

A NEW BANKING IDEA

by [Steve Brown](#)

Today's example comes from Sanders National Bank (\$233mm, ND) who came up with the innovative idea of renting out their back 100 sq foot storage room to a local college student, Ed Polaski.

Bank CEO, Charles Kumbridge got the student after posting a classified ad on Craigslist.com that offered the storage room, access to the break room after hours and a shared public restroom all for \$575/month. The ad was answered in less than a day after the bank offered "a unique living experience for a responsible non-smoker with no pets." After a brief interview with the bank's CEO and CFO, Polaski was granted the space and moved in 10 days later.

Other than a brief incident that occurred when Polaski walked out in the lobby in his boxer shorts (after daylight savings time) on a Monday and another time when he forgot and parked his car in the drive thru while the bank was still operating, bank personnel have had nothing but positive things to say about taking on "roommates" in order to defray costs and produce additional fee income. CEO Kumbridge admits that because he didn't take TARP funds, the bank had to get creative in coming up with ways to protect capital. According to Kumbridge, "While our arrangement is unique among banks, it is something that every financial institution should consider." He added, "Ed has been a total plus. He not only helps restock our deposit slips after hours, but we have signed up half his friends and family to depository accounts. Last Saturday, Ed gave an NCAA BBQ party out back and we ended up opening 12 accounts."

Even more positive is Mr. Polaski's take on living in a bank. The cheap rent, a quiet neighborhood, extra security and unlimited access to the Jolly Rancher's in the lobby bowl are all positives. "This is a unique experience that isn't for everyone, but for me it's perfect," said Ed. He went on to rave, "While banks have a lot of bad press, Sanders National is like home. It's totally cool living here and hanging out in the vault is really cool."

While we were certain there were regulatory requirements against non-bank personnel living in a branch, we were amazed to find out that there are no prohibitions. Sanders National has yet to go through a safety and soundness examination, but from what we have seen and read, we are pretty sure that most regulators wouldn't check for this sort of thing.

Taking on a bank roommate is unique and underscores how some banks are dealing with the current environment. If nothing else, the idea may be a worthy April Fools joke. Have a good one and watch your back today - fools are everywhere.

BANK NEWS

Less TARP

Iberiabank (LA) became the first bank to repay TARP to the Treasury. Iberia repaid \$90mm. Signature Bank (NY), Old National Bancorp (IN) and Bank of Marin (CA) also returned TARP money, \$120mm, \$100mm and \$28mm respectively.

More TARP

The Treasury injected \$193mm into 14 more banks and has now invested into 532 banks nationwide.

Guarantee Extended

The Treasury extended the temporary guarantee of money market mutual fund assets until Sep. 18. The guarantee covers \$3T in assets.

Hopefully A Joke

Bankers the country over were worried today about the "Conflicker" computer virus that has been dormant in an unknown number of computers. It is rumored to be activated today, causing untold damage.

Positive News

In case you weren't paying all that close attention, March was the best month for the stock market since 2002, jumping 8.5%, as banks led the way. Before getting too crazy, however, recall that the quarter was still down 11.7%. Even so, it has to put a smile on your face.

Spending And Saving

According to an AARP survey, in the past year about 7 in 10 people over 25Y of age have cut back on spending in response to declining retirement savings and in preparation for potential job losses.

CRE

According to data from Deutsche Bank, the delinquency rate on \$700B in securitized CRE loans surged to 1.8% this month, nearly as high as in the 2002 downturn. Regulators are worried about the trend, since over 12% of US banks have CRE exposures more than 5X their Tier 1 Capital.

CU Bailout Fund?

The NCUA has proposed creating a Corporate Credit Union Stabilization Fund authorized to borrow \$6B from the Treasury, instead of drawing bailout expense from the National Credit Union Share Insurance Fund (which covers insured deposits).

Copyright 2021 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.