



CBAI E-Newsletter, sponsored by SHAZAM

January 13, 2021

IN THE NEWS

Congress Overrides President's Veto and Enacts Regulatory Relief

Last week, Congress overrode a Presidential veto of the National Defense Authorization Act (NDAA) which included regulatory relief for community banks by shifting the burden of collecting beneficial ownership information of their accountholders to the Financial Crimes Enforcement Network (FinCEN).

CBAI has been consistently engaged on this issue dating back to our comment letters in May of 2012, and January of 2016. Unfortunately, these and other efforts did not dissuade FinCEN from imposing the data collection requirements on community banks. However, last year the United States House of Representatives passed CBAI supported legislation (H.R. 2513, the Corporate Transparency Act of 2019) which was a significant step forward to provide the much-needed regulatory relief. This legislation was later included in the 2020 NDAA but this spending bill was vetoed by the President for reasons unrelated to this regulatory relief. The House overrode the veto by a wide bipartisan majority as did the United States Senate several days later.

CBAI looks forward to working with the regulators to expeditiously remove this regulatory burden from the shoulders of community bankers and placing it where it belongs – with FinCEN.

NEWS FROM THE FRONT

The 101st Illinois General Assembly wraps up a special lame duck session at noon today, immediately followed by the inauguration of 102nd General Assembly. The first vote the 102nd GA will hold after being sworn in will be to elect a new speaker, and it appears that Michael Madigan will not retain that position. The current front-runner to succeed Madigan is Rep. Emanuel Chris Welch, but as you know, a lot can change in a short period of time in Springfield, so stay tuned.

It's been an action-packed, five-day special session with the Senate conducting business until 6:30am this morning. Much of the action focuses on sweeping legislative proposals introduced by the legislative Black Caucus to address inequities in education, criminal justice, state procurement, and economic development. This includes a new state CRA program which mirrors the federal program that would impact all financial institutions regulated by IDFP, including credit unions. The combined fiscal impact of the sweeping proposals is expected to add \$3-4 billion per year to state spending. An increase in the individual income tax rate was not on the table, but the governor did call on the legislature to de-couple from a federal CARES Act provision related to the net-loss carry-forward that would cost Illinois business as much as \$1 billion in tax relief for 2020.

The governmental relations team worked through the night and is busy unpacking all of the changes to Illinois law passed in the lame duck session. Watch for a new edition of NEWS FROM THE FRONT in coming days that will provide a comprehensive summary of all the recent legislative action.

SBA PPP Rollout Update

The Paycheck Protection Program lending reopened Monday, January 11, 2021, for new loans but only for CDFIs, MDIs, Certified Development Corporations and certain micro lenders – not community banks as was reported by some sources. Second draw loans begin today for the same financial institutions. The SBA has said that additional lenders will be able to submit additional first and second draw loans in a matter of days, and that the SBA plans to dedicate specific times to process and assist the smallest PPP lenders with loan applications from eligible small business. The SBA has released the following forms and guidance

for the new round of PPP lending.

New Portal User Guides:

SBA PPP Lender Hotline: 833-572-0502

[PPP Lender Instructions – Origination Systems User Guide »](#)

[PPP Lender Instructions – API Technical Information »](#)

[More PPP Platform Resources »](#)

Updated First Draw Forms:

[Form 2483 – First Draw Borrower Application »](#)

[Form 2484 – First Draw Lender Guaranty Application »](#)

Second Draw Forms:

[Form 2483-SD – Second Draw Borrower Application »](#)

[Form 2484-SD – Second Draw Lender Guaranty Application »](#)

Guidance & Resources:

[Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns »](#)

[Top-Line Overview of First Draw PPP Loans »](#)

[Top-Line Overview of Second Draw PPP Loans »](#)

[Procedural Notice – Modifications to SBA Forms 3506, 3507 and 750 CA \(PPP only\) »](#)

[Procedural Notice - SBA Procedural Notice on Repeal of EIDL Advance Deduction Requirement »](#)

More information and clarifications will be made available by the SBA in the coming days and/or weeks and CBAI will update you as we receive this information. Additional resources can be found at the links below:

[Interim Final Rule on the PPP as Amended by the Economic Aid Act »](#)

[Interim Final Rule on Second-Draw PPP Loans »](#)

[ICBA's Summary »](#)

[SBA's Website »](#)

[Treasury's Website »](#)

[CBAI's Resource Center »](#)

[IBAT Matrix of the Law's PPP Updates »](#)



IDFPR Releases Educational One Pager on COVID-19 Relief Concerning Evictions, Mortgages, and Student Loans

The Illinois Department of Financial and Professional Regulation wants to ensure that Illinois consumers are aware of COVID-19 relief options that are available to them. The IDFPR recently released an educational one pager for consumers to quickly and easily learn about their federal relief options when it comes to evictions, mortgages, and student loans. Federal deadlines are fast approaching. It is imperative that consumers take action quickly.

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Eligible PPP Expenses Now Tax Deductible

The Treasury Department and IRS issued guidance implementing a stimulus provision allowing tax deductions for business expenses paid with PPP funds. ICBA and community bankers repeatedly called on Congress to explicitly provide for the tax deduction.

The stimulus law amended the CARES Act to say that no deduction is denied, no tax attribute is reduced, and no basis increase is denied by reason of the exclusion from gross income of the forgiveness of an eligible recipient's covered loan. This change applies for taxable years ending after March 27, 2020.

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CBAI Urges Agencies to Clarify Supervisory Guidance in Rulemaking

In a December 29, 2020, comment letter to the OCC, Federal Reserve, FDIC, and the CFPB, CBAI urged the Agencies to strike a delicate balance in the supervisory approach between flexibility and prescription, and for reasonable supervisory accommodations to avoid harmful consequences for community banks. CBAI recommended the proposed rule should define guidance in such a way as to constrain supervisory abuse and prevent community banks from being criticized at a later date for relying on guidance as the basis for certain actions or inaction. CBAI stated, "[T]he value of guidance will diminish significantly if a community banker cannot rely on it and if the Agencies will not stand behind it. Therefore, guidance must be carefully crafted and adhered to consistently."

[Read CBAI's Comment Letter »](#)

CBAI Launches Foundation for Community Banking's 25th Anniversary Campaign

In 2021, we are excited to celebrate the 25th anniversary of CBAI's Foundation for Community Banking. Established in 1996, the Foundation has bestowed an incredible \$550,000 in scholarships to deserving college-bound students since its inception. Additionally, more than \$70,000 has been awarded to CBAI member bankers to attend the Community Bankers School. The Foundation annually offers three types of scholarships, with more than \$40,000 allocated to students every year. A total of 31 annual scholarships are provided to high school seniors statewide through our essay contest, to the children and grandchildren of community bankers, and to Community Bankers School attendees.

We want to continue the success of the Foundation and ensure that we can maintain the 31 annual scholarships for many more years to come. In order to do that, we need your help. To celebrate the Foundation's silver anniversary, CBAI is spearheading a special "25 for 25" Campaign. There are several different ways you can choose to participate.

Contributions in any amount are greatly appreciated! All banks, associate members and individuals donating to this campaign will be recognized in Banknotes magazine. **All donations are 100% tax deductible!**

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OCC Releases 2020 Annual Report

The Office of the Comptroller of the Currency (OCC) today released its Fiscal Year 2020 Annual Report. In the report, Acting Comptroller of the Currency Brian P. Brooks highlights unique challenges that the OCC overcame and accomplishments that the agency met in fiscal year 2020.

The report includes key data and statistics about the agency and the federal banking system, a timeline of regulatory and supervisory actions taken in response to the COVID-19 pandemic, an analysis of the condition of the federal banking system, supervisory information including licensing and enforcement actions taken in fiscal year 2020, and discussion and analysis of the agency's financial management.

[Download the Report »](#)

CFPB Task Force Backs Easing Credit Union Common-Bond Restrictions

A Consumer Financial Protection Bureau task force recommended allowing more credit unions to serve underserved communities outside their common-bond membership. As part of a wide-ranging report with roughly 100 recommendations on reforming consumer financial services law, the bureau's Taskforce on Federal Consumer Financial Law said employment-based credit unions operating in areas that include underserved communities would like to expand their services to those communities.

While the report said the task force "recognizes that credit unions are subsidized entities through their tax status as not-for-profit cooperatives," it said credit union charter type distinctions are "somewhat arbitrary" in demarcating among different classes of credit unions. ICBA is reviewing the full 700-page report and will provide feedback to the CFPB.

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OCC Backs Task Force Recommendation on Fintech Charters

Acting Comptroller of the Currency Brian Brooks issued a statement supporting the Consumer Financial Protection Bureau's task force report endorsing the need for federal charters for fintech companies. Brooks said the OCC is authorized under the law to grant such charters.

ICBA has repeatedly told the OCC that it does not have authority under the National Bank Act to charter special-purpose national banks that don't take deposits. The OCC is appealing a ruling by a federal judge that it lacks the authority to grant bank charters to non-depositaries.

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Treasury Issuing Economic Impact Payment Debit Cards

The Treasury Department and IRS said they are sending approximately eight million second Economic Impact Payments by prepaid debit card starting last week. The agencies' announcement includes sample images of the EIP card and envelope. The agencies said those who don't receive a direct deposit should watch their mail for either a paper check or a prepaid debit card.

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Compliance for Lenders

February 23, 2021 - Springfield

February 24, 2021 - Mt. Vernon

The challenge is to ensure that lending personnel have the right information at the right time.

CBAI is monitoring the COVID-19 situation and will make any changes to in-person sessions as necessary to comply with state and federal mandates and orders.

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The Baker Group: Market Update

Most Americans probably wouldn't mind too much if this week turned out to be a boring one. Reading this newsletter should be a good start. We'll have to wait and see just how boring the data turn out to be, but at least there's a lot of it. The thing is, whether there's a lot or a little, and whether it's good or bad, the fundamental measurements of macro-economic performance are not what moves markets these days. At least not like they used to.

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Wolters Kluwer Live Webinar: SBA Requirements for Round 3 of Paycheck Protection Program Supported by TSoftPlus

January 14, 2021, 1:00 PM-2:00 PM CST

Join Wolters Kluwer for an expert overview of the new SBA requirements and the recent law amending Paycheck Protection Program lending. During the webinar, you'll hear from commercial lending expert, Michael Fuchs, who will share key implementation guidance published by the SBA. After the overview, watch a demonstration of TSoftPlus, our end-to-end PPP solution recently enhanced to ensure lenders and their borrowers have 24/7 digital capabilities from the first step of origination to the final step of forgiveness.

[Additional Details and Registration »](#)

Ncontracts: What Happens When the Three Lines of Defense Fail - Inside JPMorgan's \$250 Million Fine

JPMorgan Chase Bank is on the hook for a \$250 million civil money penalty after the Office of the Comptroller of the Currency (OCC) found the bank failed to maintain adequate internal controls and internal audit over its fiduciary business—an unsafe or unsound practice.

What exactly went wrong? It looks like weaknesses across the three lines of defense. While the enforcement action was short on details, we do know that for several years the bank maintained a weak management and control framework for its fiduciary activities, according to the OCC.

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SHAZAM: Collison Appointed to Computer Science Work Group Supporting Iowa's K-12 Students in Technology Education

SHAZAM, Inc., a nationwide provider of financial services to community financial institutions, announced that David Collison, senior vice president of applications development, has been named by Iowa Governor Kim Reynolds as a member of a new Computer Science Work Group. The group was created by a 2020 state law that for the first time requires Iowa's 327 school districts and 116 accredited nonpublic schools to offer computer science instruction.

Collison is a veteran of the industry and a long-time STEM advocate. He's worked for years with Des Moines Area Community College (DMACC) and other local colleges to showcase opportunities in technology careers for their students through a SHAZAM internship program. The program offers employment and growth opportunities for those working toward a degree in IT.

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Social Litigation to Bring About Board Diversity in the Near Future

Nasdaq recently filed a proposal that aims to require listed companies to include women and people of diverse racial identities or sexual orientation on their boards. The goal of the proposal is to provide stakeholders with a better understanding of the company's current board composition and enhance investor confidence that all listed companies are considering diversity in the context of selecting directors. Nasdaq determined that over the past six months, more than three-quarters of its listed companies would have fallen short of the proposed requirements.

[Read More from CBIS »](#)

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HMDA Filing Period Now Live

The Consumer Financial Protection Bureau said the filing period for HMDA data collected in 2020 opened on Jan. 1, 2021. Submissions will be considered timely if received on or before Monday, March 1, 2021. Institutions can access the HMDA Platform to begin the filing process or use the Beta Testing Platform to test their submissions.

[HMDA Platform »](#)

[Beta Testing Platform »](#)

FHFA Publishes GSE Plans for Underserved Markets

The Federal Housing Finance Agency published 2021 plans for Fannie Mae and Freddie Mac on serving underserved markets. The Housing and Economic Recovery Act of 2008 requires the enterprises to serve three specified underserved markets—manufactured housing, affordable housing preservation, and rural housing. Due to the COVID-19 pandemic, the FHFA instructed the enterprises to submit one-year plans for 2021 in lieu of three-year plans.

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CFPB Issues Annual Threshold Adjustments

The Consumer Financial Protection Bureau issued three annual threshold adjustment final rules, effective Jan. 1, 2021:

- Asset-size exemption thresholds for depository institutions under Regulation C.
- Thresholds and exemptions for certain creditors under the escrow requirements, small creditor portfolio and balloon-payment qualified mortgage requirements, and prohibitions against balloon-payment high-cost mortgages under Regulation Z.
- The maximum amount consumer reporting agencies may charge consumers for making a file disclosure to a consumer under the Fair Credit Reporting Act.

[Regulation C »](#)


[Regulation Z »](#)

[See Fair Credit Reporting Act »](#)

FHFA Extends GSE Multifamily Forbearance

The Federal Housing Finance Agency said Fannie Mae and Freddie Mac will continue to offer COVID-19 forbearance to qualifying multifamily property owners through March 31, 2021. The programs were set to expire Dec. 31, 2020.

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FinCEN Issues Alert on Vaccine Scams

The Financial Crimes Enforcement Network alerted financial institutions about the potential for fraud, ransomware attacks, or other criminal activity related to COVID-19 vaccines and their distribution. The notice provides specific instructions for filing Suspicious Activity Reports regarding such activity.

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OCC Updates Rules on Activities, Operations

The OCC issued a final rule updating or eliminating outdated regulatory requirements, clarifying and codifying recent OCC interpretations, integrating certain regulations for national banks and federal savings associations, and making other technical and conforming changes. The amendments are effective April 1.

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OCC Issues Guidance on Blockchains, Stablecoins

OCC-regulated institutions may participate in independent node verification networks and use stablecoins to conduct payment activities and other bank-permissible functions, the agency said in a new interpretive letter. In deploying these technologies, banks must comply with applicable law and safe, sound, and fair banking practices.

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CBAI LEGAL: Bar Against Post-Foreclosure Challenges Includes Federal Claims

In a December 29, 2020, ruling, an Illinois Appellate Court rejected a foreclosed-upon mortgagor's argument that a claim of a federal RESPA violation was not precluded by Illinois' bar against foreclosure challenges once title to the foreclosed property has been transferred by judicial deed.

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MORE UPCOMING EDUCATIONAL PROGRAMS

Register Today for Early-Bird Pricing at CBAI's Annual Convention & Expo!

Registration is now open for CBAI's 47th Annual Convention & Expo, scheduled for September 23-25, 2021, at the Marriott Marquis, Chicago, IL. Expert speakers on the hottest community banking topics fill an education agenda featuring 20 break-out sessions. This year's Opening Breakfast Speaker is Christine Cashen, who delivers a fast paced, hilarious program with useful content that makes her a sought-after speaker worldwide. Cashen is the author of *THE GOOD STUFF: Quips & Tips on Life, Love, Work and Happiness*, which was named motivational book of the year by the Next Generation Indie Book Awards.

Also on the agenda are the Welcoming Reception with BancPac Live and Silent Auction, a jam-packed Exhibit Hall with more than 70 booths, the Annual Business Meeting Luncheon, and much more. The Closing General Session speaker is Vallie Collins. Collins shares the details of her experience during the flight and rescue of the event that has become known as the "Miracle on the Hudson" in the hope that the experience inspires and motivates all to treasure each and each day because "every day is a lucky day!" Don't wait! Register today for early-bird pricing and receive a significant discount to attend CBAI's annual showcase event! You won't want to miss it!

[Register Today »](#)

CBAI Offering Ag Lenders Conference Virtually on February 2

This jammed-packed virtual day looks at a variety of issues facing agricultural lenders. Attend CBAI's 2021 Ag Lenders' Conference to develop the skills and tools to better understand the issues affecting your farm and agribusiness customers and to meet their credit needs. This year, the conference is being held in a virtual format offering both a live-stream and on-demand option and is priced to train all your lenders. The live-stream option will be held on February 2. All ag lenders in the bank can access the live stream feed from multiple locations for \$500. There is no limit on live hookups per bank. The on-demand option of \$500 allows your bank to train your ag lenders on their own time with unlimited views from unlimited computers for up to six months. You can also purchase both options at \$750 to allow your ag lenders the flexibility to train in the manner they are most comfortable. All options offer video training, handouts and the opportunity to reach out to the presenters with questions. The on-demand training will be available a week after the live-stream and will expire six months after the live training date.

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VIEW CBAI'S EVENTS CALENDAR

