



## CBAI E-Newsletter, sponsored by **SHAZAM** January 27, 2021

### IN THE NEWS

#### **SBA Issues Guidance on Unresolved Borrower Resolution Process for Second-Draw PPP Loans**

The SBA held a webinar on Tuesday, January 26, to discuss issues that are occurring with second-draw loans. During the webinar, the SBA announced that information regarding how to resolve error or "hold" codes and other unresolved borrower issues would be released today. Among the issues discussed on the call were:

- Covered periods between first and second-draw PPP loans cannot overlap.
- SBA will allow submission of second draw applications even if holds are in place. Those loans will be considered in "research status."
- SBA will provide error codes and explain why holds are in place.
- Lender and borrowers will be able to upload documentation for consideration to help resolve error codes.

Guidance was released this morning, but we expect more guidance to be forthcoming as the SBA works to resolve the many issues occurring with this round of PPP funding. A real moment of truth on the call was when a SBA official announced that there were 1500 questions in the queue. The SBA assured lenders during the webinar that every SBA resource is being utilized to work through these issues and asked lenders to please be patient. It is clear there is a great deal of lender frustration out there and 1500 posted questions during a 45-minute webinar clearly illustrate the challenges facing lenders and the SBA. CBAI will continue to work with the SBA to work through these issues and distribute guidance when when it becomes available.

[Resolving First Draw PPP Loan Hold Codes »](#)

[Unresolved Borrower Resolution Process for Second-Draw PPP Loans »](#)

[SBA Paycheck Protection Platform Procedures for Addressing Unresolved Issues on Borrower First Draw PPP Loans »](#)

[View Slidedeck from January 26 Webinar »](#)

#### **2021 CBAI Compensation Survey Now Available Online!**

Ensure your bank has the competitive edge in recruiting top talent! Complete the 2021 Compensation Survey quickly and easily by April 15, 2021, and receive free results. (Non-participants pay \$300). Conducted by BalancedComp and sponsored by IZALE Financial Services, the compensation survey is now available on CBAI's website.

[Take the Survey Now »](#)



## Illinois Lame Duck Legislative Session Update

The 102nd Illinois General Assembly was sworn in at noon on January 13, but the 101st GA did not go quietly. In a marathon six-day, lame-duck special session, more legislation was passed than in all of 2020. The main focus was the four pillars of the Illinois Legislative Black Caucus agenda, which included criminal justice reform, economic access and equity, education and workforce development, and healthcare and human services packages.

On the banking side, they created a new state CRA program that mirrors the federal program and would apply to all financial institutions regulated by IDFP, including banks, credit unions, RMLAs and online lenders. National chartered banks are not subject to the new state CRA. A new CRA provision prohibits a bank from holding any public money if they have a national CRA rating below satisfactory. The legislation caps the interest rates on payday and title loans at 36%. Banks and savings banks are exempt from the payday lending law. There are several new provisions that impact banks as employers, including a provision that makes it more difficult to use criminal history in hiring decisions.

No new tax increases were taken up by the General Assembly. An effort to de-couple Illinois from federal net-loss carry forward provisions was unsuccessful. That change would have cost small employers nearly \$1 billion per year in tax relief that was included in the federal CARES act passed in March. There were also no efforts to reform or reign in state spending considering the massive budget shortfall facing our state. Ethics reform legislation was introduced, but ultimately failed.

An effort to impose a legislative moratorium on the filing of foreclosures passed the House but was ultimately unsuccessful in the Senate. The governor's moratorium by executive order remains in place and the Biden administration is considering extending federal moratoriums.

The first act of the newly organized House of Representatives of the 102nd General Assembly was to elect Emanuel "Chris" Welch as the Speaker of the House, ending Michael Madigan's decades-long hold on the position. Welch becomes the first African-American Speaker in Illinois history. In the Senate, Dan McConchie replaced Bill Brady as the minority leader. Brady has resigned from the General Assembly.

It was an action-packed week, there's a lot more that happened. Read all about it in the latest edition of CBAI's News from the Front.

[Read Most Recent NEWS FROM THE FRONT »](#)

## Illinois State Treasurer's Office Invest in Illinois Program Announcement

Since 1983, the Office of the Illinois State Treasurer (Treasurer) has successfully partnered with financial institutions to provide much-needed capital to Illinois citizens in the form of low-interest loans. In March 2020, Illinois Treasurer Michael W. Frerichs launched the Small Business COVID-19 Relief Program, committing more than \$500 million in capital for lending to small businesses and non-profits negatively impacted by the COVID-19 pandemic. In 2021, the Treasurer will continue to make near-zero interest rate deposits available to Illinois banks and credit unions that wish to participate in the COVID-19 Relief Program to assist businesses and non-profits that continue to be impacted by the pandemic.

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# Community Bankers for Compliance

## 2nd Quarterly Meeting February 2 & 3, 2021 via E-Learning Seminar



**Construction  
Loan  
Compliance**



Community Bankers Association of Illinois  
One Mission. Community Banks.



Young & Associates, Inc.

## Fed Announces FedNow Pilot Participants

The Federal Reserve announced the more than 110 organizations that will participate in the FedNow Pilot Program, including numerous community banks. The pilot program supports the development, testing and adoption of the FedNow Service, and it encourages development of services and use cases that use FedNow functionality. Participating financial institutions and

processors are members of the FedNow Community, which community bankers can continue to join to support the development of the system. CBAI and ICBA strongly supported the formation of FedNow and has urged the Fed to collaborate with community banks to swiftly implement the service.

[See Participants »](#)

[Read More About the FedNow Community »](#)

### **IRS Confirms SBA 7(a) Payments No Longer Taxable Income**

The IRS recently issued guidance clarifying that SBA payments on existing 7(a) and 504 loans under Section 1122 of the CARES Act are no longer considered taxable income to the borrower. The change—which means lenders will no longer be required to furnish SBA borrowers with 1099-MISC forms—is due to an ICBA-supported provision of the end-of-year Economic Aid Act stimulus law.

This week's guidance also reiterates that proceeds from Paycheck Protection Program forgiveness, Economic Injury Disaster Loans, and other stimulus programs are not considered taxable income for recipients. However, these waivers do not affect requirements to file and furnish other forms, such as 1098 forms on mortgage interest payments that may be deducted.


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### **Brian P. Brooks Steps Down, Blake Paulson Becomes Acting Comptroller of the Currency**

Acting Comptroller of the Currency Brian P. Brooks recently stepped down on January 14, 2021, and pursuant to 12 USC 4, Chief Operating Officer Blake Paulson becomes acting comptroller.

During his eight months in the position, the OCC acted swiftly to provide relief and support to national banks and federal savings associations so they could use their strength to help consumers, businesses and communities through the COVID-19 pandemic. It promoted greater financial access and economic opportunity by eliminating regulatory uncertainty regarding valid-when-made and true-lender rules. The agency also continued to implement its new Community Reinvestment Act rule to promote more investment, lending and services where they are needed most.

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An advertisement for the Federal Home Loan Bank of Chicago. On the left is a vertical banner with a background image of a person in a suit. The banner text reads: "Membership offers customized solutions for your strategies." Below this is the FHLB Chicago logo and the text "Federal Home Loan Bank of Chicago www.fhlbc.com". On the right, the FHLB Chicago logo is displayed in a larger font. Below the logo, the text "Federal Home Loan Bank of Chicago" is written in a large, bold, black font. At the bottom right, it says "Visit [www.fhlbc.com](http://www.fhlbc.com)".

Membership offers  
**customized solutions**  
for your strategies.

**FHLB Chicago**  
Federal Home Loan Bank of Chicago  
www.fhlbc.com

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**Federal Home Loan Bank  
of Chicago**

Visit [www.fhlbc.com](http://www.fhlbc.com)

### **Order Free Marketing Materials for Community Banking Week in Illinois!**

April 4-10, 2021, is the 31st anniversary of Community Banking Week in Illinois! This year's theme is "Growing Stronger Communities." Celebrate the independent spirit that is the hallmark of locally-run banks. For your FREE marketing kit, contact [Bobbi Watson](#) today!

### **Kraninger Steps Down from CFPB**

Kathy Kraninger announced Wednesday that she resigned as Consumer Financial Protection Bureau director, as requested by President Joe Biden's administration. Federal Trade Commission Commissioner Rohit Chopra has been nominated for CFPB director, and David Uejio has been named as acting director.

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### **Yellen Confirmed as Treasury Chief**

The Senate on Monday voted overwhelmingly to confirm Janet Yellen as Treasury secretary, putting her in a pivotal role to shepherd the flagging economic recovery as the coronavirus pandemic continues to take its toll on the country. Yellen's first task

will be to work with Congress to advance President Joe Biden's plan for a new \$1.9 trillion economic-stimulus package, amid concerns among some lawmakers about the growing debt.

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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.

### CONNECT WITH CBSC PREFERRED PROVIDERS



#### The Baker Group: Market Update

We learned this week that there is a little more economic activity going on across the nation last month when the Chicago Fed published its National Activity Index for December. That measure rose unexpectedly to a value of 0.52 against a pre-release estimate of 0.10. November's level of 0.27 was revised to 0.31. A little later today, the Dallas Fed is expected to announce that its Manufacturing Index rose to 12 in January from last month's value of 9.7. This afternoon, the Treasury will be selling \$60B Two-Year notes. If that sounds like a lot, it is, but that's just a warm-up for the Treasury; tomorrow it's selling \$61B Five-Year notes. It's only money.

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#### CBIS: 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 »](#)

#### The Baker Group Promotes Kathryn Phillips to Chief Operating Officer

The Baker Group is pleased to announce the promotion of Kathryn Phillips, CPA, to chief operating officer. Phillips has served for nearly 20 years as chief financial officer for the firm and will maintain that title and role while assuming the COO designation. Her new areas of focus will be on management and collaboration with department supervisors to enhance internal processes for delivery of products and services to clients.

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### Agencies Finalize Rules on Supervisory Guidance

The FDIC, OCC and CFPB issued final rules to clarify and codify the role of supervisory guidance. The rules codify the agencies' September 2018 statement clarifying the differences between regulations and guidance.

[More from FDIC »](#)

[More from OCC »](#)

[More from CFPB »](#)

## **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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## **FHFA Extends Foreclosure, Eviction Moratoriums**

The FHFA said Fannie Mae and Freddie Mac will extend the moratoriums on single-family foreclosures and real-estate-owned evictions from January 31 until at least Feb. 28. The foreclosure moratorium applies to enterprise-backed, single-family mortgages. The REO eviction moratorium applies to properties that have been acquired by an enterprise through foreclosure or deed-in-lieu-of-foreclosure transactions.

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**BOOST PRODUCTIVITY. REDEFINE SUCCESS.**

Delivering a frictionless experience for your customers is a top priority for your success. And that's why we'll continue to work behind the scenes to advocate for open standards that foster innovation and competition, and ensure interoperability in the payments industry.

**ADVANCE WITH THE RIGHT PARTNER.**

**SHAZAM**

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## **Deadline to Submit Entries for CBAI's 2021 Foundation Annual Essay Contest is March 3!**

The CBAI Foundation for Community Banking provides \$21,000 in scholarship funds for top high-school seniors statewide. One semifinalist may be chosen from each of the 12 CBAI groups via an essay-writing contest. CBAI annually awards a \$1,000 scholarship to a student in 11 of CBAI's 12 groups and \$500 to a second person in each group, which ensures geographical uniformity of winners. One student will win \$1,000 a year for up to four years of higher education. And, as in previous years, the high school of the overall winner will receive \$500. Your bank has an excellent chance of sponsoring a winner at no cost to the bank! The deadline to submit essays is March 3, 2021.

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## **CBAI is Recognizing Community Bank Member Achievements!**

CBAI offers several opportunities to recognize our community bank members for their achievements. Is there someone in your bank who will be celebrating 50 years in banking this year? Is there a retired individual from your bank who you would like to nominate for the CBAI Distinguished Member award? Is your bank eligible to be a Patron of Community Banking? Do you have a director who should be spotlighted? Please let us know! We would love to honor individuals and bank members in these categories. Contact [Valerie Johnston](#) for more information.

## 2021 Holiday Closing Signs Available on CBAI's Website

Holiday closing signs for 2021 are now available on CBAI's website. Signs come in English or Spanish and are available in color and black and white versions. Take advantage of this free member benefit and print yours today! All signs are available in a pdf format.

[Download Signs Today »](#)

## CBAI LEGAL: Filling Vacancies on Bank Boards of Directors

In some ways, directors on the boards of national banks in Illinois have authority to appoint new directors, either to fill a vacancy or to add to the number of directors on the board, that is less restricted than the authority of directors of state-chartered banks.

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**Credit Risk Training Program Series  
for Community Banks**

Session 1: March 8, 2021\*  
Session 2: March 9, 2021\*  
Session 3: May 24, 2021\*  
Session 4: May 25, 2021\*  
CBAI Headquarters, Springfield

*A detailed beginner  
to intermediate level  
training program.*

\*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.

## MORE UPCOMING EDUCATIONAL PROGRAMS

### CBAI Offers Virtual Ag Lenders' Conference on February 2

CBAI is pleased to offer "Ag Lenders Conference" on Tuesday, February 2, 2021. This jammed-packed virtual day takes a look 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. The conference features Dr. David Kohl, professor emeritus of agricultural and applied economics, Virginia Tech, Blacksburg, VA. This year the conference will be 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 2nd and provides a variety of virtual options to train all your ag lenders. 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.

[Register Today »](#)

### CBAI Announces After-Dinner Presentation at 2021 Spring Group Meetings

CBAI leaders and executive staff are visiting 11 locations on the Group Meeting tour this spring. Bankers from nearly 200 banks participate in these enjoyable and informative events each year. Consisting of an optional golf outing and a dinner meeting, Group Meetings also provide an excellent opportunity to get the latest information on key banking issues and catch up with friends and peers. This year's after-dinner presentation is titled "Skimming and Card Cloning," and will be conducted by Mike Burke from SHAZAM. Burke covers the anatomy of a debit card and how fraudsters are stealing this information with the use of skimming devices at ATMs, Points of Sale (POS) and fuel dispensers. CBAI President Kraig Lounsberry provides updates on Association projects and community banking in general and Senior Vice President of Governmental Relations Jerry Peck offers an up-to-the minute report of banking-related legislative activities. Look for registration information in early March, see the schedule of Group Meetings that follows, and make plans now to attend! (Note: The Group 1 & 2 Meeting will follow a different format and the meeting date will be released soon.)

[See Group Meeting Schedule »](#)

## CBAI's In-Person Meetings Best Practices

As CBAI is returning to in-person educational events, we have updated our "CBAI's In-Person Meetings Best Practices," which explain the steps we are taking to comply with federal and state guidelines on conducting in-person meetings and events. Please note not all regions of the state allow for in-person meetings at the same capacity. CBAI will continue to monitor each regions' guidelines when planning and conducting in-person meetings. We look forward to seeing you at an event soon!

[See Best Practices Guidelines »](#)

[VIEW CBAI'S EVENTS CALENDAR](#)

