



BRUNING BANK

SUMMER 2022

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Daily Affirmations

I have a friend who recently retired. He is a Christian with strong family beliefs. He shared with me his 25 rules that he is trying to live by. I felt they were so good, I asked permission to share them with you. These are all things we need to think about using in our lives.

1. Arise Early:
 - Pray
 - Plan
 - Exercise
2. Dress well every day. Impress yourself first, then others.
3. Don't let the old man in.
4. I will attempt to break my will in pieces.
 - God's will not mine.
5. Reach out to ten people every day.
6. Remember everything is a gift.
 - Everything
7. Toast each evening with wine.
8. Plan your sleep like you plan everything else.
9. Each challenge is an opportunity.
10. Don't let the noon day devil creep in.
11. Pains, wounds, and scars are badges earned from living.
12. It's what you do that you don't have to do, that makes you who you are.
13. If you believe in life after death, act like it.
 - If you don't believe in life after death review your assumptions.
14. Lean into change.
15. Mentor others.
16. Leisure is most enjoyed when it's a break from work, routine and responsibilities.
17. Remember:
 - Obedience
 - Stability
 - Ongoing Conversion
18. Do the work of God.
19. Pray & Work
20. Give something away each day.
21. Follow up with those you meet.
 - You meeting them was not a coincidence.
22. Remember the bobsled rule. When starting a project, do a big push with enthusiasm
23. If you are going to be a friend, be a good friend.
24. A decision or action made or done today, has more value than doing the same thing in the future.
25. Now is always a good time.



FRED D. BRUNING

I find myself reading these often as I feel it is such a great list to think about and work towards daily. We are blessed where we live. Let us hope and pray that more people can live in a safe environment with strong values.

-Fred D. Bruning, Chief Executive Officer

“Staying positive is easy. Just stop thinking about what you don't have, and just thank your stars every morning for giving you what you do have.”

- Unknown

Jerry's Journal



JERRY CATLETT

Holidays observed by the Federal Reserve System can be found at <https://www.federalreserve.gov/aboutthefed/k8.htm>. As you may know, banks are not required to be closed on any legal holiday. Bruning Bank has for decades observed and followed the Federal Reserve Bank holiday schedule and we close for business per that schedule.

We understand why the question gets asked, “why do we close on all those legal holidays?” The answer really has to do with regulatory and liability concerns.

What does that mean? For example, since the Federal Reserve Bank maintains the centralized payment processing network, we cannot clear transactions. If we are open on the Federal holiday and we accept your deposit, we can't clear or credit that to your account on the transaction day, it sits and waits to be moved on via the centralized payment network, which includes checks, debit card, automated clearing house (ACH) transactions and wire transfers. We are not able to clear transactions on Saturday or Sunday,

therefore, we are closed as well. On all legal holidays and weekends your balances are earning interest; we just can't add to or deduct transactions when the Federal Reserve is not open.

An even more complicated part of our decision not to be open is related to home loans. If we were to open for substantially all types of business on a weekend or legal holiday, as discussed above, we cannot clear a transaction, however if we received a home loan payment, we must back date the payment to the date received regardless of the inability to clear the transaction. We have liability to the customer if we miss backdating the transaction and have regulatory (Federal Deposit Insurance Corporation – FDIC) liability as well.

Juneteenth National Independence Day, June 19th was so quickly added in 2021 that we could not observe Juneteenth as a legal holiday, as the Executive order was issued so close to the actual date that our regulators were not able to provide clear guidance on all the home lending compliance issues, we remained open because we had made commitments and were counting June 19 as a regular business day in the regulatory disclosures given to customers. The FDIC and others after the fact gave guidance and a pass on any regulatory risk for 2021, they are not doing so going forward. With June 19, 2022 falling on Sunday the legal holiday will be observed and we will be closed on Monday, June 20, 2022.

As our country's political climate continues to be unsettled, we want all customers to understand we have always been consistent in balancing business and regulatory risk around all legal holidays. We are not making a political statement; we have to continue to make business decisions that are in the best interests of Bruning Bank.

- Jerry Catlett, President, COO

New Employee Spotlight



PAUL SMITH

Paul joins Bruning Bank as IT Manager. Paul grew up on the family farm outside of Greeley, NE and is a graduate of DeVry Institute of Technology. He has been an IT professional for 31 years and is excited for the challenge at Bruning Bank. He and his wife and two kids, live outside Kenesaw, and have a small cattle and pig herd as well as a flock of chickens and ducks. He enjoys hunting, fishing, and attending many family, church, and school activities. He also enjoys cooking with his cast iron and grill/smoker collections.



EVELYN VASQUEZ

Evelyn joins Bruning Bank as a Loan Administrator in Kearney having eight years of banking experience! Evelyn has been married to her husband, Manuel, for 19 years and they are originally from Los Angeles, California. They moved to Gibbon in 2010 and it's been a great place to raise their family. Evelyn and Manuel have five kids which keeps them very busy! Evelyn loves to spend time with her family, have family get togethers, camping, and making memories!

Being Prepared, Pays Off



Every year presents its own challenges and obstacles to overcome and it's becoming quite clear this year will be no exception. Producers continue to battle increased input costs and supply challenges along with drought conditions across much of our lending area. Drought seems to happen somewhere every year. We have been fortunate the last couple

years to not have to deal with that. And I hope by the time this newsletter hits your mailbox we have received a good amount of moisture to reduce the concern of a drought.

If I'm wrong and mother nature continues to disappoint, a management plan will be more important than ever and being aware of the programs and resources in your area will be a crucial piece of that management plan. Remember, they are there to help you through the challenging times. Reach out to your local Extension, FSA, and NRCS office to see what programs they have available. Ask to be included on their email or newsletter list so

you are getting constant notifications of the changes in programs. Contact the office sooner than later so you can be prepared to meet any deadlines. I have received many notifications about webinars and peer groups from different organizations in our area that are free for producers to attend. Do your research and see what's available in your area and make time to attend them; you may learn something new. Even meeting and talking with other producers in your area can be beneficial, they may be doing something you never thought of.

As always, Bruning Bank is here as a resource too. We are here to bounce ideas off of, stress test cash flows, and simply listen to the challenges you are facing. We are part of a great network of professionals with great ideas and we are happy to pass along any information that may help your operations. Our goal is to stay informed of all the assistance and programs happening in our area and try to get that information out to you. Don't be afraid to check in with your banker from time to time and see what information they may have gathered. We are here to help! Let us know what challenges you are facing and we will do our best to help you work through them.

- Shantel Daake, Vice President,
Loan Officer (NMLS#1550238) - Broken Bow

Be In The Know



All of us have probably seen the PSA, “The more you know”. The more you know about activities that affect your bank account, the less likely you are to be a victim of fraud, one of many threats posed to your financial security.

Some other common threats in addition to fraud are theft and deception. While all of these things are generally preventable,

they may not always be easily detectible. If someone steals your physical property or identity, those are hard to prevent. One of the more recent trends for fraudsters is to call and convince you of whatever scam they are running and even coach you on how to not raise red flags with your financial institution, or others who may try to protect you. Card skimmers on gas pumps seemed to have declined, but still pose a relevant threat, and may have been used on some recent fraudulent activity.

So how do you stay informed about activity on your account? Well, you can setup alerts for any number of activities either via the mobile app or in online banking. How do you get there from either place? In the mobile app, once you've logged in, in the menu at the bottom select “More”. On the following screen under the Settings menu, select “Alerts”. In online banking, once you've logged in, at the top right of the page select “Alerts” from the

menu. Once in the Alerts screen, you can select how you want to receive your alerts, for example push notifications from the App, SMS text alerts, secure inbox, emails or any combination of those. Next is to setup what types or activities you want to receive alerts for. This could be anything from balance alerts to card transaction alerts to account information changes.

We may not always be able to prevent fraud or stolen account information, but we can try to be aware of it, even if we didn't know it happened. Notifications sent to you in real-time are a great way to stay on top of activity on your account or credentials. You can get very granular on how specific you want to be with the alerts so you can tailor it to your comfort and how risk averse you are. As always, stay safe and let us know any time you have any questions about the legitimacy of something related to your accounts or information.

- Andy Hill, Chief Information Officer



The Backyard Farmer



Growing up on a farm I have always been involved in agriculture. Irrigating, working calves, and rogueing weeds were all part of my childhood. Though as time went on livestock got sold, pivots got put up, and tractors started driving themselves. It seemed like overnight technology changed the way farming was done and farm jobs that were

once labor intensive could suddenly be done from a phone or were eliminated completely. Jobs like laying out irrigation pipe on every field, setting and changing water, chopping weeds in a bean field seem to be a distant memory to most. Now I don't believe anyone misses having to do these jobs but there is one sector of the population that suffers from their disappearance, and that is teenagers. Back in my day (now I sound old) when a farmer needed these tasks completed their first stop to find cheap, easy labor was the local high school. These jobs taught life lessons to young adults, along with new words, about work ethic, where food really comes from, and the feeling of accomplishment when the task was done. Now there are still plenty of kids that participate in farm jobs, but they seem to be the minority.

Not wanting my own kids to be left out of the great experiences of getting yelled at, I mean instructed, on how to do farming activities and why they were good for us, my wife and I decided we needed to do some backyard farming to instill work ethic and appreciation for agriculture into our children. First up was to plant a garden. Seemed easy enough. One night we sat down and decided what we wanted in our garden. We would start small and just have a few basics, a tomato plant, a cucumber vine, and a row of green beans. After our trip to the local greenhouse, we returned with six tomato plants, eight different kinds of pepper plants, eight cucumber vines, ten zucchini plants, pumpkin seeds, potatoes, and onion bulbs. Time to instill work ethic into the next generation.

Everyone gathered at the small plot of dirt that now must

be expanded to a half-acre in order to accommodate the bio-dome we just bought. "Alright we need to clear these weeds out," I announce. My youngest decides that's enough for her and hops onto the swing set. The three remaining boys start pulling weeds and bunching them up. Soon a fight breaks out as one accuses the other of not pulling their fair share of weeds, a tussle ensues, and I lose another to the swing set.

We finally get the new space cleared and I get out the rototiller. I yank the pull start about 25 times and then teach the remaining two boys some new words. "It's too hot" proclaims the next oldest child. "It's 65 degrees!", I reply. "It's still too hot," he says as he wanders off to have a popsicle on the swing set.

On pull 118 the machine roars to life. Since my shoulder is now partially dislocated, I turn my oldest loose on tilling up the ground. I go to retrieve our plants from the garage only to find that the cat decided to make a litter box out of one of the flat boxes of plants. Good thing I bought extras. Upon returning to the garden, I find the rototiller now shut off with a 25' garden hose wrapped in its teeth.

I look over at all four kids now sitting on the swing set with popsicles and say, "Why don't we all take a break." The words barely leave my mouth before my kids take off sprinting towards the house.

I spend the next eight hours of daylight planting our garden and reflecting on the situation. I am sure this is exactly what my parents dealt with when my siblings and I were growing up, yet I know we were better off for it every time they made us get outside and work. So, I call everyone back out despite the moans and groans. We finish up planting the last plants as the day fades. One kid speaks up, "This garden is awesome!" "Yea I can't wait to carve our own pumpkins," says another. They play in the dirt, look at worms, and help water the plants. I guess this backyard farming thing isn't so bad after all.

The next day I gander out to the garden only to find that a badger had dug most of it up during the night. The life of a farmer.

- Luke Thorell, Vice President, Loan Officer - Holdrege

Scammers Are Out There



We see customers dealing with scams on a regular basis. At times, customers come to us in the middle of a situation and we can help them identify it as a scam. Other times, unfortunately, we find out too late and our customers lose money.

Here is a list of warning signs to watch for if something seems to be out

of the ordinary.

1 You are asked to pay for a prize

You should not be asked to pay for a prize upfront. A legitimate sweepstakes will not ask you to pay for shipping, handling, or any other processing fees.

2 They CALL YOU and ask for personal information

If you do not initiate the phone call, do not give out personal information. If you feel it is from a legitimate business, tell them you will call them back and then look up that business.

3 They instruct you how to pay

Scammers look for creative ways for you to send them money. Gift cards are a favorite along with wire transfers, person to person payment apps or even cryptocurrency. When these forms of payments are made, there is usually no way to recover the money.

4 They threaten legal consequences

Scammers often threaten legal action if you do not respond to their voicemail or email, immediately.

5 They ask for account information

Whether it is for your debit card, credit card or bank account information to a company representative, especially over the phone.

6 They ask for access to your computer

Tech scammers may call you to say there is a problem with your computer or you may have a message pop up while you are on your computer to call a phone number and will ask to gain access to your computer and in turn, accessing all the passwords and data on your computer.

7 You are told not to contact your bank or your family

A real business will never instruct you to not contact anyone regarding your personal financial information.

This is just a short list of what scammers try to use to access your information and they are continually updating their tactics. The best advice is that if a situation feels odd or it seems too good to be true, feel free to run it by someone at the bank, or someone else that you trust.

- Todd Clabaugh, President - Kearney

Endurance & Grit



The hot words for me lately have been endurance and grit. So, what do they mean? Why do I keep seeing and hearing them on TV or on the radio? To take a closer look, let's define those two words and think about how they play out in our everyday lives.

Endurance is the fact or power of enduring an unpleasant or difficult process or situation without giving

way.

Grit is courage and resolve, strength of character.

The first thing that comes to mind after defining these two words is life circumstances and the goals we set.

For example, the long-distance runner, who gets up every morning before the sun comes up to hit the road, day after day, gradually increasing their distance in hopes of getting stronger and faster having more endurance than the run before. It does not matter what day it is, what the temperature is, what nagging injuries they may have, or how bad they feel. Once they have set the goal, it becomes embedded in their mind, and it drives them

to succeed. I would bet the farm that during that training process grit comes knocking at their door.

Long distance running is one example of endurance and grit, but it relates to all of us regardless of who we are or what we do. I think of farmers and ranchers who put in the hard work with long hours and in all kinds of weather conditions, entrepreneurs starting a business, truck drivers putting in the hours and miles to supply our needs, law enforcement patrolling for our safety, students working toward that graduation, coaches and athletes training for that competition, etc.

In this ever-changing world, there are circumstances we can control and those we cannot control, but we have to handle them all nonetheless. Therefore, whatever your circumstance or goal, ask for the help you need to succeed, push through the struggles and frustrations, learn from your setbacks, and enjoy the successes when they happen. We all have circumstances and goals that require endurance and grit, so give each other encouragement and grace.

We all need endurance and grit when it comes to overcoming our circumstances, achieving our goals, and realizing our dreams.

- Sonny Manley, President - Hebron

Zelle

Send. Request. Receive.

Zelle is a fast, safe and easy way to send and receive funds directly from Mobile Banking!

Learn how to get started at bruningbank.com

1 Transactions typically occur in minutes when the recipient's email address or U.S. mobile number is already enrolled with Zelle. 2 Must have a bank account in the U.S. to use Zelle. 3 In order to send payment requests or split payment requests to a U.S. mobile number, the mobile number must already be enrolled with Zelle.



KATHY ROBERTS
KRISTEN MONTEFORTE
ALLISA WALLER-SWANSON
SARA JO KUNERT
ASHLI SOUKUP



Severe Thunderstorm Warning * Tornado Warning * High Wind Warning

Unfortunately, **storm season is here again!**

We hear the warnings for lightning, strong winds, damaging hail, and the potential for tornadoes – and we start worrying about the damage the storms may cause.

Review your coverage **BEFORE** you're hunkered down in your storm shelter!!!
Insurance companies may refuse to add &/or increase coverage if severe storms are in the forecast.

> Is your current coverage sufficient to cover the cost to repair or replace your home, out-buildings, vehicles, irrigation pivots, and other items? Inflation has caused tremendous increases in the cost of everything!

> Review the items on your policy. Make sure everything is listed **CORRECTLY** on your policy!

- Homes – out-buildings – other structures – commercial buildings
- Irrigation pivot systems – motors
- Tractors – combines – farm implements – ATVs – contractor's equipment
- Property inside out-buildings: welders – tools
- Grain – hay – stored fertilizer/chemical – seed

> Are all vehicles – campers – trailers – watercraft – motorcycles listed correctly, and do you have comprehensive and collision coverage?

Do you have replacement cost coverage, and do you understand **HOW** replacement cost coverage works? **NOW** is the time to review and understand your coverage.
Make sure you have the coverage written correctly so that you will be paid what you **EXPECT** to be paid when the unexpected happens.

Give us a call or stop by our office for a **FULL** review of your coverage.

Stay safe and have a great summer!

- Kathy, Kristen, Allisa, Sara Jo, and Ashli
Bruning Insurance Agency



Crop Insurance Reminders

Final Plant Dates for Counties in Our Area:

- May 25:** Corn - Nebraska & Kansas
- June 10:** Soybeans - Nebraska
- June 15:** Soybeans - Kansas
- June 15:** Milo - Nebraska
- June 25:** Milo - Kansas
- July 1:** Wheat multi-peril crop insurance premium is billed. Interest accrues on August 1st.
- July 15:** Deadline to report 2022 corn, milo, soybean & oats acres for multi-peril crop insurance. Acres and shares need to match what is reported at the FSA office. **ALL** acres must be reported – **INCLUDING** newly added cropland acres, late planted acres, and uninsurable acres.

REPLANT; CONTACT US BEFORE REPLANTING OR DESTROYING ANY CROPS!

Authorization is required **PRIOR** to destroying or replanting your crop!

- Remember to use the **INITIAL** planting date (**NOT** the replant date) when certifying acres.

WHEAT HARVEST: CONTACT US RIGHT AWAY IF YOU THINK YOU HAVE A LOSS.

Report your harvested bushels once harvest is complete.

HAIL • WIND • FIRE

Storm season is here!

Do you have sufficient coverage to protect your investment?

Multi-peril crop insurance covers loss from fire if the fire is caused by mother nature.

Multi-peril crop insurance also covers losses from hail and wind.

Is multi-peril crop insurance enough? Coverage is written on a percentage of your yield average.

- Depending on your level of coverage, **the first 10-35%** of a loss is not covered by multi-peril crop insurance.

Hail insurance coverage is a good way to cover the gap in coverage. The hail policy includes coverage for fire, and coverage for green-snap and/or wind can be added as well.

Don't wait until the storm clouds are looming – get your coverage in place **NOW!** Give us a call or stop by our office!

- Kathy & Jeff
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.

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Historically Low Rates Continue



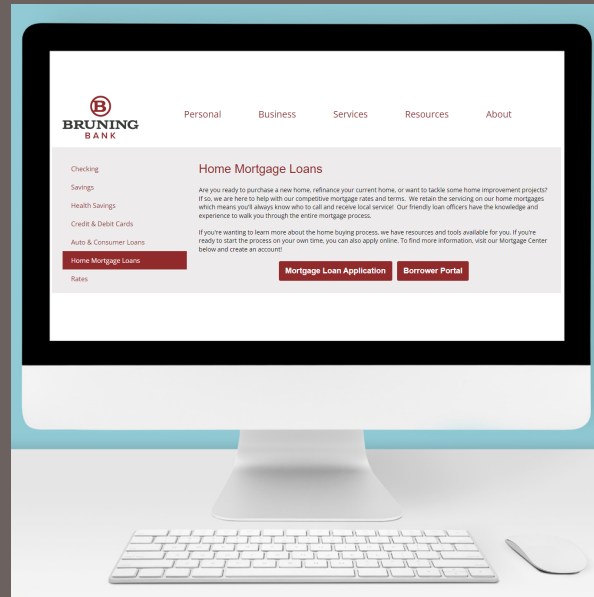
Home loan interest rates have gone from historic lows to what some might say are outrageous! Mortgage rates right now are in line or below typical average home loan rates of the 1970s, 1980s, 1990s, 2000s, and 2010s. Thirty-year mortgage rates in the 1970s ranged from 7% to 11.2% due to high inflation. The early 1980s

saw interest rates soar to an average of 16.63% before ending the decade around 10%. Inflation started to calm down in the 1990s, and home loan rates ended that decade dipping below 7%. Mortgage rates steadily declined in the 2000s and ended right around 5%. A lot was happening in the 2010s and interest rate fluctuations were no exception. Rates averaged between 3.95% on the low end to 5.34% on the high end. The 2020s came in with a **BANG!** Mortgage rates hit all-time lows due to COVID-19 and its effects. COVID-19 caused average home loan rates to hit 2.68%. The lowest in 50 years!

So what does this mean for the consumer that has a much needed home improvement project to complete? Instead of refinancing your historic low first mortgage interest rate, Bruning Bank has several second lien mortgage options to help get those projects financed. The consumer's options range from a home equity line of credit, or HELOC, to a second lien mortgage option to be paid in full with a term that fits your repayment ability. Bruning Bank wants to help make your home improvement projects a reality, but doesn't want to give you the added stress that comes with fluctuating interest rates. Contact your local Bruning Bank Mortgage Loan Officer and find out which loan product is best for your home improvement financing needs.

- Janice Nozicka, Director of Mortgage Lending
(NMLS #474132)

For more information on your home loan options, please visit bruningbank.com or give us a call!



**Get prequalified online!
Visit bruningbank.com
to get started!**



Congratulations!



Annemarie O'Connor has received the prestigious award of Best Professional Mortgage Lender for the 2022 Kearney Hub's Reader's Choice Awards!

Annemarie O'Connor Mortgage Loan Officer (NMLS#416351)

Summer Travels Made Easy



Planning a trip to the calm beautiful beaches of Jamaica? The White Cliffs of Dover? A summer fishing trip to Canada?

When you use our mobile app, you can now set your travel dates for whenever you will be out of the country. All foreign transactions are blocked on our debit cards. This

process allows you to remove that block for a specific time period.

After you log in to the mobile app, go to My Cards. There you will select Manage Card, and then Manage Travel Plans. It will ask for the destination and the dates you will be on your trip. The

system allows you to set three travel plans at a time, in case you have lots of places to go!

If you have any questions about this option, please speak with someone in Customer Service at your Branch. If you do not use Mobile Banking, or are unsure, we are happy to help set a travel plan for you.

If you are traveling in the United States, this would not be necessary. Our system allows for people traveling in this great country of ours!

- Karin Dominy, Relationship Manager- Hebron



CONGRATULATIONS

TO THE CLASS OF 2022

Bruning Bank wishes you the best with your future plans!

Mark Your Calendar

JUNE:

- **15** - World Elder Abuse Awareness Day - Older Americans lose an estimated \$2.9 billion to \$36.5 billion each year from financial abuse. Use our Online Banking tools to review your finances anytime!
- **17** - Father's Day Treats - All locations
- **17-18** - Swedish Days - Holdrege
- **20** - Juneteenth, CLOSED
- **28** - National Insurance Awareness Day - The agents at Bruning Insurance Agency are available to review your coverage and provide a free quote! Give our agents a call at 402.353.2085 to get started!

JULY:

- **4** - CLOSED in honor of Independence Day
- **29 - 31** - Bruning Days

AUGUST:

- **21** - National Senior Citizen's Day
- **BACK TO SCHOOL** - Visit us before the busy school year begins and take advantage of our financial services such as Premier Checking and earn interest on your checking account! Don't forget about Mobile Banking to take Bruning Bank with you everywhere and manage your account right from your phone!

Bruning Wealth Management Bullet Points



DAVE FROOK
VICE PRESIDENT &
LPL FINANCIAL PLANNER

- Economic Update: High Inflation isn't going away. Prices rose 8.5% in March compared to the year prior, according to the most recent Consumer Price Index (CPI) report. This is the biggest year-over-year gain in the index since CPI inflation since December 1981.

Inflation, along with a host of other issues (political, supply chain disruptions, Russia Ukraine War), are causing the financial markets to be very choppy. Historically, stocks have been one of the best hedges against inflation. Don't sell into a choppy or down market if you can avoid it (don't "panic sell").

- Bond Markets have been a big challenge for investors. Normally when we see stock market volatility – especially when it's going down – we see bonds increase in market value. However, due to the Fed strategy to fight inflation with tightening money supply and increasing rates, we are seeing bond market values take a huge hit. This is not the time to sell your bonds (if you don't have to). If you are holding your individual bonds to maturity, then the market value doesn't matter – it's only a "paper

loss" in value. You will continue to receive your coupons at the bond issue promised rate, and you will receive your "par" (\$1,000 per bond) value back when it matures. Bond funds are a bit more challenging than individual bonds, but they should be fine in the long run as the fund managers replace current rate bonds with new higher rate bonds (but it's not going to be fun to look at your statements in the short term).

- With our aging population there will be an increasing need for Long Term Care insurance. The first of the Baby Boomers (born 1946) turned 65 in 2011. On average, 10,000 Baby Boomers turn 65 every day (NOT a typo – let that number sink in). According to WHO, "between 2015 and 2050, the proportion of the world's population over 60 years will nearly double from 12% to 22%. By 2020, the number of people aged 60 years and older will outnumber children younger than 5 years." That means there will also be a huge influx in the coming years of people entering Assisted Living and Nursing Homes (as well as in-home care).

Long Term Care is expensive. Long Term Care insurance helps bridge the gap between your retirement savings income and the LTC expense. Medicare doesn't provide a benefit for LTC. We believe it is a very important topic for you to consider. Both Bruning Wealth Management and Bruning Insurance Agency have licensed LTC agents, and we will be happy to work with you. It is important to look at how LTC affects your overall financial plan to determine how the insurance policy is designed.

- Last bullet point: We have a new Bruning Wealth Management Facebook Page. Our goal is to provide useful Financial Planning education through social media. If you are on Facebook, Like and Follow our BWM page.

- Dave Frook, Vice President Bruning Wealth Management

Disclosures: The information provided here is for general information only and should not be considered an individualized recommendation or personalized investment advice. Any economic forecasts set forth in this material may not develop as predicted. Long-term care insurance policies contain exclusions and limitations. Eligibility for long-term care insurance, additional policy benefits and qualifications for benefits is determined on a case-by-case basis.

All investing involves risk including loss of principal. No strategy assures success or protects against loss. Past performance is not indicative of future results.

Bonds sold or redeemed prior to maturity may be subject to a substantial gain or loss. An issuer may default on payment of the principal or interest of a bond. Bonds are also subject to other types of risks such as calls, credit, liquidity, interest rate, and general market risks.

Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Bruning Bank and Bruning Wealth

Management **are not** registered as a broker-dealer or investment advisor. Registered Representatives and Investment Advisor Representatives of LPL offer products and services using Bruning Wealth Management, and may also be employees of Bruning Bank. These products and services are being offered through LPL or its affiliates, which are separate entities from, and affiliates of, Bruning Bank or Bruning Wealth Management. Securities and insurance offered through LPL or its affiliates are:

Not Insured by FDIC or Any Other Government Agency	Not Bank Guaranteed	Not Bank Deposits or Obligations	May Lose Value
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How Do Loans Work?



My uncle, who operated a small farm near New Virginia, IA south of Des Moines, would always have little nuggets of wisdom for me once I became a banker. I would usually see him at family holiday gatherings 20 years ago. His nuggets included the following: "A farmer will never go broke if they make a little bit of money"; and, "Loan me \$100,000, if I

don't pay it back, shame on me. Loan me \$2,000,000 that I don't pay back, shame on you".

Bankers and customers need to work together to be able to ensure repayment of loans. Repayment of loans can take different forms, depending on the type of debt. Operating loans have a different repayment source than a machinery/equipment loan or a real estate loan. I will discuss the different types of loans and the corresponding repayment sources. Loan payments and maturity dates should always line up with the timing of the repayment source.

Operating loans for agriculture operations or businesses usually have a maturity date of one year or less. The reason for the short maturity is the source of repayment should occur from the products grown or made within a one-year period. Of course, inventory may not all be sold within a 12-month period, but timing issues can be explained. For a farm operation, the

grain, feed, calves, or the accounts receivable from the sale of these products should be able to pay off the operating note. During times of depressed commodity prices, this goal can be challenging. Bankers like to see an excess of products to sell compared to the operating debt owed, which is Working Capital.

Term loans are structured over 5 to 25 years, depending on the asset securing the loan. Loans should be structured so the underlying asset still has value after the loan is paid off. Usually, equipment, vehicle, and livestock loans are structured over five years, with real estate being structured over 25 years or less. Term loan repayment is based on the profitability of the operation or business. Profits are the first source of repayment on term loans. Does the operation generate enough profits annually to make the term loan payments? Bankers typically calculate a Debt Service Coverage Ratio to analyze whether an operation can make the term loan payments.

If you have any questions about loan repayments on different types of loans, questions about Working Capital, or questions about Debt Service Coverage Ratios, please contact your Bruning Bank lender for further information.

- Ken Mehlin, Chief Credit Officer

Compliance Updates



Regulatory compliance issues are issues and topics we deal with every day. We review regulations when they are changed or in some cases the language does not change, but the interpretation or the guidance suggested from our primary federal regulator may change. When we know of a change, we must update our account language and fee schedule.

We would like to remind you on how we charge a fee for insufficient funds items that are presented for payment to the bank. If an item is returned after the first presentment, we may charge you a second time whether they are paid or returned. Each time an item is presented to us.

Insufficient Funds. If an item drafted by you (such as a check you write) or drafted by someone else with your permission (such as remotely created check or preauthorized draft you authorize someone else to create), or a transaction you authorize (such as a

preauthorized electronic fund transfer), is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you a fee for returning the payment. When we return a payment due to insufficient available funds, the person who submitted the item or transaction may re-submit the returned item or transaction to us for payment. You understand and agree that we may charge you a fee each time we return an item or transaction that is presented to us for payment because the amount of money available in your account at the time of presentment or re-presentment is not sufficient. See the Schedule of Fees for additional information.

The current Bruning Bank trend is a substantial decline in the volume of insufficient funds items. Online banking and mobile banking alert tools have assisted customers to better track and guard their funds. If you are not using online or mobile banking alerts, please come in and see a deposit relationship banker for more information.

- Jerry Catlett, President, COO



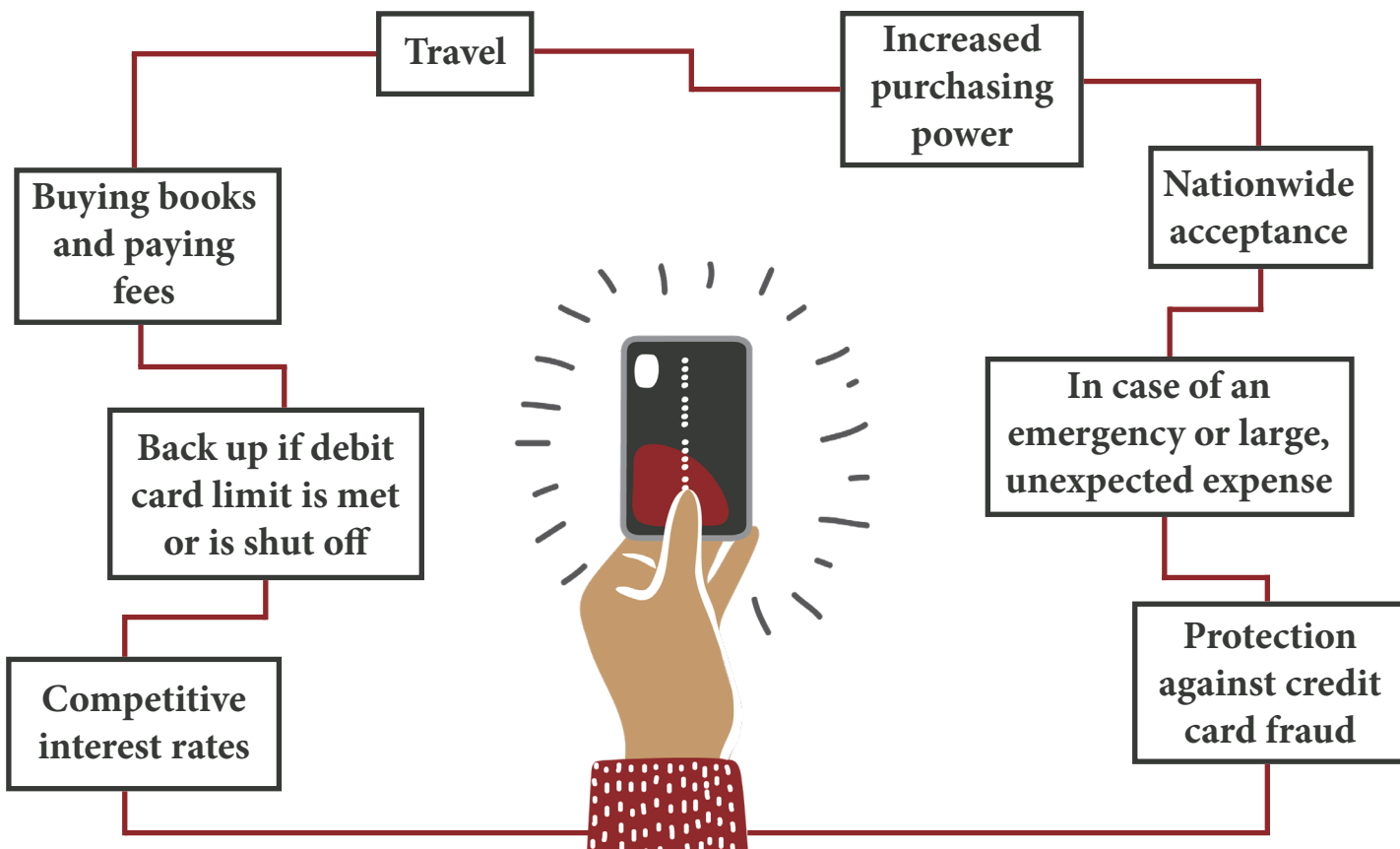
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