

SBC

UPDATE

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STATE BANK
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Details
INSIDE.

THE CORNER OFFICE

by William M. Wheeler, Chief Credit Officer and Co-President

The Financial Regulatory Reform Bill: A Mixed Bag

If you're like me, you don't have the time or inclination to read the thousands of pages that comprise the Financial Regulatory Reform Bill (Reg Reform Bill) that is expected to be passed by Congress in mid-July. After largely partisan debate over the past year, it is difficult to understand the implications of the bill on Main Street America. This has left many to wonder if the bill is more over-regulation of the financial industry or the right prescription to prevent another painful financial crisis like the one experienced in the fall of 2008 that is still ongoing today. Below is my attempt to highlight a few provisions of the bill that will affect everyday people like you, followed by how it will affect local community banks like ours.

Deposit Insurance Coverage: The Bill permanently retains the increase in deposit insurance from \$100,000 to \$250,000, per depositor.

Consumer Financial Protection Bureau (CFPB): The CFPB will be created to protect consumers from deceitful financial practices that were most often practiced by the shadow banking system (*non-bank institutions that lend or broker money to consumers*). In practice this sounds fantastic, however the CFPB will be headed by a single director appointed by the President and confirmed by the Senate. Therefore it runs the risk of being politicized like most other President-appointed government positions.

IN THIS ISSUE

The Corner Office

Buy vs Rent

What Would You Do
With an Extra \$63?

Preventing Fraud

Saving More Than Just Paper

SBC Super Sleuth

Mortgage Reform: The Reg Reform Bill requires lenders to ensure a borrower's ability to repay their mortgage. What a novel idea! It also prohibits unfair lending practices and establishes penalties for irresponsible lending.

The Financial Stability Oversight Council: The Council is created to make recommendations to the Federal Reserve on capital, leverage and liquidity standards on large financial companies that pose a systemic risk to the financial system. I truly believe that the world's largest financial companies are so complex that not even their own management truly understands all of the risks those companies are taking. How can a council of 15 people, who have other full-time jobs, properly regulate these extraordinarily complex institutions?

As you can see, there are some good regulations included in the Reg Reform Bill that will ultimately help consumers and "clean up" some devious practices that were created in the early 2000s. But will this come at a price? YES! My opinion is that it fails to properly address what the bill was supposed to deal with in the first place: too big to fail institutions who needed taxpayer assistance to stay alive. There are mechanisms in the bill to address this issue, however I doubt they will work. Instead, the bill lumps all "banks" together, and whether it be one of the largest banks in the world, an investment bank, or a community bank, the same regulations apply.

Members of Congress, including its leaders, have recently stated that community banks did not cause this crisis and should not be harmed by new legislation. Unfortunately, community banks will be subjected to over 5,000 pages of new regulations with this bill, on top of the 50 new/expanded regulations from the last two years.

The employees of State Bank of Countryside believe we have always done what's right for our customers and we do not need additional government regulations to compel us to act with integrity. No matter how the Reg Reform Bill changes the financial industry, you can count on us to continue to act with the utmost honor and honesty in everything we do.

THIRD
QUARTER
2010

SHOULD YOU RENT OR BUY A HOME?

First time homebuyers have a lot to consider when making the decision to rent or buy a home: interest rates are at all-time lows, there's still plenty of housing stock, and prices are at or near their lowest in years. Here are five questions every potential buyer should ask when deciding whether to rent or buy a home:

What will monthly costs be, and can I afford the payments?

Keeping mortgage payments under 30 percent of your monthly income is a good rule of thumb. If you can't keep mortgage payments below that, you may be better off renting for awhile.

What other debt do I have?

Total rent or mortgage payments plus credit obligations should not exceed 35 to 40 percent of monthly income.

What is my credit score?

Can I qualify for a good interest rate?

A high credit score indicates strong creditworthiness, and that qualifies you for better interest rates on a mortgage. Maxing out on your credit lines and paying bills late will lower your credit score. The impact of a credit score on interest rates can be significant. For instance, a borrower with a score of 760 could pay nearly two percentage points less in interest on a mortgage than someone with a score of 620. Lower interest rates mean lower monthly payments. If your credit score is low, you may want to delay buying a home until you can improve your score.

How much will taxes, monthly maintenance, or other fees cost?

Owning a home means you'll have to pay real estate taxes and other costs like insurance and maintenance. On the other hand, owning a home brings big tax savings at the end of the year. As a renter, the owner pays those costs for you.

How many years will I stay here?

Generally, the longer you plan to live someplace, the more it makes sense to buy. You'll build equity in your house and its value is likely to increase over the years.

The **homebuyer tax credit** has been extended to September 30, 2010. And rates are still at historic lows. State Bank of Countryside offers the most competitive rates among banks. Conventional and FHA loans are available.



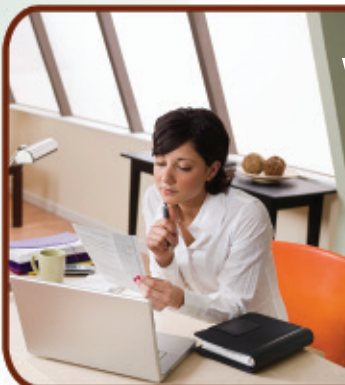
Call Dan Dunton, our Home Mortgage Specialist, at **708-485-9981** today!



What would YOU do with an extra

\$63?

The average consumer mails out 12 bills a month. That is over \$63.00 in postage a year! Pay your bills with our free SBC Billpay service and say goodbye to buying stamps. Ask a Financial Counselor for details.



FRAUD IS ON THE RISE | HOW CAN YOU PREVENT YOURSELF FROM BECOMING A VICTIM?

Tips for Consumers:

SBC Internet Banking

With SBC Internet Banking, you can check your balances, reconcile your account daily, safely transfer funds between all of your SBC accounts, and view images of all of your checks. SBC Internet Banking has a variety of security features including layered security for sign in and regular password updates.

SBC Online Statements

SBC Online Statements are safer, faster and more secure than paper statements. Your statement is available twenty-four hours a day, seven days a week, and can be archived as you see fit. You will save paper and the possibility of having your statement lost in the mail is eliminated.

SBC Advantage Debit Card

When you use your SBC Advantage Debit Card, you no longer need to carry your checkbook, reducing the opportunity for someone else to get a hold of your account. Each SBC Advantage Debit Card comes with your own private Personal Identification Number (PIN), further increasing its security. Only you know your PIN, so only you have access to your account.

Tips for Businesses:

SBC Business Internet Banking

All of your business accounts are completely safe with multiple levels of security, so each employee can only access as much of the account information as you allow. You can also keep track of daily transactions for quick account reconciliation, and view check images to ensure only your activity is on the account.

SBC Business Advantage Debit Card

Don't worry about carrying your business checks around with you! The SBC Business Advantage Debit Card allows you quick and safe access to your account whenever you need it. The business debit card also comes with a PIN so only you are in charge of your account.

Check Image CDs

You can compile all of your monthly check images onto one CD with SBC Check Image CDs. Each month, you can review and verify your check-writing activity with the CD and be absolutely sure that no fraudulent activity occurred on the account. Check Image CDs are an excellent way to double check your account activity every month.



Saving **MORE** than just paper

Paychecks, bills, and bank statements produce more waste than you may think. A study by PayItGreen, a nonprofit partnership of financial institutions and businesses dedicated to supporting the environment, found that if just one household switched from paper to electronic billing, in a single year it would save:

6.6 pounds of paper
63 gallons of wastewater

171 pounds of greenhouse gas emissions
4.5 gallons of gasoline (to mail paper items)

Simple ways to reduce your paper trail include requesting that your employer electronically deposit your paycheck into your account, receiving statements electronically and paying bills online. Not only will you waste less paper, but you'll also clear the clutter in your mailbox and save time and money.



SBC SUPER SLEUTH

IMPROVE YOUR OFFICE EFFICIENCY MAKE DEPOSITS WITHOUT EVER LEAVING YOUR BUSINESS

A friend of mine owns his own business. He often complains about having to make frequent trips to the bank to deposit the many checks he receives throughout the day. I told him that I had seen a product at State Bank of Countryside called SBC Remote Deposit, and that I'd ask a little more about it. Here is what I found out:

SSS – What is SBC Remote Deposit?

SBC – SBC Remote Deposit gives business customers the ability to scan a digital image of a check onto a computer and then send it to State Bank of Countryside, without leaving your office. The Bank receives the images as if the original items were physically brought to the Bank.

SSS – Interesting. How does it work?

SBC – All you need is your computer, a digital check scanner, and the secure software. You just add up the total deposit amount and run your checks through the scanner. The secure software reads each check, verifies the total, and sends the deposit directly to the Bank for processing. The deposit then gets credited to your account just as if you came to the Bank in person.

SSS – That sounds great. But how do I know if the deposit reached the Bank?

SBC – You will receive an email within minutes of sending the deposit confirming that the Bank received your deposit.

SSS – That's convenient. I can see a number of benefits from using SBC Remote Deposit.

SBC – Indeed! First, you can make these deposits twenty-four hours a day, seven days a week, so you can bank on your own time. Second, you'll be making fewer trips to the

Bank, so your transportation costs will go down. Your funds will be available quicker, and your risk of fraud is greatly reduced, too.

SSS – That is very reassuring. So how do I sign up for SBC Remote Deposit? Is there an application process?

SBC – Yes there is. You must apply to use SBC Remote Deposit.

SSS – I see. Do I need to purchase any additional hardware or software for it?

SBC – You will need an internet-enabled PC with a browser and a digital check scanner. The Bank can help you with both the purchase and set-up of the scanner. The Bank has partnered with Superior Press to offer digital scanners at a discounted price.

SSS – Great! SBC Remote Deposit is only offered to business customers, correct?

SBC – That is correct. At this time, it is only available to our business customers.

SSS – This is definitely a convenient and helpful product to have. How can I find out more information about SBC Remote Deposit?

SBC – Call our Business Banking Specialist, Mark Knight, at 708-485-8052 and he will get you started.

SSS – Thank you so much for your information. SBC Remote Deposit sounds like a great service, and I can't wait to see how my friend likes it.



STATE BANK
OF COUNTRYSIDE

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