



CBAI E-Newsletter, sponsored by **SHAZAM** April 21, 2021

IN THE NEWS

SBA Updates PPP Guidance After Extension was Signed Into Law

The SBA issued updated PPP guidance applying the program extension signed into law last month. The PPP Extension Act signed into law on March 30, 2021, allows borrowers to apply for loans through May 31, 2021, and gives the SBA until June 30, 2021, to consider applications. The new procedural notice updated existing guidance on first draw PPP loan increases to reflect the program's extension. Any provisions of previous guidance not modified by this update still remain in effect.

[See New Procedural Notice »](#)

2021 CBAI Compensation Survey Deadline Extended to April 30

The deadline to complete CBAI's Compensation Survey has been extended from April 15 to April 30. Ensure your bank has the competitive edge in recruiting top talent! Complete the 2021 Compensation Survey quickly and easily by April 30, 2021, and receive free results. (Non-participants pay \$300). Conducted by BalancedComp and sponsored by CBSC Preferred Provider IZALE Financial Group, the compensation survey is now available on CBAI's website.

[Complete the Survey »](#)

CRA compliance is tough



CRA Wiz® SaaS can help you!
Data scrubbing, CRA tables, and powerful mapping will save you hundreds of hours and give you visibility into your performance to ensure you meet your CRA goals.

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2021 Group Meetings
Skimming and Card Cloning
Download schedule and learn more.

New State CRA Notice Requirement

The new Illinois State CRA law is currently in effect. The law includes a posting notice for lobbies and websites regarding the new law. According to Section 35-20, each covered financial institution shall provide, in the public lobby of each of its offices, if any, and on its website, a public notice that is substantially similar to the following:

STATE OF ILLINOIS COMMUNITY REINVESTMENT NOTICE

The Department of Financial and Professional Regulation (Department) evaluates our performance in meeting the financial services needs of this community, including the needs of low-income to moderate-income households. The Department takes this evaluation into account when deciding on certain applications submitted by us for approval by the Department. Your involvement is encouraged. You may obtain a copy of our evaluation. You may also submit signed, written comments about our performance in meeting community financial services needs to the Department.

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SAFE Banking Act Passes the U.S. House

On April 19, 2021, the United States House of Representatives passed the Secure and Fair Enforcement Banking Act of 2021 (SAFE Banking Act - H.R. 1996) by a wide bipartisan majority (321-101). This CBAI-supported legislation provides a safe harbor for financial institutions that choose to serve cannabis-related businesses where cannabis is legal.

CBAI thanks many in the Illinois Congressional Delegation for the strong bipartisan support and for cosponsoring this legislation. [See how your Member of the U.S. House voted \(scroll down to All Votes and select Illinois\).](#)

CBAI has long been an advocate for a safe harbor as explained in our Federal Policy Priorities.

"Without taking a position on the legalization of cannabis, CBAI supports a safe harbor from federal sanctions for financial institutions that choose to serve legally-compliant cannabis-related business in states where cannabis is legal. Allowing these businesses access to the traditional banking system and its services, versus operating exclusively in cash, is a public safety issue. CBAI expressed its support for safe harbor legislation in the 116th Congress, and while a bipartisan bill was passed in the U.S. House, progress was halted in the U.S. Senate Banking Committee. CBAI hopes bipartisan legislation to enact a safe harbor will pass in the 117th Congress."

CBAI Urges Flexibility in Selling Loans to Fannie and Freddie

CBAI urged the U.S. Department of the Treasury (Treasury) and the Federal Housing Finance Agency (FHFA) (together, Agencies) to provide mortgage originators reasonable flexibility in working with the Fannie Mae and Freddie Mac (GSEs) to comply with the January 14, 2021, Preferred Stock Purchase Agreements ("PSPA") amendment (Amendment).

The Amendment included restriction on originators selling single-family mortgage loans secured by second homes and investment properties to 7% of single-family acquisitions over the preceding 52-week period, with the need to comply with this requirement by June 1st or face yet unspecified penalties; limits on other single-family mortgage loans with higher risk characteristics; and a cash window volume limit of \$1.5 billion during any four calendar quarters for those who sell to each of the GSEs, with the need to comply with that requirement by year-end 2021.

These restrictions will directly impact CBAI members who sell mortgages to the GSEs as well as intermediaries, to which many CBAI members sell their mortgages, including the Federal Home Loan Bank of Chicago. The FHLBs are currently working on an alternate but more complicated method of delivering residential mortgages to the GSEs.

CBAI urged the Treasury and the FHFA to exempt community banks and the FHLBs, increase the percentage thresholds on certain loans sold to the GSEs, delay the implementation of any restrictions, and ensure that any future changes or restrictions of similar magnitude are subject to notice and comment to inform the Agencies and minimize any unintended consequences.

[Read CBAI Comment Letter to the Treasury and the FHFA »](#)



FHLB  Chicago

**Federal Home Loan Bank
of Chicago**

Visit www.fhlbc.com

CBAI Announces 2021 Federal Legislative and Regulatory Policy Priorities

In advance of the 39th Annual Call on Washington, which is held together with the ICBA's Capital Summit, CBAI announced its 2021 Federal Legislative and Regulatory Policy Priorities.

CBAI supports fair competition for financial services, tiered regulations, the separation of banking and commerce, the dual banking system/charter choice, and financial innovation; and opposes discrimination favoring certain financial service providers, banking industry consolidation and systemic risk. Based on these guiding principles, CBAI has identified the following 2021

Federal Legislative and Regulatory Policy Priorities, which if implemented, will help community banks thrive and better serve their customers and communities.

[CBAI's 2021 Federal Policy Priorities »](#)

ICBA National Community Bank Service Awards Deadline April 30

ICBA is encouraging community banks to share how they support their customers and communities during Community Banking Month in April. ICBA is accepting nominations and votes for its updated National Community Bank Service Award program with awards this year recognizing exceptional service, emerging service programs, and the people's choice. The deadline to submit your bank's nomination is April 30. Banks can complete an online form submission and/or a video submission for the people's choice.

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CBAI's 2021 Call on Washington in Conjunction with ICBA's 2021 Capital Summit

Every year, CBAI invites community bankers from across the state to meet with their members of Congress in Washington, D.C. to discuss their important challenges and opportunities. However, with COVID-19 restrictions still in place this year, CBAI invites you to come together virtually with the Independent Community Bankers of America on April 27, 2021, from 10:00 am to noon, for this premier advocacy event for our industry and your community bank. Please register directly with the ICBA at the [ICBA Capital Summit Registration web page](#).

We plan to hear from Senate Banking Committee Chairman Sherrod Brown (D-OH) and Senator Joe Manchin (D-W.Va.). In addition, that week and beyond CBAI will be arranging Capital Conversations with members of the Illinois Congressional Delegation and you will be invited to participate.



Fed Outlines Vision, Key Pillars for FedNow Service

Federal Reserve Bank Chief Innovation Officer Dan Anthony will outline the agency's technology strategy and next steps in preparation for the rollout of its FedNow Service during a 90-minute webinar next month. Slated for 1 p.m. (Eastern time), Tuesday, May 4, participants will receive an overview of the final ISO 20022 message specs, FedNow Pilot Program highlights, and upcoming engagement opportunities. [Learn More and Register »](#)

CBAI's 2021 Spring Associate Member Directory is Now Available!

Take advantage of this vital resource to find vendors for all your purchasing and consulting needs.

The Directory is divided into three sections:

- By category of business/product/service;
- Alphabetical by firm name; and
- Preferred services of Community BancService Corporation (CBSC), a division of CBAI.

The Associate Member Directory is distributed twice annually via e-mail and is also available on our website at www.cbai.com. The website version will be continuously updated as new firms join membership. If you would like a hard copy, please contact [Valerie Johnston](#).

New Legislation Promotes De Novo Bank Formation

New legislation by Rep. Andy Barr (R-Ky.) kickstarts the economic recovery in underserved areas by easing regulations that hinder de novo bank formation. The Promoting Access to Capital in Underbanked Communities Act of 2021 directs banking regulators to phase in capital requirements—giving de novo banks up to three years to meet capital requirements—and make

other adjustments that would allow underbanked populations to access banking services.

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What Community Banks Need to Know About Stablecoins

Since its debut, Bitcoin has experienced spectacular fluctuations in value. While some accept the risks that come with such swings, others are working to blend the potential benefits of cryptocurrency with enhanced stability mechanisms to create digital currencies that can effectively function as stores of value, means of exchange, and units of account. ICBA Vice President of Payments and Technology Policy Brian Laverdure offers a primer on stablecoins and what community banks need to know about this emerging currency in a new Main Street Matters blog post.

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**I DECIDED TO PARTNER
WITH SHAZAM.**

We're the only nationwide independent debit network, processor and core provider supporting community banks. **As a leader in the industry we have a simple mission:**

Strengthening community financial institutions.

Same Day ACH Volume Increased 88%, Passes 1 Billion Mark

ACH Network volume soared in the first quarter—increasing by 11.2 percent to 7.1 billion payments in compared to the first quarter of 2020 and setting two new records, Nacha reported. Same Day ACH volume, meanwhile, increased 88 percent in the first quarter with a corresponding value of \$187.6 billion—a 133 percent increase over the first quarter of 2020. The number of Same Day ACH payments also passed the 1 billion mark with total transactions since inception valued at \$1 trillion.

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CFPB Issues Fair Lending Report to Congress

The Consumer Financial Protection Bureau released its annual Fair Lending Report to Congress highlighting efforts to advance its fair lending mission and support consumers throughout the COVID-19 pandemic. The bureau noted its interpretive rule on special purpose credit programs, its Tech Sprint event to foster creative and innovative compliance solutions, and more than 90 outreach events held with key stakeholders on fair lending compliance and credit access policy issues.

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Powell Talks Economy, Digital Currencies

Federal Reserve Chairman Jerome Powell said the economy is at an “inflection point” and could experience rapid growth upwards of six percent or seven percent this year in an interview with CBS’ 60 Minutes. Powell also said that a rate increase this year is “highly unlikely” and noted the Fed’s involvement in a research and development project to study digital dollars to gain an “understanding [of] the technology and the possibilities so that you can really address the policy issues.”

Powell said that the central bank is investigating whether losses borne by large banks related to the meltdown of over-leveraged investment fund Archegos Capital were the result of a risk management failure.

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Federal Reserve Accepting Applicants for Community Advisory Council

The Federal Reserve Board announced that it is accepting applications for membership on the Community Advisory Council. The CAC was formed in 2015 and advises the board on issues affecting consumers and communities and complements two of its other advisory councils—the Federal Advisory Council and the Community Depository Institutions Advisory Council.

[Learn More and Apply »](#)

CONNECT WITH CBSC PREFERRED PROVIDERS



Wolters Kluwer: Join an Upcoming Compliance Executive Roundtable May 4th and May 20th

Please join your peers for a virtual **Compliance Executive Roundtable** on Tuesday, May 4, or Thursday, May 20. Former federal regulator and compliance executive Tim Burniston will provide an overview of emerging regulatory developments and oversight trends. Tom Grundy will present considerations for managing risks faced by banks and fintech's offering banking as a service solution or entering strategic partnerships.

Expect to hear guidance on fortifying compliance measures to prepare for:

- The residual consumer impact of the pandemic
- Leadership changes in Washington
- An anticipated increase of regulatory change

We are limiting capacity at this virtual event, so please register early to ensure you get a seat at the "table." We are offering this virtual session with the same content on two different dates. Please make your date selection during the registration process.

[Register for a Virtual Roundtable Today »](#)

The Baker Group: Baker Market Update

Economic news is much lighter and the topics are less headline grabbing, and if something crazy happens it won't be because of statistics. Mortgage Bankers Association has been telling us what happened each week prior with mortgage applications and they've been down for nine of the last 10 weeks. We'll find out soon what happened last week.

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College Ave: Now is the Time to Prepare for Student Loan Season

Join College Ave Student Loans, a CBSC Preferred Service Provider, for a 30-minute webinar about College Ave's private student loan referral program. The webinar will help you gain a better understanding of the Illinois student loan market and why these customers could be an attractive retail market for your bank.

Your customers are now making college decisions and will soon be receiving financial aid award letters. Many of them will be looking for private student loans to help fund the upcoming academic year's costs. How can you help these families and keep them banking with you? **Join us to find out!**

When: Thursday, April 22nd at 2:00 pm CT - [Register here for the webinar.](#)

Wolters Kluwer Podcast: Insights on 2021 Regulatory Priorities

Timothy Burniston, senior advisor of regulatory strategy with **CBSC Preferred Provider Wolters Kluwer**, shares insights for community banks in adapting to current and expected regulatory priorities and oversight measures in 2021. He looks at ways banks may seek to fortify their compliance measures in the wake of COVID-19, the regulatory ramifications of leadership changes in Washington, and the anticipated increase in regulatory developments. His guidance can be found in a new **podcast**.

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CBIS: Where's the Road Taking You on Commercial Auto Risk?

With ongoing distracted driving, more attorney involvement, and even the increased cost to repair vehicles, the costs associated with getting back on the road continues to rise. During the past decade, Travelers reports auto insurance rates have increased steadily; well exceeding the rate of inflation over the same period. But what's driving this upward trend? Explore these six factors that have significantly impacted the rates for commercial auto.

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CBSC PREFERRED PROVIDERS

**Regulation Z University
Closed End**

May 18 - 19, 2021
SHAZAM Education Center, CBAI

As the complexity of this regulation has increased, the ability for banks to comply has become more compromised.




Cybersecurity Threats, Trends and Proactive Strategies for Financial Institutions

May 5 - Springfield May 6 - Lisle

Agencies Issue Joint Statement on BSA/AML Compliance

Federal regulators issued a joint statement addressing how risk management principles in “Supervisory Guidance on Model Risk Management” relate to banking systems or models designed for Bank Secrecy Act compliance. The statement says no specific risk management framework is required. It also notes the statement does not alter existing BSA/AML legal or regulatory requirements or establish new supervisory expectations. The agencies also requested information within 60 days on how the principles discussed in the guidance support BSA/AML compliance and whether additional clarification would be helpful.

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Participate in the CBAI 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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CBAI LEGAL: Three State Interpretive Letters Address “Other Real Estate”

Three Interpretive Letters issued by the predecessor of what is now the IDFPR Division of Banking shed light on some specific issues pertaining to the administration and timely disposition of “Other Real Estate.”

[Read Most Recent CBAI LEGAL »](#)

**Community Bankers for Compliance
Fair Lending Techniques**

Dealing with techniques that you can use to monitor your bank's fair lending status.

DAY ONE - May 4, 2021
DAY TWO - May 5, 2021
Live-Virtual Presentation




CBAI ENHANCED EMAIL SERVICES
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MORE UPCOMING EDUCATIONAL PROGRAMS

Registration is Now Open for CBAI’s 2021 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. (Note: The Group 1 & 2 Meeting will follow a different format and the meeting date will be released soon.)

[See the 2021 Group Meeting Schedule and Make Plans Now to Attend »](#)

Register Now for CBAI's Community Bankers School

The Community Bankers School is an intensive program designed for today's community bank professional. Here's what you will gain:

- background and experience for broader responsibilities and greater effectiveness;
- a broad understanding of the overall deposit, credit, and investment functions of a community bank;
- the opportunity to compare and share experience with peers, instructors, and senior bankers;
- an appreciation for customer service and an active business-development program;
- insight into a community bank's overall operations responsibilities and techniques for integrating technology into the bank's strategic plan;
- the invaluable student notebook which contains course outlines, supplemental reading materials, as well as exhibits and sample forms; and
- the ability to immediately contribute to the overall success of the bank.

Don't delay! Register for this unique and comprehensive School today!

[Register Now »](#)

[VIEW CBAI's EVENTS CALENDAR](#)



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