

BRUNING STATE BANK

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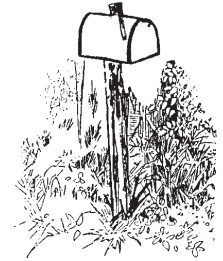
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"YOUR COUNTRY BANK"



October/November 2013

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Champagne Taste on a Beer Income...

This statement probably covers most all of us in the good old United States. Rural Nebraska is in the same boat. Sometimes we are victims of our own success. Another explanation is "we are bullet-proof from the rewards of good times."

In the housing industry, the main drive by the government was to keep building and building. It was good for the economy. True, everyone needs a home, but to take on the financing of a home at twice the cost of usual doesn't work. Also, everyone needs a car but not the most expensive. (I'm guilty, too.)

Agriculture is developing some of the same problems. Machinery needs to be replaced in good times but within reason – a lesson learned by me over 50 years. Income is the driver of everything we do. I think there are times when those who only went to the 8th grade understand math better than college graduates and politicians.

Where do we go from here? If we pay attention to cycles, which happen continually, there are adjustments to be made.

Preparation is the key to success in these times. In the Depression years, incomes dropped and debts could not be serviced. Many failed but some survived. Many were trapped by no fault of their own and were very prudent operators in the 30's. Others, by making adjustments early, were survivors, and some farm operations actually grew during those times.

My newsletter articles may too often sound preachy, but at my age, I've seen the heartbreak over the years. So probably, to sum it up in one sentence, "Adjustments need to be made."

*Frank L. Bruning – Banker Frank
Chairman of the Board*

"I can't change the direction of the wind, but I can adjust my sails to always reach my destination." - Jimmy Dean

You Have Two Ears and One Mouth For a Reason...

I was listening to the radio the other day when a learning moment came on the air. The message was that before you speak your thoughts, you should always think about these three things:

1. It is true?
2. Is it constructive or will it hurt someone?
3. Would you want it to be repeated in public?

I am as guilty as anyone for opening my mouth before my ears. As I get older, I always think I can say what I want about any topic, such as religion, politics, school, etc. I always blame my age as the reason for giving my opinions freely.

Before voicing our own opinions, we all need to assess situations by listening to people and hearing their concerns. I just read a book about serving the public in a more meaningful way. One of the ideas is to practice "random acts of kindness." Why don't we consistently practice those acts on a daily basis? It takes just about the same amount of time and energy to be a "nice guy" as it does to be the opposite.

This reminds me of the quote, "Be kind, for everyone you meet is fighting a hard battle." One of the easiest ways to be kind is to listen.

How does this all relate to banking? We are here to listen to your concerns, issues, and goals, whether they relate to family, work, personal, or financial situations. We are a kind and compassionate team, and the better we listen to you, the better we are able to help you "Build and Maintain Wealth" (our bank's mission statement).

We could settle more political and economic issues by listening first and by always asking ourselves the questions above before we speak our minds. And because we cannot know all the battles everyone is fighting, always remember to simply be kind.

*Fred D. Bruning –
President*

"Too often we underestimate the power of a touch, a smile, a kind word, a listening ear, an honest compliment, or the smallest act of caring, all of which have the potential to turn a life around." – Leo Buscaglia

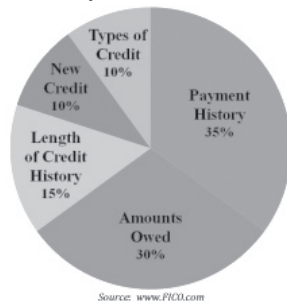
The Breakdown...

We all know having a strong credit score is important. Your credit score is used every time you apply for a loan, to help determine interest and insurance rates, for background checks when you apply for a job or for renting a house, and when you want to enter a cell phone contract. Have you ever been curious about what exactly makes up your credit score? A recent article by Ryan Guina on cashmoneylife.com provided a helpful breakdown.

Payment History comprises 35% of your score, so it is important to make your payments in full and on time. Delinquencies have a negative impact on your score, and any loans that go to collections can stay on your report up to seven years or longer – even if paid in full.

Amounts Owed makes up 30% of your score. Lenders look at your total available lines of credit and ask: “worst case scenario, how much can they borrow, and would they be able to pay it all back?” To improve your credit score, pay down debt to reduce the total amount you owe, and keep your revolving credit balances low. Close or reduce available lines of unused credit, but be careful closing too many accounts – your score could actually go down if you make several major changes in a short period of time.

Length of Credit History makes up 15% of your score. Lenders want to lend money to people who have consistently shown the ability to repay it. The longer you have proven your ability to repay, the more favorable you look. To improve your credit score, do not close “old” credit accounts – ask the company to reduce the available line of credit to the minimum and cut up the card. That way, you still retain the benefits of keeping the old line of credit in your credit history.



New Credit makes up 10% of your score, and too many recent credit inquiries can have a negative effect. To improve your credit score, try to do all your interest rate shopping in a short period of time. For example, if you are shopping for a mortgage or car loan, do it all in the span of a couple weeks instead of months. Checking your own credit score will not have a negative impact on your scores if you request it from an authorized agency such as the three major credit bureaus – Equifax, Experian, and TransUnion, or from MyFICO.com.

Types of Credit make up the last 10% of your score. Lenders like to see that you have the ability to handle all types of credit equally well. To improve your credit score, maintain a mix of installment loans (such as a car payment or mortgage) and revolving credit (such as a credit card). This shows you are capable of making regular fixed payments, as well as maintaining the ability to regularly make charges and pay them off.

There are many things you can do to improve your score over time, but the most important things are to reduce your overall amount of debt and to pay your bills in full on time, every time!

Craig Pope –
Hebron Branch President

In Your Best Interest...

We understand that overdrafts can happen on occasion, but those fees can really add up! Yes, we are a business and we make money on overdraft fees, but we truly have your best interest in mind. If you tend to overdraw your checking account often, we encourage you to look at your money management practices and set up a monthly budget to track your income and spending.

We offer many useful tools that may help you avoid overdrawing your account:

- **Online Banking** – view your balance and make transfers between accounts whenever necessary.
- **Online Bill Pay** – pay bills and set up reminders for which bills will be due soon.
- **Alerts** – request email or text messages to alert you when your balance is getting low or when debits come out of your account. (Available on Consumer accounts.)
- **Automatic Transfers** – set up a “sweep” from your savings to your checking account in case your checking balance gets too low.
- **Line of Credit** – apply for a line of credit to be attached to your checking account to use only when necessary. (Subject to qualification requirements and loan officer approval.)

Our bank’s mission is to assist our clients to “Build and Maintain Wealth.” If we allow customers to continually overdraw their accounts, we are not living up to our mission. Please consider the suggestions above to help you better manage your account in order to save on overdraft fees!

If you have any questions or want to learn more, we would be happy to visit with you.

Jerry Catlett – CFO

MEDICARE PART D – PRESCRIPTION DRUG COVERAGE

October 15, 2013 to December 7, 2013 is the
open enrollment period for changing your

Medicare Part D

(Prescription Drug) coverage for 2014.

Contact us to review your coverage!



Kathy & Brian
BSB Insurance Agency*

*Not FDIC Insured. Not a guarantee of the Bank. Not a deposit of the Bank. Not insured by any federal government agency. May go down in value.

In observance of the following holidays, we
will be closed at all Bank locations on:

Monday, October 14 - Columbus Day
Monday, November 11 - Veteran's Day
Thursday, November 28 - Thanksgiving

Trust Planning...

None of us know what tomorrow holds for us, or what we can count on being able to do for ourselves. In working with people and their trusts, estate planning, and the like, our trust committee came up with some things we feel are good steps to take to get your personal business affairs in order:

- 1. Make or update your will.** Review your assets and liabilities, and ownership titling. Verify account ownership and beneficiary designations. Provide easy access to your will. Keep signed, original copies in your attorney's office, give a copy to your PR, and keep a copy at home.
- 2. Make a living will.**
- 3. Review your pension plan's survivor benefits.**
- 4. Create durable powers of attorney.** Provide easy access to the document; keep signed original copies in your attorney's office, give a copy to your POA, and keep a copy at home.
- 5. Create a letter of instruction.** List personal data and location of valuable documents. Provide a trusted friend or family member with the location of confidential and/or valuable items, spare keys and security codes. Arrange for access to your safety deposit box, if you have one.
- 6. Calculate your net worth, including life insurance proceeds.** Create a list of financial accounts. Review your retirement accounts. Make arrangements for the orderly transfer of business assets.
- 7. List income sources and government benefits.**
- 8. Establish a trust if appropriate.** Review your assets and liabilities, ownership titling. Verify account ownership and beneficiary designations. Focus the intent of the trust – keep estate together, care for children/grandchildren, charitable contributions? Keep signed, original copies in your attorney's office, give a copy to your PR and/or trustee, and keep a copy at home.
- 9. Buy (or update your) life insurance.**
- 10. Consider funeral preplanning.** It will be one less thing for your family or friends to worry about at your death.

(This list will be available soon on our bruningbank.com website, so no need to panic if you lose THIS copy.)

In reading through all of the above, you likely noticed several references to "your attorney's office." After you come up with an idea of assets and how you would like them to be managed if you become unable to do so, the next step is to visit with your attorney of choice to draft your will or trust. Remember, we have trust officers at our Hebron, Broken Bow, and Holdrege branches, as well as in Bruning. Please keep us in mind if we can be of service.

*Janet Germer –
Vice President, Trust Officer*

Get On Board...

What is it with all these new tech products hitting us square in the face! Banking products, social media, and texting are just a few that I can name. Don't they realize that I am getting gray hair and need things to slow down, not speed up?

Well, you better buckle up because technology isn't going to slow down for you or anyone else. I do have to admit that I am becoming more open-minded about the technological advances that are happening in the banking world and in life in general.

One of the biggest technology developments ever made in the banking industry was Online Banking, which allows you to get on your computer to check your balances and transfer money between accounts. Online Banking has been around for awhile and is almost an old term now in the banking industry.

Are you aware of all the new products that we now offer, whether it is within your online banking account or your new smart phone? For example, you can:

- Have your monthly statements sent to you electronically.
- Receive a text or email to alert you that your balance is below a certain level.
- Receive a text or email to alert you that a direct deposit has been made to your account.
- Send money to someone right over your cell phone.

And did I mention that Bruning State Bank offers a free app in the Apple Store or Android Google Play Store for your smart phone so you can do Mobile Banking? Now if you want something that is user friendly, just try out that app for Mobile Banking on your phone. The mobile app is similar to our current Online Banking service. It allows you to check your account balances and transfer money between accounts right from your smart phone.


We all struggle with technology but we must face the realization that technology makes us better, more competitive, and more efficient whether it is in the business world or just our personal lives. If you are interested in learning more about the tech products we offer, please call or visit your branch today and someone will be more than willing to help you.

*Jim Scott –
Broken Bow Branch Vice President*

Did You Know? Our Wealth Management department has its own website FULL of great learning resources, articles, tools, calculators, and more! Check it out today: www.bruninginvestmentservices.com

Bruning State Bank Wealth Management

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Time for a Portfolio Tune-Up?

With Federal Reserve Chairman Ben Bernanke signaling the FOMC may be ready to begin tapering their treasury purchases (aka "Quantitative Easing"), it is likely we will see rising interest rates sooner than later.

Rising interest rates have an inverse effect on fixed income prices (as rates go up, prices decline, and vice versa). This is a good time to check the duration on your bond holdings. And if you have not reviewed your portfolio for a while, it might be time to determine if your risk tolerance and time horizon have changed.

Duration is a measure of fixed income securities sensitivity to changes in rates. Generally speaking, the longer the bond's maturity, the longer its duration and the greater its price sensitivity is to rate changes. This is especially important if you will need to liquidate your bond holding at some time in the near future. You could see a substantial decrease in bond prices. If you plan to hold your bond until maturity, remember you will still be repaid the principal (unless the issuer defaults).

While you are checking the duration, it's a great time to review your portfolio in whole to see if your allocations match up well with your risk tolerance and time horizon. If you have a portfolio entirely made up of fixed income or equities and you have not changed it for some time, it's time for a tune-up. Adding income-producing equities to a fixed income portfolio, or fixed income to an equity portfolio, may help diversify risk (diversification alone cannot guarantee a profit or protect against potential loss).

By adding asset classes to a portfolio, it may be possible to hedge against inflation and rising interest rates effect on fixed income. In some cases, diversification may smooth the volatility ride of the capital markets. There is always volatility in the markets. The more risk you take, the more volatility you will likely see and the more reward you should receive over the long haul.

The key is that as your "haul" gets shorter, you should reduce the risk in your portfolio. For example, increasing allocation to certain fixed income instruments, large cap stocks, and dividend-producing stocks from "blue-chip" companies or utilities, and reducing allocations to emerging markets and small cap stocks is one way to reduce risk. It is often important to maintain some level of risk in order to outpace inflation, especially if you are just starting out in retirement and may have 20 -30 years to rely on income from your investments.

Returning to the duration topic, as you make allocation changes to your portfolio by adding or decreasing fixed income, this is a critical time to look more closely at what you are investing in. It could be a prudent move to shorten the maturities and duration on your fixed income.

As a side note, we recently spent some time reviewing our website and made improvements. (Well, yes, my picture is still on it, but the rest of the site is great!) Please take time to check out our updated website at www.bruninginvestmentservices.com. It has a wealth of information including financial articles, calculators, a glossary, and ideas for your finances.

If you have an Advisory portfolio with us, there is a direct log in. Click on the NextPhase™ Income Distribution Strategies link. Save us in your Favorites and use the website as a handy and meaningful tool.

*David Frook –
Financial Planner*

All investments involve the risk of potential investment losses and no strategy can assure a profit. The opinions and forecasts expressed are those of the author and may not actually come to pass. Bonds are considered fixed income securities and if sold or redeemed prior to maturity may be subject to an additional gain or loss.

Securities offered through Securities America, Inc. Member FINRA/SIPC.
David Frook, Registered Representative
Advisory Services offered through Securities America Advisors, Inc.
David Frook, Investment Advisor Representative
Bruning State Bank and Bruning State Bank Wealth Management are unaffiliated with Securities America.
May Lose Value, Not FDIC Insured, No Bank Guarantee

Welcome...



Bruning State Bank is excited to welcome two new staff members to our Broken Bow location. Susie Rose (L) and Nichole Dexter (R) have both joined us as Customer Service Representatives.

Susie and her family have lived in Broken Bow for six years. Her husband, Bob, is a Sergeant with the State Patrol. They have four children. Their oldest son will graduate from UNL in December, and their twin boys will graduate from high school in May. Their daughter is in the 10th grade at Broken Bow High School.

Nichole Dexter has three years of banking experience from Custer Federal. She grew up in Kenesaw, Nebraska. Nichole and her husband of three years live in Merna. They have a small herd of Corrientes/Longhorn cattle near Anselmo. Nichole enjoys sewing and spending time with her family.

Nichole and Susie look forward to working with you. Stop by sometime to welcome them to our team!

Baby, It's Cold Outside!!

We had a blast of hot summer earlier in September with 100 degree temps, so it's hard to think about freezing temps with ice and snow! However, the Farmers' Almanac is predicting that our area will have "piercing cold" temps with normal snowfall amounts this winter.

Take some time to prepare for winter...before the cold hits and the snow flies!

- Clean your gutters and downspouts: Remove leaves and other debris so melting snow and ice can flow freely. This can prevent "ice damming;" which can cause water to seep into your home.
- Trim trees and remove dead branches: Ice, snow, and wind can cause weak trees or branches to break, damaging your home or car, or injuring someone walking on your property.
- Check insulation: Add extra insulation to attics, basements, and crawl spaces. Too much heat escaping through the attic can cause snow or ice to melt on the roof. The water re-freezes causing more snow & ice to build up. This can result in a collapsed roof and can also contribute to ice damming in the gutters. Ideally, the attic should be 5-10 degrees warmer than the outside air. Well-insulated basements and crawl spaces will also help protect pipes from freezing.
- Maintain pipes: Wrap pipes with heating tape and insulate unfinished rooms, such as garages, that frequently have exposed pipes. Also, check for cracks and leaks. Have minor pipe damage fixed to prevent much costlier repairs in the future.
- Keep the house warm: The temperature in your house should be at least 65 degrees. The temperature inside the walls where the pipes are located is substantially colder than the walls themselves. A temperature lower than 65 degrees will not keep the pipes from freezing.
- Check heating systems: The proper use and maintenance of furnaces, fireplaces, and wood-burning stoves can prevent fire and smoke damage. Have furnaces, boilers, and chimneys serviced at least once a year.
- Check smoke and fire alarms: Install new batteries and make sure your smoke and fire alarms are working properly. You may also want to consider installing a carbon monoxide detector.
- Maintain steps and handrails: Broken stairs and banisters can become lethal when covered with snow and ice. Make repairs now to prevent someone from falling and being seriously injured.
- Get to know your plumbing: Know how to shut the water off and know where your pipes are located. If your pipes freeze, time is of the essence. The quicker you can shut off the water or direct your plumber to the problem, the better chance you have to prevent the pipes from bursting.
- Seal cracks and holes in outside walls and foundations.
- Check skylights and other roof openings for proper weather stripping.
- Disconnect all hoses from outside spigots.

Your homeowner's policy may provide coverage for winter-related disasters such as burst pipes, ice dams, wind, and damage caused by the weight of ice or snow, as well as fire-related losses. However, many winter-related disasters can be prevented if you take a few simple steps to protect your home.

We would be happy to review your insurance and answer questions, so please stop by our office or give us a call to be sure you have adequate coverage in place.

*Kathy Roberts, Brian Hulse
& Kristen Monteforte –
Insurance Agency**

*Not FDIC Insured. Not a guarantee of the Bank. Not a deposit of the Bank.
Not insured by any federal government agency. May go down in value.



2012-13 "Saving Is Fun" Class...

Each year, Janice Nozicka (Loan Officer in Broken Bow) teaches a financial education class to 5th Graders at Broken Bow Elementary School. Her 2012-13 class is shown here on the day of their Bank Tour in May. She is excited to be starting a new year and teaching a new class of 5th graders how savings can be fun!

Attention: Ag and Commercial Borrowers!

What does the Federal Emergency Management Administration (FEMA) and the National Flood Insurance Program (NFIP) have to do with you and your farm operation or business?

FEMA and NFIP have the authority to write the rules and regulations that attempt to protect citizens from buying or building property that lies within a special flood hazard area. FEMA, NFIP and our primary Federal Regulator, the Federal Deposit Insurance Corporation (FDIC), especially don't like it when a lender takes improved property as collateral that is in one of the special flood hazard areas. As a matter of fact, it is illegal for Bruning State Bank or any other federally regulated lender to do so, unless flood insurance is purchased to cover the flood hazard.

I'm sure you'll respond the same way our lending staff does here at the Bank when the compliance officer mentions we need to carefully review our practices that may cause conflict with government-mandated regulations. I don't blame you if you're asking, "What is this guy talking about?"

Flood insurance laws and regulations have been on the books for a long time. Recently the flood insurance issue has come into focus with all of the natural disasters that have taken place that resulted in severe property damage due to flooding. In the last few years, the counties, cities, towns and villages where we do the majority of our lending have elected to become participating communities in the NFIP, or have flood map changes implemented and sponsored by FEMA.

Like I said, flood insurance has been around a long time and we have adhered to this strict law, with the goal of 100% compliance. Whenever we have made loans on homes, commercial buildings, farm buildings, farm storage bins and almost any structure, we have always checked to see if the improved property was located in a flood zone. If it was, we were only allowed to take it as collateral when the borrower purchased flood insurance to cover the loan amount. In the past, we had very few loans that fell into those areas, so for us it was not a difficult regulation to comply with.

Things have now changed with the availability of additional maps and the availability of flood insurance to more parts of the state. We are now double-checking any and all loans secured by real estate with any improvements, both new and existing. A portion of the law from the flood manual:

- (1) For any loan made, increased, extended, (modified) or renewed and secured by improved real estate or a mobile home, the bank must determine whether the property is or will be located in a flood hazard area using the latest FEMA flood map.
- (2) Whether or not the improved property is located in a Special Flood Hazard Area – Zone A or V – the bank must complete a standard flood determination form.

These are just two of the requirements that we must follow, and you may hear from a grumbling loan officer or the bank's compliance officer that some portion or all of the improved property you have pledged as security is in a special flood hazard area. If that happens, we'll need to discuss it with you in person as this column is not long enough to consider all the factors.

Compliance officers don't like to be the bad news messenger. Yet with the high penalties that could be levied against our bank, and the potential loss of property to you, our client, if a flood were to occur, we will comply with the law. This law is the same for all banks and federally regulated lenders. If this happens to affect you and your farm or business, we'll communicate with you in a timely manner to get it solved.

If you want to learn more, check out www.fema.gov/fema/csb.shtm for a map of your area or call FEMA at 1-800-358-9616. I'm also available for questions, comments and concerns.

*Jerry Catlett –
CFO, Compliance Officer*

Farmers & Ranchers College...



While many of you are busy with harvest, we are planning the upcoming Farmers & Ranchers College events. The mission of this group is to provide high-quality continuing education to farmers and ranchers in a rapidly changing global agricultural environment.

To start out this year, we will be having: **Dr. David Kohl from Virginia Tech at the Bruning Opera House on December 9th.** Watch for more details on the upcoming workshops for this season.

Fred D. Bruning & Sarah Miller

You're Invited...

Come hear about the latest in the ag industry from an expert!

Dr. David Kohl will also be presenting an education opportunity on **Thursday, December 12th from 8:30-11:30 a.m. in Holdrege, NE.** Please stop in or call our Holdrege location for more details.



Thinking Ahead...

When you're in business, you always have to keep looking forward. It's especially important now. Why? Because we have more uncertainty at this time than ever before seen in modern times. We have a huge national debt which is affecting (and will continue to do so) every aspect of our national economy. We have more global unrest than we have had since World War II. And as a nation, we are very divided in how we think our country should move forward, both politically and financially.

Having said this, we somehow have to steer through these troubled waters and prosper. While this may not qualify as "happy reading," it is the world we live in today. Since Bruning State Bank is located in the heart of agriculture, I am turning my thoughts to how all this uncertainty will affect our farm customers.

As you are likely all well aware, U.S. land values have gone up significantly over the last 10 years. Some of the reasons for this rapid increase follow:

- Strong net crop income.
- Stronger balance sheets (farmers' debt to asset ratio is 10.2%, down from 14.1% in 2002).
- Outside investors seeking alternatives to stocks and bonds.
- A low supply of land available for sale.
- Historically low interest rates.

These conditions that created the high land prices are changing. There has been much talk about the lower commodity prices from just last year to this year. It is likely these lower prices will persist in the near future. It is also now apparent that interest rates are likely to increase. An increase of 2.0% in loan rates will have a tremendous impact on land values. The average real estate loan rate stands at 4.65% according to the Chicago Federal Reserve. This would increase the interest rates on farm loans by 43% which would have a huge impact on any farmer's or investor's return.

For those who are not buying land or haven't purchased any land lately, you may be thinking, "This does not affect me." Well, it does impact you, maybe not as much as those who borrowed money to buy high-priced land, but you will experience less net income, with a likely decline in the value of the land you own.

To prepare for a weaker farm economy, my best advice is to build working capital. I know many of you are in better shape financially than ever before. Don't get complacent though, thinking that you won't need to make any adjustments. If you think about it, most farmers have changed their habits the past 10 years on how often they trade equipment and vehicles and on how much they spend on living expenses. Dr. David Kohl, Professor Emeritus at Virginia Tech, says the average farm family spends \$100,000 per year on living expenses. It's very hard to have to lower your standard of living.

All of this doesn't mean there won't be opportunities in the future – there will be. But you must position your business to take advantage of those opportunities.

*Darrell Raum –
Credit Supervisor,
Senior Vice President*

Trolls Can Be Scary...

...especially patent trolls! A patent troll is a person or company that buys patents solely for enforcement in court against alleged infringers. In many cases, patent trolls do not intend to further develop or sell the patented technology but simply use the patent as a way to increase profits in the form of licensing fees or reparations.

In other words, a company or person acquires a lot of patents without the desire to actually develop the products. Instead of making money from the products, the company or individual launches patent infringement lawsuits, with their sole purpose being to identify infringers and sue them. In most cases, the alleged infringers are unaware they have done anything wrong. They simply have purchased some type of technology which might have a previous patent issue.

As you may or may not be aware, patent wars have become a serious problem in business. The number of lawsuits filed by patent trolls has tripled in the last three years. Last year, patent trolls sued over 7,000 defendants and sent thousands more threat letters. This activity cost the U.S. economy \$80 billion in 2011. All told, the victims of patent trolls paid \$29 billion in 2011, a 400 percent increase from 2005.

Technology companies in particular are spending billions of dollars to beef up their patent arsenals and litigate them. It's gotten so bad in fact, that according to The New York Times, Apple and Google now spend more money on patents and patent litigation than on research and development. But it's not just the large technology companies that are at risk. Small and medium-sized businesses of all types, including start-ups, are now the most frequent targets. In 2012, trolls sued more non-tech companies than tech, spanning a wide range of American businesses.

This is also not just an East or West Coast issue. There are companies in Nebraska that have recently been sued by patent trolls. As a result, companies large or small should prepare themselves for possible litigation by reviewing their indemnification rights with third-party vendors and service providers as well as setting up patent defense budgets, according to James Denaro, a Washington-based attorney specializing in patent laws.

In June, the Obama Administration introduced a proposal to crack down on these patent trolls. The Administration issued five executive actions and seven legislative recommendations relative to these frivolous litigation actions. In addition, over the past few months Congress has begun to discuss patent reform and we can only wait and see what comes about from these discussions. The Nebraska Attorney General's office has also been proactive on these issues on behalf of Nebraska businesses.

Obviously the system is broken and something needs to happen sooner rather than later. Whatever happened to a hard and honest day's work? How about these "trolls" come out to the farm and earn an honest dollar and build some character at the same time?

*Kyle Anderson –
Holdrege Branch Vice President*

Choices, Choices, Choices...

I used to love going to town with my mom with my allowance. I could pick out anything I wanted in the candy store as long as it was within the limits of what I had to spend. Here at Bruning State Bank, home mortgage loan shopping is like going to the candy store – we have lots of sweet choices for you!

Our most popular “flavor” of home loan program is one we use through the Federal Home Loan Bank. With this program, we are able to offer:

- Long term fixed rates.
- Rural property financing, including acreages up to 40 acres and properties in remote areas of Nebraska and surrounding states.
- In-house, common sense underwriting and appraisal reviews.
- Quick turn-around times from application to closing (typically 30 days or as fast as we can get an appraisal).
- Retained servicing, which means your payments are always sent to Bruning State Bank and our local loan officers are easy to reach for answers to your questions!

We also now offer an additional home loan program through the secondary market for those who might not fit the program above. Some of the features of this newer program include:

- Lower down payment requirements.
- Long term fixed rates.
- Small acreage financing (typically up to 10 acres).

This program involves a little more paperwork, but our experienced loan officers will help you navigate the document requirements and make the process as convenient as possible.

Lastly, we offer a flexible “in-house” home loan program. These loans are typically for smaller purchases or refinance loan amounts. Our in-house options include:

- Bridge loans and construction loans.
- Home equity lines of credit.
- Loans for investment property, including rental property.

So you can see why I say going to Bruning State Bank for your home financing is like going to a candy store – our loan staff has the expertise to help you make the sweetest choices for your personal financial situation. Call or stop in to any of our four locations to learn more. We’ll be happy to sit down and assist you today!

*Lori Utemark –
Vice President of Mortgage Lending
NMLS#474129*

Welcome...



Bruning State Bank is happy to announce a new Customer Service Representative, Liz Wendt, has joined us in Bruning. Liz grew up in the Hastings area and graduated from Adams Central High School. She recently moved to the Ohio area and is engaged to Brian Sieber. Liz looks forward to meeting you!

Ever wish you could be notified about certain transactions or when your balance is getting low? You can! Use ALERTS in Consumer Online Banking to request email or text messages about your account activity. You can set up and customize as many different types of Alerts as you’d like!



ALERTS is the new name for our Messenger service. If you already use this feature in Consumer Online Banking, your current email or text alerts will not be affected by this name change. If you’d like to learn more about Alerts, please visit www.bruningbank.com/onlinebanking/alerts.htm.

Nebraska Loan Customers



– you may have recently received a letter from us, or will be hearing from us soon, asking for a copy of your current, unexpired driver’s license. We simply need to ensure that we have your name listed exactly the same way it appears on your driver’s license, for the purposes of securing our interest in chattel assets with the State of Nebraska. If we need yours, we’ll let you know and make it as convenient as possible!

Harvest is Approaching...

We managed to make it through the growing season with only a few severe storms in Bruning and Hebron areas. Mother Nature was fairly kind and gave us some much needed rain in August, but some of the non-irrigated crops still suffered. Please keep these things in mind during harvest time so you have the necessary records for yield reporting and loss calculations:

- Keep production from Irrigated crops separate from Non-Irrigated crops in order to maintain separate units. Production must also be kept separate by section.
- Get prior approval if you intend to co-mingle your grain as authorization is required. Bins need to be marked to keep production separate by section and practice. Keep load records to assist in calculating bushels in the bin.
- Contact us if you have ANY questions prior to or during harvest. If production records aren't properly maintained, you could lose your separate unit structure. PLUS – any loss payment could be reduced!
- Give us a call right away if you think you will have a loss so the appropriate loss notice can be submitted.
- Report production information to your agent when harvest is complete so we can review each unit to determine if there is a loss.
- The end of the insurance period for corn, milo, and soybeans is Dec. 10th, so contact us if you can't get the crop harvested by that date.
- The crop insurance premium was due Sep. 1st. Interest will be added starting Oct. 1st.

Also, here are some reminders for farmers who are sowing wheat this fall:

- 09/30 – final date to make any changes in your 2014 wheat crop insurance.
- 10/15 – final planting date for most counties in Nebraska.
- 10/31 – final planting date for most counties in Kansas.
- 11/15 – deadline to report your acres and plant dates to us by section and practice (NE).
- 12/15 – deadline to report your acres and plant dates to us by section and practice (KS).
- ASAP – report your 2013 wheat production to your agent if you haven't already done so, and contact us right away if you think you have a loss!

This may seem like a lot of information to digest and keep track of, so please contact us if you have any questions. We are here to assist you and answer any questions you might have. We will continue to send out reminders as any deadlines approach!

Happy harvesting!

*Jeff Hammer, Kathy Roberts, Brian Hulse,
Craig Pope, & Shari Fischer –
Crop Insurance Agents**

*Not FDIC Insured. Not a guarantee of the Bank. Not a deposit of the Bank.
Not insured by any federal government agency. May go down in value.

Knock, Knock...

Who's there? Doris. Doris who? Doris locked, that's why I'm knocking!

I recently read a blog post titled "Cybercriminals Don't Break In, They Knock." (Hence, the cheesy knock-knock joke.) Most successful computer crimes and data breaches start with a computer user falling for a phishing email. So cybercriminals don't have to break in – they "knock" and are unknowingly given access by a user.

A phishing email may appear to be from a legitimate source, like the IRS or your bank, and simply ask you for sensitive pieces of information (e.g., your Tax ID or PIN). Or more commonly, a phishing email contains an attachment or link that, once opened, installs malicious monitoring software on your computer to gather your account credentials. Either way, the email usually uses a technique to either alarm you or make you too curious to resist clicking, such as:

- [Boss's Name]'s invitation is awaiting your response.
- You requested a new password.
- Your account will be closed if you don't confirm this message within 24 hours.

So how do we keep our "doors" locked to cybercriminals? Always be skeptical of emails and website links. Ask yourself: Does this message, in this context, make sense? If the message is not expected or does not make total sense, resist the urge to click on anything!

I recently came within a few keystrokes of falling for a phishing attack myself. I got the infamous "[Name] posted a photo of you!" email. I clicked on the Twitter link and the page that came up looked EXACTLY like the usual Twitter log in page. I was typing in my username when I asked myself the question above...and decided it made no sense that the person named had posted a photo of me. I looked closer at the address line and saw the website was tvitter.com (that's two v's in a row instead of a w).

In this case, only my personal Twitter account would have been compromised if I had continued. But what if I had been logging in on behalf of the business I work for? Further, what if the fake site had instead been mimicking my financial service provider's site with payroll, ACH, or wire transfer capabilities? You can see how quickly and easily a cybercriminal could gain access to very critical information through one slip-up!

If you own a business, it is important not only for you to be aware of online security but also for all of your employees to be educated about proper security practices. For resources to help with training, you can go to our website's Announcements section: www.bruningbank.com/services/announcements.htm and we're always happy to visit with you as well.

Tech Term of the Month: Corporate Account Takeover – a type of electronic identity theft targeting businesses in which a criminal steals a business's valid online banking credentials in order to impersonate the business and send unauthorized wire and ACH transactions to accounts controlled by the criminal.

Angela Kuhlmann – Project Coordinator

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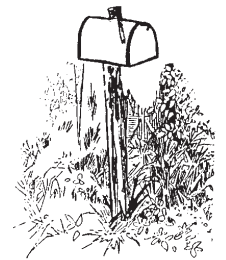
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Two Home Towns...

I was born and raised in Omaha. I went to the university in Lincoln and then moved back to Omaha after I graduated. Before I say anything else, I want to make it clear that I love Omaha. I loved my childhood and would not have wanted to grow up anywhere else. It is a wonderful city that has endless opportunities.

When I moved back to Omaha after graduating, I met my boyfriend. After dating for several years, he decided he wanted us, and our two dogs, to move back to his home town of Hebron. At the time, we both had good jobs in Omaha and most of my family lived there. To say I was a little hesitant would be an understatement. However, I thought since he had lived in Omaha around all my family for the past four years, it was only fair that we went to live closer to his family for some time. I thought moving to Hebron would be a fun adventure for us and a chance to meet new people.

It has been a little over year since we moved, and in that time I have had the chance to notice two key differences between living in a city versus living in a small town.

Scenery

In Omaha, I could sit outside my townhome and literally count the number of stars... because there are only about twenty visible any given night. Of course, I would never sit outside my townhome because I would have to keep my dogs on a leash and the only noise I would hear would be that of the traffic from the busy street I lived on. Here in the small town, we can sit out in our backyard under a sea of stars and hear absolutely nothing. It's a beautiful thing.

In Omaha, I lived about 12 miles from where I worked and it would take me about 25 minutes to get there. There was always

stop-and-go traffic, accidents, sirens, and plenty of construction. Now I live about 13 miles from the bank and it only takes me 12 minutes to get here. I barely see 15 cars on my way in to work – all of which wave to me (even though I am certain they have no idea who I am) and I wave back. It is a peaceful time to collect my thoughts before I start my work day.

Relationships

I was lucky enough to have a great group of friends in Omaha. However, I could go to the mall or grocery store all by myself and never see a single person I knew. In fact, besides the small talk with the check-out person, I wouldn't really have a conversation with anyone. That is completely different now that I am living in a small town! I have full, personal conversations with people I have never met before while filling up my tank. People want to know who am I and who I am related to. Inevitably we find someone we both know and then they always have a story to tell.

In the year that I have been here, I have formed a new group of great friends. Everyone treats me like family – as if I lived here my whole life. In Omaha, I didn't know my neighbors' first names and there were some parts of the city where I would be afraid to be alone at night. I am never afraid and never truly alone here in the small town. People not only offer to help out, but they actually mean it. As soon as I moved here, I felt like I was instantly a part of a community.

I do miss Omaha from time to time. I miss the people, of course, but I also miss the places and the convenience of city life. After a year away, however, I can say that I love it here too. The best part about it is that when I miss Omaha, it's only a short drive away. I am truly blessed to say I have two home towns now.

*Lindsey Rehtmeyer – Loan Clerk,
Young Bankers of BSB*