey - Associated Bank
Thomas Evensen - Bank of Lake Mills
Sarah Peterson - Investors Community Bank
Kristy Stiefvater - Investors Community Bank
Aaron Prater - MGIC
David Englebert - Denmark State Bank

Student Members

Anthony Baker - Marquette University
Joel Cretney - University of Wisconsin
Dillon Klahn - University of Wisconsin
Kayla Schellfeffer - University of Wisconsin - Eau Claire
Jordan Tyler Smith - Franz - University of Wisconsin - Parkside
Maxwell Sires - University of Wisconsin - Stout
Christopher Trocinski - Viterbo University

RMA Scholarship Opportunities

The Risk Management Association Foundation offers scholarships to students in an undergraduate program who are interested in working in the banking industry after graduation. The RMA Foundation is awarding up to a total of \$200,000 in renewable scholarships ranging from \$2,000 to \$5,000. The scholarships can be renewed up to two additional years, provided each student fulfills the renewal requirements and maintains their free student membership with RMA.

We are happy to report that **Kayla Schellfeffer from the University of Wisconsin** was a recipient of a scholarship this year. Congratulations Kayla!

For more information and to apply [click here](#).

RMA Credit Risk Certification - Why RMA 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 latest skills-skills that are current and complete. And you need the demonstrated ability to serve a diverse base of clients. Plus, you need all of your knowledge, skills, and abilities to be validated by a respected organization like RMA. For more information, visit <http://www.rmahq.org/crc> .

Sponsorships

Would your business/company be interested in sponsoring an RMA Wisconsin Chapter event? The Wisconsin Chapter has opened up this opportunity to members of RMA for the remaining 2017 fiscal year. Sponsorship gifts start at the \$500 level. If you are interested, please contact Sandy Gruber at sandy@rmawi.org.

RMA Wisconsin Chapter, E4203 Horseshoe Road, Spring Green, WI 53588

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